

EI Almaty Management University

Consolidated financial statements

For the year ended 31 December 2023

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EI ALMATY MANAGEMENT UNIVERSITY

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Management of EI Almaty Management University (hereinafter – “Group”) is responsible for the preparation of the financial statements that fairly present in all material respects the financial position of the Group as at 31 December 2023 the financial results of its operations, cash flows and changes in equity for the year then ended, in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”) issued by the International Accounting Standards Board.

In preparing the Consolidated financial statements, Management is responsible for:

- selecting and applying of proper accounting principles;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- applying valid rational evaluations and assumptions;
- providing additional disclosures when compliance with the requirements of IFRSs is not enough for users to understand the impact of particular transactions, other events and conditions on the financial position and results of the Group;
- assessment of the Group’s ability to continue as a going concern in the foreseeable future.

Management is also responsible for:


- designing, implementing and maintaining the effective and reliable functionality of the internal control system of the Group;
- maintaining a proper accounting system, allowing the disclosure and explanation of the Group’s transactions and the provision of the Group’s financial position information at any time with reasonable accuracy, and to ensure compliance with IFRSs;
- maintaining accounting records in accordance with the legislation of the Republic of Kazakhstan;
- adopting all reasonable measures to safeguard assets of the Group; and
- detecting and preventing fraud and other irregularities.


The Consolidated financial statements for the year ended 31 December 2023 were approved by Management of the Group on 20 September 2024.


Rector


Vice-Rector for Corporate Development

Chief accountant




Karenkeyeva G.T.


Kozhakhmetov R.T.


Kuatova B.

INDEPENDENT AUDITOR'S REPORT

To the Participants and Management of EI Almaty Management University

Opinion

We have audited the financial statements of EI Almaty Management University (hereinafter – the “Institution”) and its subsidiary (hereinafter together – the “Group”), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the Consolidated financial statements, including a material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – “ISAs”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's Consolidated financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of EI Almaty Management University;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding to the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, control and audit of the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of EI Almaty Management University and it's subsidiary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Grant Thornton LLP


Arman Chingilbayev
Engagement partner



Certified Auditor of the Republic of Kazakhstan
Qualification Certificate
#MF-0000487 on October 12, 1999


Yerzhan Dossymbekov
General Director
Grant Thornton LLP



State license to engage in auditing activities on the territory of the Republic of Kazakhstan: # 18015053, issued on August 3, 2018 by the Internal State Audit Committee of the Ministry of Finance of the Republic of Kazakhstan

20 September 2024
Almaty, the Republic of Kazakhstan

EI ALMATY MANAGEMENT UNIVERSITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 31 DECEMBER 2023**

In thousands of tenge	Notes	31 December 2023	31 December 2022
ASSETS			
Current assets			
Cash	5	541,348	181.761
Trade and other accounts receivable	6	368,098	232.888
Financial aid given	7	—	255.290
Inventory		42,921	23.743
Advanced paid	8	304,438	324.996
Other current assets		77,319	35.952
Total current assets		1,334,124	1,054,630
Non-current assets			
Property, plant and equipment	9	4,208,078	4.054.920
Intangible assets		26,408	21.845
Total non-current assets		4,234,486	4,076,765
TOTAL ASSETS		5,568,610	5,131,395
EQUITY AND LIABILITIES			
Equity			
Charter capital	1	—	—
Retained earnings		2,456,852	2.639.220
TOTAL EQUITY		2,456,852	2,639,220
Current liabilities			
Loans received	10	694,888	434.992
Contract liabilities	11	1,207,317	1.479.301
Financial aid received		13,250	13.250
Trade accounts payable	12	220,397	188.745
Other current liabilities	13	210,418	156.731
Total current liabilities		2,346,270	2,273,019
Non-current liabilities			
Loans received	10	765,488	219.156
Total non-current liabilities		765,488	219,156
TOTAL EQUITY AND LIABILITIES		5,568,610	5,131,395

Accompanying notes on pages 5-29 are an integral part of these financial statements.

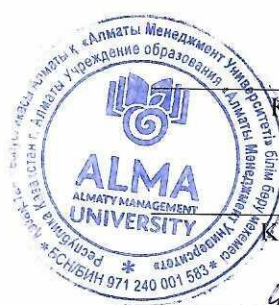
Signed and approved for release on behalf of Management of the Group:

Rector

Vice-Rector for Corporate Development

Chief accountant

20 September 2024
Almaty, the Republic of Kazakhstan



Kurenkeyeva G.T.

Kozhakhmetov R.T.

Kuatova B

EI ALMATY MANAGEMENT UNIVERSITY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of tenge	Notes	2023	2022
Revenue from educational services	14	6,317,182	4,538,675
Cost of educational services	15	(2,757,425)	(2,109,077)
Gross profit		3,559,757	2,429,598
Selling expenses	16	(361,320)	(217,002)
General and administrative expenses	17	(2,842,916)	(1,879,130)
Foreign exchanges gain, net		2,382	8,787
Financial costs, net	18	(110,270)	(23,725)
Impairment losses on financial assets	19	(841,938)	(440,818)
Other income, net	20	411,937	112,676
Loss before taxation		(182,368)	(9,614)
Corporate income tax expense	21	—	—
Net loss for the year		(182,368)	(9,614)
Other comprehensive income		—	—
Total comprehensive loss for the year		(182,368)	(9,614)

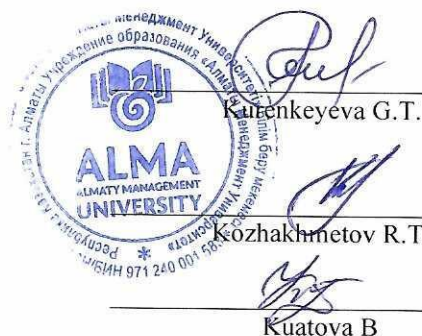
Accompanying notes on pages 5-29 are an integral part of these financial statements.

Signed and approved for release on behalf of Management of the Group:

Rector

Vice-Rector for Corporate Development

Chief accountant



Kalkankeyeva G.T.

Kozhakhmetov R.T.

Kuatova B

20 September 2024
 Almaty, the Republic of Kazakhstan

EI ALMATY MANAGEMENT UNIVERSITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of tenge	Notes	Charter capital	Retained earnings	Total
As at 1 January 2022		—	2,664,105	2,664,105
<i>Loss for the year</i>		—	(9,614)	(9,614)
<i>Other comprehensive loss for the year</i>	7	—	(15,271)	(15,271)
Total comprehensive loss for the year		—	(24,885)	(24,885)
As at 31 December 2022		—	2,639,220	2,639,220
<i>Loss for the year</i>		—	(182,368)	(182,368)
<i>Other comprehensive income for the year</i>		—	—	—
Total comprehensive loss for the year		—	(182,368)	(182,368)
As at 31 December 2023		—	2,456,852	2,456,852

Accompanying notes on pages 5-29 are an integral part of these financial statements.

Signed and approved for release on behalf of Management of the Group:

Rector

Vice-Rector for Corporate Development

Chief accountant



 K. Irenkeyeva G.T.

 Kozhakhmetov R.T.

