Kazakhstan Electricity Grid Operating Company JSC “KEGOC”

Unaudited condensed interim
consolidated financial statements

For the nine months ended 30 September 2024

CONTENTS

Interim condensed consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

In thousands of tenge	**Notes**	**30 September 2024 (unaudited)**	31 December 2023 (audited)
Assets			
Non-current assets			
Property, plant and equipment	6	**858.347.596**	870.122.684
Intangible assets		**4.111.982**	3.163.452
Advances paid for non-current assets	6	**11.548.904**	2.823.470
Investment in associate	7	**3.126.290**	2.942.759
Long-term receivables from related parties	26	**274.824**	382.638
Other financial assets, non-current portion	11	**1.444.066**	1.979.457
		878.853.662	881.414.460
Current assets			
Inventories	8	**3.337.956**	3.289.266
Trade account receivable	9	**31.233.126**	34.314.906
Prepaid corporate income tax		**43.956**	1.834.225
VAT recoverable and other prepaid taxes		**148.005**	234.527
Other financial assets, current portion	11	**42.027.037**	30.589.367
Restricted cash	12	**1.801.725**	1.846.056
Cash and cash equivalents	13	**60.633.930**	45.528.523
Other current assets	10	**2.870.736**	2.733.677
		142.096.471	120.370.547
Total assets		**1.020.950.133**	1.001.785.007

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In thousands of tenge	**Notes**	**30 September 2024 (unaudited)**	31 December 2023 (audited)
Equity and liabilities			
Equity			
Share capital	14	**148.922.757**	148.922.757
Treasury shares	14	**(930)**	(930)
Asset revaluation reserve	14	**488.057.576**	488.537.852
Retained earnings		**73.888.390**	48.259.455
		710.867.793	685.719.134
Non-current liabilities			
Borrowings, non-current portion	15	**4.865.303**	5.588.895
Bonds payable, non-current portion	16	**149.617.828**	149.521.918
Deferred tax liability	25	**116.980.908**	119.642.670
Long-term payables	17	**–**	2.163.124
Deferred income, non-current portion		**582.964**	622.896
		272.047.003	277.539.503
Current liabilities			
Borrowings, current portion	15	**1.092.715**	1.146.917
Bonds payable, current portion	16	**5.142.531**	7.277.659
Trade and other accounts payable	17	**18.808.942**	19.721.022
Contract liablities		**2.149.249**	1.185.059
Deferred income, current portion		**53.243**	53.243
Taxes payable other than corporate income tax	18	**2.818.245**	3.426.356
Corporate income tax payable		**2.789.191**	–
Other current liabilities	19	**5.181.221**	5.716.114
		38.035.337	38.526.370
Total liabilities		**310.082.340**	316.065.873
Total equity and liabilities		**1.020.950.133**	1.001.785.007
Book value per ordinary share (in tenge)	14	**2.567**	2.479

The accounting policies and explanatory notes on pages 7 to 47 are an integral part of these interim condensed consolidated financial statements.

Managing director for economics and finance
Aigul Akimbayeva

Главный бухгалтер
Dinara Mukanova

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September 2024

		For the three months period, ended 30 September		For the nine months period, ended 30 September	
In thousands of tenge	**Notes**	**2024 (unaudited)**	2023 (unaudited)	**2024 (unaudited)**	2023 (unaudited)
Revenue from contracts with customers	20	**74.035.090**	58.567.244	**232.409.181**	172.917.372
Cost of sales	21	**(57.994.261)**	(47.365.527)	**(164.312.931)**	(126.668.922)
Gross profit		**16.040.829**	11.201.717	**68.096.250**	46.248.450
General and administrative expenses	22	**(2.194.542)**	(2.308.349)	**(8.326.642)**	(6.983.868)
Selling expenses		**(115.061)**	(105.400)	**(387.110)**	(322.923)
Impairment of property, plant and equipment	6	**(89.932)**	(41.299)	**(98.400)**	(41.144)
Operating profit		**13.641.294**	8.746.669	**59.284.098**	38.900.515
Finance Income	23	**2.989.233**	1.729.486	**8.992.598**	5.481.802
Finance costs	23	**(2.650.595)**	(3.618.130)	**(9.358.392)**	(10.510.127)
Foreign exchange gain, net	24	**187.894**	431.160	**453.281**	920.264
Share of profit / (loss) of an associate	7	**(49.968)**	45.399	**183.531**	(30.326)
Other income		**748.770**	547.844	**1.359.646**	2.762.950
Other expenses		**(187.667)**	(297.196)	**(1.478.350)**	(492.669)
Reversal / (accrual) of provision for expected credit losses	9, 10, 11, 12, 13	**397.321**	(705.644)	**(247.740)**	(1.615.610)
Profit before tax		**15.076.282**	6.879.588	**59.188.672**	35.416.799
Corporate income tax expense	25	**(3.207.301)**	(1.270.017)	**(12.154.241)**	(6.789.870)
Profit for the reporting period		**11.868.981**	5.609.571	**47.034.431**	28.626.929
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income for the period		**11.868.981**	5.609.571	**47.034.431**	28.626.929
Earnings per share					
Basic and diluted profit for the reporting period attributable to ordinary equity holders of the parent (in tenge)	14	**43,11**	21,57	**170,85**	110,10

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Managing director for economics and finance
Aigul Akimbayeva

Главный бухгалтер
Dinara Mukanova

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2024

In thousands tenge	For the nine months ended 30 September 2024 (unaudited)	For the nine months ended 30 September 2023 (unaudited)
I. CASH FLOWS FROM OPERATIONS		
1. Cash inflow, total	**252.975.976**	**181.030.922**
including:		
sales of goods and services	243.289.580	173.449.883
other revenue	553.382	2.100.821
advances received from buyers, customers	1.047.673	481.971
insurance contract receipts	–	–
interest received	7.043.601	4.634.679
other receipts	1.041.740	363.568
2. Cash outflows, total	**173.771.318**	**139.447.719**
including:		
payments to suppliers for goods and services	85.600.886	62.068.087
advances to suppliers for goods and services	3.862.855	3.826.820
payroll expenses	21.005.510	17.683.135
interest paid	18.421.166	17.244.736
insurance contract payments	–	–
income tax and other payments to the national budget	36.340.837	32.717.898
other payments	8.540.064	5.907.043
3. Net cash flow from operations	**79.204.658**	**41.583.203**
II. CASH FLOWS FROM INVESTMENTS		
1. Cash inflow, total	**39.425.509**	**112.275.961**
including:		
sale of property, plant and equipment	147.414	147.373
sale of intangible assets	–	–
sale of other long-term assets	–	–
sale of equity instruments of other organizations (other than subsidiaries) and share of ownership in joint ventures	–	–
sale of debt instruments of other organizations	28.319.991	104.775.530
compensation for loss of control over subsidiaries	–	–
withdrawal of cash deposits	10.394.938	7.284.579
sale of other financial assets	–	–
futures and forward contracts, options and swaps	–	–
dividends received	–	–
interest received	–	–
other receipts	563.166	68.479
2. Cash outflows, total	**80.067.558**	**145.666.080**
including:		
purchase of property, plant and equipment	32.628.336	41.861.797
purchase of intangible assets	292.401	378.561
purchase of other long-term assets	–	–
purchase of equity instruments of other organizations (other than subsidiaries) and share of ownership in joint ventures	–	–
purchase of debt instruments of other organizations	42.000.000	102.465.591

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In thousands tenge	**For the nine months ended 30 September 2024 (unaudited)**	For the nine months ended 30 September 2023 (unaudited)
placement of cash deposits	5.067.586	61.468
Interest paid	–	–
purchase of other financial assets	–	–
lending	–	–
futures and forward contracts, options and swaps	–	–
investments in associates and subsidiaries	–	–
other payments	79.235	898.663
3. Net cash flow from investments	**(40.642.049)**	**(33.390.119)**
III. CASH FLOWS FROM FINANCING ACTIVITIES		
1. Cash inflow, total	**–**	**16.867.599**
including:		
issue of shares and other financial instruments	–	16.867.599
loans received	–	–
interest received	–	–
other receipts	–	–
2. Cash outflows, total	**23.407.863**	**40.141.629**
including:		
repayment of borrowings	1.037.042	9.973.990
interest paid	–	–
dividends paid	21.885.772	30.167.639
payments to shareholders on shares of the organization	–	–
other disposals	485.049	–
3. Net cash flow from financing activities	**(23.407.863)**	**(23.274.030)**
IV. Tenge impact of FX rates	**(16.267)**	**51.060**
V. The impact of changes in the carrying amount of cash and cash equivalents	**(33.072)**	**156.593**
VI. Increase +/- decrease in cash	**15.105.407**	**(14.873.293)**
VII. Cash and cash equivalents as of the beginning of the reporting period	**45.528.523**	**27.563.092**
VIII. Cash and cash equivalents as of the end of the reporting period	**60.633.930**	**12.689.799**

The accounting policies and explanatory notes on pages 7 to 47 are an integral part of these interim condensed consolidated financial statements.

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Aigul Akimbayeva

Главный бухгалтер
Dinara Mukanova

INTERIM CONSOLADATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2024

In thousands of tenge	Share capital	Treasury shares	Asset revaluation reserve	Retained earnings	Total
As at 1 January 2023	126.799.554	(930)	489.297.133	37.469.407	653.565.164
Profit for the period	–	–	–	28.626.929	28.626.929
Total comprehensive income	–	–	–	28.626.929	28.626.929
Transfer of asset revaluation reserve *(Note 14)*	–	–	(318.516)	318.516	–
Dividends *(Note 14)*	–	–	–	(33.365.622)	(33.365.622)
As at 30 September 2023	126.799.554	(930)	488.978.617	33.049.230	648.826.471
As at 1 January 2024	**148.922.757**	**(930)**	**488.537.852**	**48.259.455**	**685.719.134**
Profit for the period	**–**	**–**	**–**	**47.034.431**	**47.034.431**
Total comprehensive income	**–**	**–**	**–**	**47.034.431**	**47.034.431**
Transfer of asset revaluation reserve *(Note 14)*	**–**	**–**	**(480.276)**	**480.276**	**–**
Dividents*(Note 14)*	**–**	**–**	**–**	**(21.885.772)**	**(21.885.772)**
As at 30 September 2024	**148.922.757**	**(930)**	**488.057.576**	**73.888.390**	**710.867.793**

The accounting policies and explanatory notes on pages 7 to 47 are an integral part of these interim condensed consolidated financial statements.

