

## Appendix 5. The management’s comments on the financial performance

### AS OF AND FOR A YEAR ENDED ON 31 DECEMBER 2023

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THE SET FORTH EXPLANATIONS AND COMMENTS ON THE FINANCIAL RESULTS DISCLOSED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF KEGOC FOR A YEAR ENDED ON 31 DECEMBER 2023 SHALL BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS OF KEGOC JSC AND NOTES THERETO FOR THAT PERIOD. IN ADDITION, THIS OVERVIEW INCLUDES FORECAST STATEMENTS. THESE FORECAST STATEMENTS ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS OUTLINED IN THE INVESTMENT MEMORANDUM, WHICH CAN CAUSE THE SIGNIFICANT DEVIATION OF OUR ACTUAL RESULTS FROM THE RESULTS INDICATED IN THESE STATEMENTS OR ARISING FROM THEM. OUR ACTUAL RESULTS MAY DIFFER FROM THOSE PROVIDED IN THESE FORECAST STATEMENTS.

### BUSINESS OVERVIEW

Kazakhstan Electricity Grid Operating Company KEGOC (hereinafter — the Company or KEGOC JSC) is a company established in Kazakhstan, rendering the services of electricity transmission, use of the national power grid, technical dispatching of electricity supply and consumption in the grid, and electricity generation/consumption balancing in Kazakhstan.

The company was established in 1997 under the initiative of the Government to restructure the management of the power system of the Republic of Kazakhstan. As at 31 December 2023, Samruk-Kazyna Sovereign Wealth Fund JSC (hereinafter — the Fund or Samruk-Kazyna) owned 234,000,001 ordinary shares of KEGOC JSC (85%), 41,292,727 ordinary shares of KEGOC JSC were owned by minority shareholders and 1,390 ordinary shares of KEGOC JSC were repurchased by the Company.

As of 31 December 2023, KEGOC JSC authorized capital and equity amounted to KZT 148,922,757 thousand and KZT 685,719,134 thousand, respectively.

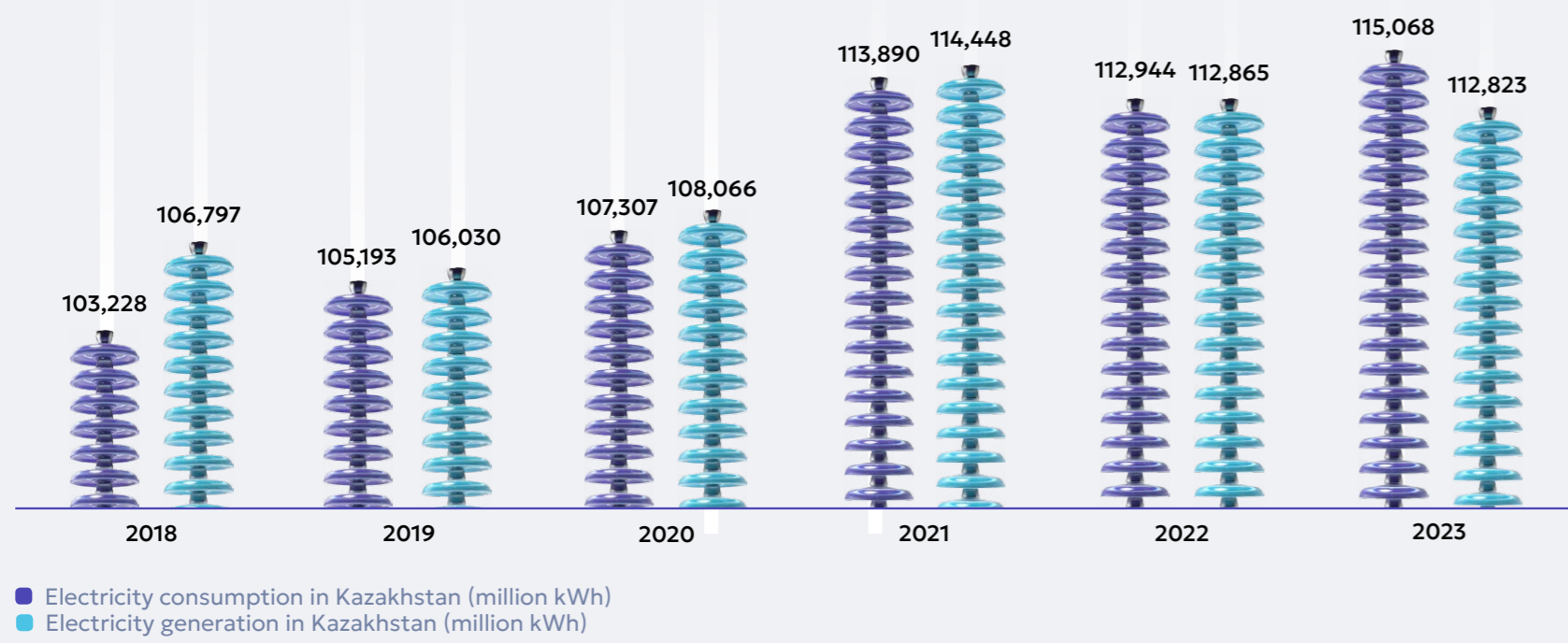
The Company’s headcount as at 31 December 2023 was 4,446 employees.

As a state assigned System Operator, the Company operates the unified power system of Kazakhstan (UPS). As at 31 December 2023, the UPS consisted of:

- national power grid (NPG);
- 207 power plants of national, industrial and regional importance
- 19 regional energy companies and 126 small companies transmitting electricity through 0.4 — 220 kilovolt power grids to retail (end-user) consumers;
- 551 wholesale market entities that have entered into contracts for system services.

KEGOC JSC owns and manages NPG assets, consisting of 35-1150 kV high-voltage transmission lines 27,632.9 km long, and 83 substations, and provides maintenance and repair of these assets as well.

**Electricity consumption and generation in Kazakhstan, 2018 to 2023**



**CHARACTERISTICS OF THE GRID**

As of 31 December 2023, MES branches owned 83 electric substations of 35-1150 kV, with the installed transformer capacity of 39,112.6 MVA, including:

- 1,150 kV, 3 substations of 9,384.1 MVA;
- 500 kV, 20 substations of 17,447.5 MVA;
- 220 kV, 57 substations of 12,257.8 MVA;
- 35 kV, 2 substations of 23.2 MVA.

The total length of 35-1,150 kV overhead transmission lines is 27,632.991 circuit km, including by voltage:

- 1,150 kV OHTL, 1,421.225 km;
- 500 kV OHTL, 8281.931 km;
- 330 kV OHTL, 1,863.28 km;
- 220 kV OHTL, 15,669.584 km;
- 110 kV OHTL, 352.841 km;
- 35 kV OHTL, 44.13 km.

KEGOC JSC transmits electricity via interstate and interregional transmission lines and connects power stations with the regional power grid companies and large consumers. However, the Company does not transmit electricity to households.

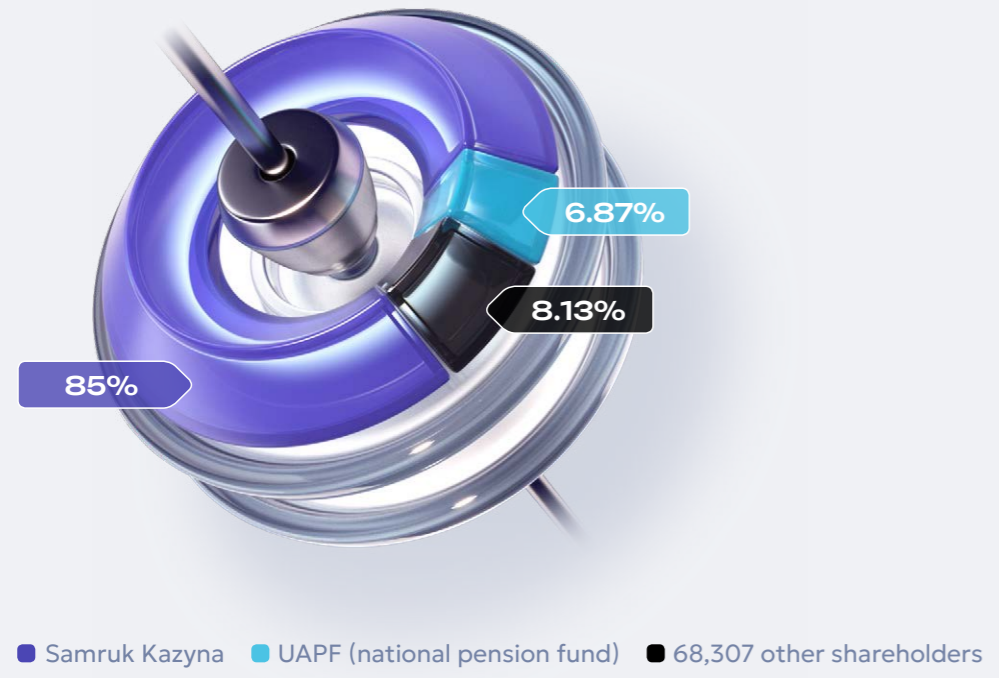
The remaining assets of UPS belong to the third parties. KEGOC JSC does not own shares or equity interests in power plants generating electricity or in the companies engaged in the operation of distribution networks.

**Development Plan (Strategy) of KEGOC JSC**

KEGOC JSC activities are of strategic importance for the development of the entire economy of Kazakhstan and affect the interests of a wide range of stakeholders. The Company takes this into account when making decisions and building its long-term strategy. The company is focused on giving careful regard to societal interests, guaranteeing the Republic of Kazakhstan’s UPS’s dependable operation, outpacing Kazakhstan’s NPG’s development, ensuring fair working conditions and people’s well-being, and protecting the environment. This is reflected in KEGOC JSC Development Plan (Strategy) for 2023-2032 approved by KEGOC JSC Board of Directors on 1 April 2023 (Minutes No. 3).

To pursue the development and transformation of the energy system, ensure decarbonization and sustainable economic growth of Kazakhstan, the Company has defined its strategic **vision** as follows.

**KEGOC JSC shareholder structure as on 31 December 2023**



Mission of the Company:

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Ensure reliability, availability and advanced development of the energy system of Kazakhstan

Vision of the Company:

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The system operator of Kazakhstan’s UPS is helping to shape the market and the future energy system while also addressing the economy’s expanding needs and fostering the growth of a sustainable electricity system through the planning of infrastructure and the advancement of clean energy

In accordance with the mission of the Company, the following strategic areas of activity have been identified:

1. Provide quality system services The goal is to ensure the transmission, balancing and technical dispatching of electrical energy.
2. Increase in the net asset value. The goal is financial stability, identification of a portfolio of projects and initiatives, implementation of large investment and profitable projects, including advanced clean technology and digitalisation projects, reduction of own carbon footprint and improvement of corporate governance in accordance with ESG principles.