 Kulatova B.

20 September 2024
 Almaty, the Republic of Kazakhstan

EI ALMATY MANAGEMENT UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

In thousands of tenge	Notes	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:			
Proceeds from providing educational services		4,104,678	4,449,275
Contract liabilities		1,207,317	1,249,019
Other proceeds		27,551	67,273
Payments to suppliers for goods and services		(1,602,092)	(1,907,045)
Advances paid for goods and services		(304,438)	(324,996)
Payment of salaries		(2,243,269)	(2,121,475)
Payment of taxes and other payments to state budget, except for corporate income tax		(657,246)	(714,649)
Other payments		(79,181)	(93,414)
Cash flow from operating activities		453,320	603,988
Interest paid on loans	10	(159,005)	(117,330)
Net cash received from operating activities		294,315	486,658
CASH FLOW FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment and intangible assets		(365,091)	(185,496)
Proceeds from sale of property, plant and equipment and intangible assets		—	—
Financial aid given	7	(438,932)	(552,729)
Returns on financial aid given	7	78,000	187,199
Net cash (used in)/received from investing activities		(726,023)	(551,026)
CASH FLOW FROM FINANCING ACTIVITIES:			
Loans received	10	1,537,249	300,000
Loans principal repayment	10	(726,548)	(591,770)
Net cash used in financing activities		810,701	(291,770)
Net increase/ (decrease) in cash		378,993	(356,138)
Change in allowance for expected credit losses on cash	5	(21,173)	9,727
Cash at the beginning of the year	5	181,761	528,875
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,767	(703)
Cash at the end of the year	5	541,348	181,761

Accompanying notes on pages 5-29 are an integral part of these financial statements.

Signed and approved for release on behalf of Management of the Group:

Rector

Vice-Rector for Corporate Development

Chief of accountant



Kurenkeyeva G.T.

Kozhakhmetov R.T.

Kuatova B.

20 September 2024
 Almaty, the Republic of Kazakhstan

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Non-for-profit educational institution International Academy of Business was registered in the Department of Justice of Almaty, the Republic of Kazakhstan on 17 December 1997 certificate of state registration №15221-1910-Y-e dated 17 December 1997. On 23 May 2014 NEI International Academy of Business was renamed to the NEI Almaty Management University. On 8 October 2015 NEI Almaty Management University was renamed to the EI Almaty Management University (hereinafter – the “Group”).

The Group was founded and operates in accordance with the legislation of the Republic of Kazakhstan. The founder is the AlmaU LLP (hereinafter – the “Academy”). The ultimate controlling parties of AlmaU LLP are the followings:

Controlling parties	31 December 2023 (%)	31 December 2022 (%)
Kozhakhmetova Maral Bulatovna, citizen of the Republic of Kazakhstan	56.5%	56.5%
Samatdin Ablayhan, citizen of the Republic of Kazakhstan	27.0%	27.0%
Kozhakhmetov Tulegen Bazarbaevich, citizen of the Republic of Kazakhstan	10.0%	10.0%
Kunayev Renat Mirgalievich, citizen of the Republic of Kazakhstan	6.5%	–
Kunayev Mirgali Sapargalievich, citizen of the Republic of Kazakhstan	–	6.5%
	100%	100%

The main activities of the Group are:

- Education on the program of Bachelor degree in areas and specialties in accordance with the obtained license to conduct educational activities;
- Education on the program “Master of Business Administration for managers and top-level professionals in the field of business with the assignment of the MBA degree”;
- Education on the program “Doctor of Business Administration for managers and top-level professionals in the field of business with the assignment of the highest professional degree – DBA”;
- Trainings for managers, specialists and employees, legal entities of various legal forms, as well as individuals to work in the market economy conditions;
- Providing consulting services to enterprises, organisations of all forms of ownership on implementation and support of organisational changes of new forms and methods of management;
- Organisation of national, regional and international workshops;
- Development and publication of textbooks, manuals, reference books, newspapers and magazines about business and management.

The Group carries out its activities based on a license from the Ministry of Education and Science of the Republic of Kazakhstan (hereinafter – MES RK). The educational activity of the Group is carried out in accordance with the reissued license No. KZ03LAA00008295 dated 2 March 2017. Accreditation as a subject of scientific and (or) scientific and technical activities of the MES RK in accordance with the certificate series MK No. 005363 dated 27 September 2017.

The licenses listed above give the right to tax benefits in the amount of 100% of the calculated corporate income tax, in accordance with Article 290 of the Tax Code of the Republic of Kazakhstan (Note 21).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

1. GENERAL INFORMATION (CONTINUED)

The Group is the 100% founder of the Corporate Fund Almau Sustainable Development Fund (hereinafter – “Subsidiary”).

The subsidiary was registered on 10 December 2021 in the form of a non-profit enterprise.

The main activity of the subsidiary is to support and develop the intellectual potential of students, scientists, researchers and professionals from different sectors by organising, supporting and implementing research, information, economic, cultural and social initiatives, programmes and projects aimed at sustainable development.

As at 31 December 2023, the number of employees of the Group was 453 people (31 December 2022: 413 people).

Legal and registered address of the Group is 227, Rozybakiyev st., Bostandyk district, Almaty, the Republic of Kazakhstan.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRSs”).

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments. The consolidated financial statements of the Group were presented in Kazakhstani tenge (hereinafter – “tenge”). The functional and presentation currency of the consolidated financial statements of the Group is tenge. All amounts in these consolidated financial statements are rounded to thousand unless otherwise stated.

Going concern basis

This consolidated financial statement have been prepared in accordance with IFRS, based on the assumption that the Group will adhere to the going concern principle. This assumes the realisation of assets and the settlement of liabilities in the course of its normal business operations in the foreseeable future. The management of the Group has neither the intention nor the need to liquidate or significantly scale down its operations. The Group has not identified any indicators of impairment of the carrying amount of assets as of 31 December 2023.

Accrual basis

These consolidated financial statements were prepared on the accrual basis. The accrual basis assumes recognition of the results of business operations, as well as when they occurred, regardless of the time of payment. Transactions and events are recorded in the accounting and are included in the financial statements for the periods to which they relate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

2. BASIS OF PREPARATION (CONTINUED)

Recognition of the elements of financial statements

These consolidated financial statements include assets, liabilities, equity, income and expenses, which are the elements of the consolidated financial statements. All elements of the consolidated financial statements are presented on a linear basis. The inclusion of several elements of the consolidated financial statements into a single item is made taking into account their characteristics (functions) in the Group's operations. Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Foreign currency translation

In preparing the consolidated financial statements, transactions in foreign currencies (other than the functional currency) are carried at the exchange rates prevailing at the transaction date. Monetary items denominated in foreign currencies are translated at the exchange rates prevailing at the reporting date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing at the date of determination of fair value. Non-monetary items measured at historical cost, denominated in foreign currency, are not retranslated. Exchange rates prevailing on Kazakhstan Stock Exchange (hereinafter – "KASE") are used as official exchange rates in the Republic of Kazakhstan.