Managing director for economics and finance
Aigul Akimbayeva

Главный бухгалтер
Dinara Mukanova

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2024

1. GENERAL INFORMATION

Kazakhstan Electricity Grid Operating Company JSC (the “Company” or “KEGOC”) was established in accordance with the Government Resolution of the Republic of Kazakhstan №1188 dated 28 September 1996 by transferring of some assets of the former National Energy System “Kazakhstanenergo”.

As at 30 September 2024 the Company’s major shareholder was Sovereign Wealth Fund “Samruk-Kazyna” JSC (hereinafter ¬ “Samruk-Kazyna”) (percentage of ownership 85%). Samruk-Kazyna is controlled by the Government of the Republic of Kazakhstan. The remaining 15% shares were placed in 2014 and 2023 on the organized securities markets Kazakhstan Stock Exchange JSC (hereinafter - KASE) and Astana International Exchange – AIX (AIFC Exchange) (hereinafter – AIX).

KEGOC is a national Company that provides electricity transmission, use of the national electrical grid, dispatch and electricity production-consumption balancing services in Kazakhstan. As the state-appointed system operator, the Company provides centralized dispatching control, ensures parallel work with energy systems of other countries, maintains the balance in energy system, provides system services and acquires auxiliary services from wholesale entities at energy market, as well as transmits electricity through unified power system (the “NES”), ensures its technical support and maintenance. The NES consists of substations, distribution devices, interregional and international power transmission lines which provide the output of electricity to electrical stations with the voltage of 220 kW and more.

On April 19, 2023, the Head of State signed the Law “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan Administrative Reform,” which provides, among other things, for amendments to the Law “On Electric Power Industry” (hereinafter referred to as the Law) in terms of changing the target model of the wholesale electricity market from July 1, 2023 through the introduction of the institution of a Single Purchaser of Electricity (hereinafter referred to as the Single Purchaser) and switching the balancing market of electricity from simulation to real time (hereinafter referred to as BME).

For reference: a single purchaser is a legal entity with one hundred percent state participation, determined by an authorized body, carrying out centralized purchase and centralized sale of planned volumes of electrical energy.

With this wholesale market model, the Single Purchaser, every hour, makes a centralized purchase of the declared planned volumes of electrical energy from energy producing organizations (hereinafter referred to as EPO), with the exception of renewable energy sources (hereinafter referred to as RES), which have bilateral agreements, within their maximum tariffs, sells electricity energy at an average price for all consumers and in the event of a shortage of electrical energy in the unified electric power system of the Republic of Kazakhstan (hereinafter referred to as the UEPS of the Republic of Kazakhstan), it carries out its planned import.

The centralized purchase of electrical energy from wholesale market entities is carried out by the Single Purchaser in the order of priority specified in the Law.

Due to the fact that the Single Purchaser model excludes the *“targeting”* of the distribution of electrical energy (*from the station to the consumer*), the system operator is introducing a new service – for the use of the NES, which provides maintenance and operational support of the NES, provided to all market participants, with the exception of conditional consumer, based on the concluded agreement.

For reference: a conditional consumer is a wholesale consumer who purchases electrical energy from EPO, members of the same group of persons, an industrial complex and a qualified consumer, determined in accordance with the Law of the Republic of Kazakhstan “On Supporting the Use of Renewable Energy Sources”.

If imbalances occur due to deviations of participants in the wholesale electricity market from the stated planned volume of production - consumption of electricity, the participant in the wholesale market switches to BME.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL INFORMATION (continued)

BME provides for financial responsibility of participants by targeting the distribution of payment for any imbalances at prices prevailing on BME, which should lead to a reduction in the consumption of electrical energy by consumers during peak hours, as well as stimulate EPO through increased payment for additional generation of electrical energy. All BME entities, independently or through a market provider, enter into agreements with the BME Settlement Center for financial settlement of imbalances.

For reference: the BME settlement center is an organization determined by the authorized body that carries out the centralized purchase and sale of balancing electricity and negative imbalances on the BME.

Physical regulation of the volumes of production and consumption, import and export of electrical energy both on the wholesale electrical energy market and on the BME is carried out by the System Operator through the formation and approval of a daily schedule of production and consumption of electrical energy in the balancing market system.

This innovation is aimed at solving the problem of the projected shortage of electrical energy for the next three to five years and creating equal conditions for the competitiveness of all participants included in the list of subjects of the wholesale electrical energy market formed by the System Operator in accordance with by-laws.

As at 30 September 2024 and 31 December 2023 the Company owned the following subsidiary:

		Percentage of ownership	
Company	**Activities**	**30 September 2024**	31 December 2023
Energoinform JSC	Maintenance of the KEGOC’s IT system	**100%**	100%

The Company and its subsidiary are hereinafter referred as the “Group”.

The head office of the Company is registered at the address: Republic of Kazakhstan, Z00T2D0, Astana, Tauelsizdik Ave., building 59.

The accompanying interim condensed consolidated financial statements of the Group were approved by the Managing director for economics and finance and the Chief Accountant on 28 October, 2024.

2. BASIS OF PREPARATION

The interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter – "IFRS") as issued by the International Accounting Standards Board (hereinafter – "IASB").

These interim consolidated financial statements have been prepared on a historical cost basis, except for certain classes of property, plant and equipment, which are stated at revalued amounts and financial assets measured at fair value as described in the accounting policies and notes to these interim consolidated financial statements. The interim consolidated financial statements are presented in Kazakhstan Tenge ("Tenge" or "KZT") and all values are rounded to the nearest thousands, except when otherwise indicated.

The Group has prepared the interim consolidated financial statements on the basis that it will continue to operate as a going concern.

Basis of consolidation

The interim consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 30 September 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the following term apply:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION

New standards, interpretations and amendments adopted to the existing standards and interpretations adopted by the Company for the first time

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of the Group's annual interim consolidated financial statements for the period ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standards, interpretations or amendments that have been issued but not yet become effective.

Amendments to IAS 7 and IFRS 7 – Supplier Financing Arrangements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier financing arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the impact of supplier financing arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim consolidated financial statements.

Amendments to IFRS 16 – Lease Liabilities in Sale and Leasebacks

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's interim consolidated financial statements.

Amendments to IAS 1 – Classification of liabilities as Current or Non-current

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69–76 of IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that the entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the interim consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Current versus non-current classification

The Group presents assets and liabilities in the interim consolidated financial statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 (twelve) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement

The Group measures financial instruments, such as financial assets measured at fair value at each reporting date, and non-financial assets (NES assets) at fair value when fair value differs materially from their carrying value.

Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that would be used by the market participants when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's finance management determines the policies and procedures for both recurring fair value measurement, such as NES assets and unquoted trading financial assets, and for non-recurring measurement, if applicable.

External valuers are involved for valuation of NES assets. Involvement of external valuers is decided upon annually by the finance management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)

At each reporting date, the finance management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance management, in conjunction with the Group's external values, also compares each the changes in the fair value of each asset of revalued class of property, plant and equipment in accordance with Group accounting policy with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Foreign currency transactions

The Group's interim consolidated financial statements are presented in Tenge ("KZT"), which is also the functional currency of the Group companies.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are recognized in interim consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

Exchange rates for foreign currencies in which the Group had significant transactions are represented as follows:

Exchange rate as at the end of the period (to KZT)	**30 September 2024**	31 December 2023
1 USD	**481,19**	454,56
1 EUR	**538,45**	502,24
1 RUB	**5,18**	5,06

Average exchange rate for the reporting period (to KZT)	**For the nine months 2024**	For the nine months 2023
1 USD	**477,65**	452,97
1 EUR	**524,30**	490,57
1 RUB	**5,37**	5,54

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment

Property, plant and equipment, except for NES assets, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

NES assets are measured at fair value less accumulated depreciation and impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation reserve is recorded in OCI and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in interim consolidated statement of comprehensive income, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is computed on a straight-line basis over the estimated useful lives set out in the following table:

Buildings	60 years
NES assets	
Structures, machinery and equipment of NES	8-100 years
Transport and other property, plant and equipment	
Other machinery and equipment and vehicles	2-50 years
Other property, plant and equipment not included in other groups	2-20 years

Land is not depreciated.

The useful lives and residual values of property, plant and equipment are reviewed annually and, where applicable, adjustments are made on a prospective basis.

If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*. These estimates may have a material impact on the amounts of the carrying amount of property, plant and equipment and on depreciation expenses recognized in the interim consolidated statement of comprehensive income.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets of the Group, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit and loss in the period in which expenditure is incurred.

Intangible assets of the Group consist primarily of licenses and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, generally from 2 to 20 years.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on value in use, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations (including impairment on inventories) are recognized in the interim consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for NES assets previously revalued with the revaluation taken to OCI. For such assets, the impairment is recognized in OCI up to the amount of any previous revaluation. For assets previously impaired, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount. In these cases, the reversal is treated as a revaluation surplus. The Group assesses whether risks associated with climate change, including physical and transition risks, are likely to have a significant impact. If there is such an impact, these risks are taken into account in the cash flow forecast when assessing value in use.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The interim consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognized its share of any changes, when applicable, in the interim consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the interim consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount, then recognized the loss as 'Share in profit of an associate' in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognized any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade account receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade account receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section *Revenue recognition.*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments − initial recognition and subsequent measurement (continued)

Financial assets (continued)

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade account receivables, and other financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the interim consolidated statement of financial position at fair value with net changes in fair value recognized in the interim consolidated statement of profit or loss. This category includes instruments which the Group has classified at fair value through profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's interim consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Recognition of expected credit losses

The Group recognizes an allowance for expected credit losses on financial assets measured at amortized cost equal to the lifetime expected credit loss if the credit loss has increased significantly since initial recognition.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions *(Note 4)*;
- Trade account receivables and other current financial assets including cash and cash equivalents except for assets at fair value through profit or loss (*Notes 9, 10, 11, 12, 13*).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Recognition of expected credit losses (continued)

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities at initial recognition are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, net of directly attributable transaction costs. If transaction costs are incurred prior to the initial recognition of the loan to which they are related, then such transaction costs are recognized as part of financial assets. Upon initial recognition of a loan, the transaction costs attributed to it are transferred to financial liabilities, reducing the value of the loan.