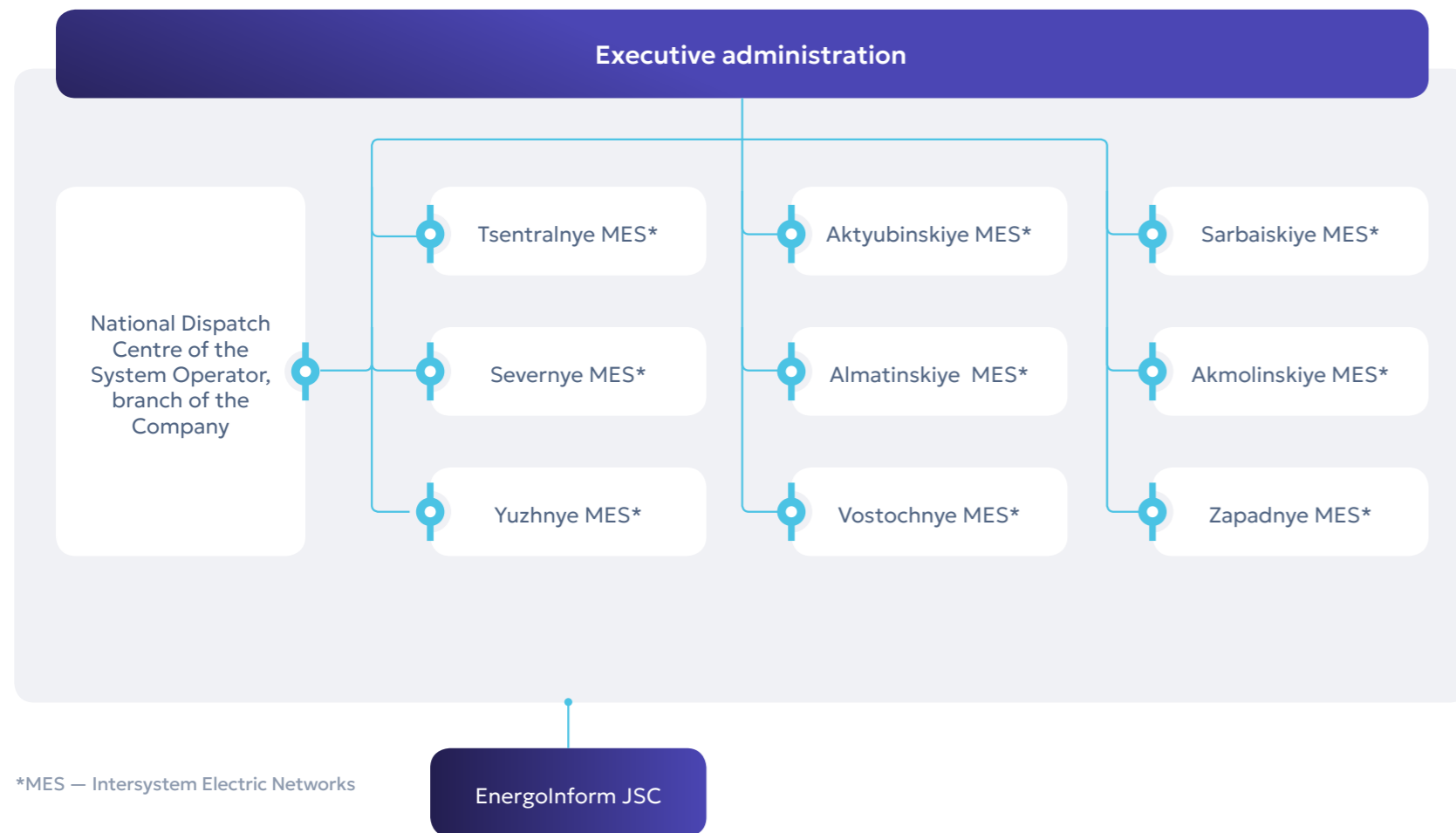
The Vision and the Mission will be achieved through strategic goals and objectives set for each goal:

**Goal 1: Assuring the steady operation of Kazakhstan's UPS during the energy transition**, which is accomplished by carrying out the following objectives: i) performing system operator duties for Kazakhstan's UPS; ii) outstripping development of NPG of Kazakhstan; successful integration of RES at the level of 19%; and iii) implementing cutting-edge innovative and digital technologies, such as Smart Grid.

**Goal 2 Ensure sustainable development in line with ESG principles through** i) reducing the carbon footprint, ii) developing human capital, iii) improving corporate governance, and iv) improving the occupational safety system.

**Goal 3: To increase net asset value** by (i) enhancing financial stability and (ii) promoting international cooperation.

**OPERATING STRUCTURE OF KEGOC JSC**



**INFORMATION ON SUBSIDIARIES**

AS ON 31 DECEMBER 2021 AND 31 DECEMBER 2020 THE COMPANY HAD THE FOLLOWING SUBSIDIARIES:

Company	Activity	Ownership share	
		31 December 2023	31 December 2022
EnergoInform JSC	Maintenance of the KEGOC JSC IT system	100%	100%
Batys Tranzit JSC	Implementation of the project: "Construction of interregional power transmission line North Kazakhstan — Aktobe region"	20%	20%

**EnergoInform JSC**

EnergoInform was established in 2002 as a non-profit organization and a legal entity that shall support KEGOC JSC in servicing its information and telecommunication complex. In November 2010, EnergoInform was reorganized into a joint stock company and KEGOC JSC owns 100% of the voting shares of EnergoInform. EnergoInform's authorized capital was KZT 2,179,700 thousand as on 31 December 2023.

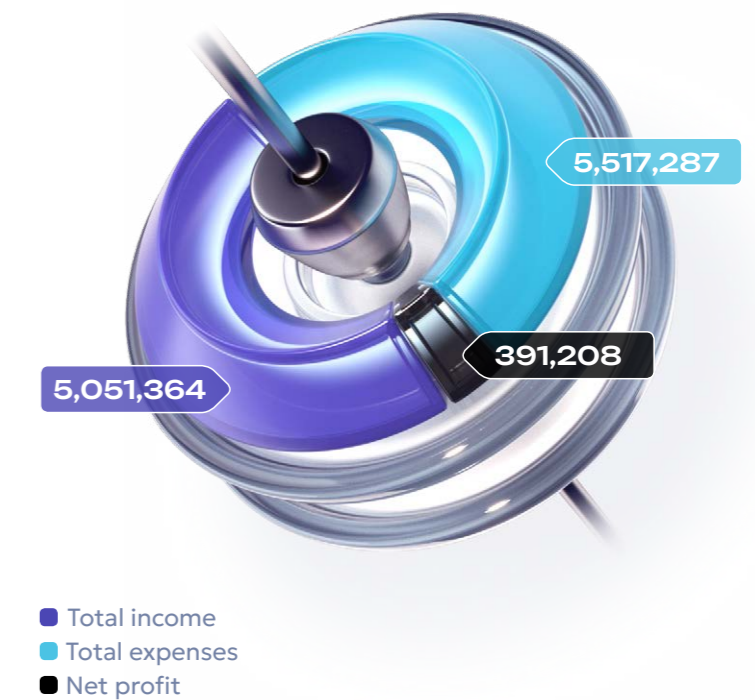
Mission: to ensure the reliable operation and effective development of the information and telecommunication complex of Kazakhstan UPS using the world's best practices and innovative technologies.

Strategic goals of EnergoInform:

- Secure operation of the information and telecommunication complex (hereinafter — ITC) of KEGOC JSC and parties of the Kazakhstan UPS;
- Introduce smart solutions to the controls of the energy market of Kazakhstan;
- Develop infrastructure facilities of Kazakhstan energy market entities;
- Diversify sources of growth in of the Company's value.

The main consumer of EnergoInform services is the System Operator of the Unified Power System of Kazakhstan — KEGOC JSC.

**The total income of EnergoInform in 2023, KZT thousand**



## OUR OPERATION SEGMENTS

For management purposes, the Group's activities are organized into business units based on their services, and has three reportable operating segments, as follows:

- Transmission of electricity, technical dispatch of electricity supply and consumption in the grid, and electricity generation and consumption balancing.
- Power regulation services.
- Sale of the purchased electricity.

## Key factors and risks that impact the financial standing and performance results of KEGOC JSC

KEGOC JSC operates in a complex environment in which there are a number of external factors impacting its activities.

Such factor is a decrease in the solvency of consumers of our services, which leads to the risk of receivables growth. KEGOC is implementing various strategies to manage this risk, ranging from signing mediation agreements to engaging in pre-litigation and litigation efforts.

## THE NATURE OF RELATIONS BETWEEN THE GOVERNMENT AND MAJOR SHAREHOLDER

KEGOC JSC was established by the Government of Kazakhstan in accordance with Resolution No. 1188 dated 28 September 1996 'On Certain Measures to Restructure Kazakhstan Power System Management'.

Until 2006, 100% of KEGOC JSC shares had been owned by the Government. The Government of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan was the sole shareholder of KEGOC JSC.

In accordance with Resolution of the Government of Kazakhstan No. 117 dated 23 February 2006 'On measures to implement Decree of the President of Kazakhstan No. 50 dated 28 January 2006', the Government's shares in the Company (100%) were transferred as payment for shares of Kazakhstan holding company for management of public assets Samruk JSC.

The Sovereign Wealth Fund Samruk-Kazyna, a legal successor of Kazakhstan Holding Company on Management of the State Assets Samruk JSC, was established through a merger of Sustainable Development Fund Kazyna and Kazakhstan Holding Company on Management of the State Assets Samruk in accordance with Decree No. 669 dated 13 October 2008 of the President of the Republic of Kazakhstan 'On certain measures to ensure competitiveness and sustainability of the national economy' and Resolution No. 962 dated 17 October 2008 of the Government of the Republic of Kazakhstan 'On measures to implement Decree No. 669 dated 13 October 2008 of the President of the Republic of Kazakhstan. Thus, 100% of KEGOC JSC shares were transferred to the ownership of Samruk-Kazyna Sovereign Wealth Fund controlled by the Government of Kazakhstan.

Under the Programme for public offering of shares of subsidiaries and affiliates of Samruk-Kazyna Sovereign Wealth Fund on the stock market, approved by Resolution of the Government of Kazakhstan No. 1027 dated 8 September 2011 (People's IPO Programme), in 2014 KEGOC JSC placed 25,999,999 shares on the Kazakhstan Stock Exchange.

In 2023, as part of implementing the Government of the Republic of Kazakhstan's Decree No. 908 dated December 29, 2020, on certain aspects of privatization for the years 2021-2025, a secondary public offering (SPO) of KEGOC shares was carried out on two exchanges, KASE and AIX. This resulted in the placement of 15,294,118 shares, with Samruk-Kazyna JSC retaining ownership of at least 85% of the total number of KEGOC JSC shares issued.

In accordance with the Law of the Republic of Kazakhstan 'On Electric Power Industry' the Government of Kazakhstan works out the main areas of the state policy in the power industry sector.

## TARIFF POLICY

KEGOC JSC operations are regulated by the Law on Natural Monopolies in Kazakhstan (hereinafter referred to as 'the Law'). The Law refers the following KEGOC JSC services to the natural monopoly services:

- electricity transmission via national power grid;
- use of the national power grid;
- technical dispatching of the electricity supply and consumption in the grid;
- electricity generation and consumption balancing.

According to the Electricity Law of the Republic of Kazakhstan, starting from July 1, 2023, the institution of the Single Electricity Purchaser was introduced, and the real-time balancing market began operations.

The new market model of the Single Electricity Purchaser provides for a transition to centralised purchase and sale of scheduled volumes of electricity.

A similar centralized mechanism for buying and selling electricity is provided to address imbalances in Kazakhstan's Unified Power System within the framework of the electric energy balancing market, where the Settlement Centre for the Balancing Market of Electric Energy acts as the operator.

Due to the lack of "targeted" electricity distribution, a "new" service has been introduced — the service of using the national electrical grid, provided by the Company starting from July 1, 2023.

The service for transmitting electricity through the national grid continues to be available and is offered to organizations that are part of the same group (allowing for the determination of the transmission route and its directness when transmitting electricity from power stations to consumers within the same group). This service also applies to international energy transit (offering services to organizations from other countries), export/import activities, and to consumers who have entered into contracts with renewable energy sources.

