

# **KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC**

Condensed interim consolidated financial statements  
for three and six months ended 30 June 2023  
(unaudited)

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023

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# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023

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Management of Kazakhstan Temir Zholy National Company JSC ("the Company") is responsible for the preparation of the condensed interim consolidated financial statements that present fairly the consolidated financial position of the Company and its subsidiaries (collectively – "the Group") as at 30 June 2023, and the consolidated results of its operations for the three and six months then ended, consolidated cash flows and consolidated changes in equity for the six months then ended in compliance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board (hereinafter - "IASB").

In preparing the condensed interim consolidated financial statements, management is responsible for:


- properly selecting and applying accounting policies;
- making reasonable estimates and judgments;
- complying with IAS 34, with material departures being disclosed and explained in the condensed interim consolidated financial statements;
- providing additional disclosures when compliance with the specific requirements in IAS 34 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

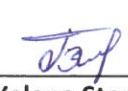
- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the condensed interim consolidated financial statements of the Group comply with IAS 34;
- maintaining statutory accounting records in compliance with the legislation of the Republic of Kazakhstan and IFRSs;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

These condensed interim consolidated financial statements for three and six months ended 30 June 2023 were approved for issue by management on 15 August 2023.

On behalf of the Group's management:



**Anuar Akhmetzhanov**  
Deputy Chairman of the  
Board for Strategy  
15 August 2023



**Yelena Stankova**  
Chief Accountant  
15 August 2023

## REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors and Shareholder of Kazakhstan Temir Zholy National Company JSC

### Introduction

We have reviewed the accompanying condensed interim consolidated statement of financial position of Kazakhstan Temir Zholy National Company JSC and its subsidiaries ("the Group") as of 30 June 2023 and the related condensed interim consolidated statements of profit or loss and other comprehensive income for three and six months then ended, condensed interim consolidated statements of changes in equity and cash flows for the six months then ended, and selected explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*.

*Deloitte LLP*

15 August 2023

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

(in millions of Tenge)


	Notes	30 June 2023 (unaudited)	31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3,363,597	3,241,505
Goodwill		15,520	15,520
Intangible assets		13,361	14,416
Investment in joint ventures	7	148	165
Investment in associates	7	27,218	28,634
Deferred tax assets		109	63
Other non-current assets	8	598,720	200,967
<b>Total non-current assets</b>		<b>4,018,673</b>	<b>3,501,270</b>
<b>Current assets</b>			
Cash and cash equivalents	9	193,179	266,956
Inventories	10	68,490	45,029
VAT recoverable		52,395	37,809
Trade accounts receivable	11	11,365	14,773
Contract assets		1,147	3,065
Prepaid income tax		2,235	2,139
Other current assets	12	89,715	79,056
		<b>418,526</b>	<b>448,827</b>
Assets held for sale		-	45,825
<b>Total current assets</b>		<b>418,526</b>	<b>494,652</b>
<b>Total assets</b>		<b>4,437,199</b>	<b>3,995,922</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,086,324	1,086,324
Foreign currency translation reserve		7,184	12,138
Retained earnings		578,719	348,377
Equity attributable to the Shareholder		1,672,227	1,446,839
Non-controlling interests		17,132	15,853
<b>Total equity</b>		<b>1,689,359</b>	<b>1,462,692</b>

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC


## CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023 (CONTINUED) (in millions of Tenge)

	Notes	30 June 2023 (unaudited)	31 December 2022
<b>Non-current liabilities</b>			
Borrowings	15	1,538,182	1,430,825
Deferred tax liabilities		407,970	357,491
Employee benefit obligations		38,362	37,406
Lease liabilities	16	40,736	38,861
Other non-current liabilities	19	56,394	55,564
<b>Total non-current liabilities</b>		<b>2,081,644</b>	<b>1,920,147</b>
<b>Current liabilities</b>			
Borrowings	15	247,263	256,506
Trade accounts payable	17	156,155	117,207
Contract liabilities	18	107,683	119,393
Lease liabilities	16	15,001	14,221
Other taxes payable		25,522	22,540
Employment benefit obligations		6,213	6,213
Other current liabilities	19	108,359	76,972
		<b>666,196</b>	<b>613,052</b>
Liabilities directly attributable to assets held for sale		-	31
<b>Total current liabilities</b>		<b>666,196</b>	<b>613,083</b>
<b>Total liabilities</b>		<b>2,747,840</b>	<b>2,533,230</b>
<b>Total equity and liabilities</b>		<b>4,437,199</b>	<b>3,995,922</b>

On behalf of the Group's management:

  
Anuar Akhmetzhanov  
Deputy Chairman of the Board for  
Strategy

15 August 2023

  
Yelena Stankova  
Chief Accountant

15 August 2023

The notes below are an integral part of these condensed interim consolidated financial statements.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED) (in millions of Tenge)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022*	2023	2022*
<b>Revenue and other income</b>					
Revenue from freight transportation	20	420,609	313,840	811,996	581,591
Revenue from passenger transportation	20	25,657	19,268	49,424	35,167
Government grants		13,651	7,823	21,936	14,104
Other revenue	21	29,083	17,590	52,318	29,455
<b>Total revenue and other income</b>		<b>489,000</b>	<b>358,521</b>	<b>935,674</b>	<b>660,317</b>
Cost of sales	22	(369,438)	(275,554)	(706,357)	(558,529)
<b>Gross profit</b>		<b>119,562</b>	<b>82,967</b>	<b>229,317</b>	<b>101,788</b>
General and administrative expenses	23	(22,923)	(22,500)	(47,399)	(43,273)
Finance income	24	2,510	18,154	14,197	22,777
Finance costs	24	(42,964)	(32,462)	(85,815)	(67,097)
Foreign exchange (loss)/gain		(3,066)	(642)	7,052	(33,802)
Gain on disposal of subsidiary not qualifying as discontinued operations	13	-	-	6,282	-
Share in profit/(loss) of associates and joint ventures	7	1,635	(2,209)	4,887	279
Impairment reversal/(impairment) of financial assets and contract assets		456	(4,186)	734	(4,980)
Impairment reversal/(impairment) of non-financial assets		342	(1,047)	(486)	1,861
Other profit and losses		655	105	1,322	1,091
<b>Profit/(loss) before income tax</b>		<b>56,207</b>	<b>38,180</b>	<b>130,091</b>	<b>(21,356)</b>
Corporate income tax (expenses)/benefit		(7,577)	34	(21,841)	(9,023)
<b>Profit/(loss) for the period</b>		<b>48,630</b>	<b>38,214</b>	<b>108,250</b>	<b>(30,379)</b>



# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) (in millions of Tenge)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023	2022*	2023	2022*
<b>Other comprehensive (loss)/income for the period, net of income tax:</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Net fair value loss on cash flow hedging instruments		-	-	-	(2,445)
Reclassification of the loss on cash flow hedging instruments to the loss for the period	14,20	-	-	-	54,442
Foreign exchange difference on the translation of foreign operations		(2,758)	10,680	(4,954)	12,157
<b>Other comprehensive (loss)/income for the period</b>		<b>(2,758)</b>	<b>10,680</b>	<b>(4,954)</b>	<b>64,154</b>
<b>Total comprehensive income for the period</b>		<b>45,872</b>	<b>48,894</b>	<b>103,296</b>	<b>33,775</b>
<b>Profit/(loss) for the period attributable to:</b>					
The Shareholder		47,929	37,762	106,971	(31,325)
Non-controlling interests		701	452	1,279	946
		<b>48,630</b>	<b>38,214</b>	<b>108,250</b>	<b>(30,379)</b>
<b>Comprehensive income for the period, attributable to:</b>					
The Shareholder		45,171	48,442	102,017	32,829
Non-controlling interests		701	452	1,279	946
		<b>45,872</b>	<b>48,894</b>	<b>103,296</b>	<b>33,775</b>
Earnings/(loss) per share, in tenge	25	96	76	215	(63)

\*Comparative information was reclassified as disclosed in Note 2

On behalf of the Group's management:

Anuar Akhmetzhanov  
Deputy Chairman of the Board for Strategy

15 August 2023

Yelena Stankova  
Chief Accountant

15 August 2023

The notes below are an integral part of these condensed interim consolidated financial statements.



# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED) (in millions of Tenge)

	Notes	Six months ended 30 June	
		2023	2022 *
<b>Operating activities:</b>			
Profit/(loss) for the period		108,250	(30,379)
Income tax expenses recognised in profit or loss		21,841	9,023
Adjustments for:			
Depreciation and amortisation		75,139	71,810
Finance costs	24	85,815	67,097
Finance income	24	(14,197)	(22,777)
Foreign exchange (gain)/loss		(7,052)	33,802
Gain on disposal of subsidiary not qualifying as discontinued operations	13	(6,282)	-
(Impairment reversal)/impairment of financial assets and contract assets		(734)	4,980
Impairment/(impairment reversal) of non-financial assets		486	(1,861)
Share of profit of associates and joint ventures	7	(4,887)	(279)
Reclassification of the loss on cash flow hedging instruments to the loss for the period	14, 20	-	54,442
Others		9,952	8,920
<b>Operating income before changes in working capital and other balances</b>		<b>268,331</b>	<b>194,778</b>
Change in trade accounts receivable		(3,529)	(6,965)
Change in inventories		(23,661)	(5,705)
Change in other current and non-current assets (including non-current VAT recoverable)		(57,774)	(50,285)
Change in trade accounts payable		46,411	9,593
Change in other taxes payable		3,910	(758)
Change in other liabilities		14,072	37,608
Change in employee benefit obligations		(2,872)	(2,758)
<b>Cash generated from operations before interest and income tax payments</b>		<b>244,888</b>	<b>175,508</b>
Interest paid		(72,807)	(45,896)
Interest received		10,048	4,543
Corporate income tax paid		(2,411)	(579)
<b>Net cash flows from operating activities</b>		<b>179,718</b>	<b>133,576</b>


# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED) (CONTINUED) (in millions of Tenge)

	Notes	Six months ended 30 June	
		2023	2022 *
<b>Investing activities:</b>			
Purchase of property, plant and equipment, including advances paid for property, plant and equipment		(453,946)	(102,835)
Net proceeds from disposal of subsidiary		11,948	-
Proceeds from the sale of other non-current assets		674	1,151
Investments acquired in joint ventures		-	(70)
Others		(67)	(1,476)
<b>Net cash flows used in investing activities</b>		<b>(441,391)</b>	<b>(103,230)</b>
<b>Financing activities:</b>			
Proceeds from borrowings	15	308,997	210,650
Repayment of borrowings	15	(109,092)	(317,549)
Repayment of lease liabilities	15	(6,989)	(5,028)
Others		(4,027)	(399)
<b>Net cash flows generated from/(used in) financing activities</b>		<b>188,889</b>	<b>(112,326)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(72,784)</b>	<b>(81,980)</b>
Cash and cash equivalents at the beginning of the period	9	267,032	178,000
Effect of changes in foreign exchange rates on cash and cash equivalent balances held in foreign currency		(1,085)	(1,471)
Effect of changes in the allowance for expected credit losses		16	23
<b>Cash and cash equivalents at the end of the period</b>	<b>9</b>	<b>193,179</b>	<b>94,572</b>
<b>Non-cash transactions:</b>			
Purchase of property, plant and equipment from borrowed funds by direct bank transfer to the supplier	15	45,631	4,095
Advances paid for property, plant and equipment and contract liabilities arising from the disposal of subsidiary	13	40,000	-

\*Comparative information was reclassified as disclosed in Note 2

On behalf of the Group's management:

  
Anuar Akhmetzhanov  
Deputy Chairman of the Board for  
Strategy

15 August 2023

  
Yelena Stankova  
Chief Accountant

15 August 2023

The notes below are an integral part of these condensed interim consolidated financial statements.

KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2023  
(in millions of Tenge)

	Share capital	Additional paid-in capital	Hedging reserve	Foreign currency translation reserve	Retained earnings	Shareholder equity	Non-controlling interests	Total equity
<b>As at 1 January 2022</b>	<b>1,086,085</b>	-	(51,997)	9,925	214,574	1,258,587	13,855	1,272,442
(Loss)/profit for the period	-	-	-	-	(31,325)	(31,325)	946	(30,379)
Other comprehensive income for the period	-	-	51,997	12,157	-	64,154	-	64,154
Total comprehensive income/(loss) for the period	-	-	51,997	12,157	(31,325)	32,829	946	33,775
Share issue (Note 14)	-	239	-	-	-	239	-	239
<b>As at 30 June 2022 (unaudited)</b>	<b>1,086,085</b>	<b>239</b>	-	<b>22,082</b>	<b>183,249</b>	<b>1,291,655</b>	<b>14,801</b>	<b>1,306,456</b>
<b>As at 1 January 2023</b>	<b>1,086,324</b>	-	-	12,138	348,377	1,446,839	15,853	1,462,692
Profit for the period	-	-	-	-	106,971	106,971	1,279	108,250
Other comprehensive loss for the period	-	-	-	(4,954)	-	(4,954)	-	(4,954)
Total comprehensive (loss)/income for the period	-	-	-	(4,954)	106,971	102,017	1,279	103,296
Other contributions (Note 14)	-	-	-	-	123,371	123,371	-	123,371
<b>As at 30 June 2023 (unaudited)</b>	<b>1,086,324</b>	-	-	<b>7,184</b>	<b>578,719</b>	<b>1,672,227</b>	<b>17,132</b>	<b>1,689,359</b>

On behalf of the Group's management:



Anuar Akhmetzhanov  
Deputy Chairman of the Board for Strategy

Yelena Stankova  
Chief Accountant

15 August 2023

15 August 2023

The notes below are an integral part of these condensed interim consolidated financial statements.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (in millions of Tenge, unless otherwise stated)

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### 1. GENERAL INFORMATION

Kazakhstan Temir Zholy National Company JSC (“the Company”) was created in the Republic of Kazakhstan (hereinafter – “Kazakhstan”) in accordance with Resolutions of the Kazakhstan Government (“the Ultimate Shareholder”) to establish a holding company for state railway industry assets management. The Company was registered on 15 May 2002. The condensed interim consolidated financial statements include the results of the operations of the Company and its wholly controlled subsidiaries (hereinafter - collectively, “the Group”). The address of the Company’s registered office is 6, D. Kunayev Street, Astana, 010000, Republic of Kazakhstan.

Samruk-Kazyna Sovereign Welfare Fund JSC (“the Shareholder”) is the Company’s sole shareholder.

The Group operates the nationwide mainline railway network providing freight and passenger transportation services; and operates, maintains and upgrades railway infrastructure in Kazakhstan. To regulate the Kazakhstan rail industry, the government sets the tariffs the Group charges for its railway network services, as well as for railway freight transportation services (according to the Kazakhstan Entrepreneurial Code) and passenger transportation on socially important routes, partially subsidising the cost through government grants. The level of regulated tariffs differs based on the type of freight transported. The government does not regulate international transit and container freight transportation tariffs.

The Kazakhstan Ministry of the National Economy’s Committee for the Regulation of Natural Monopolies (“CRNM”) approved main railway network service tariffs for 2021-2025, introducing differentiated mainline freight transportation tariffs for diesel locomotives on non-electrified track sections and electric locomotives on electrified track sections. Locomotive traction services were divided into diesel and electric traction. From 27 April 2023, CRNM agreed to increase tariffs for main railway network service for freight transportation by 28.4% on average. For the six months ended 30 June 2023 the differentiation led to a 18% freight transportation tariff increase for carriages and containers (2022: 2.7%).

From 1 July 2023, the authorised body, represented by the Ministry of Industry and Infrastructure Development approved a 7% increase in passenger transportation tariffs for socially important interdistrict routes.

The Group's operations are not subject to significant seasonal fluctuations. Revenue from freight transportation services is relatively stable throughout the year, however, due to the seasonality of passenger transportation, revenue is generally expected to increase in the second half of the year compared to the first half of the year, mainly due to the vacation season in the summer.

#### Operating environment

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly and are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the government’s fiscal and monetary policies, together with developments in the legal, regulatory and political environment.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)**  
*(in millions of Tenge, unless otherwise stated)*

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Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

The conflict between the Russian Federation (hereinafter – “Russia”) and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and block major financial institutions and many state enterprises.

Management of the Group is monitoring developments in the economic and political situation in Kazakhstan and the world and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future. The Group has liabilities denominated in foreign currencies, therefore, if the exchange rate increases, there is an increase in the foreign exchange loss. In general, the Group does not expect a significant negative impact from the current changes on the Group's business and operations, as freight rail traffic, including international (transit) freight transportation has not been suspended in either Kazakhstan or other countries. During the six months ended 30 June 2023, the volume of freight transportation in transit increased compared to the previous year.

However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

The State controls Group structure and determines the long-term railway operating strategy in Kazakhstan. The railway industry has been in a state of restructuring since 1997, which has involved changing the regulatory environment and creating conditions for attracting investment to the sector.

At the end of 2022, in accordance with the instructions of the President of Kazakhstan, the Concept for the Development of the Transport and Logistics Potential of Kazakhstan until 2030 (hereinafter – “the Concept”) was developed and approved by the Decree of the Government of the Republic of Kazakhstan, which presumes the transformation of the Group into a national transport and logistics entity, increasing logistics competencies, developing infrastructure and strengthening commercial activities abroad, changing the tariff policy taking into account the further liberalisation of the railway services market, introducing digitalisation and attracting private investments in the industry.

Implementation of the Group's Development Strategy until 2032 will continue in accordance with the Concept. The Group will continue to work to improve efficiency of railway transportation, develop transit traffic, including alternative routes, optimise the structure of the corporate portfolio in line with the state privatisation program, digitalisation, improving customer satisfaction, guaranteeing train traffic safety, and implementation of ESG principles.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)**  
*(in millions of Tenge, unless otherwise stated)*

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**2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

**Going concern**

The Group's condensed interim consolidated financial statements have been prepared on a going concern basis. This assumes the sale of assets and settlement of liabilities in the normal course of business for the foreseeable future. As at 30 June 2023, the Group's current liabilities exceeded its current assets by 247,670 million tenge (31 December 2022: 118,431 million tenge). As at 30 June 2023, current liabilities include borrowings of 247,263 million tenge that are payable within twelve months after the reporting date. At the same time, profit for the six months ended 30 June 2023 amounted to 108,250 million tenge (2022: loss in the amount of 30,379 million tenge), and cash inflows from operating activities amounted to 179,718 million tenge (2022: 133,576 million tenge).

Group management has assessed the Group's needs for cash, as well as its scheduled debt repayments and development plans. Historically, the Group has financed major investment projects using funds from the government of the Republic of Kazakhstan and through borrowings, in addition to cash from operating activities. To realise Kazakhstan's transit potential, the Group continues to take measures to attract additional transit traffic and expand its influence on the multimodal transportation market. As at 30 June 2023, the Group has credit lines available in Halyk Bank of Kazakhstan JSC and Forte Bank JSC with undrawn balances totalling 140,000 million tenge. Management of the Group has been having discussions with lenders to refinance borrowings due to be repaid within twelve months after the reporting date and the likelihood of a positive decision from the discussions is considered to be high.

In assessing its going concern status, management also considered the Group's financial position, expected future performance and cash flows from operations, tariff growth, its borrowings, available credit facilities, its capital expenditure commitments, exchange rates and other risks that the Group is facing. Besides that, the Group received a Letter of Support from the Shareholder regarding its intent and ability to render the Group continuous ongoing financial and operating support in the foreseeable future. After completing the relevant analysis and the available mitigating actions to management whereby management can carry out certain actions to improve the going concern and liquidity position of the Group, the management concluded that the Group has adequate resources to continue in operational existence and settle its liabilities and that the going concern basis is appropriate in preparing these condensed interim consolidated financial statements.

**Basis of preparation**

These condensed interim consolidated financial statements are unaudited and do not include all disclosures required for annual financial statements. The Group omitted disclosures, which would substantially duplicate the information contained in its audited annual consolidated financial statements for 2022 prepared in accordance with International Financial Reporting Standards ("IFRSs"), (such as accounting policies and details of accounts, which have not changed significantly in amount or composition).

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

These condensed interim consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for 2022.

These condensed interim consolidated financial statements are based on the same accounting principles, accounting judgements, presentation methods and calculation methods as the consolidated financial statements of the Group as at 31 December 2022.

### Reclassification of prior period presentation

The Group reclassified financial information of comparative prior period in order to conform to classifications used in the current period. These reclassifications had no impact on the condensed interim consolidated statement of financial position, net profit/(loss) and condensed interim consolidated statement of changes in equity.