The Group’s financial liabilities include trade and other payables, loans and borrowings, bonds issued.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Borrowings and bonds issued

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the interim consolidated statement of comprehensive income.

Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the interim consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the interim consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Inventory

Inventories are accounted for on a FIFO basis.

Inventories are valued at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents in the interim consolidated statement of financial position comprise cash at banks and on hand, cash in reverse REPO transactions and short-term deposits with a maturity till 3 (three) months or less.

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, cash in reverse REPO transactions as defined above, net of outstanding bank overdrafts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Restricted cash

If cash is restricted in use for the period not exceeding 12 (twelve) months from the reporting date, such cash is treated as current asset and an appropriate disclosure is provided in the notes to the interim consolidated financial statements. If cash is restricted in use for the period exceeding 12 (twelve) months from the reporting date, such cash is reflected within non-current assets.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the interim consolidated statement of comprehensive income, net of any reimbursement.

Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

The Group recognizes revenue to reflect the provision of promised services to consumers in the amount of compensation that the Group expects to be entitled to receive in exchange for goods or services.

The Group, when recognizing revenue, takes the following steps:

1) Identification of the contract with the consumer;
2) Identification of the obligation to be executed under the contract;
3) Determination of transaction price;
4) Distribution of the transaction price between certain duties to be performed under the contract;
5) Recognition of proceeds at the time of (or as far as) the performance of the obligations to be performed under the contract.

Revenue from rendering of services is recognized by reference to the stage of completion. The Group receives its revenue from rendering of transmission services of electricity from power generators to wholesale and major customers, use of the national electrical grid, technical dispatching of the input of electricity into the energy system and consumption of electricity, organization of balancing of electricity producing and consumption and ensuring a contractual power supply with energy systems of neighboring countries and other.

Tariffs for services of electricity transmission, use of the national electrical grid, technical dispatch, organization of balancing of production/consumption of electricity are approved by the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter referred to as the “Committee”).

Revenues from providing a contractual power supply with energy systems of neighboring countries are recognized in accordance with terms of contracts conducted on the basis of Agreement between the Government of Republic of Kazakhstan and Russian Federation *On Measures Securing Parallel Operation of Unified Power Systems of the Republic of Kazakhstan and Russian Federation.*

Incomes from the sale of electricity is recognized at a certain point in time, when a control of an asset is transferred to the customer.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Trade account receivables

A receivable is recognized if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section *Financial instruments – initial recognition and subsequent measurement.*

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the interim consolidated statement of comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Short-term lease and lease of low-value assets

The Group applies the recognition exemption for short-term leases to its short-term leases (i.e., those contracts that have a lease term of 12 months or less at the commencement date and that do not contain an option to purchase the underlying asset). The Group also applies the recognition exemption for leases of low value assets to leases that are considered to be of low value. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Group deducted 10% of employees' salaries, but no more than 425.000 tenge per month (2023: 350.000 tenge) to accumulative pension funds. Since 1 January 2024, the Group has been paying mandatory employer pension contributions in the amount of 1,5% of the monthly income of employees, but not more than 63.750 tenge per month. Pension fund payments are withheld from employee salaries and mandatory employer pension contributions are paid from the Group's own funds. The above payments are included in total payroll expenses together with other payroll-related charges in the interim consolidated statement of comprehensive income when incurred.

The Group has no other pension payment obligations.

Current corporate income tax

Current corporate income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current corporate income tax relating to items recognized directly in equity is recognized in equity and not in the interim consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are approved before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the interim consolidated financial statements are authorized for issue.

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the interim consolidated financial statements but are disclosed in the interim consolidated financial statements unless the possibility of any outflow in settlement is remote.

A contingent asset is not recognized in the interim consolidated financial statements but disclosed in the interim consolidated financial statements when an inflow of economic benefits is probable.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's interim consolidated financial statements requires management to exercise judgment and determine period-end estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities and assets. However, uncertainty about these assumptions and estimates may result in results that may require a material adjustment in the future to the carrying amount of the asset or liability for which such assumptions and estimates are made.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value of property, plant and equipment

The Group performed revaluation of NES assets as at 1 December 2022. The Group engaged Grant Thornton Appraisal LLP, an accredited independent appraiser, to assess the fair value of the NES assets.

The revalued NES assets represent one class of assets according to IFRS 13, based on the nature, characteristics and risk of the property. Input data for determining the fair value of NES assets refer to Level 3 in the fair value hierarchy (unobservable inputs).

Fair value of NES assets was determined by using the cost approach. The cost approach has been used due to highly specialized nature of the assets and because there is no history of such assets ever being sold. Within cost approach, the method of determining the replacement cost or the cost of reproduction was used to calculate the total cost of replacement of property, plant and equipment less all types of accumulated depreciation, as well as the method of calculation by analogues, the method of specific indicators and the method of indexation of past costs.

The apprised current replacement cost was subsequently compared to the recoverable amount determined based on a discounted cash flow model. The cash flows in the model are taken from the Group's approved budget for the next 5 (five) years. When forecasting the Group's income, the tariffs approved by the Committee for regulated services for the transmission of electricity, technical dispatching and organization of balancing the production and consumption of electricity for the period from 1 October 2021 to 30 September 2026 were taken into account. Based on the results of the analysis, the recoverable amount of property, plant and equipment exceeded its current replacement cost.

As a result of the valuation, the fair value of NES assets as of the valuation date (1 December 2022) amounted to 774.045.986 thousand tenge. The decrease in the revalued value of NES assets in the amount of 100.105.029 thousand tenge was recognized in other comprehensive income for 2022, taking into account the related deferred tax benefit in the amount of 20.021.005 thousand tenge. An increase in the value of certain previously impaired assets was recognized in the statement of comprehensive income in the amount of 949.895 thousands tenge, together with a decrease in the value of certain assets in the amount of 4.524.870 thousand tenge.

In assessment of the fair value in 2022 the following main assumptions have been applied:

Discount rate (WACC)	12,97%
Long term growth rate	3,09%
Average remaining useful life of the primary asset	40 лет

An increase in the discount rate by 0,5% or a reduction in long term growth rate by 0,5% would result in a decrease in the fair value of the Group’s property, plant and equipment for approximately 46.537.397 thousand tenge or 24.247.101 thousand tenge respectively.

Useful life of property, plant and equipment

The Group estimates the remaining useful life of property, plant and equipment at least at the end of each financial year and, if expectations differ from previous estimates, the changes are accounted for as changes in estimates in accordance with IAS 8 *Accounting Policies, Changes in Estimates and mistakes*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and benefit already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the interim consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value reported in the interim consolidated financial statements.

DSFK bonds

On 28 December 2017, in accordance with the Decree of the Government of the Republic of Kazakhstan dated 7 November 2017, the Group acquired bonds of Special Financial Company DSFK LLP ("DSFK bonds") using the funds placed with RBK Bank JSC ("RBK Bank"). The nominal value of deposits placed with RBK Bank before the transaction was 1.498.249 thousand tenge. DSFK bonds carry coupon interest of 0,01% per annum (paid annually) and mature in 15 years. The bonds are secured by a financial guarantee of Kazakhmys Corporation LLP of 411.883 thousand tenge. The guarantee is exercisable upon request of the Group not earlier than the fifth anniversary after the inception of the bonds. DSFK bonds were carried at fair value through profit or loss.

During 2023, the Group repeatedly contacted Kazakhmys Corporation LLP to make payment under the guarantee. In connection with the failure to fulfill the obligation on the part of Kazakhmys Corporation LLP, the Group filed a claim in court. As a result of the trial, the court decided to recover from Kazakhmys Corporation LLP in favor of KEGOC JSC the amount of debt under the guarantee in the amount of 411.883 thousand tenge. On January 3, 2024, Kazakhmys Corporation LLP fully repaid the debt under the guarantee in the amount of 411,883 thousand tenge, according to the court decision.

The Group's management believes that as of September 30, 2024, the fair value of the DSFK bonds is equal to zero since there is no possibility of their reliable assessment. The remaining amount of the bonds will be restored as funds are received from DSFK Special Financial Company LLP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimated allowance for expected credit losses on receivables

The Group uses the estimated reserves matrix to calculate the ECL for receivables. Valuation reserve rates are set depending on the number of days of delay in payment for groups of different customer segments with similar loss characteristics (i.e., by geographic region, product type, type and rating of customers, collateral by letters of credit and other forms of credit risk insurance).

Initially, observable data on the occurrence of defaults in past periods underlies in the basis of the estimated reserves matrix. The Group will update the matrix to adjust past experience with credit losses, considering forward-looking information. At each reporting date, the observed default level data in previous periods are updated and changes in forecast estimates are analyzed.

The assessment of relationship between historical observed default levels, forecasted economic conditions, and ECL is a significant estimate. The value of the ECL is sensitive to changes in circumstances and projected economic conditions. Past experience of occurrence of credit losses and the forecast of economic conditions may also not be indicative of actual default of the buyer in the future.

5. OPERATING SEGMENTS INFORMATION

Geographic information

Revenues from external customers based on the geographic locations of the customers represent the following:

	For the nine months period ended	
In thousands of tenge	**30 September 2024**	30 September 2023
Revenue from Kazakhstan customers	**208.513.596**	153.990.700
Revenue from Russian customers	**22.424.313**	17.831.146
Revenue from Kyrgyz customers	**1.227.512**	772.854
Revenue from Uzbekistan customers	**243.760**	322.672
Total revenue per interim consolidated statement of comprehensive income	**232.409.181**	172.917.372

Management analyses the Group’s revenue and profit before tax determined in accordance with IFRS.