With the introduction of the real-time electric energy balancing market, amendments have been made to the methodology for calculating tariffs for services related to the balancing of electricity production and consumption. These amendments eliminate the discrepancy between expenses and revenues from the purchase and sale of electricity to compensate for hourly deviations at the border of Kazakhstan's Unified Power System with Russia's Unified Energy System (hereafter referred to as the Ru-Kz cost compensation difference). The Ru-Kz cost compensation difference is compensated by the Settlement Centre of the balancing electricity market.

The company's tariffs are based on costs-plus approach that uses the company's estimates of its operating and financial costs and a fair rate of return on capital.

## TARIFF POLICY (CONTINUED)

**Tariff = allowable revenue/expected volume of services**  
**allowable revenue = justified costs + allowable rate of return**

The CRNM defines the allowable rate of return as the product of the rate of return on the regulated base of assets (RAB) by the regulated assets index (RAI).

**Allowable rate of return = RAB\*RAI\*Rate of Return**

where:

- RAB (regulated base of involved assets) is a regulated value of assets owned by the natural monopoly (NM) used to produce and provide services that the NM is entitled profit from;
- RAI (regulated assets index) is a percentage of the NM's actual use (involvement) of fixed assets when producing and rendering the natural monopoly services from the engineering capacity of the fixed assets.

In 2010 CRNMPC made changes to the tariff methodology for electricity transmission via the Company's networks in order to introduce a single tariff for electricity transmission via the Company's networks. The zonal tariffs were abolished on 1 August 2010 upon the introduction of the single tariff for electricity transmission via the Company's networks in accordance with the above procedure and the order of CRNMPC,. The introduction of the single tariff improved the Company's operation, provided equal access to the NPG for all its consumers and provided transparency in pricing.

In 2013, KEGOC JSC made a decision to switch to the regulated cap tariff levels. The principles of calculating the cap tariffs are similar to the calculation of annual tariffs except that the cap tariffs shall be approved for a period of several consecutive years. With the cap tariffs the Company can plan its capacity for longer periods, and shareholders have more information about the Company.

KEGOC JSC, in line with amendments to the Republic of Kazakhstan's Law on Electric Power that introduce the "Single Electricity Purchaser" mechanism and the electric energy balancing market, has been providing two services in the transmission sector from July 1 of this year: the transmission of electric power via the national grid and the use of the national electric grid.

To reflect these changes, the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (Order No. 92-OD dated July 3, 2023) approved changes to tariffs and tariff estimates for regulated services provided by KEGOC JSC, with the changes taking effect from July 1, 2023:

KZT/kWh	01.01.2021-30.09.2021	01.10.2021-30.09.2022	01.10.2022-30.06.2023	01.07.2023-30.09.2023	01.10.2023-29.02.2024	01.03.2024-30.09.2024	01.10.2024-30.09.2025	01.10.2025-30.09.2026
Electricity transmission in the national power grid	2.448	2.797	2.848	2.935	3.381	3.474	3.492	3.564
Use of the national electricity grid				1.651	1.943	1.996	2.002	2.056
Technical dispatching of the electricity supply and consumption in the grid	0.264	0.306	0.314	0.320	0.339	0.339	0.351	0.356
Balancing of electricity production and consumption	0.086	0.098	0.102	0.057	0.060	0.060	0.064	0.066

Following an application by KEGOC JSC, the Committee for Regulation of Natural Monopolies under the Ministry of National Economy of Kazakhstan issued an order on September 22, 2023 (No. 133-OD), approving an adjustment to the tariff estimates for KEGOC JSC regulated services for the second regulatory period, which spans from October 1, 2022, to September 30, 2023.

During 2023, KEGOC JSC continued legal proceedings regarding the challenge of the Order of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated 22 April 2022 No. 67-OD on approval of compensatory tariffs for regulated services of KEGOC JSC with effect from 1 June 2022 to 31 May 2023.

In accordance with the provisions of the legislation in force, this order has been suspended for the duration of the court proceedings.

In accordance with the Law 'On supporting the use of renewable energy sources', in 2023 the company delivered 3,146 million kWh of electricity transmission services free of charge to the energy producing organizations that use renewable energy sources.

### Amount of electricity transmission

Information on the volume of system services provided in 2023:

- the volume of electricity transmission via the national power grid totalled 39,244 million kWh;
- the volume of use of the national power grid totalled 35,984 million kWh.

The Law of the Republic of Kazakhstan "On Amending and Supplementing Certain Legislative Acts of the Republic of Kazakhstan on Administrative Reform in the Republic of Kazakhstan" introduced changes to the "Electric Power Law" (hereafter referred to as the Law) regarding the implementation of the single electricity purchaser model and the launch of the electric energy balancing market starting from July 1, 2023.

Within the framework of the Republic of Kazakhstan's legislation on electric power, a new service: use the national power grid is being introduced. This service falls within the realm of electric power transmission and aligns with Kazakhstan's legislation on natural monopolies. It is provided by KEGOC JSC to entities of the wholesale electricity market when they purchase electricity from the single purchaser.

As a result, the structure of the volumes of services for the transmission of electric power through the national electric grid has been modified.

According to Article 1, paragraph 27-1) of the Electric Power Law, the service of transmitting electric power through the national power grid is a service provided by the system operator to entities of the wholesale electricity market that export and import electric power, to organizations from other countries for the volume of international electric power transit, to organizations within the same group that transmit electric power through the national power grid for facilities that are part of these organizations, to conditional consumers, and to consumers who have bilateral contracts with power generating organizations using renewable energy sources.

Based on the definition provided in paragraph 27-1) of Article 1 of the Law, the consumers of services for the transmission of electric power through the national electric grid have been identified.

Also, paragraph 27-2) of Article 1 of the Law introduces the service of using the national power grid. The new service, classified under the transmission of electric power according to the Republic of Kazakhstan's legislation on natural monopolies, is provided by KEGOC JSC to all entities of the wholesale electricity market, except for conditional consumers and legal entities that are part of groups of persons, when they purchase electric power from the single electricity purchaser.

## Amount of electricity transmission (continued)

Thus, the service of electricity transmission through the national power grid is provided to wholesale electricity market entities exporting and importing electricity and organisations for the volume of interstate transit of electricity, groups of persons transmitting electricity through the KEGOC JSC network, as well as consumers who have concluded bilateral contracts with RES.

The rest of the electricity consumption in Kazakhstan is covered by the service of using the national power grid, as according to the legislation all electricity consumers are obliged to buy electricity from a single electricity purchaser, which receives it using the NPG.

As a result, it would be incorrect to directly compare the actual periods of 2023 to 2022.

The volume of services for technical dispatching of electricity supply and consumption for totalled 106,284 million kWh. Compared to 2022, there was an increase of 255 million kWh or 2.6%. The increase in the volume of services is due to an increase in the volume of imported electricity.

The volume of electricity generation and consumption balancing services amounted to 205,415 million kWh. Compared to 2022, there was an increase of 465 million kWh or 2.4%. Increase in the volume of services is due to the increase in consumption of electricity by the subjects of the wholesale electricity market of the Republic of Kazakhstan.

## Non-contractual power flows

In 2023, contracts for the purchase and sale of electricity to regulate unscheduled power flows were concluded between KEGOC JSC (Republic of Kazakhstan) and NPG of Kyrgyzstan (Kyrgyz Republic). Under these contracts mutual settlements were made in accordance with the terms of the contracts.

For 2024, the contracts were also concluded with NPG of Kyrgyzstan (Kyrgyz Republic) and NPG of Uzbekistan (Republic of Uzbekistan).

There is no risk of non-contractual electricity flows on the border with Central Asia countries.

## Macroeconomic indicators of Kazakhstan

According to the results of January-November 2023, Kazakhstan's economy grew by 4.9 percent, while for the same period last year this indicator was at the level of 2.7 percent. In general, GDP per capita increased from USD 11.5 thousand to 13.3 thousand. The volume of investment in fixed capital grew by 15 per cent to KZT 15 trillion.

In 2023, electricity consumption totalled 115 billion kWh (112.9 billion kWh in 2022). Production totalled 112.8 billion kWh, electricity imports from neighbouring countries were 3.4 billion kWh, and exports were 1.4 billion kWh.

According to the Forecast Balance of Capacity and Electricity in the UPS of Kazakhstan, electricity consumption is expected to grow from 120.6 billion kWh in 2024 to 155.9 billion kWh in 2030, and electricity production is expected to grow from 118.3 billion kWh in 2024 to 142.5 billion kWh in 2030, which will increase the volume of electricity transmission in the Republic of Kazakhstan.

## Seasonality

The amount of the rendered system services has a clear seasonal nature. In the autumn-winter periods the amount of services increases due to the growth of electricity demand. In summer and spring periods the demand decreases and the scope of system services decreases as well.

## Inflation

In recent years, the average inflation rate in Kazakhstan is at least 8.4%, except for the period of its increase to 20.3 per cent in 2022 (Source: Statistics Agency of the Republic of Kazakhstan). In 2023, inflation reached 9.8% according to the Statistics Agency of the Republic of Kazakhstan.

## Key performance indicators (KPIs)

The management of the Company and the Board of Directors quarterly monitor the KPIs calculated based on the IFRS consolidated financial statements.

## Financial KPIs

N°	Indicator	Unit of measure	Type	Definition/Calculation
1	Net income	KZT million / billion	analytical	Net income = A-B-C, where A – Total income (income from core and non-core activities); B – Total expenses (expenses from core and non-core activities, including CIT); C – non-controlling interest.
2	EBITDA	KZT million / billion	sectoral	EBITDA = (A+B+B1)-(C-F)-(D-G)-(E-H)+P, where A – Income from sales; B – Government subsidies; B1 – Interest income and other financial income (for financial segment subsidiaries for their core activities); C – Cost of sales; D – General and administrative expenses; E – Shipping and sale expenses; F – Depreciation, depletion and amortisation included in cost of sales; G – Depreciation, depletion and amortisation charged to general and administrative expenses; H – Depreciation, depletion and amortisation included in transportation and sales expenses; R – Profit/loss received from equity accounted organisations for the 12 (twelve) months preceding the reporting date.
3	EBITDA margin	%	sectoral	EBITDA margin = ((A+B+B1)-(C-F)-(D-G)-(E-H))/(A+B+B1) x 100, where A – Income from sales; B – Government subsidies; B1 – Interest income and other financial income (for financial segment subsidiaries for their core activities); C – Cost of sales; D – General and administrative expenses; E – Shipping and sale expenses; F – Depreciation, depletion and amortisation included in cost of sales; G – Depreciation, depletion and amortisation charged to general and administrative expenses; H – Depreciation, depletion and amortisation included in transportation and sales expenses.
4	FCF	KZT million / billion	analytical	FCF = Net cash flows from operating activities – CAPEX + Dividends from Subs/Associates/JVs.
5	Debt/EBITDA	coefficient	Strategic	Debt/EBITDA = A/B, where A = the amount of cash raised by the Company as a result of borrowings, B = Operating income – cost of services excluding amortisation – general and administrative expenses excluding amortisation – selling expenses excluding amortisation for the past 12 months.
6	ROACE	%	analytical	ROACE (Return on capital employed) = (Net income + (compensation expense) * (1-rate of corporate income tax))/ACE, where ACE = average capital employed between periods (debt + equity).
7	NAV	KZT million / billion	Strategic	NAV (Net Asset Value) = (Assets – Liabilities – Non-controlling interest)*n + [(Dividends accrued + Other distributions to Shareholder/Government – Discount on loans from Government or parent company – Capital contribution from Shareholder/Government) per Shareholder's share] cumulatively from 2015.
8	TSR	%	Strategic	TSR (Total Shareholder Return for a listed company) = (closing share price – opening share price + dividends received per share – capital contribution per share) / opening share price.