Currency exchange rates of KASE used by the Group in preparing the consolidated financial statements are as follows:

Currency	31 December 2023	31 December 2022
British pound	577.47	556.57
Euro	502.24	492.86
US Dollar	454.56	462.65
Russian Rubble	5.06	6.43

3. MATERIAL ACCOUNTING POLICY INFORMATION

New standards, explanations, and amendments to existing standards and interpretations

The Group adopted the following new and revised standards during the reporting year, which entered into force on 1 January 2023:

- Amendments to IAS 8 – *Definition of Accounting Estimates*;
- Amendments to IAS 1 and IFRS Practice Statement 2 – *Disclosure of Accounting Policies*;
- Amendment to IAS 12 – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*;
- IFRS 17 – *Insurance Contracts*;

Amendments to IAS 8 – Definition of Accounting Estimates;

In February 2022, the IFRS Board issued amendments to IAS 8, introducing the definition of "accounting estimates." The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies, and the correction of errors. Additionally, the document explains how organisations use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and accounting estimates that occur on or after the start of the period. Early application is permitted, provided that this fact is disclosed.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

New standards, explanations, and amendments to existing standards and interpretations (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies;

In February 2022, the IFRS Board issued amendments to IAS 1 and IFRS Practice Statement 2, "Making Materiality Judgments," which provide guidance and examples to help organisations apply materiality judgments when disclosing accounting policies. The amendments aim to assist organisations in providing more useful information about accounting policies by replacing the requirement to disclose "significant accounting policies" with a requirement to disclose "material accounting policy information" and by adding guidance on how organisations should apply the concept of materiality when deciding on accounting policy disclosures.

The amendments to IAS 1 apply to annual periods beginning on or after 1 January 2023, with early application permitted. Since the amendments to IFRS Practice Statement 2 provide non-mandatory guidance on applying the definition of materiality to accounting policy information, no effective date for these amendments is required.

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

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

In May 2022, the IFRS Board issued amendments to IAS 12, which reduced the scope of the exemption from recognising deferred taxes on the initial recognition of assets and liabilities under IFRS 12. The exemption no longer applies to transactions where equal amounts of deductible and taxable temporary differences arise at initial recognition.

The amendments apply to transactions occurring from the beginning of the earliest comparative period presented. Additionally, as of the beginning of the earliest comparative period, a deferred tax asset (provided there is sufficient taxable profit) and a deferred tax liability must also be recognised for all deductible and taxable temporary differences related to leases and decommissioning obligations.

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

Management believes that IFRS 17 – *Insurance Contracts* is not applicable to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

New and revised IFRS – issued but not yet effective

New standards, amendments and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, amendments and interpretations, if applicable, when they become effective.

- Amendments to IAS 1 – *Classification of Liabilities as Current or Non-current*;
- Amendments to IFRS 16 – *Lease Liability in a Sale and Leaseback*;
- Amendments to IAS 7 and IFRS 7 – *Supplier Finance Arrangements*.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2021 the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.

The Group is currently assessing the impact the amendments will have on current classification of liabilities.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed. The amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

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

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment

The property, plant and equipment are carried at cost less accumulated depreciation and impairment losses.

The initial cost of property, plant and equipment comprises of its acquisition price, including import duties and non-recoverable taxes, borrowing costs directly attributable to long-term construction projects, if the recognition criteria are met, as well as any direct costs related to bringing the asset to working condition and delivery to the place of the intended use.

The Group determines the following terms for useful life for its property, plant and equipment:

Property plant and equipment category	Useful life
Land	Indefinitely
Buildings and constructions	50 years
Machinery and equipment	4 years
Vehicles	5 years
Library fund	10 years
Other	3-7 years

Impairment of property, plant and equipment

The Group assesses at each reporting date whether there is any indicator that an asset may be impaired. If any such indicator exists, the Group makes an estimate of the assets' recoverable amount in order to determine the amount of loss from impairment (if such exists).

In cases when it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the unit to which the asset belongs. The Group also allocates the cost of corporate assets to separate generating units for which a reasonable and consistent allocation basis can be found.

The recoverable amount is determined as a higher of two values: fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets, for which the estimated future cash flows have not been adjusted.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Losses from impairment are reflected immediately in the consolidated statement of profit or loss and other comprehensive income.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is calculated on a straight-line basis and begins when the asset is ready for use. Estimated useful lives, residual values and amortisation methods are reviewed at the end of each year and, if necessary, corrected. Intangible assets consist of computer software with a useful life of 3 years.

Taxes

Corporate income tax

Corporate income tax is calculated in accordance with the legislation of the Republic of Kazakhstan and is represented as the sum of current and deferred tax.

According to the Tax code of the Republic of Kazakhstan, the Group is exempt from corporate income tax in accordance with tax legislation of the Republic of Kazakhstan, if the aggregate annual income from education activities is more than 90% of the total revenue.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Taxes (continued)

Corporate income tax (continued)

A subsidiary applies the provisions of Article 289 of the Tax Code of the Republic of Kazakhstan in calculating corporate income tax. In accordance with this article, certain types of taxable income are reduced by 100% when calculating the amount of corporate income tax payable to the budget.

Value Added Tax (hereinafter – "VAT")

The subject of VAT is a taxable turnover of the Group, which consists of the turnover from the sale of goods and services in the Republic of Kazakhstan and taxable import of the Group, defined as goods imported or moved into the territory of the Republic of Kazakhstan (except for VAT exempts), being a subject to declaration in accordance with the customs legislation of the Republic of Kazakhstan.

In accordance with Article 289 of the Tax Code of the Republic of Kazakhstan the services rendered by non-for-profit organisations such as pre-school education, primary, basic secondary, general secondary, additional education, technical and professional, post-secondary, high and postgraduate professional education, carried out under the appropriate licenses for the right of conducting these activities are exempt from VAT.

In determining the amount of tax payable to the budget, the Group has the right to offset the amounts of VAT payable for the goods received, including fixed assets, intangible and biological assets, investments in real estate, works and services, if used or will be used for the purpose of taxable turnover.

If the Group has taxable and non-taxable turnovers, including exempt from VAT, the value added tax is offset by a proportional method.

Advances paid

Advances paid to suppliers are presented in the consolidated financial statements at historical cost less allowance for doubtful debts. Advances are classified as long-term if the expected period of receiving goods or services related to them exceeds one year, or if advances relate to assets that will be presented as long-term on initial recognition. The amount of advances paid for the acquisition of assets is included in their carrying amount when the Group obtains control over these assets and it is probable that future economic benefits associated with them will be received by the Group. Other advances are written off by the time of receiving goods or services related to them. If there is an indicator that assets, goods or services, related to advances, would not be received, the carrying value of advances is a subject to reduction, and related allowance is presented in profit or loss for the year.

Inventory

Inventories are stated at the lower of cost and net realisable value. Weighted average cost method is used for measuring cost of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

Provisions

Provisions are recognised when the Group has present obligations (legal or constructive) arising as a result of past events, for which settlement probably will need to outflow the resources, embodying economic benefits and the amount of such obligations can be reliably measured.