For the 9 months ended 30 September 2024 the revenue from one customer, Samruk-Energo Group, including its joint-ventures, amounted to 24.680.437 thousand tenge and includes revenue from electricity transmission and the provision of related support (for the period ended 30 September 2023: 17.966.146 thousand tenge).

For management purposes, all of the Group's activities constitute one operating segment.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. PROPERTY, PLANT AND EQUIPMENT AND ADVANCES PAID FOR NON-CURRENT ASSETS

Property, plant and equipment

For nine months ended on 30 September 2024, the Group acquired assets with a total initial value of 26.191.701 thousand tenge (for the nine months ended 30 September 2023: 36.035.774 thousand tenge). Acquisitions were mainly represented by capital expenditures on investment projects.

Depreciation accrued for the nine months ended 30 September 2024 amounted to 37.378.821 thousand tenge (for the nine months ended 30 September 2023: 37.620.785 thousand tenge).

Capitalized costs on issued bonds

For 9 months ended 30 September 2024 the Group capitalized the cost of coupon interest on issued bonds amounted to 6.785.757 thousand tenge less investment income (for nine months ended 30 September 2023: 5.633.287 thousand tenge) *(Note 16)*.

Construction in progress

Construction in progress is mainly represented by equipment and construction works as part of the implementation of the project "West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities" and "Rehabilitation of 220-500 kV OHTLs in Aktyubinskiye MES branch, Zapadnye MES branch and Sarbaiskiye MES branch of KEGOC (stage 1)".

Advances paid for non-current asset

As at 30 September 2024, advances issued for long-term assets are mainly represented by advances paid to suppliers for construction work and services under the project "Strengthening the Power Grid of the Southern Zone of UES of Kazakhstan. Construction of electric grid facilities" and other projects.

7. INVERSTMENTS IN ASSOCIATE

The Group has 20% share in Batys Transit JSC. Principal place of operations and country of incorporation of Batys Transit JSC ("Batys Transit") is the Republic of Kazakhstan. The main activity of Batys Transit is realization of a project on construction and exploitation of interregional power line, which connects the North Kazakhstan region with Aktobe region and construction and exploitation of street lighting networks in Atyrau city. Batys Transit has bonds traded on the Kazakhstan Stock Exchange. The following table illustrates the summarized financial information about Batys Transit:

In thousands of tenge	**30 September 2024**	31 Desember 2023
Current assets	**31.735.483**	26.598.279
Non-current assets	**18.648.219**	20.590.070
Current liabilities	**(7.529.317)**	(6.271.121)
Non-current liabilities	**(27.222.934)**	(26.203.433)
Net assets	**15.631.451**	14.713.795

In thousands of tenge	**30 September 2024**	31 Desember 2023
Group's share in net assets	**3.126.290**	2.942.759
Carrying amount of the investments	**3.126.290**	2.942.759

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENTS IN ASSOCIATE (continued)

In thousands of tenge	**2024**	2023
Revenue	**12.677.584**	10.100.912
Net profit / (loss)	**917.656**	(151.630)
Group's share in profit / (loss) for the nine months ended 30 September	**183.531**	(30.326)

8. INVENTORIES

In thousands of tenge	**30 September 2024**	31 Desember 2023
Raw and other materials	**1.880.338**	1.677.486
Spare parts	**1.628.901**	1.551.497
Fuel and lubricants	**166.105**	135.314
Other inventory	**339.541**	400.591
Less: allowance for obsolete inventories	**(676.929)**	(475.622)
	3.337.956	3.289.266

Movement in the allowance for obsolete inventories was as follows:

In thousands of tenge	**2024**	2023
At 1 January	**475.622**	409.207
Charge	**270.083**	80.355
Reversal	**(68.776)**	(67.637)
Write-off	**–**	(212)
At 30 September	**676.929**	421.713

9. TRADE ACCOUNTS RECEIVABLE

In thousands of tenge	**30 September 2024**	31 Desember 2023
Trade accounts receivable	**36.537.584**	39.293.514
Less: allowance for expected credit losses and impairment	**(5.304.458)**	(4.978.608)
	31.233.126	34.314.906

Movement in the provision for expected credit losses was as follows:

In thousands of tenge	**2024**	2023
At 1 January	**4.978.608**	2.613.649
Charge	**2.478.764**	2.235.894
Reversal	**(2.152.914)**	(568.471)
Write-off	**–**	(19.583)
At 30 September	**5.304.458**	4.261.489

As at 30 September 2024 trade accounts receivable included accounts receivable from the customer National Electric Grids of Uzbekistan JSC, in the amount of 1.675.744 thousand tenge (31 December 2023: 1.632.185 thousand tenge).

As at 30 September 2024 provision for debts from National Electric Grids of Uzbekistan JSC amounted to 1.675.744 thousand tenge (31 December 2023: 1.583.360 thousand tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. TRADE ACCOUNTS RECEIVABLE (continued)

Set out below is the information about the credit risk exposure on the Group's trade accounts receivable using a provision matrix:

		Trade account receivables				
			Delay in payment			
In thousands of tenge	**Total**	**Current**	**30-90 days**	**91-180 days**	**181-270 days**	**More than 271 days**
30 September 2024						
Percentage of expected credit losses	**14,52%**	**0,56%**	**8,20%**	**37,03%**	**62,77%**	**99,77%**
Estimated total gross carrying amount in case of default	**36.537.584**	**29.192.781**	**1.321.280**	**756.880**	**1.355.976**	**3.910.667**
Expected credit losses	**(5.304.458)**	**(163.076)**	**(108.289)**	**(280.259)**	**(851.083)**	**(3.901.751)**
	31.233.126	**29.029.705**	**1.212.991**	**476.621**	**504.893**	**8.916**
31 December 2023						
Percentage of expected credit losses	12,67%	0,97%	17,32%	60,98%	80,09%	98,66%
Estimated total gross carrying amount in case of default	39.293.514	31.322.960	3.498.241	679.302	465.547	3.327.464
Expected credit losses	(4.978.608)	(302.426)	(606.068)	(414.264)	(372.853)	(3.282.997)
	34.314.906	31.020.534	2.892.173	265.038	92.694	44.467

Trade accounts receivable were denominated in the following currencies:

In thousands of tenge	**30 September 2024**	31 Desember 2023
Tenge	**31.044.345**	34.233.827
US Dollar	**188.781**	81.079
	31.233.126	34.314.906

10. OTHER CURRENT ASSETS

In thousands of tenge	**30 September 2024**	31 Desember 2023
Advances paid for goods and services	**1.660.623**	2.253.444
Deferred expenses	**828.116**	126.055
Other receivables from related parties for property, plant and equipment and constructions *(Note 26)*	**399.974**	399.974
Loans receivable from employees	**469**	469
Other	**776.029**	862.710
Less: provision for expected credit losses and impairment	**(794.475)**	(908.975)
	2.870.736	2.733.677

Movements in the provision for expected credit losses and impairment of other current assets are as follows:

In thousands of tenge	**2024**	2023
At 1 January	**908.975**	741.392
Charge	**90.421**	264.280
Reversal	**(61.354)**	(107.281)
Write-off	**(143.567)**	(3.597)
At 30 September	**794.475**	894.794

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS

In thousands of tenge	**30 September 2024**	31 Desember 2023
Financial assets at amortized cost		
Bonds of Samruk-Kazyna	**25.000.000**	–
Notes of National Bank of RK	**12.054.589**	23.172.951
Placements with Eximbank Kazakhstan	**2.035.671**	2.138.857
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	**2.021.573**	1.920.172
Interest accrued on Samruk-Kazyna bonds	**1.666.736**	–
Placements with DeltaBank	**1.230.000**	1.230.000
Placements with Kazinvestbank	**1.189.256**	1.198.169
Bonds of Development Bank of Kazakhstan (BRK)	**1.157.428**	1.101.857
Bonds of NC KazMunayGas JSC (KMG)	**936.590**	877.600
Transaction costs related to loans	**507.476**	–
Bank deposits	**44.726**	5.080.317
Interest accrued on Ministry of Finance Eurobonds of the Republic of Kazakhstan	**36.271**	15.778
Interest accrued on NC KazMunayGas JSC bonds	**20.444**	8.517
Interest accrued on Development Bank of Kazakhstan bonds	**25.349**	8.329
Less: provision for impairment of placements with Eximbank	**(2.035.671)**	(2.138.857)
Less: provision for impairment of placements with DeltaBank	**(1.230.000)**	(1.230.000)
Less: provision for impairment of placements with Kazinvestbank	**(1.189.256)**	(1.198.169)
Less: provision for expected credit losses on other financial assets	**(148)**	(28.580)
	43.471.034	32.156.941
Financial assets at fair value through profit or loss		
Bonds of Special Financial Company DSFK	**69**	411.883
	69	411.883
Total other financial assets	**43.471.103**	32.568.824
Other current financial assets	**42.027.037**	30.589.367
Other non-current financial assets	**1.444.066**	1.979.457
Total other financial assets	**43.471.103**	32.568.824

Movements in the provision for impairment of other financial assets are as follows:

In thousands of tenge	**2024**	2023
At 1 January	**4.595.606**	4.622.572
Charge	**146**	55
Reversal	**(140.677)**	(55.393)
At 30 September	**4.455.075**	4.567.234

Bonds of Samruk-Kazyna JSC (hereinafter – Samruk Kazyna)

On 7 March 2024, the Group purchased Samruk-Kazyna coupon bonds at Kazakhstan Stock Exchange JSC with a floating annual rate in the amount of the base rate of the National Bank of the Republic of Kazakhstan minus 1,00%, for a total amount of 15.000.000 thousand tenge and with a term applications until 7 March 2025. The bonds were classified as carried at amortized cost.