## Financial KPIs (continued)

The following are the Company's financial strategic, analytical and industry KPIs over time.

N°	Description	2022		2023		
		Actual	Plan	Actual	% of plan for the period	% vs. actual for the same period
<b>Strategic KPIs</b>						
1	NAV, KZT billion	421.2	427.3	408.0	95%	97%
2	TSR, %	-10.67	7.06	3.44	49%	-32%
3	Debt/EBITDA	1.53	1.64	1.51	92%	99%
<b>Analytical KPIs</b>						
4	Net income, KZT billion	26.7	31.5	43.4	138%	163%
5	ROACE, %	4.16	5.08	6.49	128%	156%
6	FCF, KZT billion	66.3	63.8	46.0	72%	69%
<b>Industry KPIs</b>						
7	EBITDA, KZT billion	102.5	102.6	108.1	105%	106%
8	EBITDA margin, %	-	41	43	102%	-

### Factors of deviation of actual values of Level 1 KPI as at the end of 12 months of 2023 from the planned values:

#### NAV, KZT billion

According to the results of 12 months of 2023 compared to the planned indicator NAV decreased by KZT 19.3 billion. The change in the indicator was influenced by the decrease in price 1 per share (actual — KZT 1,482.0, plan — KZT 1,552.1).

#### TSR, %

According to the results of 12 months of 2023 compared to the plan, the indicator decreased by 3.6 percentage points. The change in the indicator was influenced by the decrease in price 1 per share (actual — KZT 1,482.0, plan — KZT 1,552.1).

#### Debt/EBITDA

- According to the results of 12 months of 2023 compared to the plan, the indicator decreased by 0.13 or 7.94%. The change in the indicator was positively influenced by KZT 4.9 billion — mainly due to decrease in loan liabilities due to partial early repayment of part of the IBRD loan in the amount of USD 10 million.
- KZT 5.6 billion — increase in EBITDA.

#### Net income, KZT billion

According to the results of 12 months of 2023 compared to the planned indicator net profit increased by KZT 11.9 billion, the following factors influenced the change in the indicator:

##### (+) positive factors:

- KZT 6.2 billion — increase in revenues from regulated services mainly due to an increase in the volume of services, including electricity transmission (from 34.8 to 36.01 billion kWh) by 3.8 billion KZT, technical dispatching (from 105.6 to 106.3 billion kWh) by 220.3 million KZT and due to the addition of a new service of using NPG by 1.2 billion KZT;
- KZT 3.3 billion — reduction in depreciation expenses for fixed assets and intangible assets as a result of the inventory conducted in Q4 2023;

- KZT 2.7 billion — growth of income from financial operations, due to increase of interest rate from operations with cash on savings accounts and deposits;
- KZT 0.9 billion — growth of income on foreign exchange operations as a result of strengthening of the national currency;
- 0.7 KZT billion — other factors.

##### (-) negative factors:

- KZT 2.1 billion — increase in expenses on technological losses of electricity (including operations on purchase and sale of electricity to compensate for losses at BEM) due to the increase in the average purchase price from 8.33 to 11.73 KZT/kWh.

#### ROACE, %

At the end of the 12 months of 2023, the indicator increased by 1.41 percentage points compared to the plan. The following positive factors influenced the change of the indicator:

- KZT 11.8 billion — growth of net operating profit after tax (1.43 percentage points), including due to growth of revenues from regulated services (for electricity transmission, growth of volumes from 34.8 to 36.01 billion kWh by KZT 3.8 billion and for use of NPG by KZT 1.2 billion);
- KZT 2.9 billion — increase in the average employed capital ACE (-0.2 percentage points), mainly due to the increase in equity as a result of the reserve reduction for asset revaluation account (when forming the initial plan, the estimated reserve was KZT 570 billion, actual — KZT 489 billion).

#### Free cash flow (FCF), KZT billion

According to the results of 12 months of 2023 compared to the planned indicator net profit increased by KZT 17.8 billion, the following factors influenced the change in the indicator:

##### (-) negative factors:

- KZT 8.5 billion — corporate income tax payments;
- KZT 2.2 billion — interest payments;
- KZT 5.2 billion — other operating payments;
- KZT 2.0 billion — growth of capital investment costs in order to maintain the current level of operations.

#### EBITDA, KZT billion

At the end of 12 months of 2023 compared to the planned indicator there was an increase of KZT 5.6 billion; the change in the indicator was influenced by the following factors:

##### (+) positive factors:

- KZT 6.2 billion — increase in revenues from regulated services mainly due to an increase in the volume of services, including electricity transmission (from 34.8 to 36.01 billion kWh) by 3.8 billion KZT, technical dispatching (from 105.6 to 106.3 billion kWh) by 220.3 million KZT and due to the addition of a new service of using NPG by 1.2 billion KZT;
- KZT 1.3 billion — decrease in tax expenses, including property tax due to changes in the classification of fixed assets;
- KZT 1.2 billion — reduction in repair expenses due to the reclassification in 2023 of approximately KZT 0.8 billion of repair costs in CPX according to the tax audit act, as well as a decrease in costs by KZT 0.5 billion for repairs on transit networks.

##### (-) negative factors:

- KZT 2.1 billion — increase in expenses on technological losses of electricity (including operations on purchase and sale of electricity to compensate for losses at BEM) due to the increase in the average purchase price from 8.33 to 11.73 KZT/kWh;
- 1.0 KZT billion — other factors.

## Financial KPIs (continued)

### Factors of deviation of actual Level 1 KPI for 12 months of 2023 from the actual values of 2022:

#### NAV, KZT billion

At the end of 12 months of 2023 compared to the actual value of 2022 NAV decreased by KZT 13.2 billion. The change in the indicator was influenced by a decrease in the price of 1 per share (actual — KZT 1482.0, plan — KZT 1620.02), as well as an increase in the number of shares to 275,292,728 as a result of the secondary placement of shares of the Company (15,294,118 shares were placed for the amount of KZT 22.6 billion).

#### TSR, %

At the end of the 12 months of 2023, the indicator increased by 14.11 percentage points compared to the actual value of 2022. The change in the indicator was influenced by the change in the price per 1 share and an increase in dividend payments in the current year compared to 2022.

#### Debt/EBITDA

At the end of the 12 months of 2023, compared to the actual value of 2022, there is a slight decrease of 0.02 points.

#### Net income, KZT billion

According to the results of 12 months of 2023 compared to the actual value of the same period of 2022 net profit increased by KZT 16.6 billion, the growth of the indicator was influenced by the following factors:

##### (+) positive factors:

- KZT 17.3 billion — growth of revenues from regulated services mainly due to the implementation of a new service of using NPG in the amount of KZT 65.0 billion and a decrease in revenues from electricity transmission due to a decrease in transmission volumes by KZT 46.3 billion;
- 8.8 billion KZT — due to the introduction of the Single Purchaser and BEM, the financial result of the aggregate balancing electricity and electricity to compensate for imbalances on the border with Russia decreased compared to last year;
- KZT 2.2 billion — growth of income from financial operations, due to increase of interest rate from operations with cash on savings accounts and deposits,

##### (-) negative factors:

- KZT 10.8 billion — increase in expenses for purchase of electricity to compensate for technical losses of electricity (including purchase and sale of electricity to compensate for losses at BEM) was due to an increase in the average purchase price from KZT 8.33 to KZT 11.73/kWh;
- 0.9 KZT billion — other factors.

#### ROACE, %

At the end of the 12 months of 2023, compared to the actual value of the same period of 2022, the indicator increased by 2.33 percentage points. The following positive factors influenced the change of the indicator:

- KZT 18.0 billion — growth in net operating profit after tax (2.18 percentage points), including due to growth in revenues from regulated services mainly due to the implementation of a new service for the use of NPG in the amount of KZT 65.0 billion and a decrease in revenues from electricity transmission due to a decrease in transmission volumes by KZT 46.3 billion;
- KZT 29.5 billion — decrease in ACE average capital employed (0.15 percentage points) mainly due to debt reduction.

#### Free cash flow (FCF), KZT billion

At the end of 12 months of 2023 compared to the actual figure for 2022 there was a decrease of KZT 20.305 billion, the change in the indicator was influenced by the following factors:

##### (-) negative factors:

- KZT 6.890 billion — growth of capital investment costs in order to maintain the current level of operations;
- KZT 8.703 billion — interest payments;
- KZT 4.238 billion — corporate income tax payments;
- 0.474 KZT billion — other factors.

#### EBITDA, KZT billion

According to the results of 12 months of 2023 compared to the actual indicator of 2022, the value of the indicator increased by KZT 5.6 billion, the following factors influenced the change in the indicator:

##### (+) positive factors:

- KZT 17.3 billion — growth of revenues from regulated services mainly due to the implementation of a new service of using NPG in the amount of KZT 65.0 billion and a decrease in revenues from electricity transmission due to a decrease in transmission volumes by KZT 46.3 billion;

##### (-) negative factors:

- KZT 10.8 billion — increase in expenses for purchase of electricity to compensate for technical losses of electricity (including purchase and sale of electricity to compensate for losses at BEM) was due to an increase in the average purchase price from KZT 8.33 to KZT 11.73/kWh;
- 0.8 KZT billion — other factors.

## Non-financial corporate KPIs

N°	Indicator	Unit of measure	Type	Definition/Calculation
1	LTIFR	coefficient	Corporate	Frequency rate of injuries with temporary loss of working capacity, including labour-related fatalities
2	GA (Grid Availability, % per year)	%	Corporate	A coefficient that characterizes the reliability of power supply to consumers, determined with consideration of the average duration of power supply interruptions to consumers and the annual volume of under-supplied electricity. When determining the GA value, 5 decimal places are specified, $GA = (1 - AIT/Number\ of\ minutes\ per\ year) \times 100\%$ , where: AIT (average interruption time), $minutes\ AIT = \sum ENS (MWh) / Average\ annual\ capacity (MW) * 60$ , where: ENS (Energy Not Supplied — undersupply of electricity per year, MWh, with the exception of technological violations that occurred as a result of natural emergencies, as well as natural phenomena)
3	Level of social stability of KEGOC JSC	%	Corporate	Analysis of the level of social stability in the labour collective of KEGOC based on the methodology of Samruk Research Services (SRS Index). SRS index is a monitoring tool for measuring the level of social stability in the labour collectives of Samruk-Kazyna JSC. The main purpose of the SRS survey is to diagnose problem areas in labour relations, which will enable timely preventive measures to be taken. The survey includes a number of indicators: general well-being (quality of life conditions, financial situation and perception of the future); working conditions and safety (working conditions, occupational health and safety); loyalty (trust, fairness and loyalty); communication (relationships, understanding of assignments and feedback) and protest sentiment (team tension and willingness to participate in protests) among production personnel.
4	Implementation of priority investment projects	quantity	Corporate	The indicator demonstrates the implementation of measures to realise KEGOC's priority investment projects



## Non-financial corporate KPIs (continued)

### LTIFR

At the end of 2023, the indicator was achieved at — 0.15 (one employee suffered a leg injury) compared to the actual value of 2022 (actual-0.45) the number of non-fatal accidents has decreased.

### GA (Grid Availability, % per year)

At the end of 2023, compared to the actual value, the indicator has slightly increased and reached the level of — 99.99988%.

### Level of social stability of KEGOC JSC

For 2023, the rate remained the same as in 2022 at 86 per cent.

### Implementation of priority investment projects

At the end of 2023, the indicator has been achieved at the target level, 2 planned project activities have been completed on time.