The amount of provision is the best estimate of indemnification required to settle the obligation at the end of the reporting period, which takes into account risks and uncertainties related with the obligation. In the case of estimation of provision with cash flows required to settle the obligations, the carrying amount of obligation is defined as the cost of such cash flows.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Recognition of revenue and expenses

Revenue

Contracts with customers contain the agreed rights and obligations of the parties, conditions for the cost and volume of services are defined. The Group recognises revenue from the provision of services as the process of rendering services is completed at each reporting date, as the obligations to provide services are fulfilled time, and the customer simultaneously receives and consumes the benefits with the fulfillment of the specified obligation by the Group as it is fulfilled. The cost of each service is determined in the contract and does not contain a variable consideration.

Revenue from government grants for the reimbursement of costs

Revenue from government grants for the reimbursement of costs contain the agreed rights and obligations of the parties, the conditions for the cost and volume of services are determined in accordance with the agreement concluded with the government institution – Ministry of Education and Science of the Republic of Kazakhstan. The Group recognises revenue from government grants for the reimbursement of costs for training of specialists with higher and postgraduate education as the service is completed at each reporting date within revenue from educational services.

Expenses

Expenses are recognised at the moment of actual receipt of relevant goods or services, regardless of when cash was paid and are recorded in the consolidated financial statements in the period to which they relate.

Taxes and deductions from employees' remuneration

In 2023, the Group pays a social tax to the budget of the Republic of Kazakhstan in accordance with the tax law of the Republic of Kazakhstan at a flat rate of 9.5% of salaries and other payments to employees, including material benefits (2022: 9.5%). Part of the social tax at a flat rate of 3.5% is transferred to the Social Insurance Fund JSC (2022: 3.5%).

In 2023, the Group pays obligatory social medical insurance contributions at the rate of 2% of salaries and other payments to employees, including material benefits (2022: 2%).

The Group also withholds up to 10% from the salaries of its employees as obligatory deductions to Unified Accumulative Pension Fund JSC in 2023 (2022: 10%). Apart from deductions to Unified Accumulative Pension Fund JSC, the Group withholds from the salaries and other payments to its employees, including material benefits, a personal income tax at a flat rate of 10%.

Financial instruments

Key measurement terms

Financial assets, other than designated and effective as hedging instruments, are classified into following categories:

- amortised cost;
- fair value through profit or loss;
- fair value through other comprehensive income.

The Group's financial instruments include financial assets and financial liabilities which are carried at amortised cost as described below.

Amortised cost is the amount at which the financial instrument was recognised at initial cost less principal repayments, plus accrued interest, and for financial assets less any write-down for expected impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including accrued coupon and amortised discount or premium (including fee deferred at origination), are not presented separately and are included in the carrying values of related assets and liabilities items in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

The effective interest method is a method of allocating interest income or interest expense over the relevant period, to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Classification of financial assets

Financial assets of the Group include trade and other accounts receivable, financial aid given and cash. Management determines the classification of its financial assets at initial recognition. Trade and other accounts receivable are recognised initially at fair value plus transaction costs. Subsequently, trade and other accounts receivable are stated at amortised cost using the effective interest method.

Classification of financial liabilities

Financial liabilities of the Group include financial liabilities carried at amortised cost. The Group's financial liabilities comprise trade accounts payable, loans and financial aid received.

Initial recognition of financial instruments

Financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique which inputs include only data from observable markets.

Subsequent measurement of financial assets

Financial asset is measured at amortised cost if the following conditions are met:

- A business model's objective is to hold the financial asset to collect its contractual cash flows; and
- The contractual terms are solely payments of interest and principal.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Derecognition of financial assets

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without a necessity to impose additional restrictions on the sale.

Impairment of financial assets carried at amortised cost

Expected impairment losses are defined as the difference between all contractual cash flows that are due to an entity and the cash flows that it actually expects to receive ("cash shortfalls"). This difference is discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The assessment of impairment for financial assets can either be individually or collectively and is based on how an entity manages its credit risk. If an entity has a small number of receivables with large value and these receivables are managed on an account basis (i.e. individually) it may not be appropriate in that case to base the impairment on a provision matrix as such a matrix would unlikely be in line with the expected credit loss of the individual receivable.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2);
- Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms.

Uncollectible assets are written off against the related impairment loss allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment loss account within the profit or loss for the year.

Contingent assets and liabilities

Contingent assets are not recognised in the consolidated financial statements but are subject to disclosure if there is a probability of an inflow of economic benefits.

Contingent liabilities are recognised in the consolidated financial statements only if there is probability, that in connection with the repayment of such obligations, an outflow of resources is required, the amount of which can be determined with sufficient accuracy. In other cases, contingent liabilities are disclosed in the consolidated financial statements.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Group and an entity controlled by the Group (a subsidiary of the Group). An entity is considered to be controlled if the Group:

- Has power over the organisation;
- Has exposure/ rights to variable returns from its involvement with the entity; and
- Is able to use its power to influence the outcome variables.

The Group reassesses whether or not control exists if facts and circumstances indicate that there are changes to one or more elements of control.

A subsidiary is consolidated from the date on which control is transferred to the Company and is no longer consolidated from the date on which the Company ceases to control it. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date that control commences until the date that control ceases.

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Principles of consolidation (continued)

Profit or loss and each component of other comprehensive income are distributed between the Group Member and non-controlling interests. The total comprehensive income of a subsidiary is distributed between a Group Member and non-controlling interests, even if this leads to a negative balance on non-controlling interests.

If necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring their accounting policies in line with the principles of the Group's accounting policies.

All assets and liabilities, equity, profits and losses, and cash flows between the Group's entities from transactions between them are excluded during consolidation.

Events after reporting period

Events occurred after the end of the year, which provide additional information about the position of the Group and as at the date of the consolidated statement of financial position (adjusting events) are reflected in the consolidated financial statements. Events occurred after the end of the year that are not adjusting events are disclosed in notes if they are significant.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the consolidated financial statements requires the preparation of judgments by Management of the Group and use of subjective estimates and assumptions that affect recorded amounts of assets and liabilities and disclosure of information about potential assets and liabilities at the reporting date and recorded amounts of income and expenses during the reporting period. Despite the fact that the estimates are based on historical knowledge and other significant factors, events or actions may arise in such a manner, so actual results may differ from these estimations.

Key assumptions for future and other key sources of estimation of uncertainty at the reporting date that have a significant risk of material adjustment to the carrying amounts of assets and liabilities are presented below.

Useful lives of property, plant and equipment and intangible assets

The Group reviews the useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period. Assessment of the useful life of an asset depends on factors such as economic use, repair and maintenance programs, technological improvements and other business conditions. Management's assessment of the useful lives of property, plant and equipment reflects relevant information available as at the reporting date.

Impairment of financial assets

For trade accounts receivable, the Group applied the simplified approach provided in IFRS 9 Financial Instruments and calculated lifetime expected credit losses. The Group has used a provisioning matrix based on observable historical default data over the life of the trade accounts receivable, which are adjusted for forward-looking estimates. The Group also performs impairment tests on an individual basis for specific debtors based on historical loss experience, current conditions, and reasonable justified forecasts.