On 23 May 2024, the Group purchased Samruk-Kazyna coupon bonds at the Kazakhstan Stock Exchange JSC with a floating annual rate in the amount of the base rate of the National Bank of the Republic of Kazakhstan minus 0,75%, for a total amount of 10.000.000 thousand tenge and with a term applications until 23 May 2025. The bonds were classified as carried at amortized cost.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS (continued)

Notes of the National Bank of the Republic of Kazakhstan

During nine months of 2024, the Group purchased short-term discount notes of the National Bank of the Republic of Kazakhstan at Kazakhstan Stock Exchange JSC in the total amount of 17.000.000 thousand tenge (for the nine months ended 30 September 2023: 100.500.000 thousand tenge). For the nine months ended 30 September 2024, the amount of repayments of discount notes of the National Bank of the Republic of Kazakhstan amounted to 28.319.991 thousand tenge (for the period ended 30 September 2023: 104.775.530 thousand tenge). During the period ended 30 September 2024, the Group recognized finance income in the amount of 201.629 thousand tenge (during the period ended 30 September 2023: 1.284.938 thousand tenge) *(Note 23)*.

Bonds of Development Bank of Kazakhstan JSC

On 27, 29 June and 3 July 2023, the Group purchased coupon international bonds of Development Bank of Kazakhstan JSC on the international market at a rate of 5,75% per annum for a total amount of USD 2.436.560 (equivalent to 1.098.525 thousand tenge), for a period applications until 12 May 2025. The bonds were classified as carried at amortized cost.

Upon initial recognition, a premium was accrued in the amount of 46.560 US dollars (equivalent to 20.840 thousand tenge). For nine months of 2024, the amount of premium depreciation amounted to 8.590 thousand tenge.

Bonds of NC KazMunayGas JSC

On 27 and 28 June 2023, the Group purchased coupon international bonds of NC Kazmunaigas JSC on the international market at a rate of 4,75% per annum for a total amount of USD 1.920.000 (equivalent to 867.067 thousand tenge), maturing until 19 April 2027. The bonds were classified as carried at amortized cost..

Upon initial recognition, a discount of 80.000 US dollars (equivalent to 35.792 thousand tenge) was accrued. For nine months of 2024, the amount of discount amortization amounted to 7.248 thousand tenge.

Bank deposits

As at 30 September 2024 and 31 December 2023, bank deposits include accrued interest income in the amount of 30 thousand tenge and 21.224 thousand tenge, respectively.

Placements with Eximbank Kazakhstan JSC (hereinafter – Eximbank Kazakhstan)

On 27 August 2018, by resolution of the Board of the National Bank of the Republic of Kazakhstan, it was decided to deprive Eskimbank Kazakhstan of its license to accept deposits and open bank accounts for individuals. In this regard, the Group reclassified cash and equivalents held by Eskimbank into other financial assets and accrued a provision for expected credit losses in the amount of 100%.

During the nine months ended 30 September 2024, the Liquidation Commission of Eskimbank Kazakhstan made a payment in the amount of 284 thousand US dollars, which is equivalent to 134.382 thousand tenge on the date of payment (during the nine months ended 30 September 2023: 74,3 thousand US dollars, which is equivalent to 33.424 thousand tenge on the date of payment).

Kazinvestbank

During the nine months ended 30 September 2024, the Liquidation Commission of Kazinvestbank JSC made payments in the amount of 27,2 thousand US dollars (12.885 thousand tenge on the date of payment) and 139 thousand tenge (during the nine months ended 30 September 2023: 11,2 thousand US dollars (4.996 thousand tenge on the date of payment) and 57 thousand tenge).

DeltaBank

No payments were made during the nine months ended 30 September 2024 and 2023.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. OTHER FINANCIAL ASSETS (continued)

Eurobonds of the Ministry of Finance of the Republic of Kazakhstan

On 26 April 2019, the Group acquired Eurobonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of 4.200.000 pieces at a rate of 3,875% per annum and maturity until October 2024 for a total amount of 4.368 thousand US dollars (equivalent in tenge to 2.021.573 thousand tenge as of the reporting date).

Bonds of Special Financial Company DSFK LLP

On 3 January 2024, Kazakhmys Corporation LLP made a guarantee payment in the amount of 411.883 thousand tenge.

During the nine months ended 30 September 2024 and 2023, DSFK Special Financial Company LLP repaid bonds worth 3.877 thousands tenge and 30.001 thousands tenge, respectively.

Other financial assets were represented in the following currencies:

In thousands of tenge	**Interest rate**	**30 September 2024**	31 Desember 2023
Tenge	0,01 – 14,00%	**39.159.251**	28.577.633
US Dollar	3,00 – 5,75%	**4.311.852**	3.991.191
		43.471.103	32.568.824

12. RESTRICTED CASH

In thousands of tenge	**30 September 2024**	31 Desember 2023
Cash in funding accounts	**978.128**	898.893
Cash reserved for return on guarantee obligations	**827.376**	950.649
Less: provision for expected credit losses	**(3.779)**	(3.486)
	1.801.725	1.846.056

During the nine months ended 30 September 2024 and 2023, no interest accrued on cash in the reserve for repayment of short-term guarantee obligations.

During 2023-2024, a funding deposit was placed with Halyk Bank of Kazakhstan JSC as part of financing mortgage lending to the Company’s employees. At the end of the reporting period 30 September 2024, the amount of the deposit amounted to 977.871 thousand tenge and accrued interest was 257 thousand tenge (as of 31 December 2023: 898.483 thousand tenge and 410 thousand tenge, respectively).

The movement in the provision for expected credit losses on restricted cash was as follows:

In thousands of tenge	**2024**	2023
At 1 January	**3.486**	371
Charge	**824**	3.551
Reversal	**(531)**	(432)
At 30 September	**3.779**	3.490

As at 30 September 2024 and 31 December 2023, restricted cash was denominated in tenge.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. CASH AND CASH EQUIVALENTS

In thousands of tenge	**30 September 2024**	31 Desember 2023
Short-term deposits, in tenge	**33.072.268**	23.483.049
Cash in reverse REPO transactions	**25.295.442**	20.056.276
Short-term deposits, in foreign currencies	**1.961.580**	1.202.172
Current accounts with banks, in tenge	**349.401**	753.716
Current accounts with banks, in foreign currencies	**8.596**	55.054
Cash on hand, in tenge	**4.331**	2.870
Cash at special accounts, in tenge	**–**	2
Less: provision for expected credit losses	**(57.688)**	(24.616)
	60.633.930	45.528.523

As part of diversification, the Group placed part of its free liquidity in money market instruments, such as reverse REPO secured by government securities.

During the period ended 30 September 2024, the Group placed short-term deposits with banks at 3,0-14,3% per annum in tenge, as well as on current accounts with banks at 0,02% per annum.

Movement of the provision for expected credit losses on cash and cash equivalents is as follows:

In thousands of tenge	**2024**	2023
At 1 January	**24.616**	183.565
Charge	**64.955**	102.046
Reversal	**(31.883)**	(258.639)
At 30 September	**57.688**	26.972

As at 30 September 2024 and 31 December 2023 cash and cash equivalents were denominated in the following currencies:

In thousands of tenge	**30 September 2024**	31 Desember 2023
Tenge	**58.676.542**	44.280.150
US dollar	**1.957.357**	1.248.354
Russian rouble	**31**	19
	60.633.930	45.528.523

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. EQUITY

As of 30 September 2024 and 31 December 2023, the Company's share capital amounted to 275.294.118 issued shares, of which 275.292.728 shares were issued and fully paid for a total amount of 148.922.757 thousand tenge.

Treasury shares

In November 2016 the Group repurchased shares placed on the open market consisting of 1.390 shares for the total amount of 930 thousand tenge.

Asset revaluation reserve

The asset revaluation reserve is represented by the increase in value as a result of the revaluation of NES Group assets carried out as of 1 December 2022 *(Note 6)*. The transfer from the asset revaluation reserve to retained earnings as a result of the disposal of NES assets for the nine-month period ended 30 September 2024 amounted 480.276 thousand tenge (for the nine-month period ended 30 September 2023: 318.516 thousand tenge).

Dividends

In May 2023, shareholders approved the distribution of 100% of net profit for the second half of 2022, as well as part of retained earnings from previous periods. The amount to be paid was 13.153.330 thousand tenge for all holders of the Company's common shares, which is equal to 50,59 tenge per common share. Dividends were paid on 29 May 2023.

In September 2023, shareholders approved the distribution of 87,81% of net profit for the first half of 2023 for the payment of dividends. The amount to be paid was 20.212.292 thousand tenge for all holders of the Company's common shares, which is equal to 77,74 tenge per common share. On 31 October 2023, KEGOC JSC paid dividends to all minority shareholders in the total amount of 2.021.132 thousand tenge. On December 7 and 12, 2023, KEGOC JSC paid to Samruk-Kazyna the remaining dividends in the amount of 18.191.160 thousand tenge

In May 2024, shareholders approved the distribution of dividends for the second half of 2023. The amount to be paid was 21.885.772 thousand tenge for all holders of the Company's common shares, which is equal to 79,50 tenge per common share. Dividends were paid on 30 May 2024.

Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing net income for the period by the weighted average number of common shares outstanding during the period. The Group had a weighted average number of ordinary shares outstanding of 275.292.728 during the period ended 30 September 2024 (for the nine-month period ended 30 September 2023: 259.998.610). For the nine-month period ended 30 September 2024 and 2023, basic and diluted earnings per share were 170,85 tenge and 110,10 tenge respectively.

Book value per share

In accordance with the decision of the Exchange Board of the Kazakhstan Stock Exchange JSC (hereinafter "KASE") dated 4 October 2010 the financial statements shall disclose book value per share (ordinary and preferred) as of the reporting date, calculated in accordance with the KASE rules.

In thousands of tenge	**30 September 2024**	31 Desember 2023
Total assets	**1.020.950.133**	1.001.785.007
Less: intangible assets	**(4.111.982)**	(3.163.452)
Less: total liabilities	**(310.082.340)**	(316.065.873)
Net assets	**706.755.811**	682.555.682
Number of ordinary shares	**275.292.728**	275.292.728
Book value per ordinary share, tenge	**2.567**	2.479

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. BORROWINGS

In thousands of tenge	**30 September 2024**	31 Desember 2023
International Bank of Reconstruction and Development (IBRD)	**5.958.018**	6.735.812
	5.958.018	6.735.812
Less: current portion of loans repayable within 12 months	**(1.092.715)**	(1.146.917)
	4.865.303	5.588.895

As at 30 September 2024 and 31 December 2023, accrued and unpaid interest on loans amounted to 17.841 thousand tenge and 131.596 thousand tenge, respectively. As of 30 September 2024 and 31 December 2023, the unamortized portion of the loan arrangement fee amounted to 8.800 thousand tenge and 32.068 thousand tenge, respectively.