## OPERATION RESULTS

The below table shows the KEGOC JSC performance for the year ended 31 December 2023 and 2022:

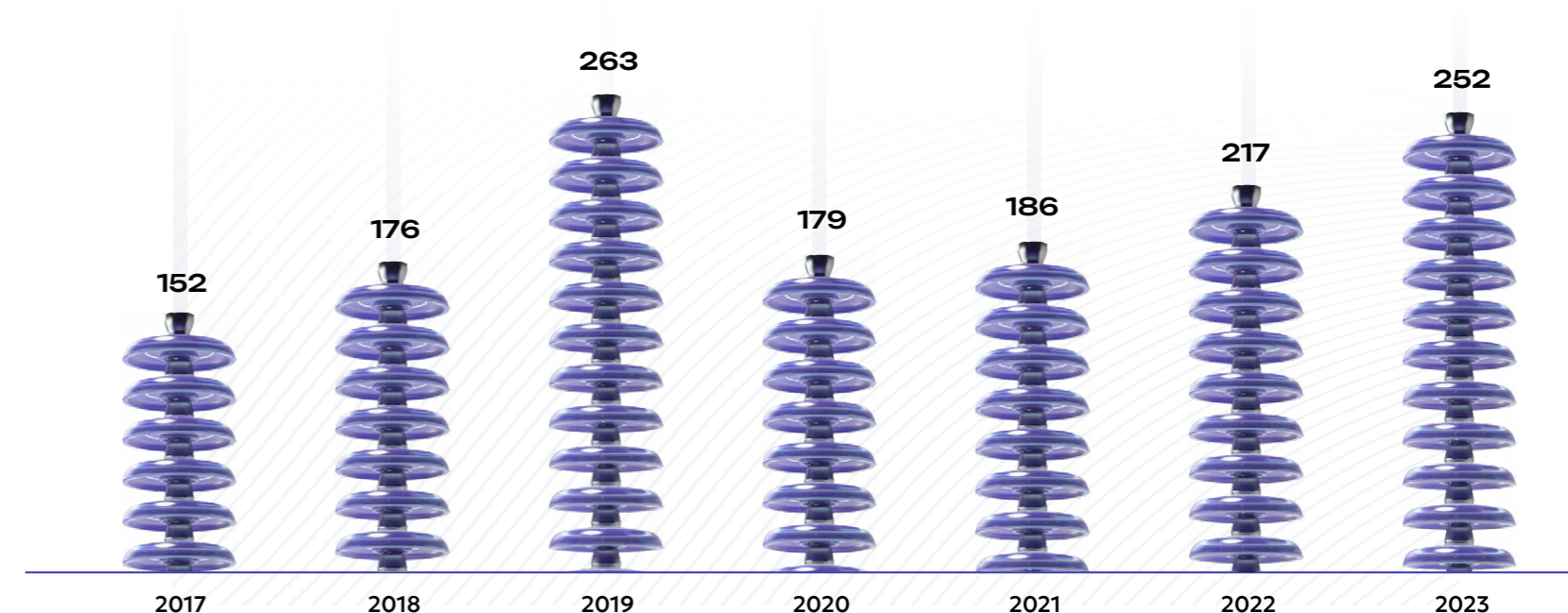
In thousands of tenge	Per year ended 31 December		Change	
	2023	2022	absolute value	%
Income	252.136.383	217.255.548	34.880.835	16
Cost of services	(181.403.604)	(166.355.885)	(15.047.719)	9
<b>Gross profit</b>	<b>70.732.779</b>	<b>50.899.663</b>	<b>19.833.116</b>	<b>(39)</b>
General and administrative expenses	(11.113.427)	(9.020.431)	(2.092.996)	(23)
Selling expenses	(490.990)	(310.355)	(180.635)	58
Gain on reversal of loss on revaluation of property, plant and equipment	-	949.895	(949.895)	(100)
Loss on revaluation of property, plant and equipment	-	(4.548.255)	4.548.255	(100)
(Impairment loss)/recovery of impairment of property, plant and equipment	(462.516)	23.385	(485.901)	(2078)
<b>Operating profit</b>	<b>58.665.846</b>	<b>37.993.902</b>	<b>20.671.944</b>	<b>54</b>
Finance income	7.576.474	5.726.115	1.850.359	32
Finance costs	(13.709.414)	(13.294.934)	(414.480)	3
Foreign exchange gain, net	951.337	114.963	836.374	728
Share in profit of an associate	195.304	469.123	(273.819)	(58)
Other income	3.051.135	2.488.310	562.825	23
Other expenses	(747.948)	(500.704)	(247.244)	49
(Accrual)/reversal of provision for expected credit losses	(2.384.102)	(528.687)	(1.855.415)	351
<b>Profit before tax</b>	<b>53.598.632</b>	<b>32.468.088</b>	<b>21.130.544</b>	<b>65</b>
Corporate income tax expense	(10.202.243)	(5.720.479)	(4.481.764)	78
<b>Profit for the year from continuing operations</b>	<b>43.396.389</b>	<b>26.747.609</b>	<b>16.648.780</b>	<b>62</b>

In accordance with the consolidated statement of comprehensive income, the Company's total income for 2023 amounted to KZT 266,496,173 thousand. Total expenses of the Company for 2023 (including KPI) amounted to KZT 223,099,784 thousand.

## Revenues of KEGOC JSC (KZT thousand)

Income from operating activities amounted to KZT 252,136,383 thousand and compared to the same period of 2022 increased by KZT 34,880,834 thousand or 16.06%. The increase was mainly due to the growth of income from regulated services due to the increase in volumes and tariffs by KZT 17,254,686 thousand, as well as income from the sale of balancing electricity on the balancing market of the Republic of Kazakhstan by KZT 19,171,922 thousand.

## Operating income, KZT billion



The table below shows the consolidated data of KEGOC JSC on the income from sale of services for the year ended on 31 December 2023 and 2022:

In thousands of tenge	Per year ended 31 December		Deviation	
	2023	2022	absolute value	%
Electricity transmission	105.590.568	151.863.107	(46.272.540)	(30)
Services for using the NPG	65.012.533	-	65.012.533	-
Technical dispatching services	34.220.352	32.130.461	2.089.892	7
Income from the sale of balancing electricity	19.171.922	-	19.171.922	-
Electricity generation and consumption balancing services	16.549.298	20.124.496	(3.575.198)	(18)
Sale of electricity for compensation of the interstate balances of electricity flows	8.740.009	10.485.035	(1.745.026)	(17)
- incl. income from sale of purchased electricity	118.080	27.144	90.936	335
Power control services	481.092	645.538	(164.446)	(25)
Miscellaneous	2.370.609	2.006.911	363.698	18
<b>TOTAL</b>	<b>252.136.383</b>	<b>217.255.548</b>	<b>34.880.835</b>	<b>16</b>

The table below shows the calculation of revenues from regulated services based on the tariffs approved by CRNM for 2023 and 2022:

## Electricity transmission and use of NPG

KEGOC JSC, in line with amendments to the Republic of Kazakhstan's Electric Power Law that introduce the "Single Electricity Purchaser" mechanism and the electric energy balancing market, has been providing two services in the transmission sector from July 1 of this year: the transmission of electric power in the national grid and the use of the national electric grid.

In thousands of tenge	Unit	Year ended 31 December		
		2023	2022	%, change
Income from electricity transmission (discounted)	KZT thousand	105,590,568	151,863,107	(30)
Actual amount of electricity transmission	million kWh	39,244	58,570	(33)
- including the paid amount of electricity transmission	million kWh	36,098	53,898	(33)
Average tariff	KZT/kWh	2.925	2.812	4
Income from the use of NPG	KZT thousand	65,012,533	-	-
Actual volume of service	million kWh	35,984	-	-
Average tariff	KZT/kWh	1.807	-	-

Revenues on electricity transmission totalled KZT 105,591 million and decreased by KZT 46,273 million compared to the actual figures for the same period of 2022.

Revenues from the use of NPG service totalled KZT 65,013 million.

The decrease in the volume of electricity transmission services on the national electricity grid compared to 2022 is due to the following.

The Law of the Republic of Kazakhstan "On Amending and Supplementing Certain Legislative Acts of the Republic of Kazakhstan on Administrative Reform in the Republic of Kazakhstan" introduced changes to the "Electric Power Law" (hereafter referred to as the Law) regarding the implementation of the single electricity purchaser model and the launch of the electric energy balancing market starting from July 1, 2023.

As a result, the structure of the volumes of services for the transmission of electric power through the national electric grid has been modified.

According to Article 1, paragraph 27-1) of the Electric Power Law, the service of transmitting electricity via the national electrical grid is provided by the system operator to wholesale market entities of electricity, exporting and importing electrical energy, and to organizations of other countries for the volume of interstate transit of electricity, to organizations that are part of a group of entities transmitting electricity via the national electrical grid to facilities that are part of these organizations, to conditional consumers, as well as to consumers who have signed bilateral contracts with power-generating organizations using renewable energy sources.

Additionally, under the Law, a new service for using the national power grid is introduced, which pertains to the transmission of electricity in accordance with the legislation of the Republic of Kazakhstan on natural monopolies, provided by KEGOC JSC to wholesale market entities of electric energy when they purchase electricity from a single purchaser and carry out transactions of buying and selling balancing electricity and negative imbalances with the settlement centre of the balancing electricity market.

## Income from technical dispatching services

In thousands of tenge	Unit	Year ended 31 December		
		2023	2022	%, change
Revenue from technical dispatching	KZT thousand	34,220,352	32,130,461	6.5
Amount of technical dispatching services	million kWh	106,284	104,264	1.9
Average tariff	KZT/kWh	0.322	0.308	4.5

On technical dispatching of supply and consumption of electricity in the network, the revenue increase amounted to KZT 2,090 million compared to the actual figures for the same period in 2022. This increase was attributed to a 4.5% rise in tariffs (from 0.308 to 0.322 KZT/ kWh), which contributed an additional KZT 1,467 million to the revenue. Furthermore, due to an increase in the volume of technical dispatch services, revenues grew by an additional KZT 622 million.

The actual amount of services for technical dispatching of electricity supply and consumption for twelve months of 2023 amounted to 106.284 billion kWh. Compared to the actual indicators of the same period of 2022, the volume grew by 2.020 billion kWh or 1.9%.

## Income from electricity generation and consumption balancing service

In thousands of tenge	Unit	Year ended 31 December		
		2023	2022	%, change
Income from electricity generation and consumption balancing services	KZT thousand	16,549,298	20,124,496	(17.8)
Amount of electricity generation and consumption balancing services	million kWh	205,415	203,124	1.1
Average tariff	KZT/kWh	0.081	0.099	(18.7)

On balancing the production and consumption of electricity, the decrease in revenues amounted to KZT 3,575 million compared to the actual figures of the same period of 2022, including due to a decrease in tariff by 18.7% (from 0.099 to 0.081 KZT/kWh), which gives a reduction in revenues by KZT 3,803 million.

The actual amount of electricity generation and consumption balancing services for twelve months of 2023 amounted to 205.415 billion kWh. Compared to 2022, there was an increase of 2.291 billion kWh or 1.1%, which is due to the growth of production-consumption of electricity in the wholesale market of the Republic of Kazakhstan.