Taxation

Various Kazakhstani laws and regulations are not always clearly written. There may be cases of divergence of opinions between regional and republican tax authorities. At the same time, in the event that additional taxes are charged by the tax authorities, the existing amounts of fines and penalties are set at a significant amount; the amount of fines is 50% of the amount of additional tax and the amount of penalties is 1.25 of the base rates of the National Bank of the Republic of Kazakhstan on the amount of untimely paid tax. As a result, fines and penalties may significantly exceed the amount of additional taxes assessed.

Due to the uncertainties discussed above, the potential amount of taxes, penalties and interest, if any, may exceed the amounts expensed to date and accrued as of the balance sheet date. Differences between estimates and amounts actually paid, if any, could have a material effect on future operating results.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**
5. CASH

As at 31 December 2023 and 2022 cash is presented as follows:

In thousands of tenge	31 December 2023	31 December 2022
Cash on current bank accounts, in tenge	559,374	195,435
Cash on current bank accounts, in foreign currency	22,784	3,225
Cash on card accounts	1,282	4,020
Less: allowance for expected credit losses	(42,092)	(20,919)
	541,348	181,761

As at 31 December 2023 and 2022, cash was not pledged nor restricted in use.

Changes in the allowance for expected credit losses are presented as follows:

In thousands of tenge	2023	2022
At the beginning of the year	20,919	30,646
Accrual / (recovery) during the year	21,173	(9,727)
At the end of the year	42,092	20,919

Cash was denominated in the following currencies:

In thousands of tenge	31 December 2023	31 December 2022
Tenge	518,564	178,535
US dollar	22,728	3,225
British pound	56	–
Russian ruble	–	1
	541,348	181,761

6. TRADE AND OTHER ACCOUNTS RECEIVABLE

As at 31 December 2023 and 2022 trade and other accounts receivable are presented as follows:

In thousands of tenge	Notes	31 December 2023	31 December 2022
Accounts receivable from third parties		700,043	374,276
Accounts receivable from related parties	24	9,282	10,658
Other accounts receivable from third parties		32,932	12,249
		742,257	397,183
Less: allowance for expected credit losses		(374,159)	(164,295)
		368,098	232,888

Trade and other accounts receivable were denominated in the following currencies:

In thousands of tenge	31 December 2023	31 December 2022
Tenge	320,920	97,152
Russian ruble	35,617	33,998
US dollar	11,561	101,057
Euro	–	681
	368,098	232,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. TRADE AND OTHER ACCOUNTS RECEIVABLE (CONTINUED)

Changes in the allowance for expected credit losses are presented as follows:

In thousands of tenge	2023	2022
At the beginning of the year	164,295	159,092
Accrual during the year	221,449	32,322
Write-off during the year	(11,585)	(27,119)
At the end of the year	374,159	164,295

7. FINANCIAL AID GIVEN

As at 31 December 2023 and 2022 financial aid given is presented as follows:

In thousands of tenge	Notes	31 December 2023	31 December 2022
Financial aid given to related parties	24	1,051,965	707,939
Less: allowance for expected credit losses		(1,051,965)	(452,649)
		–	255,290

Changes in the allowance for expected credit losses are presented as follows:

In thousands of tenge	2023	2022
At the beginning of the year	452,649	54,920
Accrual during the year	599,316	397,729
At the end of the year	1,051,965	452,649

In December 2020, the Group issued an interest-free financial aid to the Parent Company in the amount of 425,000 thousand tenge with a maturity date 30 December 2025. In January 2022, the Group issued an interest-free financial aid to the Parent Company in the amount of 140,000 thousand tenge with a maturity date 30 December 2025. In March 2022, the Group issued a short-term financial assistance to the Parent Company in the amount of 15,000 thousand tenge. During 2023, the return of the financial aid given amounted to 78,000 thousand tenge (2022: 187,199 thousand tenge).

The financial aid given to the Academy was recognised at fair value, which was determined as discounted future cash flows using effective interest rates of 8.6% to 8.1%. Which represent the weighted average rate for borrowings with similar terms and conditions. The amount of the adjustment to fair value in 2020 amounted to 58,111 thousand tenge and was reflected in the consolidated financial statement of changes in equity. The amount of adjustment to fair value in 2022 amounted to 15,271 thousand tenge and was reflected in the statement of changes in equity. During 2023, the Group accrued a 100% provision for this financial aid given.

In May 2022, the Institution issued to a related party interest-free financial aid in the amount of 397,729 thousand tenge with maturity date till 30 September 2025. During 2023 the Institution additionally issued to a related party interest-free financial aid in the amount of 388,932 thousand tenge with maturity date till 30 September 2025. During 2023 the Institution recognised 100% provision for this financial aid.

In June 2023, the Group provided short-term financial assistance to a related party in the amount of 50,000 thousand tenge, with a repayment date of 30 December 2025.

The write-off of the discount due to the accrual of a 100% provision for the financial assistance granted to the Academy, amounting to 16,708 thousand tenge (2022: amortisation of the discount in the amount of 55,328 thousand tenge), was recognised as part of financial income (Note 18).

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

8. ADVANCES GIVEN

As at 31 December 2023 and 2022 advances given are presented as follows:

In thousands of tenge	Notes	31 December 2023	31 December 2022
Advances paid for services and goods		236,634	246,151
Advances paid for rent		47,114	37,519
Advances paid for academic mobility program		23,564	36,446
Other advances paid		18,234	22,414
		325,547	342,530
Less: allowance for advances paid		(21,109)	(17,534)
		304,438	324,996

Changes in the allowance for advances given are presented as follows:

In thousands of tenge	2023	2022
At the beginning of the year	17,534	11,363
Accrual during the year	3,575	6,171
At the end of the year	21,109	17,534

9. PROPERTY, PLANT AND EQUIPMENT

For the years ended 31 December 2023 and 2022, the movement in property, plant and equipment is presented as follows:

In thousands of tenge	Land	Buildings and constructions	Machinery and equipment	Vehicles	Library fund	Other	Total
Initial cost							
As at 31 December 2021	1,367,628	2,960,609	158,326	44,990	98,849	133,867	4,764,269
Additions	–	–	49,461	–	3,736	30,577	83,774
Disposals	–	–	–	–	(6,798)	(900)	(7,698)
As at 31 December 2022	1,367,628	2,960,609	207,787	44,990	95,787	163,544	4,840,345
Additions	–	101	249,521	–	16,247	89,396	355,265
Disposals	–	–	–	–	(12)	(84)	(96)
As at 31 December 2023	1,367,628	2,960,710	451,308	44,990	112,022	252,856	5,195,514
Accumulated depreciation and impairment							
As at 31 December 2021	–	429,865	52,435	12,915	64,681	78,035	637,931
Accrual for the year	–	70,684	23,589	9,022	9,355	42,452	155,102
Disposals	–	–	–	–	(6,765)	(843)	(7,608)
As at 31 December 2022	–	500,549	76,024	21,937	67,271	119,644	785,425
Accrual for the year	–	70,359	51,999	9,022	9,510	61,202	202,092
Disposals	–	–	–	–	(3)	(78)	(81)
As at 31 December 2023	–	570,908	128,023	30,959	76,778	180,768	987,436
Carrying value							
As at 31 December 2022	1,367,628	2,460,060	131,763	23,053	28,516	43,900	4,054,920
As at 31 December 2023	1,367,628	2,389,802	329,285	14,031	35,244	72,088	4,208,078

As at 31 December 2023 and 2022, fully depreciated property, plant and equipment amounted to 77,084 thousand tenge and 21,042 thousand tenge, respectively.