### *Effect on the condensed interim consolidated statement of profit or loss and other comprehensive income*

	Three months ended 30 June 2022		
	As previously reported	Reclassification	After reclassification
General and administrative expenses	(26,394)	3,894	(22,500)
(Impairment)/impairment reversal of assets	(1,339)	1,339	-
Impairment reversal/(impairment) of financial assets and contract assets	-	(4,186)	(4,186)
Impairment reversal/(impairment) of non-financial assets	-	(1,047)	(1,047)
<b>Profit/(loss) before tax</b>	<b>38,180</b>	-	<b>38,180</b>
<b>Profit/(loss) for the period</b>	<b>38,214</b>	-	<b>38,214</b>

	Six months ended 30 June 2022		
	As previously reported	Reclassification	After reclassification
General and administrative expenses	(47,940)	4,667	(43,273)
(Impairment)/impairment reversal of assets	1,548	(1,548)	-
Impairment reversal/(impairment) of financial assets and contract assets	-	(4,980)	(4,980)
Impairment reversal/(impairment) of non-financial assets	-	1,861	1,861
<b>Profit/(loss) before tax</b>	<b>(21,356)</b>	-	<b>(21,356)</b>
<b>Profit/(loss) for the period</b>	<b>(30,379)</b>	-	<b>(30,379)</b>



# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### Effect on the condensed interim consolidated statement of cash flows

	Six months ended 30 June 2022		
	As previously reported	Reclassification	After reclassification
<b>Operating activity</b>			
Reversal of provision for assets impairment	(1,548)	1,548	-
Accrual of allowance for expected credit losses of accounts receivable and impairment of short-term advances paid	4,667	(4,667)	-
(Impairment reversal)/impairment of financial assets and contract assets	-	4,980	4,980
Impairment/(impairment reversal) of non-financial assets	-	(1,861)	(1,861)
<b>Operating income before changes in working capital and other balances</b>	<b>194,778</b>	<b>-</b>	<b>194,778</b>
<b>Net cash flows generated from operating activities</b>	<b>133,576</b>	<b>-</b>	<b>133,576</b>

### 3. ADOPTION OF NEW AND REVISED STANDARDS

#### Adoption of new and revised standards

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2023. Their adoption has not had any significant impact on the disclosures or on the amounts reported in these condensed interim consolidated financial statements.

- IFRS 17 *Insurance Contracts* (including the amendments);
- Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*;
- Amendments to IAS 8 *Definition of Accounting Estimates*;
- Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- Amendments to IAS 12 *International Tax Reform — Pillar Two Model Rules*.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)**  
*(in millions of Tenge, unless otherwise stated)*

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**New and revised IFRS Standards in issue but not yet effective**

At the date of authorisation of these condensed interim consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

<b>Description of the standard and interpretation</b>	<b>Applicable to annual periods beginning on or after</b>
Amendments to IFRS 10 and IAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined by the IASB
Amendments to IAS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to IFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to IAS 1 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to IAS 7 and IFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

Management does not expect that the adoption of standards above will have a significant impact on the condensed interim consolidated financial statements of the Group in the future.

**4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Critical judgements in applying accounting policies**

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the Group's annual consolidated financial statements for 2022 prepared in accordance with IFRSs.

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period for which there is a significant risk they may cause a material adjustment to the carrying amounts of assets and liabilities during the next financial year.

*Assessment of impairment indicators of property, plant and equipment, intangible assets and goodwill*

The Group performs analysis of impairment indicators of the carrying value of property, plant and equipment, intangible assets and goodwill at each reporting date.

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing; technological obsolescence, discontinuance of service, current replacement costs and other changes in circumstances.

As of 30 June 2023, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, intangible assets and goodwill, in particular, changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of tenge to the Swiss franc, as the transit tariff is set in Swiss francs.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)**  
*(in millions of Tenge, unless otherwise stated)*

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The management of the Group did not identify any events that occurred for the six months ended 30 June 2023 that could be considered as an indicator of the impairment of property, plant and equipment, intangible assets and goodwill as of 30 June 2023.

*Corporate income tax*

For the purpose of the condensed interim consolidated financial statements, the Group calculates corporate income tax expense based on its best estimate of weighted average annual corporate income tax rate expected for the full financial year. The amounts accrued for corporate income tax expense in one interim period might be adjusted in the next interim period of the same financial year if there will be a change in the estimate of the annual corporate income tax rate.

**5. SEGMENT INFORMATION**

The Group's operating segments are based on services provided. The Group has two reportable segments, namely freight transportation and passenger transportation. All other operating segments, including mainly utilities, loading and unloading services, and vessel servicing, which in aggregate do not exceed quantitative thresholds for disaggregation, are thus not separately disclosed and combined into "Others".

Management of the Group tracks a number of segment profitability elements, such as profit before tax, profit for the period from continuing operations and gross profit. However, profit for the period from continuing operations is the primary measure used by management of the Group to allocate resources and assess segment performance.

The Group does not have a specific pricing policy for inter-segmental sales.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

For the three months, ended 30 June 2023 (unaudited)						
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
<b>Key operating indices</b>						
<b>Revenue and other income</b>						
Transportation revenue from third parties	420,609	25,657	446,266	-	-	446,266
Transportation revenue from intersegment transactions	335	18,182	18,517	-	(18,517)	-
Government grants	-	13,651	13,651	-	-	13,651
Other income from third parties	22,495	1,184	23,679	5,404	-	29,083
Other income from intersegment transactions	9,628	174	9,802	1,789	(11,591)	-
<b>Total revenue and other income</b>	<b>453,067</b>	<b>58,848</b>	<b>511,915</b>	<b>7,193</b>	<b>(30,108)</b>	<b>489,000</b>
Cost of sales	(344,403)	(50,495)	(394,898)	(4,585)	30,045	(369,438)
<b>Gross profit</b>	<b>108,664</b>	<b>8,353</b>	<b>117,017</b>	<b>2,608</b>	<b>(63)</b>	<b>119,562</b>
General and administrative expenses	(20,255)	(2,264)	(22,519)	(692)	288	(22,923)
Finance income	5,681	271	5,952	286	(3,728)	2,510
Finance costs	(39,690)	(5,925)	(45,615)	(101)	2,752	(42,964)
Foreign exchange (loss)/gain	(3,120)	51	(3,069)	2	1	(3,066)
Share of the loss of associates and joint ventures	1,635	-	1,635	-	-	1,635
Impairment reversal/(impairment) of financial assets and contract assets	354	(312)	42	45	369	456
Impairment reversal/(impairment) of non-financial assets	357	(15)	342	-	-	342
Other profit and losses	745	708	1,453	(176)	(622)	655
<b>Profit before income tax</b>	<b>54,371</b>	<b>867</b>	<b>55,238</b>	<b>1,972</b>	<b>(1,003)</b>	<b>56,207</b>
Corporate income tax (expenses)/benefit	(8,402)	677	(7,725)	(286)	434	(7,577)
<b>Profit for the period</b>	<b>45,969</b>	<b>1,544</b>	<b>47,513</b>	<b>1,686</b>	<b>(569)</b>	<b>48,630</b>
<b>Other key segment information</b>						
Capital expenditures on property, plant and equipment	116,124	2,980	119,104	34	-	119,138
Depreciation of property, plant and equipment	34,624	3,892	38,516	421	-	38,937

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

For the three months, ended 30 June 2022 *						
(unaudited)						
	Freight transportation	Passenger transportation	Reportable segments	Others	Consolidation	Total
<b>Key operating indices</b>						
<b>Revenue and other income</b>						
Transportation revenue from third parties	313,840	19,268	333,108	-	-	333,108
Transportation revenue from intersegment transactions	344	15,035	15,379	-	(15,379)	-
Government grants	-	7,823	7,823	-	-	7,823
Other income from third parties	12,337	1,190	13,527	4,063	-	17,590
Other income from intersegment transactions	6,806	931	7,737	1,219	(8,956)	-
<b>Total revenue and other income</b>	<b>333,327</b>	<b>44,247</b>	<b>377,574</b>	<b>5,282</b>	<b>(24,335)</b>	<b>358,521</b>
Cost of sales	(257,570)	(39,503)	(297,073)	(3,252)	24,771	(275,554)
<b>Gross profit</b>	<b>75,757</b>	<b>4,744</b>	<b>80,501</b>	<b>2,030</b>	<b>436</b>	<b>82,967</b>
General and administrative expenses	(19,093)	(2,126)	(21,219)	(1,012)	(269)	(22,500)
Finance income	18,326	162	18,488	283	(617)	18,154
Finance costs	(30,890)	(1,505)	(32,395)	(642)	575	(32,462)
Foreign exchange (loss)/gain	(2,079)	1,435	(644)	(19)	21	(642)
Share of the loss of associates and joint ventures	(2,209)	-	(2,209)	-	-	(2,209)
Impairment of financial assets and contract assets	(4,149)	(121)	(4,270)	(40)	124	(4,186)
(Impairment)/reversal of impairment of non-financial assets	(1,285)	111	(1,174)	127	-	(1,047)
Other profit and losses	60	26	86	29	(10)	105
<b>Profit before income tax</b>	<b>34,438</b>	<b>2,726</b>	<b>37,164</b>	<b>756</b>	<b>260</b>	<b>38,180</b>
Corporate income tax benefit/(expense)	2,729	(1,397)	1,332	(353)	(945)	34
<b>Profit for the period</b>	<b>37,167</b>	<b>1,329</b>	<b>38,496</b>	<b>403</b>	<b>(685)</b>	<b>38,214</b>
<b>Other key segment information</b>						
Capital expenditures on property, plant and equipment	56,187	82	56,269	27	1,361	57,657
Depreciation of property, plant and equipment	32,385	2,862	35,247	406	-	35,653

\*Comparative information was reclassified as disclosed in Note 2

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

For the six months, ended 30 June 2023 (unaudited)						
	Freight transportation	Passenger transportation	Reportable segments	Other	Consolidation	Total
<b>Key operating indices</b>						
<b>Revenue and other income</b>						
Transportation revenue from third parties	811,996	49,424	861,420	-	-	861,420
Transportation revenue from intersegment transactions	717	33,958	34,675	-	(34,675)	-
Government grants	-	21,936	21,936	-	-	21,936
Other income from third parties	40,374	2,181	42,555	9,763	-	52,318
Other income from intersegment transactions	17,199	381	17,580	3,745	(21,325)	-
<b>Total revenue and other income</b>	<b>870,286</b>	<b>107,880</b>	<b>978,166</b>	<b>13,508</b>	<b>(56,000)</b>	<b>935,674</b>
Cost of sales	(656,116)	(96,513)	(752,629)	(9,324)	55,596	(706,357)
<b>Gross profit</b>	<b>214,170</b>	<b>11,367</b>	<b>225,537</b>	<b>4,184</b>	<b>(404)</b>	<b>229,317</b>
General and administrative expenses	(41,966)	(4,567)	(46,533)	(1,502)	636	(47,399)
Finance income	17,151	679	17,830	606	(4,239)	14,197
Finance costs	(76,555)	(11,353)	(87,908)	(207)	2,300	(85,815)
Foreign exchange gain/(loss)	6,976	99	7,075	(23)	-	7,052
Gain on disposal of subsidiary not qualifying as discontinued operations	6,282	-	6,282	-	-	6,282
Share of the profit of associates and joint ventures	4,887	-	4,887	-	-	4,887
Impairment reversal/(impairment) of financial assets and contract assets	674	(387)	287	24	423	734
Impairment of non-financial assets	(343)	(119)	(462)	(24)	-	(486)
Other profit and losses	1,291	830	2,121	(175)	(624)	1,322
<b>Profit/(loss) before income tax</b>	<b>132,567</b>	<b>(3,451)</b>	<b>129,116</b>	<b>2,883</b>	<b>(1,908)</b>	<b>130,091</b>
Corporate income tax (expenses)/benefit	(23,022)	1,104	(21,918)	(548)	625	(21,841)
<b>Profit/(loss) for the period</b>	<b>109,545</b>	<b>(2,347)</b>	<b>107,198</b>	<b>2,335</b>	<b>(1,283)</b>	<b>108,250</b>
<b>Other key segment information</b>						
Capital expenditures on property, plant and equipment	184,517	9,933	194,450	160	-	194,610
Depreciation of property, plant and equipment (Note 6)	67,071	7,782	74,853	823	(2)	75,674