## Income from electricity sale to compensate for unscheduled hourly deviations of the interstate electricity balance flows

In thousands of tenge	Unit	Year ended 31 December		
		2023	2022	%, change
Income from electricity sale to compensate for unscheduled hourly deviations of the interstate electricity balance flows	KZT thousand	8,740,009	10,485,035	(18)
Amount of electricity sale to compensate for unscheduled hourly deviations of the interstate electricity balance flows	thousand kW * hour	1,342,338	1,297,672	(6)
- incl. income from sale of purchased electricity	KZT thousand	118,080	27,144	335
- Services for the sale of purchased electricity	thousand kW * hour	13,141	3,628	262
- Price	KZT / kW * hour	8.99	7.48	20

Income from sale of electricity to compensate for hourly volumes of unscheduled deviations in the interstate balance of electricity flows decreased by KZT 1,836 million or 18% year-on-year due to a decrease in electricity sales volumes from the Kazakhstan to Russia by 87 million kWh (or KZT 642 million) and weighted average price from 7.38 to 6.49 KZT/kWh (or KZT 1,194 million).

The income from the sale of purchased electricity in a year, ended on 31 December 2021, amounted to KZT 118 thousand and increased by KZT 91 thousand compared to the same period in 2022 (KZT 27 thousand), mainly due to an increase in the volume of planned electricity flow to the Kyrgyz Republic by KZT 9,512 thousand kWh (from 3,629 to 13,141 thousand kWh) and prices from 7.48 to 8.99 KZT/kWh.

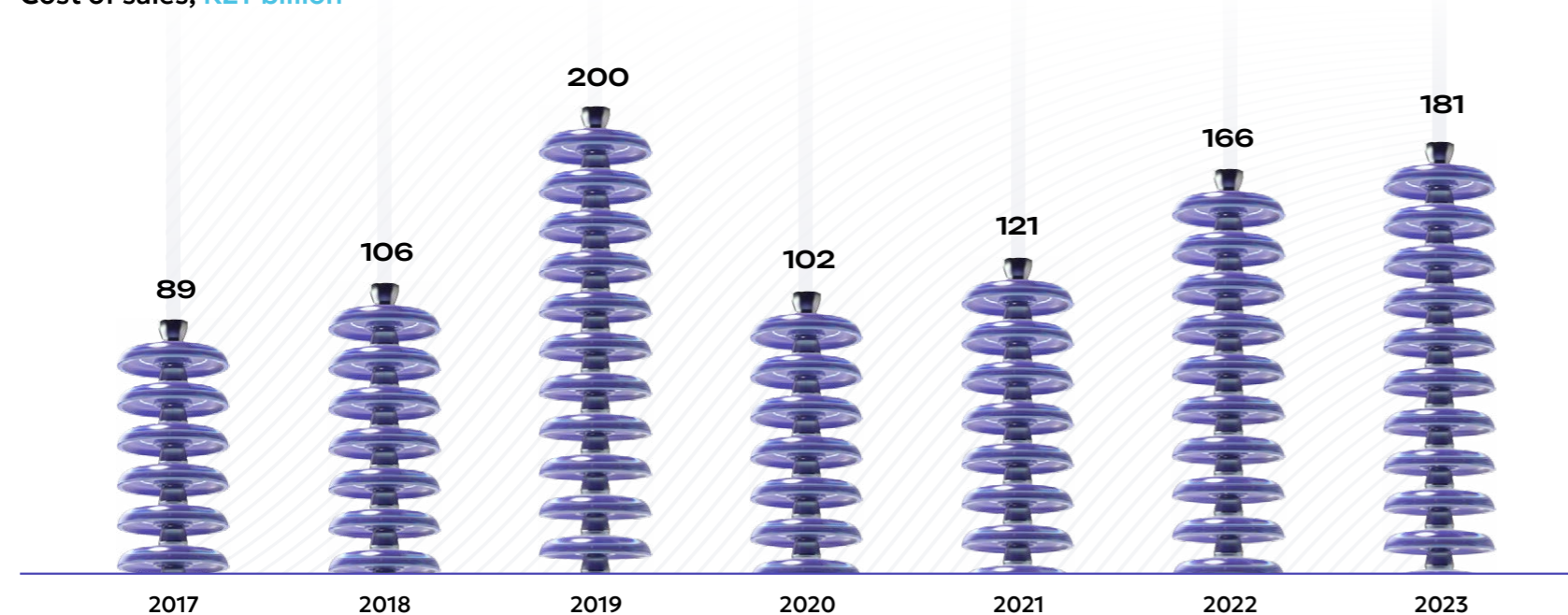
### Income from sale of power control services

In thousands of tenge	Unit	Year ended 31 December		
		2023	2022	%, change
<b>Income from sale of power control services</b>	KZT thousand	<b>481,092</b>	645,538	(25)
Amount of power control services	MW	<b>516</b>	604	(15)
weighted average price	KZT/kWh	<b>932.35</b>	1068.83	(13)

Income from the sale of power control services to non-residents for 2023 (KZT 481 million) compared to 2022 (KZT 646 million) decreased by 25% or KZT 164 million due to a decrease in the volume of services provided by 88 MW (or KZT 94 million) and a decrease in the weighted average price from KZT 1,068.83 to KZT 932.35/kWh (or KZT 70 million).

### Cost of sales

#### Cost of sales, KZT billion



The below table shows the consolidated data of KEGOC JSC on the cost of sales for 2023 and 2022, ended 31 December:

	Year ended 31 December			
	2023		2022	
	KZT thousand	% of the cost of sales	KZT thousand	% of the cost of sales
Depreciation and amortisation	50,380,059	28%	60,253,195	36%
Technical losses of electric energy	35,185,787	19%	23,279,882	14%
Electricity purchase costs to compensate for interstate balance of electricity flows	31,317,122	17%	28,421,668	17%
Labour costs and other deductions, wage-related	30,807,594	17%	24,612,591	15%
Operation and maintenance costs	8,021,154	4%	8,910,057	5%
Taxes	7,656,776	4%	9,283,619	6%
Costs for the purchase of balancing electricity at the BEM of the Republic of Kazakhstan	4,750,406	3%	–	–
Services to ensure readiness of electricity capacity to bear the power load	4,140,042	2%	4,701,427	3%
Inventory	1,611,784	1%	1,185,808	1%
Security expenses	1,553,273	1%	1,475,501	1%
Miscellaneous	5,979,607	3%	4,232,137	3%
<b>Total cost of sales</b>	<b>181,403,604</b>	<b>100%</b>	<b>166,355,885</b>	<b>100%</b>

Cost of sales increased by 9% or KZT 15,047,719 thousand.

In 2023 as compared to the same period in 2022, the cost of sales structure changed as follows:

- Depreciation and amortisation decreased by KZT 9,873,136 thousand or 16%;
- Costs of purchase of electricity to compensate for hourly unscheduled deviations of interstate electricity balance flows increased by KZT 2,895,454 thousand (by 10%)
- Labour costs and other deductions related to labour remuneration increased by KZT 6,195,003 thousand or 25%;
- Under the item “Technical electricity losses” the growth was KZT 11,905,905 thousand or 51% (excluding operations on purchase and sale of electric energy for compensation of losses at BEM).

### Depreciation and amortisation

The amount of depreciation and amortisation expense for 2023 was KZT 50,380,059 thousand, which is by 16% (9,873,136 KZT thousand) less compared to the same period of 2022.

Decrease in depreciation charges is due to the revaluation of fixed assets, as well as revision of service lives.

## Costs of electricity purchase to compensate for hourly unscheduled deviations of interstate electricity balance flows

Expenses for electricity purchase to compensate for hourly unscheduled deviations of the interstate electricity balance flows for 2023 increased by 10% or by KZT 2,895,454 thousand as compared to 2022.

The change in this indicator was affected by an increase in the volume of electricity purchased from the Russia to compensate for hourly deviations by 336.7 million kWh.

## Payroll expenses and other deductions associated with payroll

Labour costs for 2023 amounted to KZT 30,807,594 thousand and increased by KZT 6,199,179 thousand or 25% compared to the same period last year. The increase was mainly caused by the following:

- increased salaries/wage rates effective 1 January 2023;
- payments of one-time bonuses for the state holidays: “Nauryz meiramy” and “Republic Day”;
- increased quarterly bonus.

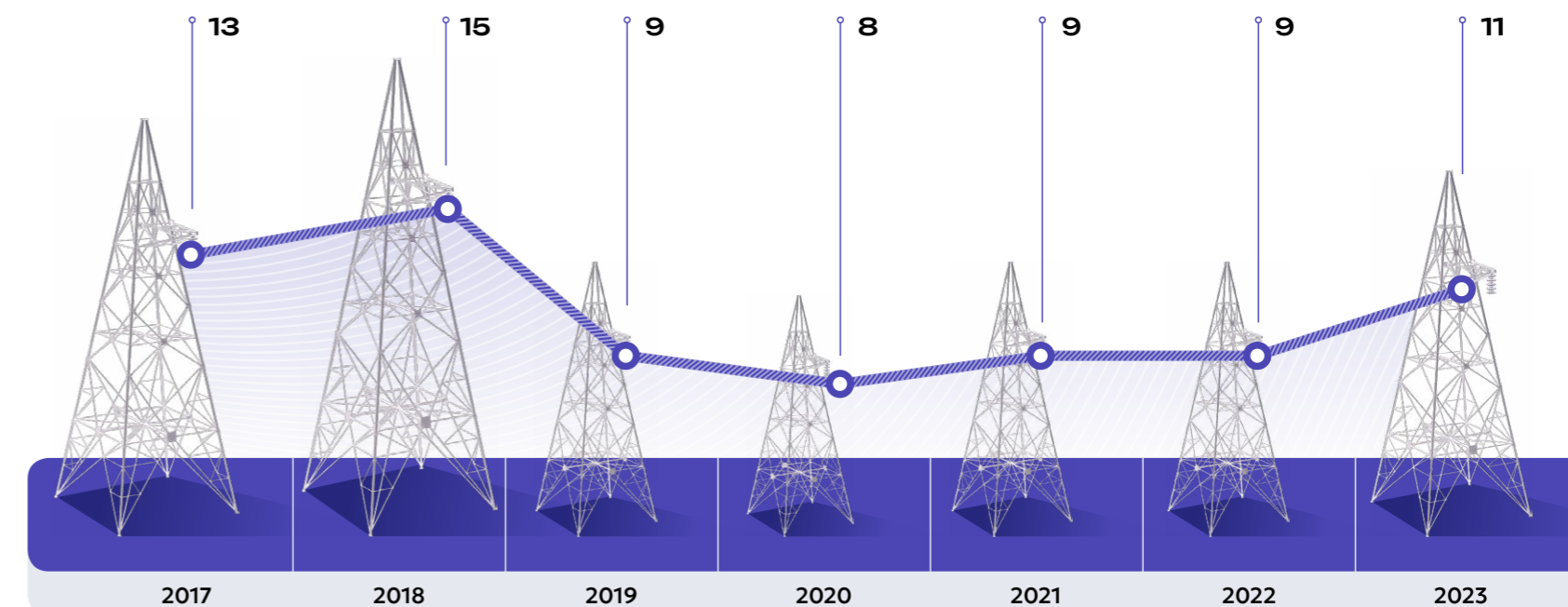
## Technical losses of electric energy

Costs under the item “Technical losses of electricity” (excluding operations on purchase and sale of electric power for compensation of losses at BEM) for 2023 increased by 51% or KZT 11,906 million compared to the same period of the previous year.

At the same time, for 2023, technical electricity losses including operations on purchase and sale of electricity to compensate for losses at BEM increased by KZT 10,842 million compared to 2022.