As of 30 September 2024 and 31 December 2023, borrowings were denominated in US dollars.

Moinak Electricity Transmission Project

In 2009, for the implementation of the Moinak Hydroelectric Power Plant Power Delivery Scheme project, the Group received a credit line in the amount of 48.000 thousand US dollars provided by the International Bank for Reconstruction and Development for 25 (twenty-five) years, of which the first 5 (five) years were a grace period. The credit line is secured by a guarantee from the Government of the Republic of Kazakhstan. Interest on the loan from 15 September 2023 is accrued at the monthly SOFR rate plus a fixed spread of 1,28% and is repaid twice a year. In May 2013, the unused portion of the credit line from the IBRD in the amount of 3.274 thousand US dollars was canceled due to the fact that the amount of actual costs incurred during this project was less than expected. As of 30 September 2024 and 31 December 2023, the balance of the loan is 12.363 thousand US dollars (equivalent to 5.948.977 thousand tenge) and 14.599 thousand US dollars (equivalent to 6.636.284 thousand tenge), respectively.

16. BONDS PAYABLE

In thousands of tenge	**30 September 2024**	31 Desember 2023
Nominal value of issued bonds	**150.941.100**	150.941.100
Accrued coupon interest	**5.142.531**	7.277.659
Less: discount on bonds issued	**(1.277.880)**	(1.337.888)
Less: transaction costs	**(75.392)**	(81.294)
	154.760.359	156.799.577
Less: current portion of bonds repayable within 12 months	**(5.142.531)**	(7.277.659)
	149.617.828	149.521.918

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. BONDS PAYABLE (continued)

Under the State Program "Nurly Zhol" the Group placed two tranches of coupon bonds on "Kazakhstan Stock Exchange" JSC to finance the projects "Construction of 500 kW line Semey − Ak-togay − Taldykorgan − Alma":

(a) During the period from June to August 2016 the Group issued coupon bonds with nominal amount of 47.500.000 thousand tenge under floating interest rate equal to the inflation rate in Republic of Kazakhstan plus 2.9% with the maturity of 2031 (the minimum rate of the consumer price index is set at 5%). The coupon rate for the period from 1 January 2023 to 26 May 2023 was 14,9% per annum, from 27 May 2023 to 26 May 2024 was 18,9%, from 27 May 2024 to 30 September 2024 was 12,0% per annum. All bonds under this program were acquired by Unified Accumulative Pension Fund. Bonds were issued with discount in the amount of 111.945 thousand tenge.

(b) In August 2017, the Group placed the second tranche of coupon bonds amounting to 36.300.000 thousand tenge with a fixed rate of 11,5%. All bonds under this program were acquired by Unified Accumulative Pension Fund and other entities.

To implement the investment project "Reconstruction of 220-500 kW overhead lines of branches of KEGOC JSC" and "Strengthening the Electricity Grid of the Western Zone of the UES of Kazakhstan Construction of power grid facilities:

- On 28 May 2020, KEGOC's bonds were placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 9.700.000 thousand tenge and 11% annual yield, maturity until 2035. The bonds were placed at a discount of 667.593 thousand tenge. As a result of trades, 89,6% of bonds were purchased by STB (second-tier banks), 9,9% − by other institutional investors, 0,5% − by other legal entities.
- On 27 January 2021, KEGOC's bonds were placed on Kazakhstan Stock Exchange JSC (KASE) with nominal volume of 8.869.672 thousand tenge with an average weighted yield to maturity of 11,62% per annum, with maturity until 2035. The bonds were placed with a discount in the amount of 380.267 thousand tenge. Accrued coupon interest on the date of placement amounted to 159.900 thousand tenge. As a result of trades, 22,6% of bonds were purchased by broker-dealer organizations, 72,8% by other institutional investors, 4.6%− by other legal entities.
- On 21 October 2021, bonds of KEGOC JSC were successfully placed on Kazakhstan Stock Exchange JSC with a nominal value 16.430.328 thousand tenge and weighted average yield to maturity of 11.5% per annum, with maturity until 2035. The bonds were placed at a discount of 562.427 thousand tenge, accrued coupon interest on the placement date was 717.914 thousand tenge. As a result of trades, 86,7% of the bonds were purchases by Eurasian Development bank JSC and other banks, 13,3% - by other institutional investors.
- On 21 December 2022, KEGOC's green bonds were successfully placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 16.141.100 thousand tenge, with a floating rate equal to the TONIA rate plus 3% margin and maturity until 2037. As a result of trades, 50,4% of the of the bonds were purchased by banks, 49,6% - by other institutional investors.
- On 30 March 2023, KEGOC's "green" bonds were successfully placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 16.000.000 thousand tenge, with a floating rate equal to the TONIA rate plus a margin of 3% and a maturity until 2037. The investors were Development Bank of Kazakhstan JSC and the European Bank for Reconstruction and Development (EBRD).

During the nine month period ended 30 September 2024 the Group capitalized the borrowing costs of coupon interest on the issued bonds less investment income in the amount of 6.785.757 thousand tenge (for the nine months of 2023: 5.633.286 thousand tenge) *(Note 23)*.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. TRADE AND OTHER ACCOUNTS PAYABLE

As at 30 September 2024 and 31 December 2023 trade and other accounts payable:

In thousands of tenge	**30 September 2024**	31 Desember 2023
Accounts payable for electricity purchased	**4.259.080**	6.627.773
Accounts payable for property, plant and equipment and construction works	**11.362.323**	12.835.004
Accounts payable for inventories, works and services	**3.284.345**	2.707.427
Less: discount	**(96.806)**	(286.058)
	18.808.942	21.884.146
Less: current portion of trade payables repayable within 12 months	**18.808.942**	19.721.022
	–	2.163.124

As at 30 September 2024 and 31 December 2023 trade and other accounts payables were denominated in the following currencies:

In thousands of tenge	**30 September 2024**	31 Desember 2023
Tenge	**14.565.805**	15.281.107
Russian RUB	**4.243.137**	6.542.361
US Dollar	**–**	35.910
Euro	**–**	24.768
	18.808.942	21.884.146

Trade and other accounts payable for property, plant and equipment and construction in progress include accounts payable to a related party of Karabatan utility solutions LLP, detailed information about which is disclosed in *Note 26*.

18. TAXES PAYABLE OTHER THAN CORPORATE INCOME TAX

In thousands of tenge	**30 September 2024**	31 Desember 2023
VAT payable	**2.162.944**	1.919.100
Contributions payable to pension fund	**234.271**	479.692
Personal income tax	**153.155**	425.774
Social contribution payable	**151.734**	219.971
Social tax	**114.834**	340.388
Property tax	**–**	19.920
Other	**1.307**	21.511
	2.818.245	3.426.356

19. OTHER CURRENT LIABILITIES

In thousands of tenge	**30 September 2024**	31 Desember 2023
Due to employees	**3.963.296**	4.580.092
Other	**1.217.925**	1.136.022
	5.181.221	5.716.114

Due to employees mainly comprise of salaries payable and provision for unused vacation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

	For the three months ended		For the nine months ended	
In thousands of tenge	**30 September 2024**	30 September 2023	**30 September 2024**	30 September 2023
Service of using the national electrical grid	**34.300.507**	27.706.799	**108.569.369**	27.706.799
Electricity transmission services	**14.262.231**	9.894.629	**46.399.375**	89.918.696
Income from the sale of balancing electricity	**10.911.933**	7.440.051	**30.802.760**	7.440.051
Technical dispatch	**8.697.969**	7.947.067	**27.596.994**	24.749.951
Balancing of electricity production and consumption	**2.808.261**	2.667.576	**9.305.402**	13.285.147
Sale of electricity for compensation of the interstate balances of electricity flows	**2.445.072**	2.128.342	**8.034.490**	7.719.798
Power regulation services	**169.068**	138.031	**508.204**	360.321
Other	**440.049**	644.749	**1.192.587**	1.736.609
	74.035.090	58.567.244	**232.409.181**	172.917.372

	For the three months ended		For the nine months ended	
In MW/hour	**30 September 2024**	30 September 2023	**30 September 2024**	30 September 2023
Service of using the national electrical grid	**17.184.306**	16.781.829	**54.759.214**	16.781.829
Electricity transmission services	**4.105.178**	3.368.587	**13.447.834**	31.462.553
Income from the sale of balancing electricity	**522.548**	334.539	**1.647.603**	334.539
Technical dispatch	**25.657.727**	24.834.856	**81.407.062**	78.347.225
Balancing of electricity production and consumption	**46.805.297**	46.915.827	**155.091.774**	151.014.257
Sale of electricity for compensation of the interstate balances of electricity flows	**338.215**	413.762	**1.265.202**	1.261.813
Power regulation services (in MW)	**173**	169	**599**	384

	For the three months ended		For the nine months ended	
In thousands of tenge	**30 September 2024**	30 September 2023	**30 September 2024**	30 September 2023
Revenue recognition timeline				
The goods are transferred at a certain point in time	**2.445.072**	2.128.342	**8.034.490**	7.719.798
The services are provided over a period of time	**71.590.018**	56.438.902	**224.374.691**	165.197.574
Total revenue from contracts with customers	**74.035.090**	58.567.244	**232.409.181**	172.917.372

Discounts to customers are authorised by the Committee of the Republic of Kazakhstan for the Regulation of Natural Monopolies.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. COST OF SALES