As at 31 December 2023 and 2022, property, plant and equipment with carrying value of 2,139,688 thousand tenge with the adjacent land plot of 1.7 hectares, cadastral number 20-313-015-178, located at the address: Almaty, Bostandyk district, Rozybakiev street, 227 held by the Group were collateral for a loan (Note 10).

EI ALMATY MANAGEMENT UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)****10. LOANS RECEIVED**

As at 31 December 2023 and 2022 loans received are presented as follows:

In thousands of tenge	Repayment terms	Interest rate	Currency	31 December 2023	31 December 2022
Halyk Bank of Kazakhstan JSC	20 June 2030	12-16.75%	Tenge	1,460,376	654,148
Current part				694,888	434,992
Non-current part				765,488	219,156

The collateral consists of buildings with an attached land (Note 9). According to the schedule, interest payments are made on a monthly basis.

The movement of loans received is presented as follows:

In thousands of tenge	Note	31 December 2023	31 December 2022
At the beginning of the year		654,148	959,513
Loan receipts		1,537,249	300,000
Repayment of principal		(726,548)	(591,770)
Accrual of interest	18	154,532	103,735
Payment of interest		(159,005)	(117,330)
At the end of the year		1,460,376	654,148

As at 31 December 2023 interest payable amounted to 19, 016 thousand tenge (31 December 2022: 23,489 thousand tenge).

11. CONTRACT LIABILITIES

As at 31 December 2023 and 2022 contract liabilities are presented as follows:

In thousands of tenge	31 December 2023	31 December 2022
Contract liabilities to third parties	1,207,317	1,479,301
	1,207,317	1,479,301

Contract liabilities as at 31 December 2023 and 2022 represent advances received for the provision of educational services from legal entities and individuals.

12. TRADE ACCOUNTS PAYABLE

As at 31 December 2023 and 2022 trade accounts payable are presented as follows:

In thousands of tenge	31 December 2023	31 December 2022
Trade payables for goods and services	139,655	143,860
Trade payables to partner universities	64,662	26,638
Trade payables to suppliers and contractors for the construction of the educational campus	11,548	7,765
Other trade payables to suppliers and contractors	4,532	13,710
	220,397	191,973

EI ALMATY MANAGEMENT UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)****12. TRADE ACCOUNTS PAYABLE (CONTINUED)**

Trade payable were denominated in the following currencies:

In thousands of tenge	31 December 2023	31 December 2022
Tenge	177,372	169,904
Euro	21,011	–
Russian ruble	20,962	18,841
US dollar	1,052	–
	220,397	188,745

13. OTHER CURRENT LIABILITIES

As at 31 December 2023 and 2022 other current liabilities are presented as follows:

In thousands of tenge	31 December 2023	31 December 2022
Accruals for unused vacation	121,866	70,354
Obligations for pension contributions	27,135	20,511
Salary payable to employees	24,069	23,235
Payroll related taxes	16,079	13,529
Value added tax	8,720	1,666
Other taxes	12,549	27,436
	210,418	156,731

14. REVENUE FROM EDUCATIONAL SERVICES

For the years ended 31 December 2023 and 2022, revenue from educational services is presented as follows:

In thousands of tenge	2023	2022
Bachelor's degree	3,700,488	2,897,853
Master of Business Administration (MBA)	1,394,246	1,312,788
Additional courses and seminars	867,422	174,604
Doctor of Business Administration (DBA)	146,427	84,448
Magistracy (Masters)	116,254	49,688
Other	92,345	19,294
	6,317,182	4,538,675

For the years ended 31 December 2023 and 2022, the Group had no clients with concentration more than 10%.

For the years ended 31 December 2023 and 2022, the Group recognised income from government grants for reimbursement of costs for the training of specialists with higher and postgraduate education under the government educational order in accordance with agreements concluded with the Ministry of Education and Science of the Republic of Kazakhstan as income from Bachelor's degree in the amount of 832,952 thousand tenge and 722,977 thousand tenge, respectively.

EI ALMATY MANAGEMENT UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)****15. COST OF EDUCATIONAL SERVICES**

For the years ended 31 December 2023 and 2022, the cost of education services is presented as follows:

In thousands of tenge	2023	2022
Payroll and related taxes	1,654,453	1,238,359
Outsourcing of teachers and professors	425,795	330,812
Contributions to partner-universities	146,604	64,184
Travel expenses	107,400	59,174
Rent	99,704	90,750
Expenses for events	79,654	33,443
Accruals for unused vacation	64,706	44,119
Materials	34,499	17,827
Teachers' training costs	19,782	23,029
Depreciation and amortisation	9,515	28,302
Access to websites and learning platforms	7,734	20,226
Printing degree certificates	1,827	6,407
Conducting dual training	1,671	60,250
Other	104,081	92,195
	2,757,425	2,109,077

Contributions to partner-universities are presented by the cost of training of students at cooperating partner-universities in their respective programs.

16. SELLING EXPENSES

For the years ended 31 December 2023 and 2022, selling expenses are presented as follows:

In thousands of tenge	2023	2022
Advertising expenses	187,751	95,920
Payroll and related taxes	114,552	63,017
Depreciation and amortisation	36,544	37,577
Expenses for events	12,031	15,153
Travel expenses	2,963	1,826
Other	7,479	3,509
	361,320	217,002

EI ALMATY MANAGEMENT UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended 31 December 2023 and 2022, general and administrative expenses are presented as follows:

In thousands of tenge	2023	2022
Payroll and related taxes	1,021,476	960,043
Current repair costs	654,290	89,816
Depreciation and amortisation	156,683	98,663
Membership fees	155,679	43,632
Materials	120,284	95,375
Taxes other than corporate income tax	115,365	58,643
Professional services	107,918	103,105
Travel expenses	96,770	98,235
Utility costs	44,490	25,971
Security costs	39,287	32,852
Cleaning services	39,133	18,975
Rent	31,768	33,297
Expenses for events	28,003	11,551
Business development expenses	25,794	22,275
Insurance	23,815	8,586
Bank services	13,234	7,165
Communication services	11,996	15,184
Teachers' training expenses	6,653	39,096
Transportation costs	2,313	10,868
Other	147,965	105,798
	2,842,916	1,879,130

18. FINANCE COSTS, NET

For the years ended 31 December 2023 and 2022 finance costs are presented as follows:

In thousands of tenge	Note	2023	2022
Discount amortisation	7	16,708	55,328
Interest income from deposits		27,554	24,682
Interest expense on loans received	10	(154,532)	(103,735)
		(110,270)	(23,725)