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

	For the six months, ended 30 June 2022 *					
	(unaudited)					
	Freight transportation	Passenger transportation	Reportable segments	Other	Consolidation	Total
<b>Key operating indices</b>						
<b>Revenue and other income</b>						
Transportation revenue from third parties	581,591	35,167	616,758	-	-	616,758
Transportation revenue from intersegment transactions	1,035	30,003	31,038	-	(31,038)	-
Government grants	-	14,104	14,104	-	-	14,104
Other income from third parties	20,287	2,107	22,394	7,061	-	29,455
Other income from intersegment transactions	13,512	1,725	15,237	3,064	(18,301)	-
<b>Total revenue and other income</b>	<b>616,425</b>	<b>83,106</b>	<b>699,531</b>	<b>10,125</b>	<b>(49,339)</b>	<b>660,317</b>
Cost of sales	(523,191)	(77,719)	(600,910)	(6,916)	49,297	(558,529)
<b>Gross profit</b>	<b>93,234</b>	<b>5,387</b>	<b>98,621</b>	<b>3,209</b>	<b>(42)</b>	<b>101,788</b>
General and administrative expenses	(37,334)	(4,140)	(41,474)	(1,961)	162	(43,273)
Finance income	22,922	462	23,384	521	(1,128)	22,777
Finance costs	(63,522)	(3,019)	(66,541)	(1,278)	722	(67,097)
Foreign exchange (loss)/gain	(33,897)	(317)	(34,214)	124	288	(33,802)
Share of the profit of associates and joint ventures	279	-	279	-	-	279
Impairment of financial assets and contract assets	(4,926)	(156)	(5,082)	(20)	122	(4,980)
Impairment reversal/(impairment) of non-financial assets	1,763	(13)	1,750	111	-	1,861
Other profit and losses	1,011	38	1,049	57	(15)	1,091
<b>(Loss)/profit before income tax</b>	<b>(20,470)</b>	<b>(1,758)</b>	<b>(22,228)</b>	<b>763</b>	<b>109</b>	<b>(21,356)</b>
Corporate income tax expenses	(5,842)	(2,224)	(8,066)	(484)	(473)	(9,023)
<b>(Loss)/profit for the period</b>	<b>(26,312)</b>	<b>(3,982)</b>	<b>(30,294)</b>	<b>279</b>	<b>(364)</b>	<b>(30,379)</b>
<b>Other key segment information</b>						
Capital expenditures on property, plant and equipment	87,602	24,296	111,898	329	1,890	114,117
Depreciation of property, plant and equipment (Note 6)	65,154	5,650	70,804	804	(2)	71,606

\*Comparative information was reclassified as disclosed in Note 2

### Geographical information of the Group

The Group generates its revenue from customers in multiple geographical regions. The table below shows revenue based on customer country of domicile for each of the periods:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Kazakhstan	475,820	349,728	908,621	643,082
Russia	5,821	4,383	14,345	9,901
Others	7,359	4,410	12,708	7,334
	<b>489,000</b>	<b>358,521</b>	<b>935,674</b>	<b>660,317</b>

Practically all of the Group's non-current assets are in Kazakhstan.



# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)

(in millions of Tenge, unless otherwise stated)

### 6. PROPERTY, PLANT AND EQUIPMENT

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Other	Construction-in- progress	Total
<b>Carrying value as at</b>								
<b>1 January 2022</b>	<b>1,205,831</b>	<b>305,435</b>	<b>266,902</b>	<b>1,071,704</b>	<b>3,960</b>	<b>12,437</b>	<b>172,020</b>	<b>3,038,289</b>
Additions	175	59	1,045	468	4	36	105,771	107,558
Lease additions	-	96	-	6,392	-	4	-	6,492
Lease modifications	-	46	-	-	-	200	-	246
Disposals	(31)	(207)	(975)	(2,709)	(8)	(129)	(3)	(4,062)
Depreciation charge (Note 5)	(19,489)	(3,827)	(17,605)	(29,723)	-	(962)	-	(71,606)
Depreciation on disposal	23	140	974	2,676	-	125	-	3,938
Other movements and transfers <sup>1</sup>	26,643	705	1,652	67,042	-	(462)	(96,998)	(1,418)
<b>Carrying value as at 30 June 2022 (unaudited)</b>	<b>1,213,152</b>	<b>302,447</b>	<b>251,993</b>	<b>1,115,850</b>	<b>3,956</b>	<b>11,249</b>	<b>180,790</b>	<b>3,079,437</b>
Cost	1,537,771	372,003	527,398	1,691,431	3,956	29,906	192,604	4,355,069
Accumulated depreciation and impairment	(324,619)	(69,556)	(275,405)	(575,581)	-	(18,657)	(11,814)	(1,275,632)
<b>Carrying value as at 30 June 2022 (unaudited)</b>	<b>1,213,152</b>	<b>302,447</b>	<b>251,993</b>	<b>1,115,850</b>	<b>3,956</b>	<b>11,249</b>	<b>180,790</b>	<b>3,079,437</b>
<b>Including:</b>								
Rights-of-use assets:								
Cost	-	1,956	37,728	66,383	-	8,071	-	114,138
Accumulated depreciation and impairment	-	(589)	(23,831)	(9,367)	-	(2,858)	-	(36,645)
Carrying value	-	1,367	13,897	57,016	-	5,213	-	77,493
Property, plant and equipment that are subject to operating lease (the Group as the lessor)	-	208	4	23,204	-	-	-	23,416

<sup>1</sup> Other movements and transfers also include transfers to/from inventories, impairment/reversal of impairment

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)

(in millions of Tenge, unless otherwise stated)

	Rail track infrastructure	Buildings and constructions	Machinery and equipment	Vehicles	Land	Other	Construction-in- progress	Total
<b>Carrying amount as at</b>								
<b>1 January 2023</b>	<b>1,291,479</b>	<b>295,342</b>	<b>245,620</b>	<b>1,267,851</b>	<b>3,959</b>	<b>10,937</b>	<b>126,317</b>	<b>3,241,505</b>
Additions	138	15	2,211	2,210	1	362	183,111	188,048
Lease additions	-	9	1,074	5,151	-	-	-	6,234
Lease modifications	-	(81)	5,251	-	-	-	-	5,170
Disposals	(81)	(449)	(1,329)	(11,003)	(59)	(728)	(85)	(13,734)
Depreciation charge (Note 5)	(21,136)	(3,441)	(17,751)	(32,382)	-	(964)	-	(75,674)
Depreciation on disposal	67	251	1,206	10,998	-	724	-	13,246
Other movements and transfers <sup>2</sup>	37,570	1,056	7,397	103,130	-	(8)	(150,343)	(1,198)
<b>Carrying value as at 30 June 2023 (unaudited)</b>	<b>1,308,037</b>	<b>292,702</b>	<b>243,679</b>	<b>1,345,955</b>	<b>3,901</b>	<b>10,323</b>	<b>159,000</b>	<b>3,363,597</b>
Cost	1,660,924	365,093	555,522	1,965,461	3,901	30,517	171,239	4,752,657
Accumulated depreciation and impairment	(352,887)	(72,391)	(311,843)	(619,506)	-	(20,194)	(12,239)	(1,389,060)
<b>Carrying value as at 30 June 2023 (unaudited)</b>	<b>1,308,037</b>	<b>292,702</b>	<b>243,679</b>	<b>1,345,955</b>	<b>3,901</b>	<b>10,323</b>	<b>159,000</b>	<b>3,363,597</b>
<b>Including:</b>								
Rights-of-use assets:								
Cost	-	1,838	49,577	71,493	-	9,180	-	132,088
Accumulated depreciation and impairment	-	(696)	(38,981)	(5,497)	-	(4,842)	-	(50,016)
Carrying value	-	1,142	10,596	65,996	-	4,338	-	82,072
Property, plant and equipment that are subject to operating lease (the Group as the lessor)	-	229	18	22,814	-	-	-	23,061

<sup>2</sup> Other movements and transfers also include transfers to/from inventories, impairment/reversal of impairment

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### 7. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

For the six months ended 30 June, movements in investments in associates and joint ventures are presented as follows:

	2023	2022
<b>Associates</b>		
As at 1 January	28,634	26,793
Foreign exchange difference on translation of foreign operations	(4,708)	11,116
Share in profit	4,904	235
Dividends receivable	(1,612)	(2,695)
<b>As at 30 June (unaudited)</b>	<b>27,218</b>	<b>35,449</b>
<b>Joint ventures</b>		
As at 1 January	165	895
Share in profit	(17)	44
Charter capital contributions	-	58
<b>As at 30 June (unaudited)</b>	<b>148</b>	<b>997</b>

As at 30 June 2023, the Group's unrecognised share of the losses of its significant associate, Aktau Marine North Terminal LLP amounted to 608 million tenge (31 December 2022: 3,355 million tenge).

### 8. OTHER NON-CURRENT ASSETS

	30 June 2023 (unaudited)	31 December 2022
Advances paid for property, plant and equipment	463,496	101,631
VAT recoverable	119,415	81,883
Investment property	8,422	8,496
Others	1,264	907
Less: allowance for non-recoverable VAT	(11,823)	(11,823)
Less: allowance for advances for property, plant and equipment	(1,167)	(1,056)
<b>Total other non-financial assets</b>	<b>579,607</b>	<b>180,038</b>
Restricted cash	13,943	14,010
Loans issued	5,491	6,865
Loans to employees	1,429	1,623
Bonds of commercial banks and other credit institutions, and other debt securities	1,410	1,399
Long-term trade accounts receivable (Note 11)	45	39
Others	680	598
Less: allowance for expected credit losses on loans issued	(3,289)	(3,113)
Less: allowance for expected credit losses on other non-current financial assets	(596)	(492)
<b>Total other financial assets</b>	<b>19,113</b>	<b>20,929</b>
	<b>598,720</b>	<b>200,967</b>

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

Restricted cash is mostly amounts in Euros used as security on loans from HSBC Continental Europe. The restriction on cash will be released once the loans have been repaid.