In thousands of tenge	**For the three months ended 30 September 2024**	For the three months ended 30 September 2023	**For the nine months ended 30 September 2024**	For the nine months ended 30 September 2023
Technical losses of electric energy	**14.980.069**	10.858.735	**41.991.199**	23.684.790
Depreciation and amortization	**12.633.138**	12.554.112	**37.428.614**	37.521.590
Cost of purchased electricity for compensation of interstate balances of electricity flows	**9.746.734**	6.652.393	**26.151.566**	21.408.394
Payroll expenses and related taxes	**7.898.712**	6.602.525	**23.766.952**	19.893.740
Cost of purchase of balancing electricity at the BME RK	**3.163.670**	2.473.176	**10.407.939**	2.473.176
Taxes	**1.993.184**	1.973.785	**5.817.664**	5.836.960
Repair and maintenance expenses	**3.255.341**	2.860.368	**6.797.356**	6.296.106
For the purchase of services to ensure the readiness of power to bear the load	**1.433.003**	1.035.011	**4.347.445**	3.105.032
Inventory	**507.258**	427.640	**1.342.000**	1.094.212
Security services	**414.954**	392.502	**1.229.693**	1.154.238
Others	**1.968.198**	1.535.280	**5.032.503**	4.200.684
	57.994.261	47.365.527	**164.312.931**	126.668.922

22. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	**For the three months ended 30 September 2024**	For the three months ended 30 September 2023	**For the nine months ended 30 September 2024**	For the nine months ended 30 September 2023
Payroll expenses and related taxes	**1.211.230**	1.244.060	**4.529.574**	3.508.686
Software maintenance expense	**165.179**	231.741	**738.448**	653.729
Third-party company services	**248.039**	209.662	**594.113**	537.031
Depreciation and amortization	**79.934**	249.376	**542.784**	740.918
Charge for obsolete inventories (*Note 8*)	**(57.445)**	16.200	**201.307**	12.718
Insurance expenses	**46.121**	28.229	**134.882**	83.997
Taxes other than corporate income tax	**36.266**	31.512	**108.365**	185.469
Consulting services	**62.168**	47.860	**95.122**	152.587
Business trip expenses	**15.623**	24.510	**74.886**	67.754
Communal expenses	**23.175**	23.060	**71.611**	55.879
Materials	**20.766**	12.164	**62.964**	45.307
Expenses for the Board of Directors	**12.155**	14.452	**62.774**	39.714
Trainings	**23.427**	16.125	**46.916**	33.141
Прочие	**307.904**	159.398	**1.062.896**	866.938
	2.194.542	2.308.349	**8.326.642**	6.983.868

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. FINANCE INCOME / (EXPENSE)

	For the three months ended		For the nine months ended	
In thousands of tenge	**30 September 2024**	30 September 2023	**30 September 2024**	30 September 2023
Finance income				
Interest income on deposits, current accounts and quoted bonds	**2.032.756**	1.352.538	**5.604.721**	5.042.996
Income from reverse REPO transactions	**941.049**	126.316	**3.497.960**	459.490
Income from the National Bank notes *(Note 11)*	**107.814**	756.921	**201.629**	1.284.938
Amortization of discount on accounts receivable *(Note 26)*	**12.389**	15.874	**39.550**	49.493
Amortization of discount on other financial assets	**2.513**	2.415	**7.248**	2.487
Income from revaluation of DSFK financial instruments *(Note 11)*	**2.964**	5.893	**3.877**	5.893
Others	**–**	–	**–**	18.998
	3.099.485	2.259.957	**9.354.985**	6.864.295
Less: interest capitalized into cost of qualifying asset *(Note 6)*	**(110.252)**	(530.471)	**(362.387)**	(1.382.493)
	2.989.233	1.729.486	**8.992.598**	5.481.802
Finance costs				
Bond coupon	**4.776.219**	5.842.963	**15.795.635**	16.021.951
Interest on loans	**108.161**	166.190	**320.543**	511.257
Discount costs	**81.023**	125.278	**285.162**	411.421
Commission on bank guarantees	**4.411**	29.920	**43.253**	92.409
Expenses from issuing bonds	**10.824**	10.274	**41.820**	42.036
Amortization of premium on other financial assets	**6.659**	24.237	**19.213**	82.773
Amortization of commission for arranging a loan	**303**	3.641	**910**	10.436
Expense from revaluation of DSFK financial instruments *(Note 11)*	**–**	–	**–**	353.623
	4.987.600	6.202.503	**16.506.536**	17.525.906
Less: interest capitalized into cost of qualifying assets *(Note 6)*	**(2.337.005)**	(2.584.373)	**(7.148.144)**	(7.015.779)
	2.650.595	3.618.130	**9.358.392**	10.510.127

The discounting expense is mainly represented by the amortization of the discount on long-term payables to related party Karabatan Utility Solutions LLP (*Note 26*).

24. FOREIGN EXCHANGE GAIN, NET

Due to changes in the exchange rate of the Tenge for the period ended 30 September 2024, the Group recognized a net foreign exchange gain of 453.281 thousands tenge (for the period ended 30 September 2023: net foreign exchange gain of 920.264 thousand tenge).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. CORPORATE INCOME TAX EXPENSE

	For the three months ended		For the nine months ended	
In thousands of tenge	**30 September 2024**	30 September 2023	**30 September 2024**	30 September 2023
Current corporate income tax				
Current corporate income tax expense	**3.837.976**	1.901.060	**14.506.803**	9.746.537
Adjustments in respect of current income tax of previous year	**–**	106.849	**309.199**	230.910
Deferred tax				
Deferred tax benefit	**(630.675)**	(737.892)	**(2.661.761)**	(3.187.577)
Total corporate income tax expense reported in interim consolidated statement of comprehensive income	**3.207.301**	1.270.017	**12.154.241**	6.789.870

In the Republic of Kazakhstan in 2024 and 2023, the corporate income tax rate was 20%.

Deferred tax assets and liabilities reflected in the interim consolidated statement of financial position are presented as follows:

In thousands of tenge	**30 September 2024**	31 Desember 2023
Deferred tax assets	**–**	–
Deferred tax liabilities	**(116.980.908)**	(119.642.670)
Net deferred tax liabilities	**(116.980.908)**	(119.642.670)

The Group offsets tax assets and tax liabilities only when it has a legally enforceable right to offset current tax assets and current tax liabilities, and deferred tax assets and deferred tax liabilities relate to corporate income taxes, which are levied at the same tax authority.

As of 30 September 2024, prepayment of corporate income tax amounted to 43.956 thousand tenge (as of 31 December 2023: 1.834.225 thousand tenge), and the debt on corporate income tax amounted to 2.789.191 thousand tenge (as of 31 December 2023: absent).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. TRANSACTIONS WITH RELATED PARTIES

Related parties include key management personnel of the Group, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Group's key management personnel and other entities controlled by the Government of the Republic of Kazakhstan. The related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for regulated services, which are provided based on tariffs available to related and third parties.

Transactions with related parties for the period ended 30 September 2024 and 2023 represent the following:

In thousands of tenge		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
Sale of services	**2024**	**38.198.790**	**9.532.064**	**2.156.157**	**420.979**
	2023	32.435.942	4.887.031	2.172.266	416.377
Purchase goods and services	**2024**	**1.096.039**	**2.265.985**	**–**	**–**
	2023	13.654.312	1.178.206	–	30.206
Amortization of discount on long-term receivables	**2024**	**39.550**	**–**	**–**	**–**
	2023	49.493	–	–	–
Amortization of discount on long-term accounts payable	**2024**	**189.252**	**–**	**–**	**–**
	2023	315.861	–	–	–

Debt as of 30 September 2024 and 31 December 2023 from transactions with related parties represents the following:

In thousands of tenge		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
Current trade accounts receivables for the sale of services	**2024**	**3.576.305**	**1.107.773**	**208.785**	**76.037**
	2023	4.344.858	917.520	227.020	50.976
Accounts receivable for sale of property, plant and equipment	**2024**	**454.945**	**–**	**–**	**–**
	2023	562.761	–	–	–
Accounts payables for property complex	**2024**	**2.262.130**	**–**	**–**	**–**
	2023	4.431.817	–	–	–
Current trade and other accounts payable for the services purchased	**2024**	**470.075**	**266.612**	**–**	**–**
	2023	277.960	169.819	2.008	–

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. TRANSACTIONS WITH RELATED PARTIES (continued)

Revenue and cost of sales, trade accounts receivable and payable

The sale of services to related parties mainly represent electricity transmission, technical dispatch and services on balancing production and consumption of electricity, electrical capacity readiness services. The purchase of services from related parties mainly represents communication services, energy services, electricity purchase, electric capacity readiness services, postal service and software maintenance services.

Other accounts receivable

On 30 September 2015 the Group sold buildings and structures with a complex of equipment and adjacent land plots located in Astana to a related party – Kazpost JSC for 2.161.476 thousand tenge. In accordance with the sale agreement, Kazpost JSC pays the debt in equal monthly installments until June 2027. Accordingly, the Group has discounted future cash flows at a market discount rate of 10,37%. As at 30 September 2024 the unamortized discount on receivables from Kazpost JSC amounted to 69.044 thousand tenge (as at 31 December 2023: 108.594 thousand tenge). As at 30 September 2024 net debt amounted to 454.945 thousand tenge, where 274.824 thousand tenge was included in long-term receivables from related parties (as at 31 December 2023: net debt was 562.761 thousand tenge, long-term receivables from related parties was 382.638 thousand tenge). For the nine months ended 30 September 2024, the Group recognized income from amortization of discount in the amount of 39.550 thousand tenge (for the nine months ended 30 September 2023: 49.493 thousand tenge) *(Note 23).*

As at 30 September 2024 the Group had receivables from the sale of property, plant and equipment to a related party – Balkhashskaya TPP JSC, in the amount of 220.494 thousand tenge (as at 31 December 2023: 220.494 thousand tenge). In accordance with the sales contract, Balkhashskaya TPP JSC had to pay the debt by the end of 2018, however, as at 30 September 2024 the debt was not repaid. Due to the suspension of the construction of the Balkhashskaya TPP, the management of the Group, in 2018, decided to accrue a provision for the expected credit losses in the amount of 100%.

The total ECL for trade accounts receivables from related parties as at 30 September 2024 was 277.244 thousand tenge (31 December 2023: 421.790 thousand tenge).