19. EXPECTED CREDIT LOSSES

For the years ended 31 December 2023 and 2022 expenses for expected credit losses are presented as follows:

In thousands of tenge	Note	2023	2022
Cash	7	(599,316)	(397,729)
Trade and other accounts receivable	6	(221,449)	(32,322)
Financial aid given	5	(21,173)	9,727
Other assets		–	(20,494)
		(841,938)	(440,818)

20. OTHER INCOME, NET

For the years ended 31 December 2023 and 2022 other income is presented as follows:

In thousands of tenge	2023	2022
Income from reimbursement for the contruction	320,712	–
Income from reimbursement for training of specialists	70,017	68,207
Income from rent	69,110	57,102
Other expenses, net	(47,902)	(12,633)
	411,937	112,676

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)****21. TAXATION**

Corporate income tax is calculated in accordance with the legislation of the Republic of Kazakhstan and represents the sum of current and deferred taxes. The Group is exempt from paying corporate income tax under the tax legislation of the Republic of Kazakhstan, provided that it receives at least 90% of its total income from educational activities.

Corporate income tax expenses include:

In thousands of tenge	2023	2022
Current corporate income tax expense	–	–
Deferred corporate income tax expense	–	–
	–	–

22. CONTINGENT AND CONTRACTUAL LIABILITIES AND OPERATIONAL RISKS**Operating environment**

The economy of the Republic of Kazakhstan continues to show the features inherent in developing countries. Among others, such characteristics include the absence of a freely convertible national currency outside the country and the low level of liquidity of debt and equity securities in the markets.

Prospects for the economic stability of the Republic of Kazakhstan substantially depend on the effectiveness of economic measures taken by the Government, as well as the development of legal, regulatory and political systems that are outside the scope of control of the Group.

Financial condition and future operations of the Group may be adversely affected as a result of continuing economic problems inherent in a developing country. Management cannot predict either the extent or duration of the economic difficulties and to assess their impact, if any, will impact the financial statements.

Management of the Group believes that is taking necessary measures to support the economical sustainability of the Group in the current environment. However, further deterioration of the situation in the areas described above could negatively affect the results and financial position of the Group. It is currently impossible to determine what exactly this influence might be.

Taxation

The Government of the Republic of Kazakhstan continues to reform the business and commercial infrastructure in its transition to a market economy. As a result, laws and regulations regulating the activities of the Group continue to change rapidly. These changes are characterised by insufficient drafting, availability of different interpretations and arbitrary application by the authorities.

Particularly taxes are reviewed by several bodies that are legally entitled to impose fines and penalties. The absence of reference to the regulations in Kazakhstan results in a lack of clarity and integrity of regulations. Frequent contradictions in legal interpretations in government bodies and between companies and government bodies create uncertainties and conflicts. These facts create tax risks in Kazakhstan which are much more significant in comparison with such in countries with more developed tax systems. The tax authorities have the right to examine tax records for five years after period end in which the tax base is determined and the taxes amount is accrued. Consequently, the Group may be charged for additional tax liabilities because of tax audits. The Group believes that it had adequately reflected all tax liabilities based on its interpretations of tax laws.

Insurance

The Group insures employees under compulsory and voluntary medical insurance contracts in accordance with the requirements of the legislation of the Republic of Kazakhstan. The Group bears the risk of loss in relation to uninsured or partially insured assets and operations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

22. CONTINGENT AND CONTRACTUAL LIABILITIES AND OPERATIONAL RISKS (CONTINUED)

Legal issues

Management believes that there are no pending lawsuits or other claims, the results of which could have a significant impact on the operations or financial position of the Group, and which have not been accrued or disclosed in these financial statements.

Capital expenditures commitments

As at 31 December 2023 and 2022, the Group has no material commitments for capital expenditures.

Investment related agreements

As at 31 December 2023 and 2022, the Group has no investment related agreements.

23. RELATED PARTY TRANSACTIONS

In accordance with IAS 24 Related Party Disclosures, the parties are considered to be related if one party has the ability to control or exercise significant influence over operating and financial decisions of another party. In deciding whether the parties are related, attention is drawn to the substance of the relationship, rather than the legal form.

Related parties may enter into transactions which have not been carried out between unrelated parties. The prices and conditions of such transactions may differ from the prices and terms of transactions between unrelated parties.

Terms and conditions of related party transactions

Related party transactions were made on terms agreed between the parties, which were not necessarily carried out on market conditions. Outstanding balances at the end of the year are unsecured, interest free and the disbursements in cash.

As at 31 December 2023 and 2022, the Group had following outstanding balances on related party transactions:

In thousands of tenge	31 December 2023		31 December 2022	
	Related party transactions	Total category as per financial statement line item	Related party transactions	Total category as per financial statement line item
Trade and other accounts receivable	9,282	368,098	10,658	232,888
- other related parties	9,282	—	10,658	—
- parent company "Academy"	—	—	—	—
Financial aid given	1,051,965	—	707,939	255,290
- other related parties	892,306	—	452,649	—
- parent company "Academy"	159,659	—	299,524	—
Financial aid received	13,250	13,250	13,250	13,250
- other related parties	13,250	—	13,250	—

The operations with related parties presented in the statement of profit or loss and other comprehensive income, for the years ended 31 December 2023 and 2022 as follows:

In thousands of tenge	2023		2022	
	Related party transactions	Total category as per financial statement line item	Related party transactions	Total category as per financial statement line item
General and administrative expenses	6,450	2,833,339	200	1,879,130
- parent company "Academy"	6,450	—	200	—

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

23. RELATED PARTY TRANSACTIONS (CONTINUED)

Compensation to key management personnel

The key management personnel consist of the Rector of the Group, the First Vice-Rector - Director of the Institute for Educational Development, Vice-Rector for Corporate Development, President, Vice-Rector for Academic Development, Vice-Rector for Science, Vice-Rector for Commercialisation, Vice-Rector for Global Partnership, Managing Director for Strategic Marketing, Managing Director of HR and Managing Director for Digital Transformation with a total of 10 people as at 31 December 2023 (2022: 10 people)

For the year ended 31 December 2023, the total compensation to key management personnel included in general and administrative expenses in the statement of profit or loss and other comprehensive income is 171,898 thousand tenge (2022: 202,434 thousand tenge). The compensation to key personnel includes salaries and other short-term benefits in accordance with the internal regulations of the Group.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICY

Financial risk management policies

The Group monitors and controls financial risks relating to the Group's operations through internal risk reports that analyse exposure to risk and the level of risk.

These risks include market risk (including the risk of changes in currency exchange rates), credit risk and liquidity risk. The description of the risk management Group's policies is provided below.

Market risk

Market risk is the risk that the value of a financial instrument as a result of changes in market prices. The Group manages market risk by periodically assessing potential losses that may arise due to adverse changes in market conditions, which were considered during the planning of the educational process.

