7. Appendices

Appendix 1. About the Report

This KEGOC JSC Annual Report 2023 provides a comprehensive overview of the Company's activities in all key areas, including its sustainability performance and audited financial statements for 2023. Information on sustainable development activities is presented in the form and scope traditionally used by KEGOC JSC since 2009. The Company continues the practice of issuing and making publicly available information on sustainable development annually in the second quarter.

2-3

In accordance with the Charter of KEGOC JSC, Annual Reports and Sustainability Reports prepared by the Management Board and previously reviewed by the Strategy, Corporate and Sustainable Development Committee and the Audit Committee are approved by the Board of Directors of KEGOC JSC. The previous KEGOC JSC Sustainability Report for 2022, included in the Annual Report for 2022, was approved by the Board of Directors of KEGOC JSC and published in May 2023. All the Company's reports are available on the official website of KEGOC JSC.

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The Company has engaged an independent party, determined on a competitive basis, to confirm the indicators of material topics. The list of topics and indicators is provided in the Materiality Analysis section of this Appendix. The independent auditor's report is presented in Appendix 6.

2-5

Reporting boundaries

KEGOC JSC has prepared this Report at the general corporate level - the data in the context of sustainable development presented in this Report includes data of KEGOC's subsidiary organization Energoinform JSC.

2-2

The sustainability information included in this Report has been prepared in accordance with GRI Universal Standards 2021 (in accordance), considering the requirements of the AA1000SES Stakeholder Engagement Standard, and describes the Company's relevant activities from 1 January 2023 to 31 December 2023.

Any information regarding the plans set out in this Annual Report is forward-looking and reflects KEGOC JSC's current views on future events. It is subject to certain risks, uncertainties and assumptions relating to KEGOC JSC's business, financial position, operating results, growth strategy and liquidity.

Sustainable Development Goals

This Report contains information confirming the commitment of KEGOC JSC to the principles of the UN Global Compact, as well as information on the SDGs adopted by all UN member states in 2015 as part of the 2030 Agenda for Sustainable Development.

We believe that the main contribution of any business to the achievement of the SDGs lies in employment opportunities, tax payments and socio-economic development, and environmental stewardship. In addition, real and lasting positive change can only be achieved by managing our environmental impact (broadly defined), responding in a targeted manner, collaborating with key players and stakeholders, and expanding our efforts.

Each year we will report on our work on the specific SDGs that have the strongest links to our activities. We also analyse the areas where we have the greatest potential to make a difference. We examine where we may be having a negative impact and look for areas where we are uniquely positioned to make positive change with our stakeholders. The assessment analyses factors such as the relevance of the purpose and objectives to our value chain, the alignment with our aspirations to develop responsibly and sustainably, whether we could use our skills, competencies, and resources to drive change and the importance of the issues to our stakeholders.

Key highlighted SDGs worked on in 2023

Principles of the UN Global Compact

Principles of the Global Compact	page
Human rights principles	
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	40
Principle 2. Business should not be complicit in human rights abuses.	75
Labour Principles	
Principle 3. Businesses should support freedom of association and real recognition of the right to collective bargaining.	49
Principle 4. Businesses should advocate for the elimination of all forms of forced and compulsory labour.	40
Principle 5. Businesses should advocate for the complete eradication of child labour.	40
Principle 6. Businesses should advocate for the elimination of discrimination in employment.	40
Environment Principles	
Principle 7. Businesses should support a precautionary approach to environmental issues.	33
Principle 8. Businesses should take initiatives to increase environmental responsibility.	33
Principle 9. Businesses should promote the development and dissemination of environmentally sound technologies.	33
Anti-corruption Principles	
Principle 10. Businesses should oppose all forms of corruption, including extortion and bribery.	75-76

Principles of Report Preparation

In preparing the part of the Annual Report related to reporting on sustainable development activities, the Company applies the following principles of the GRI Standards:

Accuracy	The information presented in this Report has been compiled based on documented data and allows stakeholders to assess the Company's performance. Audited financial statements prepared in accordance with IFRS were used to prepare the sections of this Report relating to the economy.
Balance	This Report reflects positive and negative themes of KEGOC JSC's performance.
Clarity	KEGOC JSC endeavours to make this Report understandable and accessible to a wide range of stakeholders. To understand specific terms and abbreviations, a glossary is provided at the end of the report.
Comparability	This Report has been prepared in accordance with the GRI Standards, which allows stakeholders to compare the performance of KEGOC JSC with that of other organisations. The indicators disclosed in this Report are presented in dynamics for the last five years.
Completeness	This Report contains information on the activities of all MES branches, NDC SO branch, Executive Directorate, subsidiary organisation Energoinform JSC on all significant economic, environmental and social impacts, taking into account the specifics of the industry. In some cases, to avoid duplication of information, references to KEGOC JSC's website or publicly available documents are provided.
Context of sustainable development	The data in this Report is presented in the context of sustainable development as defined by the Corporate Governance Code of KEGOC JSC, including three components: economic, environmental and social. KEGOC JSC's Development Strategy defines goals, objectives, key initiatives and strategic KPIs in the field of sustainable development, and information on their achievement for 2023 is included in this Report.
Timeliness	The preparation of this Report is of a planned nature and is published in the second quarter of the year following the reporting year.
Verifiability	All information in the Report is based on data that can be verified, including official statistical reports, reports to regulatory authorities, information posted on the Company's website and KASE, SAP ERP digital platform, audited financial statements and others.