Accounts payables for property complex and amortization of discount

In November-December 2020, the Group acquired a property complex from a related party − Karabatan Utility Solutions LLP in the amount of 11.794.689 thousand tenge. In accordance with the sale and purchase agreement, the Group will pay by equal annual installments until 25 March 2025. Accordingly, the Group discounted future cash flows at a market discount rate of 10,25%. As of 30 September 2024, unamortized discount on accounts payable of Karabatan Utility Solutions LLP amounted to 96.806 thousand tenge (as of 31 December 2023: 286.058 thousand tenge).

As at 30 September 2024, the amount of debt less discount amounted to 2.262.130 thousand tenge, which was entirely included in short-term accounts payable from related parties. For the nine months ended 30 September 2024, the Group recognized an expense from amortization of discount on accounts payable in the amount of 189.252 thousand tenge.

Other

As of 30 September 2024, the amount of guarantee of the Government of the Republic of Kazakhstan under the IBRD loan amounted to 5.958.018 thousand tenge (as of 31 December 2023: 6.758.169 thousand tenge).

Compensation of key management personnel and all other expenses associated with them (taxes, deductions, sick leave, vacation pay, financial assistance, etc.) included in salary expenses in the accompanying interim consolidated statement of comprehensive income amounted to 577.956 thousand tenge for the period ended 30 September 2024 (for the nine months ended 30 September 2023: 370.341 thousand tenge).

The remuneration of key management personnel mainly consists of contractual salaries and performances bonus based on operating results.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. COMMITMENTS AND CONTINGENCIES

Operating environment

The Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstani economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including an opinion on the IFRS approach regarding revenue, expenses and other accounts of financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. As a result, the amount of additional taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 30 September 2024.

Management believes that as at 30 September 2024, the interpretation of applicable legislation is appropriate and the Group's tax position will be sustained.

Terms of loan agreements

As disclosed in *Note 16*, the Group issued bonds and must comply with following semi-annually calculated covenants:

- Total debt to EBITDA of not more than 3:1 (as at 30 September 2024 – 1,29);
- Total debt to equity of not more than 0,6:1 (as at 30 September 2024 – 0,23);
- Self-financing ratio of at least 20% (as at 30 September 2024 – 124%);
- Debt service ratio of at least 1,2 (as at 30 September 2024 – 22,6);
- Liquidity of at least 1:1 (as at 30 September 2024 – 4,3);
- The ratio of net debt to EBITDA is no more than 4:1 (as at 30 September 2024 – 0,5).

The management of the Group believes that it complied with the covenants of the issued bonds.

Insurance

As at 30 September 2024, the Group insured production assets with a cost of 521.802.639 thousand tenge. In the event of an insured event, the insurance payment is made within the insured amount. The Group did not insure its other property. Since absence of any insurance does not imply a reduction of the cost of assets or origination of liabilities, no provision has been made in these interim consolidated financial statements for unexpected expenses associated with damage or loss of such assets.

Contractual commitments

To ensure the reliability of the national electricity grid through the reconstruction of 220-500 kV transmission lines that have already reached and will reach their standard useful life in coming years and to improve the reliability of electricity supply of consumers in the Western zone of UES of Kazakhstan, as well as to maintain production assets in working condition, the Group has developed capital investment plan.

Five year (2021-2026) investment program of KEGOC JSC for a total amount of 274.760.648 thousand tenge approved by the joint order №122 of the sectoral state body dated 7 April 2021 and the department of the authorized body №21-OD dated 11 March 2021 in accordance with legislation on natural monopolies of the Republic of Kazakhstan and is subject to 100% execution. However, KEGOC JSC may make changes to it and adjust the cost and timing of individual events. The five-year investment program of KEGOC JSC was adjusted by a joint order of the Ministry of Energy of the Republic of Kazakhstan dated 30 November 2023 №431 and the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated 15 December 2023 №157-OD.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. COMMITMENTS AND CONTINGENCIES (continued)

Contractual commitments (continued)

As at 30 September 2024, capital commitments under the contracts entered by the Group under the investment plan amounted to 237.333.421 thousand tenge (31 December 2023: 95.751.033 thousand tenge).

Litigation

In the ordinary course of business, the Group may be subject to legal claims or proceedings. In the opinion of management, there are currently no pending legal proceedings or claims that could have a material effect on the results of operations or financial position of the Group, except for the legal proceedings disclosed in the paragraph *"Activity Regulations"*.

Activity regulation

Tariffs for the transmission of electric energy, use of the national electrical grid, technical dispatching of supply to the network and consumption of electric energy, organization of balancing the production and consumption of electric energy

In accordance with order №79-OD of the Committee for the Regulation of Natural monopolies of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter – CRNM) dated 16 August 2021, the following tariffs were approved:

1) transmission of electric energy:
   - from 1 October 2021 to 30 September 2022 – 2.797 tenge/kWh (excluding VAT);
   - from 1 October 2022 to 30 September 2023 – 2.848 tenge/kWh (excluding VAT).
2) technical dispatching of supply to the grid and consumption of electric energy:
   - from 1 October 2021 to 30 September 2022 – 0.306 tenge/kWh (excluding VAT);
   - from 1 October 2022 to 30 September 2023 – 0.314 tenge/kWh (excluding VAT).
3) organization of balancing of production and consumption of electric energy:
   - from 1 October 2021 to 30 September 2022 – 0.098 tenge/kWh (excluding VAT);
   - from 1 October 2022 to 30 September 2023 – 0.102 tenge/kWh (excluding VAT).

By the order of the Committee for Regulation of Natural Monopolies of the Republic of Kazakhstan №67-OD dated 22 April 2022, temporary compensatory tariffs for regulated services of KEGOC JSC were approved and in effect from 1 June 2022 to 31 May 2023. If temporary compensatory tariffs were applied, the Group's income for the period of validity of the compensatory tariffs would have decreased by 12.670.120 thousand tenge. Temporary compensatory tariffs represent reduced tariffs for regulated services due to the fact that the Group, in the opinion of CRNM RK, overstated tariffs for consumers of services in 2017-2018.

KEGOC JSC does not agree with the above mentioned order due to the fact that, in accordance with the Law of the Republic of Kazakhstan on natural monopolies, the savings accumulated on the cost items of the tariffs estimates in 2017 and 2018 were directed to the implementation of the Investment Program. Thus, KEGOC JSC did not inflict any losses for consumers and did not receive unjustified income. In this connection, the Order № 67-OD dated 22 April 2022 is being challenged by KEGOC JSC in court.

During the consideration of the court case, the effect of this Order is suspended.

The Group's management assesses the Group's chances of a positive court decision as high. In the event of a court decision in favor of CRNM, the Group's management believes that the Group will have to apply temporary compensatory tariffs from the date of entry into force of the court decision during the subsequent 12-month period. In such a case, the Group will account for this reimbursement of tariff differences in the corresponding future consolidated financial statements in accordance with IFRS 14 "Regulatory Deferral Accounts".

Thus, according to the assessment of the Group's Management, as of 30 September 2024 the Group has no obligations related to the litigation with CRNM.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. COMMITMENTS AND CONTINGENCIES (continued)

Activity regulation (continued)

For the duration of the trial, Order on approval of tariffs №79-OD dated 16 August 2021, tariff estimates for regulated services of KEGOC JSC for 2021-2026, and №133-OD dated 22 September 2023 are in effect.

By CRNM's Order №133-OD dated 22 September 2023 changes in tariffs and tariff estimates were approved and in effect from 1 July 2023 for regulated services for the transmission of electrical energy through the national electrical grid, for the use of the national electrical grid, for technical dispatching of supply to the network and consumption of electric energy, and organization of balancing the production and consumption of electric energy:

1) Transmission of electric energy by national electric grid in the amount of:
   - from 1 July 2023 to 30 September 2023 – 2.935 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 3.381 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 3.492 tenge/kWh (excluding VAT);
   - from 1 October 2025 to 30 September 2026 – 3.564 tenge/kWh (excluding VAT).
2) Use of the national electrical grid in the amount of:
   - from 1 July 2023 to 30 September 2023 – 1.651 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 1.943 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 2.002 tenge/kWh (excluding VAT);
   - from 1 October 2025 to 30 September 2026 – 2.056 tenge/kWh (excluding VAT).
3) Technical dispatching of supply to the network and consumption of electric energy in the amount of:
   - from 1 July 2023 to 30 September 2023 – 0.320 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 0.339 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 0.351 tenge/kWh (excluding VAT);
4) Organization of balancing the production and consumption of electric energy in the amount of:
   - from 1 July 2023 to 30 September 2023 – 0.057 tenge/kWh (excluding VAT);
   - from 1 October 2023 to 30 September 2024 – 0.060 tenge/kWh (excluding VAT);
   - from 1 October 2024 to 30 September 2025 – 0.064 tenge/kWh (excluding VAT);
   - from 1 October 2025 to 30 September 2026 – 0.066 tenge/kWh (excluding VAT).

CRNM's Order №25-OD dated 9 February 2024 approved changes in tariffs and tariff estimates for regulated services for the transmission of electrical energy through the national electrical grid and for the use of the national electrical grid of KEGOC JSC with entry into force on 1 March 2024:

1) Transmission of electrical energy through the national electrical grid for the period from 1 March 2024 to 30 September 2024 in the amount of 3.474 tenge/kWh (excluding VAT);
2) Use of the national electrical grid for the period from 1 March 2024 to 30 September 2024 in the amount of 1.996 tenge/kWh (excluding VAT).

CRNM's Order №82-OD dated 11 September 2024 approved the adjustment of tariff estimates without changing the tariff level for regulated services of KEGOC JSC.

28. SUBSEQUENT EVENTS

On October 11, 2024, the extraordinary General Meeting of Shareholders of KEGOC JSC decided to pay dividends based on performance the first half of 2024 in the amount of 22.684.121 thousand tenge to all holders of ordinary shares of KEGOC JSC.

As disclosed in *Note 11*, at the reporting date the Group owned Eurobonds of the Ministry of Finance of the Republic of Kazakhstan with maturity until October 2024. On October 18, 2024, due to the expiration of the maturity of Eurobonds the Group has receive the payment in the amount of 4.281 thousand US dollars (equivalent in tenge to 2.086.057 thousand tenge as of the paymant's date).