N°	Name (item)	Unit of measure	2022		2023	Deviation plan – actual		Deviation actual – actual	
			Actual	Plan	Actual	abs.	%	abs.	%
1	Technical losses of electricity	KZT million	23,279.9	32,055.6	35,185.8	3,130.2	9.8%	11,905.9	51.1%
1.1.	Volume,	million kWh	2,795.9	2,900.0	2,988.3	88.3	3.0%	192.4	6.9%
1.2.	Price	KZT/kWh	8.33	11.05	11.77	0.72	6.5%	3.45	41.4%
2	Income on purchase and sale of balancing electricity and negative imbalances (to compensate for technical losses for transmission through KEGOC JSC grids)	KZT million			1,063.9	1,063.9		1,063.9	
2.1.	Volume,	million kWh			80.2	80.2		80.2	
2.2.	Price	KZT/kWh			13.26	13.26		13.26	
<b>3</b>	<b>Balance of losses</b>	<b>KZT million</b>	<b>23,279.9</b>	<b>32,055.6</b>	<b>34,121.9</b>	<b>2,066.3</b>	<b>6.4%</b>	<b>10,842.0</b>	<b>46.6%</b>
3.1.	Volume,	million kWh	2,795.9	2,900.0	2,908.0	8.0	0.3%	112.2	4.0%
3.2.	Price	KZT/kWh	8.33	11.05	11.73	0.68	6.2%	3.41	40.9%

## General and administrative expenses (G&A), KZT billion



The below table shows the consolidated data of KEGOC JSC on the general and administrative expenses for the year ended 31 December 2023 and 2022:

	Year ended 31 December			
	2023		2022	
	KZT thousand	% of general and administrative costs	KZT thousand	% of general and administrative costs
Payroll expenses and other deductions associated with payroll	6,061,290	55%	5,134,881	57%
Technical support costs	1,006,948	9%	577,552	6%
Depreciation and amortisation	1,001,940	9%	923,604	10%
Third-party services	772,273	7%	638,305	7%
Taxes excluding income tax	244,435	2%	163,872	2%
Consulting services	231,769	2%	251,294	3%
Insurance expenses	112,193	1%	26,169	0%
Business trip expenses	107,309	1%	63,847	1%
Utility service costs	83,414	1%	76,207	1%
Materials	67,925	1%	80,542	1%
Expenses for the Board of Directors	63,780	1%	67,450	1%
Trainings	51,715	0%	41,896	0%
Accrual of provision for obsolete inventories	79,272	1%	77,931	1%
Miscellaneous	1,229,164	11%	896,881	10%
<b>Total general and administrative expenses</b>	<b>11,113,427</b>	<b>100%</b>	<b>9,020,431</b>	<b>100%</b>

General and administrative expenses totalled KZT 11,113,427 thousand, up KZT 2,092,996 thousand (23%) compared to 2022.

## Payroll expenses and other deductions associated with payroll

Labour costs for 2023 amounted to KZT 6,061,290 thousand and increased by KZT 926,409 thousand or 18 % compared to 2022.

The deviation is due to the following factors:

- increased salaries/wage rates effective 1 January 2023;
- payments of one-time bonuses for the state holidays: “Nauryz meiramy” and “Republic Day”;
- increased quarterly bonus.

## Technical support costs

Technical support costs totalled KZT 1,006,948 thousand, which is higher than in 2022 by KZT 429,396 thousand as a result of an increase in the number of information communication systems, as well as the cost (automation of activities).

## Depreciation and amortization of administrative expenses

The amount of depreciation and amortisation expense on administrative expenses amounted to KZT 1,001,940 thousand, which is KZT 78,335 thousand or 9% higher compared to 2022 as a result of the revaluation of fixed assets.

## Third-party services

Expenses for services provided by external organizations amounted to KZT 772,273 thousand, which is higher by KZT 133,427 thousand or 24% compared to the same period in 2022, due to the increase in the cost of services.

## Insurance expenses

Insurance expenses totalled KZT 112,193 thousand, up KZT 86,024 thousand from 2022 as a result of the addition of the employee health insurance service.

## Cash flows

The table below summarises the results of the operating, investment and financing activities for the specified periods:

In thousands of tenge	Year ended 31 December	
	2023	2022
Net cash from operations	67,264,547	80,678,722
Net cash from investment activities	(28,085,886)	(31,208,604)
Net cash from financing activities	(21,363,120)	(33,057,639)
Net change in cash and cash equivalents	17,815,541	16,412,479
Effect of FX changes on foreign currencies cash balance	(9,059)	(600,425)
Effect of the accrual of an allowance for expected credit losses on cash and cash equivalents	158,949	(182,790)
<b>Cash and cash equivalents as of the beginning of the period</b>	<b>27,563,092</b>	<b>11,933,828</b>
<b>Cash and cash equivalents as of the end of the period</b>	<b>45,528,523</b>	<b>27,563,092</b>

As at 31 December 2023, cash and cash equivalents amounted to KZT 45,528,523 thousand, an increase of KZT 17,965,431 thousand (65%) compared to the same period of 2022.

## Net cash from operating activities

Net cash flow from operating activities for 2023 was KZT 67,264,547 thousand, which is lower than the same indicator for 2022 by KZT 13,414,175 thousand or 17%.

## Net cash from investments

Net cash outflow from investing activities for 2023 amounted to – KZT 28,085,886 thousand and increased by KZT 3,122,718 thousand or 10% compared to the same 2022 mainly due to withdrawal of cash from deposit accounts in 2022 for early repayment of the loan of the International Bank for Reconstruction and Development in the amount of USD 46.3 million for Alma Electricity Transmission Project, as well as an increase in cash outflow for the purchase of fixed assets within the schedule of investment activities.

## Net cash from financing activities

Net cash outflow from financing activities for the year ended 31 December 2023 was – KZT 21,363,120 thousand and increased by KZT 11,694,519 thousand compared to the same period of 2022 mainly due to early repayment in 2022 of the loan of the International Bank for Reconstruction and Development in the amount of USD 46.3 million under Alma Electricity Transmission Project.

## Liquidity

The below table shows the calculation of KEGOC JSC net debt:

In thousands of tenge	Currency	As on	
		31 December 2023	31 December 2022
Non-current liabilities under the loans received <sup>(1)</sup>	USD/EUR	(5,588,895)	(11,367,844)
Current liabilities under the loans received <sup>(1)</sup>	KZT	(1,146,917)	(5,530,813)
Non-current liabilities under the outstanding bonds	KZT	(149,521,918)	(133,394,155)
Current liabilities under the charged coupon interests	KZT	(7,277,659)	(6,058,889)
Cash and cash equivalents	KZT	47,374,578	27,563,092
Bonds of Samruk-Kazyna	USD/ KZT	-	30,072,911
Bonds of Development Bank of Kazakhstan	USD	1,101,857	
Kazmunaigas bonds	USD	877,560	
Notes of the National Bank of the Republic of Kazakhstan	KZT	23,172,951	19,062,907
Bank deposits <sup>(2)</sup>	KZT	5,051,777	7,434,744
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	KZT	1,920,172	1,968,564
Interest accrued on Samruk-Kazyna bonds	KZT	-	254,333
Interest accrued on the bonds of Development Bank of Kazakhstan JSC	USD	8,329	
Accrued interest on Kazmunaigas bonds	USD	8,517	
Interest accrued on Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	KZT	15,778	18,945
Bonds of Special Financial Company DSFK	KZT	411,883	377,731
<b>Net debt</b>		<b>(83,591,987)</b>	<b>(69,598,474)</b>

(1) Liabilities include financial guarantees, credits and loans of the company which represent the major amount of liabilities.

(2) Bank deposits include short-term deposits at local banks.

As at 31 December 2023, cash and cash equivalents amounted to KZT 47,374,578 thousand. Outstanding loan debt amounted KZT 163,535,389 thousand and increased by KZT 7,183,688 thousand compared to the same period of 2022.

Net debt amounted to KZT 86,507,285 thousand and increased by KZT 38,634,785 thousand compared to the same period last year.

Cash at the deposits by currency:

Deposit currency in thousand	31 December 2023		31 December 2022	
	Foreign Currency	KZT	Foreign Currency	KZT
USD	130,010	59,098	16,009	7,406,745
KZT		4,992,679		3,100
<b>Total in KZT thousand</b>		<b>5,051,777</b>		<b>7,409,845</b>

## Outstanding loan and bond liabilities

### Loans

As of 31 December 2022 the outstanding loan balance included the loans provided by the International Bank for Reconstruction and Development (IBRD) and European Bank for Reconstruction and Development (EBRD). These loans are provided under credit lines for the implementation of Kazakhstan Electricity Transmission Rehabilitation Project, phase 2, Moinak Electricity Transmission Project.

Maturity period, security and amount for each loan are shown in the table below:

Loan agreement	Bank	Outstanding amount for the loan as on 31 December			Maturity date	Loan security
		KZT thousand	USD thousand	euro thousand		
KC 7738-KZ dated 12 November 2009	IBRD	6,735,812	14,599	-	2 times a year until 15 September 2034	No. 11CGF004 dated 12 November 2009
<b>Total</b>		<b>6,735,812</b>	<b>14,599</b>			

As on 31 December 2021 and 31 December 2020 the outstanding loan liabilities were as follows:

In thousands of tenge	As on	
	31 December 2023	31 December 2022
International Bank for Reconstruction and Development (IBRD)	6,735,812	12,575,944
European Bank for Reconstruction and Development (EBRD)		4,322,713
<b>TOTAL:</b>	<b>6,735,812</b>	<b>16,898,657</b>
Due within 12 months less current outstanding amount under the loans provided by IBRD and EBRD	(1,146,917)	(5,530,813)
	<b>5,588,895</b>	<b>11,367,844</b>

As at 31 December 2023 and 31 December 2022, the accrued, unpaid interest on the Company's loans amounted to KZT 131,596 thousand and KZT 252,227 thousand, respectively.

As of 31 December 2023 and 31 December 2022, the unamortised portion of the loan administration fee amounted to KZT 32,068 thousand and KZT 20,450 thousand, respectively.

As of 31 December 2023, the information on the maturity dates was as follows:

In thousands of tenge	IBRD	EBRD	Total
Short-term part of the loan	1,146,917	-	1,146,917
1 to 2 years	1,016,535	-	1,016,535
2 to 3 years	1,016,535	-	1,016,535
3 to 4 years	1,016,535	-	1,016,535
over 4 years	2,539,290	-	2,539,290
<b>Long-term part of the loan</b>	<b>5,588,895</b>	<b>0</b>	<b>5,588,895</b>
<b>Total</b>	<b>6,735,812</b>		<b>6,735,812</b>

As of 31 December 2023 and 31 December 2022, the outstanding amount was denominated in the following currencies:

thousands	As on 31 December 2023		As on 31 December 2022	
	in KZT	in foreign currency	in KZT	in foreign currency
USD loans	6,758,169	14,599	12,575,944	26,836
EUR loans	0	0	4,322,713	8,626
<b>Total in KZT thousand</b>	<b>6,758,169</b>		<b>16,898,657</b>	

As on 31 December 2023 and 31 December 2022, the Company did not have any overdue amounts of the principal debt and interest.

Loan agreement	Bank	Draft	As on 31 December 2023 (KZT thousand)	As on 31 December 2022 Loan agreement
KC 38647 dated 5 June 2008	EBRD	Kazakhstan Electricity Transmission Rehabilitation Project, phase 2	0	KC 38647 dated 5 June 2008
KC 7738-KZ dated 12 November 2009	IBRD	Moinak Project	6,758,169	KC 7738-KZ dated 12 November 2009
<b>Total</b>			<b>6,758,169</b>	

### Bonds

As on 31 December 2023 and 31 December 2022 the outstanding bond liabilities are as follows:

In thousands of tenge	As on	
	31 December 2023	31 December 2022
Nominal value of bonds issued	150,941,100	134,941,100
Accrued coupon interest	7,277,659	6,058,889
Less: discount on issued bonds	(1,337,888)	(1,457,789)
Less: transaction costs	(81,294)	(89,156)
<b>TOTAL</b>	<b>156,799,577</b>	<b>139,453,044</b>
Less the current portion of bonds payable within 12 months	(7,277,659)	(6,058,889)
<b>Total non-current liabilities under the outstanding bonds</b>	<b>149,521,918</b>	<b>133,394,155</b>

**Bonds (continued)**

To finance the project of construction of 500 kV OHTL Semey – Aktogay –Taldykorgan – Alma, the Company, in accordance with the decision of the Board of Directors, registered on 4 May 2016 the first bond programme of KEGOC JSC worth of KZT 83.8 billion. As a part of this bond programme, the Company made two bond issues with different conditions defined in issue prospectuses.