Stakeholder engagement and materiality assessment

To achieve the Company's strategic goals, it is important to:

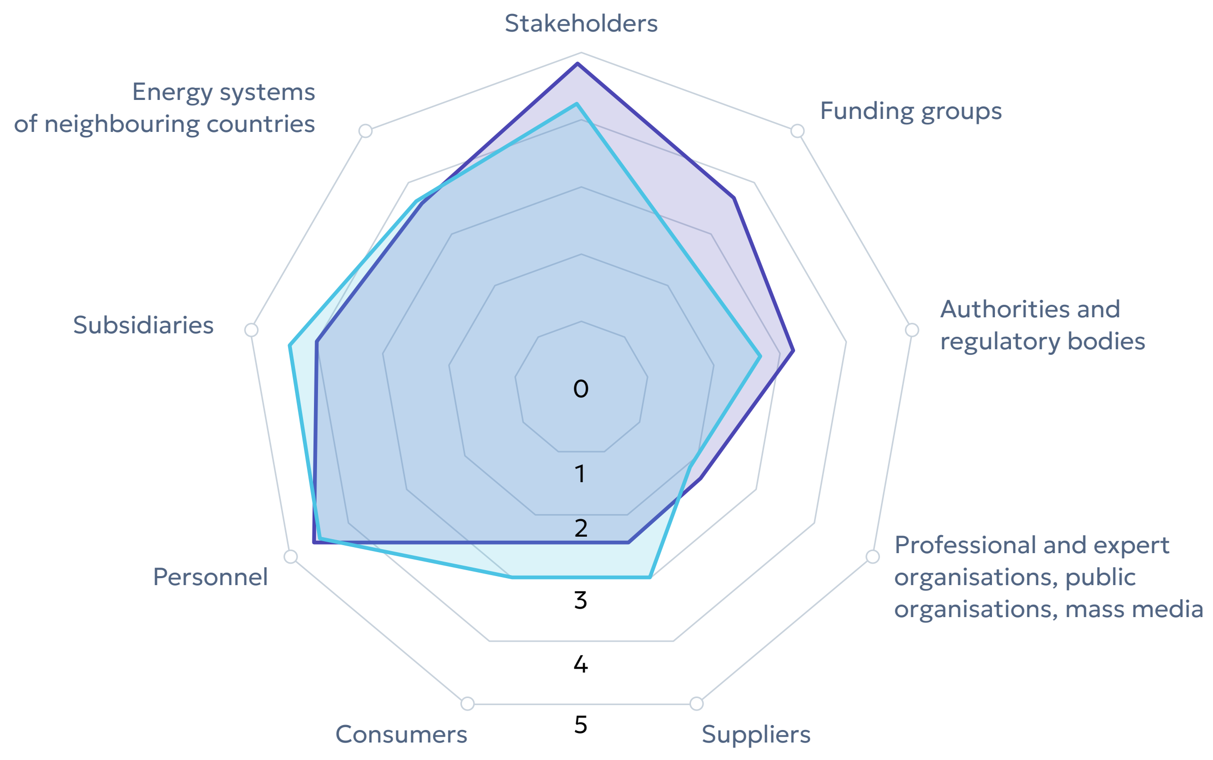
- Have an effectively functioning stakeholder engagement policy;
- Achieve openness and mutually beneficial co-operation with all stakeholders;
- Ensure stakeholders understand the measures taken by the Company to minimise and eliminate all real risks when implementing the Development Strategy;
- Create a reliable source of information on the Company's activities for stakeholders and ensure prompt communication of reliable information on KEGOC JSC activities to target stakeholder groups.

KEGOC JSC identified groups of stakeholders identified jointly with all structural units of the Company, as well as the degree of their influence on the achievement of the Development Strategy objectives and the extent to which the Company's activities influence them on a five-point scale. In summarizing the results of the analysis, special attention was paid to the opinions of 'experts', i.e., structural subdivisions directly interacting with specific groups of stakeholders.