Currency risk

As at 31 December 2023 and 2022, the Group's total currency assets and liability are presented as follows:

In thousands of tenge	31 December 2023	31 December 2022
US dollar	33,237	104,282
Russian ruble	14,655	15,158
British pound	57	–
Euro	(21,011)	681

The sensitivity level of 15% is used in the analysis and preparation of internal reporting on the foreign currency risk for key management personnel and reflects Management's assessment of a reasonably possible change in exchange rates. The risk sensitivity analysis considers only balances of monetary items denominated in foreign currencies and adjusts the translation of these balances at the reporting date assuming a 15% change in exchange rates.

The strengthening or weakening of the tenge against foreign currencies has an insignificant impact on the financial statements.

In thousands of tenge	Changes in the exchange rate	Russian ruble	US dollar	Euro	British pound
2023	15%	2,198	4,986	(3,152)	9
	-15%	(2,198)	(4,986)	3,152	(9)
2022	15%	2,273	15,642	102	–
	-15%	(2,273)	(15,642)	(102)	–

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Credit risk

Credit risk is the risk of financial loss to the Group as a result of a customer or counterparty failing to meet its contract obligations under a financial instrument.

The Group regularly monitors the recovery of cash, trade and other accounts receivable. In the financial statements, allowances for all doubtful amounts are created (Notes 5 and 6, 7).

Trade and other accounts receivable are not credit rated.

The Group's maximum exposure to credit risk may vary significantly depending on individual asset-specific risks and general market risks. For financial assets, the maximum exposure to credit risk is equal to the carrying value of these assets.

Credit risk in respect of cash placed on current and card bank accounts, using a Fitch credit rating. Credit risk is presented as follows:

In thousands of tenge	Country	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Halyk Bank of Kazakhstan JSC	Kazakhstan	BB+	BB+	541,012	181,761
				541,012	181,761

Probability of Default (PD)	<i>The Probability of Default</i> is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the asset has not been previously derecognised and is still in the portfolio.
Exposure at Default (EAD)	<i>The Exposure at Default</i> is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
• Loss Given Default (LGD)	<i>The Loss Given Default</i> is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The ECL allowance is calculated based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Credit quality by class of financial assets

The table below presents an analysis of the credit quality in terms of asset classes of the credit-related items in the statement of financial position, based on the Group's credit rating system.

31 December 2023	Note		Standard Rating	Sub- standard rating	Impaired	Total
Cash	5	Stage 1	541,348	—	—	541,348
		Stage 2	368,098	—	—	368,098
Trade and other accounts receivable	6	Stage 3	—	—	374,159	374,159
Financial aid given	7	Stage 3	—	—	1,051,965	1,051,965
Total			909,446	—	1,426,124	2,335,570

31 December 2022	Note		Standard Rating	Sub- standard rating	Impaired	Total
Cash	5	Stage 1	181,761	—	—	181,761
		Stage 2	232,888	—	—	232,888
Trade and other accounts receivable	6	Stage 3	—	—	164,295	164,295
		Stage 2	255,290	—	—	255,290
Financial aid given	7	Stage 3	—	—	452,649	452,649
Total			669,939	—	616,944	1,286,883

Trade accounts receivable

Trade accounts receivable consist of a large number of students. Trade accounts receivable are categorised based on common risk characteristics, which represent the ability of students and third parties (payers for students) to pay the full amount under the contract terms in a timely manner. The estimated allowance for losses on trade accounts receivable is measured at an amount equal to lifetime expected credit losses of the instrument.

The Group applies a simplified model to recognise expected credit losses over the entire term for all trade accounts receivable. The Group assesses whether there has been a significant increase in the credit risk of trade accounts receivable since the initial recognition of the financial instrument at each reporting date. Comparing the risk of non-fulfillment of obligations (default risk) with respect to trade accounts receivable at the reporting date, the risk of default of a financial instrument in the evaluation on the date of initial recognition. The Group determines the assumption that a default if the financial asset is overdue for more than 90 days.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT POLICY (CONTINUED)

Geographic concentration

As at 31 December 2023 and 2022 geographically the assets and liabilities of the Group are located in the Republic of Kazakhstan.

Liquidity risk

Liquidity risk is a risk that the Group is not able to repay all its obligations on the date due. The Group monitors and controls the liquidity risk. The Group carries out a detailed budgeting and cash forecasting process, to ensure that cash is sufficient for settlement of liabilities.

The tables below represent the contractual terms of the financial liabilities of the Group. The table was compiled on the basis of the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes cash flows by principal amount.

In thousands of tenge	Effective interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total as at 31 December 2023
Loans received	12-16.75%	433,751	824,759	875,117	221,853	2,355,480
Financial aid received	—	—	—	13,250	—	13,250
Trade accounts payable	—	114,935	105,462	—	—	220,397
		548,686	930,221	888,367	221,853	2,589,127

In thousands of tenge	Effective interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total as at 31 December 2022
Loans received	12-14%	119,651	254,270	322,440	—	696,361
Financial aid received	—	—	—	13,250	—	13,250
Trade accounts payable	—	13,414	175,331	—	—	188,745
		133,065	429,601	335,690	—	898,356

Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but a control framework and monitoring and responding to potential risks could be effective tools to manage the risks. Control system should include effective segregation of duties, access, authorisation and reconciliation procedures, staff trainings and assessment processes, including the use of internal audit. Management is responsible for managing operational risks inherent to the Group's activities, procedures and systems.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is determined as the amount at which the instrument could be exchanged between knowledgeable parties on a commercial basis, except for situations with forced or liquidation sale. Since there are no significant available market mechanisms to determine fair value, for most of the Group's financial instruments, in assessing fair value, assumptions based on current economic conditions and specific risks inherent in the instruments are used. The Group believes that as at 31 December 2023 and 2022 the present value of cash, trade and other accounts receivable, financial aid given and received, loans received, and trade accounts payable are approximately equal to their fair value.

The Group uses the following hierarchic structure of valuation methods to determine and disclose information about the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: valuation models for which all inputs which have significant effect on the fair value recorded in the financial statements are observable in the market, either directly or indirectly;
- Level 3: valuation models which use inputs that have significant impact on the fair value recorded in the financial statements that are not based on observable market data.

All Group's financial assets and liabilities belong to Level 2 of valuation hierarchy except for cash (Level 1).

For the years ended 31 December 2023 and 2022 there was no movement between levels 1, 2 and 3.

26. CAPITAL MANAGEMENT

Capital includes retained earnings. The main objective of the Group in relation to capital management is to ensure stable credit rating and an adequate level of capital to conduct the activities of the Group.

The Group manages its capital in order to continue to adhere to the principle of going concern together with the maximisation of revenue for stakeholders by optimising the balance of debt and equity. Compared to 2022, the overall strategy of the Group remained unchanged.

The Group's Management analyses the capital structure semi-annually. As part of this review, Management considers the cost of capital and risks associated with each class of capital.

Debt-to-equity ratio at year-end is presented as follows:

In thousands of tenge	31 December 2023	31 December 2022
Loans received	1,460,376	654,148
Equity	2,456,852	2,639,220
Leverage ratio	0.59	0.25

27. APPROVAL OF FINANCIAL STATEMENTS

These Consolidated financial statements were approved by Management of the Group on 20 September 2024.