Main parameters of the bond issues (the first issue):

Type of securities	coupon bonds
National ID number:	KZP01Y15F281
ISIN:	KZ2C00003572
Nominal value, KZT	1,000.00
Issue amount, KZT million:	47,500.00
Float start:	26.05.16
Maturity:	25 May 2031
Repayment start:	26 May 2031
Float period:	15 years
Coupon rate:	Floating, Kazakhstan inflation linked, plus 290 bp for credit risk The inflation corridor is 5-16 per cent.
Frequency of coupon payments:	once a year
Coupon payment start:	26 May annually

To finance remaining part of the project, the Company made the second bond issue in the amount of KZT 36.3 billion (registration by the National Bank of the Republic of Kazakhstan dated 03 July 2017).

As a result of the trading, 24.8% of the bonds by issuance volume were purchased by second-tier banks, 63.8% by other institutional investors, 2.7% by brokerage firms, and 8.7% by other legal entities.

Main parameters of the bond issues (second issue):

Type of securities	coupon bonds
National ID number:	KZP02Y15F289
ISIN:	KZ2C00003978
Nominal value, KZT	1,000.00
Issue amount, KZT million:	36,300.00
Float start:	29.8.17
Maturity:	28 August 2032
Repayment start:	29 August 2032
Float period:	15 years
Coupon rate:	11.5% p.a. (fixed)
Frequency of coupon payments:	once a year
Coupon payment start:	29 August annually

To implement the project for rehabilitation of 220-500 kV OHTL at KEGOC JSC branches, on 28 May 2020 KEGOC JSC placed the bonds on Kazakhstan Stock Exchange JSC (KASE) with total amount of KZT 9.7 billion.

Based on the remaining funding demand, the Company issued bonds in the amount of KZT 8.9 billion in January 2021 and in the amount of KZT 16.6 billion in October 2021.

Securities were placed under the first bond issue of the second bond programme of the issuer with total amount of KZT 80 billion.

Main parameters of the bond issues (the first issue):

Type of securities	coupon bonds
ISIN:	KZ2C00006658
Nominal value, KZT	1,000.00
Issue amount, KZT million:	35,000.00
Number of bonds	35,000,000 pcs
Float start:	28.5.20
Maturity:	28 May 2035
Repayment start:	28 May 2035
Float period:	15 years
Coupon rate:	fixed

On 21 December 2022, KEGOC JSC green bonds were placed on the trading floor of the Kazakhstan Stock Exchange (KASE) with a total volume of KZT 16.1 billion.

Securities were placed as part of the second issue of bonds of the second bond programme of the issuer in the amount of KZT 35 billion, maturity ending in 2037.

The funds raised will be used for financing of the investment projects: “Rehabilitation of 220-500 kV OHTLs at KEGOC JSC branches”, “West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities”.

Main parameters of the bond issues (second issue):

Type of securities	coupon bonds
ISIN:	KZ2C00007797
Nominal value, KZT	1,000.00
Issue amount, KZT million:	35,000.00
Number of bonds	16,141,100 pieces
Float start:	21.12.22
Maturity:	21.12.37
Repayment start:	21 December 2037
Float period:	15 years
Coupon rate:	indexed

To finance remaining part of the project, the Company made the bond issue in the amount of KZT 16.0 billion in March 2023

Type of securities	coupon bonds
ISIN:	KZ2C00007797
Nominal value, KZT	1,000.00
Issue amount, KZT million:	35,000.00
Number of bonds	16,000,000 pcs
Float start:	21.12.22
Maturity:	21.12.37
Repayment start:	21 December 2037
Float period:	15 years
Coupon rate:	indexed

## CURRENT LOAN AGREEMENTS

### Kazakhstan Electricity Transmission Rehabilitation Project, Phase II

In 2008, to implement Kazakhstan Electricity Transmission Rehabilitation Project, Phase II, the following credit facilities were received:

Two credit-line facilities of Euro 127,500 thousand and Euro 75,000 thousand from EBRD for 15 (fifteen) years, of which the first 4 (four) years are a grace period. The loan interest is a six-month EUROBOR plus 3.85% margin, and repaid twice a year. As at 30 June 2023, the loan principal was fully repaid (31 December 2022: EUR 8,626 thousand (KZT equivalent 4,251,360 thousand)).

### Moinak Electricity Transmission Project

In 2009, for the realization of the “Moinak Electricity Transmission Project” a credit line facility from IBRD of USD 48,000 thousand was opened for 25 (twenty-five) years, of which the first 5 (five) years are a grace period. The credit facility is secured by the guarantee of the Government of Kazakhstan. Interest on the loan, starting from September 15, 2023, accrues at a monthly SOFR rate plus a fixed spread of 1.28% and is repaid semi-annually. In May 2013 unused portion of the credit line from the IBRD in the amount of USD 3,274 thousand was cancelled due to the fact that the amount of actual expenses incurred in the course of the project was less than expected. Also, on 14 September 2023, partial early repayment of the loan in the amount of USD 10,000 thousand was made. As of 31 December 2023 and 31 December 2022, the balance of the loan outstanding is USD 14,599 thousand (equivalent KZT to 6,636,284 thousand) and USD 26,836 thousand (equivalent to KZT 12,415,520 thousand), respectively.

## CAPEX

The business activities are capital-intensive and require significant investments in rehabilitation and development of the existing business. The capital demand include:

- capital expenditures to ensure the reliability of the energy system of Kazakhstan and the sustainability of the business, aimed at maintaining and modernizing the existing integrity and operational capacity of our assets, and the associated cash flows that increase the useful lives of assets;
- capital expenditures to expand the operations for improvement of the operational capacity or profitability of the existing or new assets through construction projects.

The Company made capital expenditures to maintain production assets and other fixed assets directly involved in the operational process in the amount of KZT 28,014.896 million and KZT 25,364.634 million in 2023 and 2022, respectively, including investments in a large-scale Rehabilitation of 220-500 kV OHTLs in MES branches (KZT 6,848.006 million and KZT 11,104.340 million). In 2023, under phase I of “Rehabilitation of 220-500 kV OHTLs at MES branches of KEGOC JSC” project, construction and installation works were completed on all 24 overhead power lines selected for rehabilitation, 2,023 km of existing 220-500 kV power lines have been rehabilitated in KEGOC JSC Aktyubinskiye MES branch, Zapadnye MES branch and Sarbaiskiye MES branch were rehabilitated, including 255.9 km of power lines rehabilitated in 2023. Increased reliability of Kazakhstan’s NPGs and reduced wear and tear of the Company’s power grid have been achieved.

In 2023, the Company’s expansionary capital expenditure totalled KZT 25,416.615 million compared to KZT 22,148.234 million for 2022 and is mainly investments in the Company’s core operating assets, including the major investment West Kazakhstan Electricity Transmission Reinforcement Project (KZT 24,678.557 million).

In 2023, under West Kazakhstan Electricity Transmission Reinforcement Project, conductor installation has been fully completed on the entire length of overhead power lines of 779.7 km, including 481.9 km installed in 2023. All planned 4,203 transmission line tower have been installed, including 1,305 towers installed in 2023. On November 28, 2023, the 220 kV Uralskaya — Pravoberezhnaya — Inder — Karabatan — Kulsary — Tengiz overhead line, spanning a total of 779.7 kilometres, was officially commissioned with the participation of the Prime Minister of the Republic of Kazakhstan, Alikhan Smailov, via teleconference. 5 substations of 220 kV: Uralskaya, Pravoberezhnaya, Inder, Kulsary, Tengiz” have been expanded and new 220 kV Karabatan substation has been built. The activation of a second power transmission line between the West Kazakhstan and Atyrau regions has significantly increased the capacity of the electrical network. Specifically, the capacity on the “West Kazakhstan Power Node — Atyrau” section has doubled from 100 MW to 200 MW, and on the “Atyrau — Mangistau” section, it has increased from 50 MW to 200 MW. In aggregate, this doubled the reliability of the Zone West network. The probability of consumer load shedding has been minimised.

## Decrease in cap tariff levels, including the application of a compensating tariff

To manage the risk, the Company carries out the following activities:

- participation in working groups to amend legislative acts regulating the activities of natural entities;
- analysing the performance of tariff estimates and investment programme and, if necessary, preparation and submission to the Committee on Regulation of Natural Monopolies of proposals for the adjustment of tariff estimates for regulated services and the investment programme (without changing the cap tariff levels);
- Submission to the Committee on Regulation of Natural Monopolies of reports on the implementation of tariff estimates for regulated services and the investment programme.

Changes of the tariff policy in Kazakhstan and failure to comply with the approved tariff estimates for the regulated services and the investment programmes included in the approved tariffs or their cap levels, all these could adversely affect the business of the Company, financial performance and standing.

## Currency Risk

Fluctuations in the exchange rate of the US dollar and other currencies against the KZT may adversely affect the Company’s business, financial condition and results of operations as the Company’s revenues are denominated in KZT.

In 2023, the Company reduced the amount of debt in foreign currency. As at 31 December 2023, foreign currency liabilities amounted to KZT 6,735,812 thousand, which corresponds to 4% of total financial liabilities.

To manage currency risk, as of 31 December 2023, the Company has placed an amount of USD 2.8 million (KZT 1,258,408 thousand) in deposit accounts and purchased securities totalling USD 8.7 million (KZT 3,932,093 thousand). This financial strategy provides for debt servicing for approximately four years.



## Interest rate risk

The Company is exposed to the market interests risk is primarily because of the Company's long-term loans with floating interest rates. The Company does not apply any hedging tools to reduce the potential risks because the management team considers the interest risk as insignificant due to regular revision of interest rates.

As on 31 December 2023, the Company's borrowings and issued bonds nominated in KZT and USD (KZT 163,535,389 thousand) had a floating interest rate and a fixed rate for the second bond issue. The Company is exposed to the changes in the fair value due to interest rates fluctuation.

The Company's interest earning assets consist of KZT and USD denominated short-term deposits totalling KZT 29,712,451 thousand as at 31 December 2023 at a fixed interest rate; and securities totalling KZT 47,161,481 thousand.

Due to the discontinuation of LIBOR rates publication in 2022, the IBRD has determined SOFR as a new reference rate for loans in SOFR is a reference interest rate in the U.S. money market, based on observed repo rates, representing the cost of borrowing funds overnight secured by U.S. Treasury securities.

## Dividends to shareholders

About KZT 33.4 billion of dividends were paid in 2023:

- KZT 13.2 billion for H2 2022,
- KZT 20.2 billion for H1 2023, which is KZT 128.33 per ordinary share.

The dividends were paid in accordance with paragraph 4, article 23 of the Law of the Republic of Kazakhstan "On Joint Stock Companies".

Since the IPO on the stock exchange, the total amount of dividends paid to shareholders amounted to about KZT 238 billion, of which KZT 214.5 billion to Samruk-Kazyna JSC, and KZT 23.8 billion to minority shareholders.