As at 30 June 2023 and 31 December 2022, advances paid for property, plant and equipment included the following:

	30 June 2023 (unaudited)	31 December 2022
Passenger carriages supply	173,776	-
Construction of the railway	143,224	-
Electro locomotive supplies	93,401	72,753
Diesel locomotive supplies	22,418	9,075
Rail purchases	17,132	9,959
Capital repairs of the railway	7,038	-
Railroad switch supplies	2,818	5,240
Others	3,689	4,604
	<b>463,496</b>	<b>101,631</b>

## 9. CASH AND CASH EQUIVALENTS

	30 June 2023 (unaudited)	31 December 2022
Short-term bank deposits in tenge	89,828	68,187
Cash in bank current accounts, in tenge	92,521	186,774
Cash in bank current accounts, in US Dollars	8,180	7,642
Cash in bank current accounts, in Russian roubles	729	3,309
Cash in bank current accounts, in other currencies	1,932	1,073
Petty cash	6	4
Less: allowance for expected credit losses on cash and cash equivalents	(17)	(33)
	<b>193,179</b>	<b>266,956</b>
Cash included in assets classified as held for sale	-	76
	<b>193,179</b>	<b>267,032</b>

As at 30 June 2023, the weighted average interest rate for cash in current accounts in tenge and other currencies was 0.07% and 1.16%, respectively (31 December 2022: 0.22% in tenge and 1.64% in other currencies).

Short-term bank deposits in tenge and in other currencies are placed for various periods of up to three months, depending on the Group's cash needs. As at 30 June 2023, the weighted average interest rate on short-term bank deposits was 16.2% (31 December 2022: 16.18%).

As at 30 June 2023, cash placed by the Group on current accounts in Kazpost JSC, a related party of the Group, amounted to 80,772 million tenge (31 December 2022: 162,854 million tenge).

In addition, the Group places cash and cash equivalents in banks and other financial institutions rated from A+ to B. Based on this, the Group believes that its cash and cash equivalents credit risk as at 30 June 2023 is low.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

The allowance for expected credit losses on cash and cash equivalents is based on 12-month expected credit losses, which matches their maturity date.

### 10. INVENTORIES

	30 June 2023 (unaudited)	31 December 2022
Fuel and lubricants	22,352	6,034
Track structure materials	18,659	14,647
Materials and supplies	14,408	12,481
Spare parts	9,702	8,311
Construction materials	1,570	1,478
Others	3,880	3,562
	<b>70,571</b>	<b>46,513</b>
Less: allowance for inventories	(2,081)	(1,484)
	<b>68,490</b>	<b>45,029</b>

### 11. TRADE ACCOUNTS RECEIVABLE

	30 June 2023 (unaudited)	31 December 2022
Trade accounts receivable	16,558	22,405
Less: allowance for expected credit losses	(5,148)	(7,593)
	<b>11,410</b>	<b>14,812</b>
Current portion of trade accounts receivable	11,365	14,773
Non-current portion of trade accounts receivable (Note 8)	45	39
	<b>11,410</b>	<b>14,812</b>

As at 30 June 2023, trade accounts receivable from contracts with customers amounted to 15,501 million tenge (31 December 2022: 21,149 million tenge), expected credit losses on these trade accounts receivable amounted to 4,513 million tenge (31 December 2022: 6,873 million tenge).

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### 12. OTHER CURRENT ASSETS

	30 June 2023 (unaudited)	31 December 2022
Other taxes prepaid	43,343	43,120
Advances paid	28,520	24,821
Deferred expenses	1,662	1,795
Others	5,295	5,451
Less: allowance for impairment of advances given and other current non-financial assets	(6,261)	(5,938)
<b>Total other non-financial assets</b>	<b>72,559</b>	<b>69,249</b>
Claims, interest and fines	4,582	4,136
Subsidies	2,709	1
Amounts due from employees	2,034	1,751
Dividends receivable	1,587	-
Others	10,213	8,119
Less: allowance for expected credit losses on other current financial assets	(3,969)	(4,200)
<b>Total other financial assets</b>	<b>17,156</b>	<b>9,807</b>
	<b>89,715</b>	<b>79,056</b>

### 13. ASSETS AND LIABILITIES OF DISPOSAL GROUP

#### Railway Passenger Coach Construction Plant LLP

On 13 December 2022, the Group, represented by its subsidiary Kaztemirtrans JSC, entered into a sale agreement with a third party for a 100% interest in the charter capital of Railway Passenger Coach Construction Plant LLP. As at 31 December 2022, the Group classified the assets and liabilities of Railway Passenger Coach Construction Plant LLP in a disposal group held for sale at the lower of their carrying amount and fair value less costs to sell. Since this subsidiary did not represent a significant line of business for the Group, the Group did not classify the financial result of the subsidiary as a discontinued operation. On 27 January 2023, the Group completed the sale of its interest and lost control over the subsidiary.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

The assets and liabilities of Railway Passenger Coach Construction Plant LLP as at the date of disposal are presented as follows:

	<b>27 January 2023</b>
<b>Assets</b>	
Property, plant and equipment	5,666
Cash and cash equivalents	52
Other current assets	40,049
<b>Total assets</b>	<b>45,767</b>
<b>Liabilities</b>	
Contract liabilities <sup>3</sup>	40,000
Trade accounts payable	20
Other taxes	3
Other current liabilities	26
<b>Total liabilities</b>	<b>40,049</b>
<b>Net assets disposed</b>	<b>5,718</b>

The result of the disposal of a subsidiary is presented as follows:

	<b>2023 (unaudited)</b>
Proceeds from disposal of subsidiary	12,000
Net assets disposed	(5,718)
<b>Result of disposal of Railway Passenger Coach Construction Plant LLP</b>	<b>6,282</b>

## 14. EQUITY

### Contributions

#### Share issue

For the six months ended 30 June 2022, the Shareholder made a contribution of 607 units of wheel sets with a total market value of 239 million tenge in exchange for a 1 share issued by the Group. As at 30 June 2022, the Group recorded this transaction in additional paid-in capital as legal registration of the share has not been completed.

#### Other contributions

During the six months ended on 30 June 2023, the Group recognised an adjustment to loans received from the Shareholder at below market rates to fair value of 154,213 million tenge, net of deferred tax effect of 30,842 million tenge (Notes 15).

<sup>3</sup> Prior to disposal intra-group obligations under an agreement with a subsidiary Passenger Transportation JSC for the supply of passenger carriages.



# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### Hedging reserve

On 7 August 2015, the Group hedged cash flows to reduce the risk of changes in tenge equivalent revenues denominated in Swiss Francs. The principal of Eurobonds issued on 20 June 2014 on the Swiss stock exchange and maturing on 20 June 2022 are used as hedging instruments, and which are separately identifiable and reliably estimated. A highly probable revenue stream forecast relating to transit traffic in Swiss Francs, in particular, first sales received in the period from 1 January to 20 June 2022, is the hedged item in this hedging relationship.

As at 30 June 2022, hedge accounting was discontinued due to the receipt of revenue from freight transportation in international (transit) route, which is the hedge item, accordingly, the cumulative deferred loss attributable to this hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation in the amount of 54,442 million tenge (Note 20).

## 15. BORROWINGS

Borrowings, including accrued interest, which is accounted for at amortised cost consisted of the following:

	30 June 2023 (unaudited)		31 December 2022	
	Amount	Weighted average effective interest rate (%)	Amount	Weighted average effective interest rate (%)
<i>Fixed interest rate borrowings</i>				
Loans received	287,134		300,748	
- in tenge	211,907	8.87	231,551	11.34
- in Euros	64,336	6.57	69,197	6.57
- in Russian Roubles	10,891	7.94	-	-
Debt securities issued	1,117,738		1,052,191	
- in tenge	627,292	10.05	563,621	10.20
- in US Dollars	362,756	2.00	363,221	2.00
- in Swiss Francs	127,690	3.25	125,349	3.25
<i>Variable interest rate borrowings</i>				
Loans received	199,598		152,426	
- in tenge	132,629	18.88	152,426	15.01
- in Euros	66,969	4.44	-	-
Debt securities issued	180,975		181,966	
- in tenge	180,975	19.58	181,966	16.64
	<b>1,785,445</b>		<b>1,687,331</b>	
Current portion of borrowings	247,263		256,506	
Non-current portion of borrowings	1,538,182		1,430,825	
	<b>1,785,445</b>		<b>1,687,331</b>	

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

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#### **Borrowings received**

##### *HSBC Continental Europe*

During the six months ended 30 June 2023, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ-Passenger locomotives LLP, under the Master Framework Agreement with HSBC Continental Europe, together with HSBC Bank Plc and HSBC Kazakhstan Subsidiary Bank JSC, and with the support of the COFACE export-credit agency, dated 31 May 2012 to finance the acquisition of freight and passenger locomotives for a total of 880,877,000 Euros and its addendums, borrowed 4,350,789 Euros (2,137 million tenge) (including the COFACE premium). Loan interest is paid semi-annually at EUR CIRR + 0.4% margin, which is fixed at each tranche date. Principal is repaid semi-annually until full repayment in 2031.

##### *Societe Generale and Natixis*

During the six months ended 30 June 2023, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ-Passenger locomotives LLP, under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance, dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total of 627,110,893 Euros borrowed 192,749,096 Euros (93,998 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034.

##### *Halyk Bank of Kazakhstan JSC*

In April 2023, the Group, represented by the Company within the framework of a credit line agreement with Halyk Bank of Kazakhstan JSC concluded on 26 February 2015, received borrowings in the total amount of 10,000 million tenge with an interest rate of 18.75% and maturity date of up to six months (Note 29).

During the six months ended 30 June 2023, the Group, represented by its subsidiary KTZ-Freight Transportation LLP, within the framework of a credit line agreement with Halyk Bank of Kazakhstan JSC concluded on 22 October 2022, received borrowings in the total amount of 3,156 million tenge to finance the acquisition of freight diesel and electric locomotives. Loan interest is paid quarterly at base rate of the National Bank of the Republic of Kazakhstan + 2% margin. Principal is paid semi-annually until full repayment in 2032.

During the six months ended 30 June 2023, the Group, represented by its subsidiary KTZ-Passenger locomotives LLP, within the framework of a credit line agreement with Halyk Bank of Kazakhstan JSC concluded on 20 October 2022, received borrowings in the total amount of 10,034 million tenge to finance the acquisition of passenger diesel and electric locomotives. Loan interest is paid quarterly at base rate of the National Bank of the Republic of Kazakhstan + 2% margin. Principal is paid semi-annually until full repayment in 2029.

##### *Citibank Kazakhstan JSC*

In June 2003, the Group, represented by a subsidiary KTZ-Freight Transportation LLP, within the framework of a Master agreement with Citibank Kazakhstan on short-term loans, concluded on 30 November 2009, received borrowings in the total amount of 13,000 million tenge with an interest rate of 17.7%. The principal is repayable at full in June 2024.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

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#### *Eurasian Development Bank (“EDB”)*

In May 2023, the Group, represented by its subsidiary KTZ-Freight transportation, under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total of 17,685,350,000 Russian Roubles borrowed 2,122,242,000 Russian Roubles (11,800 million tenge). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

#### *The Shareholder*

In May 2023, the Group, represented by the Company, under a loan agreement with the Shareholder concluded on 19 May 2023, received borrowings in the total amount of 162,600 million tenge to finance the acquisition of passenger carriages. Interest is paid annually at 0.05%. Principal is paid annually until full repayment in 2053. The loan was received at a below market interest rate and the fair value of the loan received was calculated based on the market rate of 11.59%. The Group recognised an adjustment to fair value of borrowings in the amount of 139,497 million tenge, net of deferred tax in the amount of 27,899 million tenge through equity in retained earnings as other contributions (Note 14).

#### **Early repayment of non-current borrowings**

For the six months ended 30 June 2023, the Group, represented by its subsidiary KTZ Express JSC, under loan agreement with Eurasian Bank for Reconstruction and Development dated 18 September 2014 made an early repayment of borrowings received in the amount of 5,713 million tenge.

#### **Debt securities issued**

In June 2023, the Group, represented by the Company, for the implementation of Modernisation of the Dostyk-Aktogay-Moiynty-Zharyk-Zhezkazgan-Saksaulskaya-Kandyagash-Aktobe-Iletsk railway transport corridor project (Construction of second tracks of the Dostyk-Moiynty railway section), issued debt securities at Kazakhstan Stock Exchange in favor of the Shareholder in the amount of 73,709 million tenge with a coupon rate of 8.74% per annum and a maturity date of 2043. The coupon is paid twice a year. Debt securities were issued with a coupon rate below the market rate and the fair value was calculated based on the market rate of 11.59%. The Group recognised an adjustment to the fair value of debt securities issued in the amount of 14,716 million tenge, net of deferred tax in the amount of 2,943 million tenge through equity in retained earnings as other contributions (Note 14).

The fair value of borrowings is presented in Note 28.

#### **Credit agreements and breaches of credit agreements**

EBRD loan agreements include certain financial covenants, such as Adjusted Debt to Adjusted EBITDA and Interest Coverage Ratios (based on Adjusted EBITDA) calculated based on consolidated results of the Group semi-annually. These terms have been met as at 30 June 2023.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) *(in millions of Tenge, unless otherwise stated)*

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In accordance with arrangements with HSBC Continental Europe regarding financial and non-financial covenants, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 30 June 2023, this covenant was met.

Loan agreements with Societe Generale and Natixis include financial covenant Net Debt to Equity (at the same time, concessional loans from the Shareholder should not exceed 50% of the total debt) calculated based on annual consolidated financial statements of the Group.

Loan agreement with EDB includes certain financial covenants such as Debt to EBITDA and Interest coverage ratio calculated semi-annually based on consolidated results of the Group. In addition, the Group should comply with the covenant that the Company has any two of three corporate ratings (S&P, Fitch, Moody's) of at least BB. As at 30 June 2023, these covenants were met.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)

(in millions of Tenge, unless otherwise stated)

### Reconciliation of changes in liabilities and cash flows from financing activity

	2023			2022		
	Borrowings and debt securities issued	Lease liabilities (Note 16)	Total	Borrowings and debt securities issued	Lease liabilities (Note 16)	Total
<b>As at 1 January</b>	<b>1,687,331</b>	<b>53,082</b>	<b>1,740,413</b>	<b>1,577,212</b>	<b>59,798</b>	<b>1,637,010</b>
<b>Changes due to cash flows from financing activities</b>						
Repayment of principal on borrowings	(109,092)	-	(109,092)	(317,549)	-	(317,549)
Proceeds from borrowings	308,997	-	308,997	210,650	-	210,650
Repayment of lease liabilities	-	(6,989)	(6,989)	-	(5,028)	(5,028)
<b>Total changes due to cash flows from financing activities</b>	<b>199,905</b>	<b>(6,989)</b>	<b>192,916</b>	<b>(106,899)</b>	<b>(5,028)</b>	<b>(111,927)</b>
<b>Other changes</b>						
Effect of changes in foreign currency exchange rates	(8,585)	160	(8,425)	33,658	199	33,857
Cash flow hedging	-	-	-	2,445	-	2,445
Acquisition of property, plant and equipment through borrowings directly transferred to the supplier	45,631	-	45,631	4,095	-	4,095
New lease agreements	-	4,183	4,183	-	3,031	3,031
Fair value adjustments of borrowings received from the Shareholder at below market interest rate (Note 14)	(154,213)	-	(154,213)	-	-	-
Interest expenses and amortisation of discount, including those capitalised	88,668	4,245	92,913	65,281	4,222	69,503
Interest paid	(70,010)	(2,968)	(72,978)	(43,393)	(2,999)	(46,392)
Other changes	(3,282)	4,024	742	(576)	311	(265)
<b>Total other changes attributable to liabilities</b>	<b>(101,791)</b>	<b>9,644</b>	<b>(92,147)</b>	<b>61,510</b>	<b>4,764</b>	<b>66,274</b>
<b>As at 30 June (unaudited)</b>	<b>1,785,445</b>	<b>55,737</b>	<b>1,841,182</b>	<b>1,531,823</b>	<b>59,534</b>	<b>1,591,357</b>

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### 16. LEASE LIABILITIES

	30 June 2023 (unaudited)		31 December 2022	
	Lease payments	Present value of lease payments	Lease payments	Present value of lease payments
Up to one year	15,932	15,001	14,966	14,221
From two to five years inclusive	36,692	22,525	39,458	23,717
Over five years	64,863	18,211	62,242	15,144
<b>Total</b>	<b>117,487</b>	<b>55,737</b>	<b>116,666</b>	<b>53,082</b>
Less future finance costs	(61,750)	-	(63,584)	-
<b>Present cost of lease liabilities</b>	<b>55,737</b>	<b>55,737</b>	<b>53,082</b>	<b>53,082</b>
Less amount due within 12 months		(15,001)		(14,221)
<b>Amount due after 12 months</b>		<b>40,736</b>		<b>38,861</b>

#### Finance lease agreements (hereinafter – “lease agreements”) with Industrial Development Fund JSC

##### *Flat carriages*

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, entered into lease agreements with Industrial Development Fund JSC to lease 2,000 flat carriages for 51,692 million tenge with interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee.

During the six months ended 30 June 2023, the Group received 48 flat carriages under this agreement and recognised right-of-use assets in the amount of 1,108 million tenge for 32 years as well as lease liability in the amount of 519 million tenge with a maturity of 15 years.

##### *Passenger carriages*

In December 2022, the Group, represented by subsidiary Passenger Transportation JSC within the framework of *Purchase of passenger carriages* investment project entered into an agreement for the lease of 11 units of passenger carriages in the amount of 8,318 million tenge and interest rate of 1.5% per annum. The grace period for paying the principal debt is 6 years. The Group acts as a lessee.

During the six months ended 30 June 2023, the Group received 6 passenger carriages under this agreement and recognised right-of-use assets in the amount of 4,043 million tenge for 28 years as well as lease liability in the amount of 2,581 million tenge with a maturity of 20 years.

As at 30 June 2023, the calculation of interest amount is based on effective interest rates ranging between 1.69% and 21.69% (31 December 2022: from 1.69% to 21.69%).

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

Requirements related to financial leasing agreements of the Group, represented by subsidiaries KTZ Express JSC and Kaztemirtrans JSC, with Industrial Development Fund JSC, include, but are not limited to conditions related to restrictions on: change of legal status through voluntary liquidation; conclusion of an agreement or several agreements, the amount of which exceeds 10-25% of the carrying value of assets; transfer of leased items or part of leased items to sublease. In the event of events of default, determined by the terms of financial leasing agreements, the lessor has the right to demand uncontested reclamation of the leased items.

All lease liabilities are primarily denominated in tenge, except for the other equipment for which the lease liabilities are denominated in US Dollars.

### 17. TRADE ACCOUNTS PAYABLE

	30 June 2023 (unaudited)	31 December 2022
Accounts payable for inventories received	74,078	27,108
Accounts payable for services provided	57,852	65,252
Accounts payable for the supply of property, plant and equipment	21,126	21,100
Other accounts payable	3,099	3,747
	<b>156,155</b>	<b>117,207</b>

As at 30 June 2023 and 31 December 2022, trade accounts payable were denominated in the following currencies:

	30 June 2023 (unaudited)	31 December 2022
Tenge	141,539	99,615
US Dollars	7,743	11,494
Euros	5,105	4,463
Other currencies	1,768	1,635
	<b>156,155</b>	<b>117,207</b>

### 18. CONTRACT LIABILITIES

	30 June 2023 (unaudited)	31 December 2022
Advances received on contracts with customers	86,212	102,035
Deferred income	21,471	17,358
	<b>107,683</b>	<b>119,393</b>

The revenue recognised in the reporting period, which was included in the balance of advances received and deferred income at the beginning of the year amounted to 97,675 million tenge (2022: 85,672 million tenge).



# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

Contract liabilities as at 30 June 2023 will be recognised as revenue within 12 months after the reporting date.

### 19. OTHER LIABILITIES

	30 June 2023 (unaudited)	31 December 2022
Deferred income (government grants)	33,987	27,803
Provisions for unused vacation and other employee benefits	32,400	28,712
Obligatory pension contributions, social contributions, insurance and obligatory medical insurance contributions	11,515	11,325
Advances received	7,835	12,738
Provisions	2,430	2,460
Others	3,208	2,077
<b>Total other non-financial liabilities</b>	<b>91,375</b>	<b>85,115</b>
Salary payable	30,191	10,006
Financial guarantee contract liabilities	29,520	29,997
Derivative financial instrument	2,626	564
Others	11,041	6,854
<b>Total other financial liabilities</b>	<b>73,378</b>	<b>47,421</b>
	<b>164,753</b>	<b>132,536</b>
Current portion of other liabilities	108,359	76,972
Non-current portion of other liabilities	56,394	55,564
	<b>164,753</b>	<b>132,536</b>

As disclosed in Note 26, the Group provided financial guarantees to banks on loans received by the entities of Nursultan Nazarbayev International Airport JSC and Aktobe Rail and Section Mill Plant LLP and an associate of Transtelecom JSC, and recognised obligations under financial guarantee agreements. As at 30 June 2023, liabilities under financial guarantee agreements amounted to 15,488 million tenge for Nursultan Nazarbayev International Airport JSC, 13,812 million tenge for Aktobe Rail and Section Mill Plant LLP and 220 million tenge for Transtelecom JSC (31 December 2022: 15,549 million tenge for Nursultan Nazarbayev International Airport JSC, 14,067 million tenge for Aktobe Rail and Section Mill Plant LLP and 381 million tenge for Transtelecom JSC).

As at 30 June 2023 and 31 December 2022, other liabilities were primarily denominated in tenge.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### 20. REVENUE

For three and six months ended 30 June 2023 and 2022, revenue from freight transportation included:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Revenue from contracts with customers:				
International (transit) route	160,142	106,526	329,146	170,986
Domestic route	111,547	93,474	202,388	178,758
International (export) route	67,757	55,061	127,892	109,547
International (import) route	48,547	35,067	91,064	72,378
Additional charges related to the transportation process	17,967	14,450	30,554	27,086
Other revenue from freight transportation	14,649	9,262	30,952	22,836
	<b>420,609</b>	<b>313,840</b>	<b>811,996</b>	<b>581,591</b>

During the six months ended 30 June 2022, the Group received international (transit) freight transportation revenue, which is the cash flow hedged item, therefore, the accumulated loss in the amount of 54,442 million attributable to the hedging instrument was reclassified from other comprehensive loss to freight transportation revenue (Note 14).

For the three and six months ended 30 June 2023 and 2022, revenue from passenger transportation included:

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Revenue from contracts with customers:				
Passenger transportation	22,665	16,823	43,986	30,793
Other revenue from freight transportation	2,992	2,445	5,438	4,374
	<b>25,657</b>	<b>19,268</b>	<b>49,424</b>	<b>35,167</b>

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## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### 21. OTHER REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Revenue from the sale of goods, provision of other services	13,635	11,410	24,453	19,935
Revenue from lease of wagons	11,885	3,401	21,293	4,520
Revenue from fines	2,658	1,786	4,538	3,010
Revenue from the lease of other property, plant and equipment	905	993	2,034	1,990
	<b>29,083</b>	<b>17,590</b>	<b>52,318</b>	<b>29,455</b>

Revenue from the sale of goods and the provision of other services mainly consists of revenue from loading and unloading services, vehicle servicing and the sale of materials and scrap metal.

The Group leases out wagons and other property, plant and equipment under lease agreements for up to one year. Accounts receivable under leases of wagons are payable within one year. Operating leases do not include an extension option. The Group is not exposed to currency risk as a result of leases of wagons, as all leases are denominated in tenge. The lessee does not have an option to purchase wagons and other property, plant and equipment at the end of the lease term.

Revenue from fines is mainly represented by interest from the late dispatch of freight from destination stations and for a breach of contracts.

### 22. COST OF SALES

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Staff costs, including taxes, contributions and provisions for unused vacations	146,249	108,746	294,462	219,962
Repairs and maintenance	63,199	40,777	105,483	76,098
Fuel and lubricants	55,621	38,411	100,454	83,318
Depreciation and amortisation	37,188	34,720	72,797	69,601
Work and services of a production nature	20,339	16,447	40,862	32,650
Electricity	12,263	11,872	27,399	27,029
Materials and supplies	11,823	7,082	20,757	13,626
Property tax and other taxes than social tax and social contributions	7,230	6,849	13,996	13,388
Insurance	1,689	846	5,280	3,594
Other costs	13,837	9,804	24,867	19,263
	<b>369,438</b>	<b>275,554</b>	<b>706,357</b>	<b>558,529</b>

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### 23. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022* (unaudited)	2023 (unaudited)	2022* (unaudited)
Staff costs, including taxes, contributions and provisions for unused vacation	14,836	13,823	30,548	27,767
Property tax and other taxes, excluding social tax and social contributions	1,459	2,286	3,571	3,701
Depreciation and amortisation	1,032	1,075	2,268	2,137
Other third party services	1,132	909	1,770	1,538
Business trip expenses	548	410	908	652
Consulting, audit and legal services	131	308	501	689
Lease expenses	241	344	474	543
Utilities and building maintenance	162	121	367	381
Telecommunication services	171	143	340	294
Insurance	167	120	303	294
Banking services	126	136	226	231
Expenses to maintain social sphere facilities	77	59	200	165
Other expenses	2,841	2,766	5,923	4,881
	<b>22,923</b>	<b>22,500</b>	<b>47,399</b>	<b>43,273</b>

\*Comparative information was reclassified as disclosed in Note 2

### 24. FINANCE INCOME AND COSTS

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Finance income</b>				
Interest income on cash and cash equivalents	3,182	2,165	5,849	5,287
Interest income on derivative financial instruments at recognised fair value through profit or loss	5,079	-	5,079	-
Income from interest rate subsidies on financial liabilities	523	15,102	916	15,582
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	(7,130)	-	-	-
Other financial income	856	887	2,353	1,908
	<b>2,510</b>	<b>18,154</b>	<b>14,197</b>	<b>22,777</b>

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Finance costs</b>				
Interest expenses and amortisation of discount on borrowings	39,347	30,197	79,103	62,534
Lease interest expenses	1,391	2,058	4,245	4,222
Change in fair value of derivative financial instruments recognised at fair value through profit or loss	2,089	-	2,089	-
Other finance costs	137	207	378	341
	<b>42,964</b>	<b>32,462</b>	<b>85,815</b>	<b>67,097</b>

## 25. EARNINGS PER SHARE

Basic earnings per share are calculated using the weighted average number of common shares issued during the period. Basic and diluted per share data are the same, as there are no dilutive instruments outstanding. As at 30 June 2023 and 31 December 2022, the Company had no outstanding antidilutive instruments.

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Weighted average of common shares	496,692,666	496,692,665	496,692,666	496,692,665
Profit/(loss) for the period attributable to the Shareholder, (million tenge)	47,929	37,762	106,971	(31,325)
<b>Earnings/(loss) per share (tenge)</b>	<b>96</b>	<b>76</b>	<b>215</b>	<b>(63)</b>

The carrying amount of one share as at 30 June 2023 and 31 December 2022 is presented below:

	30 June 2023 (unaudited)	31 December 2022
Net assets, excluding intangible assets, goodwill and non-controlling interests, million tenge	1,643,346	1,416,903
Quantity of common shares in circulation (registered)	496,692,666	496,692,666
<b>Carrying amount of one share (tenge) <sup>4</sup></b>	<b>3,309</b>	<b>2,853</b>

<sup>4</sup> Carrying amount of shares is calculated in accordance with KASE requirements.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)**  
*(in millions of Tenge, unless otherwise stated)*

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**26. FINANCIAL AND CONTINGENT LIABILITIES**

**Capital commitments**

As at 30 June 2023, the Group had commitments, including for modernisation of railway transport corridor Dostyk-Moiynty, under lease agreements with Industrial Development Fund JSC, for the capital repairs of railways, for the purchase of long rails and for the purchase of freight and passenger electric locomotives and freight and passenger diesel locomotives for a total amount of 2,078,708 million tenge (31 December 2022: 1,881,358 million tenge).

*Commitments under lease agreements with Industrial Development Fund JSC*

In August 2017, the Group, represented by its subsidiary KTZ Express JSC, entered into lease agreements with Industrial Development Fund JSC to lease 1,995 platform carriages for 33,264 million tenge for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 5 years. The Group acts as a lessee. As at 30 June 2023, platform carriages with a total value of 26,862 million tenge had not been delivered. The Group is working on the addendum to the lease agreement to reduce the volume of supply to the actually delivered quantity as at 30 June 2023 in the amount of 6,402 million tenge.

In November 2020, the Group, represented by its subsidiary KTZ Express JSC, signed a contract for the lease of 2,000 platform cars with a total cost of 51,692 million tenge for 15 years and interest rate of 15% per annum, 10% of which is subsidised by the State. The grace period for the principal is 2 years. The Group acts as a lessee. As at 30 June 2023, the amount of the contingent liability for undelivered platform cars amounted to 13,905 million tenge.

**Other contractual liabilities**

As at 30 June 2023, the Group, represented by its subsidiary KTZ Express JSC, had an agreement dated 28 December 2015 in place to provide freight handling and freight storage services in the future. The agreement stipulates that the Group has to acquire a minimum volume of freight storage services for 10 years and make substantial payments for those services.

Management of the Group believes that the service period under the Agreement with Aktau Marine North Terminal LLP has not yet commenced, because the Group has not been notified about the commencement date of commercial operations and service period, and the parties have not begun executing the obligations under the Agreement. Management of the Group believes that as at 30 June 2023, the outflow of resources embodying economic benefits under this Agreement is not highly probable.

**Contingent liabilities**

*Litigations*

The Group is subject to various legal proceedings related to its business operations, such as property damage claims. The Group does not believe that pending or threatened claims of these types, individually or in aggregate, are likely to have any material adverse effect on the Group's consolidated financial position, results of operations or cash flows.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)**  
*(in millions of Tenge, unless otherwise stated)*

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*Contingent liabilities related to the Kazakhstan tax system*

Due to the uncertainties inherent in the Kazakhstan tax system, the ultimate amount of taxes, fines and late payment interest may exceed the amount expensed as at 30 June 2023 and 31 December 2022. It is not possible to determine the value of any unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome.

The Group's management believes that its interpretation of the Kazakhstan relevant legislation is appropriate and the Group's tax positions will be sustained. However, tax authorities may take a different position on the interpretation of the effective Kazakhstan tax legislation, which may have a significant impact on the Group's consolidated financial statements.

*Insurance*

The insurance market is still in the early stages of development in the Republic of Kazakhstan and, in common with other state-owned enterprises, the Group does not, with the exception of obligatory passenger insurance with regard to personal injury, death and loss or damage to passenger property, maintain any insurance against the risk of damage to any of its properties, assets or equipment (including infrastructure, rolling stock and stations) nor against business interruption or third party liability in respect of property or environmental damage arising from accidents to the Group's property or relating to the Group's operations. The Group maintains the required insurance coverage under policies purchased from commercial insurance operators in Kazakhstan.

*Environmental protection*

Legislation on environmental protection in Kazakhstan is in the process of development and therefore is subject to constant changes. From 1 July 2021, amendments to the Environmental Code of Kazakhstan ("the Code") has become effective. This Code includes set of principles aimed at minimising the consequences of environmental damage to the activities of entities and/or the full restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, assets are classified into four categories, where the asset that have a significant negative impact on the environment are classified to the first category. In accordance with the Code, management has analysed and classified the Group's assets that belongs to rail track infrastructure into the second category. The sea port assets in Aktau city were also classified to the second category. The remaining assets of the Group were classified into the third and fourth categories. The Group's management believes that its interpretation of the relevant legislation of the Republic of Kazakhstan is appropriate.

No provision has been made in these condensed interim consolidated financial statements as the Group's management assesses that no any potential asset retirement and land reclamation obligations that could have any material effect on consolidated financial position, results of operations or cash flows of the Group.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### Guarantees

As at 30 June 2023, guarantees were represented as follows:

Creditor	Purpose of the guarantee	Guarantee issue date	Guarantee period	Guarantee amount, million tenge (unaudited)
Development Bank of Kazakhstan JSC	Execute the obligations of the associate Aktobe Rail and Section Mill Plant LLP to finance the construction of a rail and section mill plant in Aktobe	4 July 2013	until 2033	17,345
Development Bank of Kazakhstan JSC	Execute the obligations of Nursultan Nazarbayev International Airport JSC to finance its modernisation	28 March 2018	until 2033	22,454
Eurasian Development Bank	Execute the obligations of an associate Transtelecom JSC for the implementation of the project Construction of a Fibber-Optic communication line (FOCL)	21 October 2014	until 2024	1,752
Development Bank of Kazakhstan JSC	Execute the obligations of an associate Transtelecom JSC for the implementation of the project ACS of Energy Dispatching Traction	30 June 2014	until 2024	2,995

Note 19 discloses the carrying value of these guarantees.

As at 30 June 2023 and 31 December 2022 there were no cases of using the financial guarantees listed above.



# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

### 27. RELATED PARTY TRANSACTIONS

The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 30 June 2023 (unaudited) and 31 December 2022 are detailed below.

		Shareholder	Associates	Companies making up the Shareholder group	Other related parties <sup>5</sup>
Amounts due from related parties for goods, services and non-current assets, including advances paid	2023	-	1,191	641	22
	2022	-	2,178	1,192	9
<i>including allowances for expected credit losses and impairment of advances paid</i>	2023	-	(304)	(120)	-
	2022	-	(1,657)	(95)	-
Amounts due to related parties for goods, services and non-current assets, including advances received	2023	-	8,757	61,162	539
	2022	-	21,927	4,845	363
Cash on current accounts	2023	-	-	80,772	-
	2022	-	-	162,854	-
Restricted cash	2023	-	-	-	205
	2022	-	-	-	208
Loans received	2023	672,443	-	-	75,301
	2022	588,984	-	-	74,949
Lease liabilities	2023	-	13,949	-	36,958
	2022	-	13,865	-	32,677
Dividends receivable	2023	-	1,587	-	-
	2022	-	-	-	-

<sup>5</sup> Прочие связанные стороны включают прочие коммерческие предприятия, находящиеся под общим контролем конечного Акционера.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

Related party transactions for the six months ended 30 June (unaudited) are detailed below:

		Shareholder	Associates	Companies making up the Shareholder Group	Other related parties <sup>6</sup>
Sale of goods, services and non-current assets	2023	-	37,652	11,968	405
	2022	-	60,297	4,850	1,405
Recovered/(accrued) allowances for expected credit losses and impairment of advances paid	2023	-	1,354	(25)	-
	2022	-	(1,651)	(17)	-
Purchase of goods, services and non-current assets	2023	-	12,291	93,765	2,598
	2022	-	13,062	9,136	1,433
Receipt of loans	2023	236,309	-	-	-
	2022	30,000	-	-	-
Repayment of loans received	2023	1,175	-	-	628
	2022	1,175	-	-	538
New lease agreements (Group as lessee)	2023	-	1,083	-	3,101
	2022	-	95	-	2,934
Lease liability payments	2023	-	6,650	-	1,710
	2022	49	5,694	-	1,659
Finance income	2023	-	161	-	60
	2022	-	96	-	38
Finance costs	2023	17,566	1,265	-	6,074
	2022	5,278	1,447	-	5,356
Dividends declared	2023	-	1,612	-	-
	2022	-	2,695	-	-
Share capital contribution	2023	-	-	-	-
	2022	239	-	-	-

As at 30 June 2023 and 31 December 2022, the Group has borrowings from Industrial Development Fund JSC and Development Bank of Kazakhstan JSC for a total of 75,301 million tenge and 74,949 million tenge, respectively.

<sup>6</sup> Other related parties include other entities under the common control of the Ultimate Shareholder.

## KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

### NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) *(in millions of Tenge, unless otherwise stated)*

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As at 30 June 2023 and 31 December 2022, the Group issued guarantee on certain borrowings of the associate and other related and third parties to ensure the execution of obligations to the banks (Notes 19 and 26).

As at 30 June 2023, Group's borrowings from the Shareholder were mainly received at rates below market varying from 0.075% to 8.74% and maturity varying from 13 to 50 years and at initial recognition were reflected at fair value at rates from 5.4% to 13.99%.

Transactions with Shareholder group companies, associates and joint ventures and other related parties mainly comprise transactions with KazMunaiGas National Company JSC (fuel), Transtelecom JSC (telecommunication services), Kazakhtelecom JSC (communication services), Kazatomprom National Nuclear Company JSC (electricity), KEGOC JSC (electricity), Kazpost JSC (postal services, cash deposits), Kazakhstan Engineering National Company JSC (engineering production) and Samruk-Energo JSC (electricity). The Group also provides freight transportation services to Shareholder group companies, associates and joint ventures.

#### *Compensation to key management personnel of the Group*

As at 30 June 2023, key management personnel comprise members of the Group's Management Board and Board of Directors, totalling 16 persons (31 December 2022: 16 persons). Total compensation to key management personnel included in personnel costs in the consolidated statement of profit or loss and other comprehensive income comprised 152 million tenge for the six months ended 30 June 2023 (2022: 193 million tenge). Compensation to key management personnel mainly consists of contractual salary costs and bonuses based on operational results.

## **28. FINANCIAL INSTRUMENTS. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined as the amount at which an instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. As no readily available market exists for large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

Fair value of the derivative financial instrument is measured on expected discounted future cash flows based on forward exchange rates (observed at the reporting date) and contract forward rates, discounted at rates that reflect the credit risk of the Group and counterparties.

In preparation of these statements, the same methodologies and assumptions for calculating the fair value of financial instruments were used as in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2022.

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

*Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)*

As at 30 June 2023 and 31 December 2022, the fair value of financial assets and financial liabilities, except for loans issued, borrowings and debt securities issued, was not significantly different from their carrying amount. The carrying amount and fair value of loans issued and received, debt securities issued (bonds) and other financial assets as at 30 June 2023 and 31 December 2022 are presented as follows:

	30 June 2023 (unaudited)		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans issued	3,964	3,346	3,752	2,895
Other financial assets	21,222	20,650	21,229	21,277
Loans received	486,732	465,884	453,174	411,124
Debt securities	1,298,713	1,218,933	1,234,157	1,107,731
Other financial liabilities	2,626	2,626	564	564

### *Fair value hierarchy*

The table below provides an analysis of financial instruments as at 30 June 2023 (unaudited) broken down into the fair value hierarchy levels.

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	3,346	-	3,346
- other financial assets	-	20,577	-	20,577
Financial assets at fair value through profit or loss:				
- other financial assets	-	-	73	73
<b>Total</b>	<b>-</b>	<b>23,923</b>	<b>73</b>	<b>23,996</b>
Financial liabilities at amortised cost:				
- debt securities	643,227	-	-	643,227
- debt securities from related parties	-	575,706	-	575,706
- bank loans	-	379,946	-	379,946
- loans from related parties	-	85,938	-	85,938
Financial liabilities at fair value through profit or loss:				
- financial derivative instrument	-	2,626	-	2,626
<b>Total</b>	<b>643,227</b>	<b>1,044,216</b>	<b>-</b>	<b>1,687,443</b>

# KAZAKHSTAN TEMIR ZHOLY NATIONAL COMPANY JSC

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED) (in millions of Tenge, unless otherwise stated)

The table below provides an analysis of financial instruments as at 31 December 2022 broken down into the fair value hierarchy levels.

	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- loans issued	-	2,895	-	2,895
- other financial assets	-	21,177	-	21,177
Financial assets at fair value through profit or loss:				
- financial derivative instrument	-	27	-	27
- other financial assets	-	-	73	73
<b>Total</b>	<b>-</b>	<b>24,099</b>	<b>73</b>	<b>24,172</b>
Financial liabilities at amortised cost:				
- debt securities	588,642	-	-	588,642
- debt securities from related parties	-	519,089	-	519,089
- bank loans	-	349,888	-	349,888
- loans from related parties	-	61,236	-	61,236
Financial liabilities at fair value through profit or loss:				
- financial derivative instrument	-	564	-	564
<b>Total</b>	<b>588,642</b>	<b>930,777</b>	<b>-</b>	<b>1,519,419</b>

Fair values of the financial assets and financial liabilities in levels 2 and 3 have been determined using generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the counterparty credit risk.

For the six months ended 30 June 2023, there were no transfers between the fair value hierarchy levels.

## 29. EVENTS AFTER THE REPORTING DATE

### *Dividends received*

On 19 July 2023, the Group received dividends for 2022 in the amount of 1,376 million tenge (277,898,689 Russian Roubles) from an associate United Transport and Logistics Company - Eurasian Rail Alliance JSC.

### *Early repayment of loans*

On 12 July 2023, the Group, represented by the Company, made an early repayment of loans under credit line agreement with Halyk Bank of Kazakhstan JSC in the amount of 10,000 million tenge.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)**  
*(in millions of Tenge, unless otherwise stated)*

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*Borrowings received*

On 13 July 2023, the Group, represented by its subsidiary KTZ-Freight transportation, under the loan agreement with EDB dated 11 May 2023 to finance the acquisition of freight diesel locomotives for a total of 17,685,350,000 Russian Roubles borrowed 5,376,346,400 Russian Roubles (26,183 million tenge). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

In July - August 2023, the Group, represented by its subsidiaries KTZ-Freight transportation LLP and KTZ-Passenger locomotives LLP, under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance, dated 23 February 2023 to finance the acquisition of freight and passenger locomotives for a total of 627,110,893 Euros borrowed 26,072,299 Euros (12,867 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin, which is fixed at each tranche date. Principal is repaid semi-annually until full repayment in 2034.