2-29

KEGOC JSC maintains an ongoing open dialogue with these groups and regularly discloses information related to KEGOC JSC activities, including in sustainable development. The Company has approved the Stakeholder Map, the Communication Strategy, which defines the main channels of interaction, as well as the Communication Plan with all stakeholders, which defines the frequency of interaction and is developed annually to support the implementation of the Development Strategy.

Stakeholder map of KEGOC JSC



Degree of influence of stakeholders on the Company
Degree of influence of the Company on stakeholders

Stakeholder engagement

2-29

Stakeholders	Purposes of interaction	Channels of interaction
1. Shareholders	The Company's shareholder relations activities aim to protect and respect the rights and legitimate interests of shareholders outlined in the Corporate Governance Code and the Charter of KEGOC JSC.	Publication of the Company's annual and interim reports, information on corporate events, transactions, information on General Shareholders' Meetings, meetings with the investment community, and responses to appeals. In the period from 1 January to 31 December 2023, there were no appeals from shareholders regarding the actions of KEGOC JSC and its officers. 2-25
2. Funding groups	The Company fulfils its financial obligations to investors on time and in full, seeking long-term co-operation based on mutual trust.	Publication of the Company's annual and interim reports, sending periodic reports to IFI and information upon request, meetings, missions, and visits of IFI delegations within the framework of projects implemented with borrowed funds, posting information on the website.
3. Authorities and regulatory bodies	KEGOC JSC, being a strategic object of the Republic of Kazakhstan and a subject of natural monopolies, realises its responsibility to the state and strives to fulfil legal and ethical obligations, as well as to comply with the norms of legislation.	Regular reporting, participation in the development of legal acts, program and sectoral documents, working meetings, responses to enquiries, operational meetings.
4. Professional and expert organisations, public organisations, mass media	KEGOC JSC is a member and participant of international, regional and national industry organisations, focusing on mechanisms for deepening integration and developing a coordinated strategy for the development of the electric power industry in the Republic of Kazakhstan and beyond. The Company ensures the formation of reputational capital and a positive image in the mass media through interaction and disclosure of information, relying on the principles of promptness, reliability, accessibility and balance.	Active participation in the activities of electric power organisations, development of program and industry documents and initiatives, public hearings on investment projects, disclosing information on activities on the website and in the media, responding to enquiries, holding briefings, press conferences. 2-26
5. Suppliers	When procuring goods, works, and services, the Company is based on principles: of publicity and transparency of the procurement process; acquisition of quality goods, works, and services; equal opportunities for all potential suppliers, supporting organisations of persons with disabilities; fair competition among potential suppliers; control and responsibility for decisions made; and minimising the participation of intermediaries in the procurement process.	Fulfilment of contractual obligations, preliminary discussions of draft tender documents with potential suppliers, informing about procurement activities.
6. Consumers	The Company has introduced and adheres to the principle of customer orientation and has created and ensured a mechanism for identifying and fulfilling customer requirements.	Regular customer satisfaction assessments, public hearings, annual report to customers, meetings with customers, publication on the website of the access procedure and availability of spare capacity by region of operation. 2-26
7. Personnel	The Company respects and values its employees, is oriented towards their needs and requirements, strives to provide safe working conditions, a decent level of remuneration and social benefits, professional training, and development.	Reporting meetings of the management with the team on the results of the year and plans for the future period, employee opinion polls on topical issues, information and feedback via the internal portal, annual social stability rating surveys, ombudsman institute, hotline. 2-26
8. Subsidiaries	The Company strives for balanced development of its subsidiaries based on effective corporate governance mechanisms.	Interaction takes place within the framework of corporate procedures. KEGOC JSC manages through representatives in subsidiaries management bodies, provides methodological support to subsidiaries activities.
9. Energy systems of neighbouring countries	To ensure parallel operation of power systems of the Republic of Kazakhstan and neighbouring countries, the Company seeks mutually beneficial and effective cooperation with the Russian Federation and Central Asian countries.	Holding meetings on a regular basis (CEPC CA, CIS Electric Power Council, etc.), harmonisation of power system operation modes and regulatory documentation.

Materiality analysis

The Company endeavours to reflect in the Annual Report information that is relevant and material to stakeholders. KEGOC JSC conducts an annual materiality analysis based on a survey of external and internal stakeholders. When identifying material topics in 2023, the most complete list was considered, including the specifics of the Company's management, economic efficiency, observance of human rights, the Company's impact on society and the environment, taking into account industry specifics. In accordance with the principle of materiality of GRI standards, in order to identify the most relevant topics on sustainable development, in August 2023, a five-point scale survey and assessment of internal and external stakeholders with the most significant impact on the Company was conducted in the form of a questionnaire. The materiality analysis carried out in 2023 is based on the 'Double Materiality' approach. As part of the preparation of this Report, a stakeholder survey was conducted, including 243 completed questionnaires from 120 external (consumers) and 123 internal (shareholders, Company employees) stakeholders.

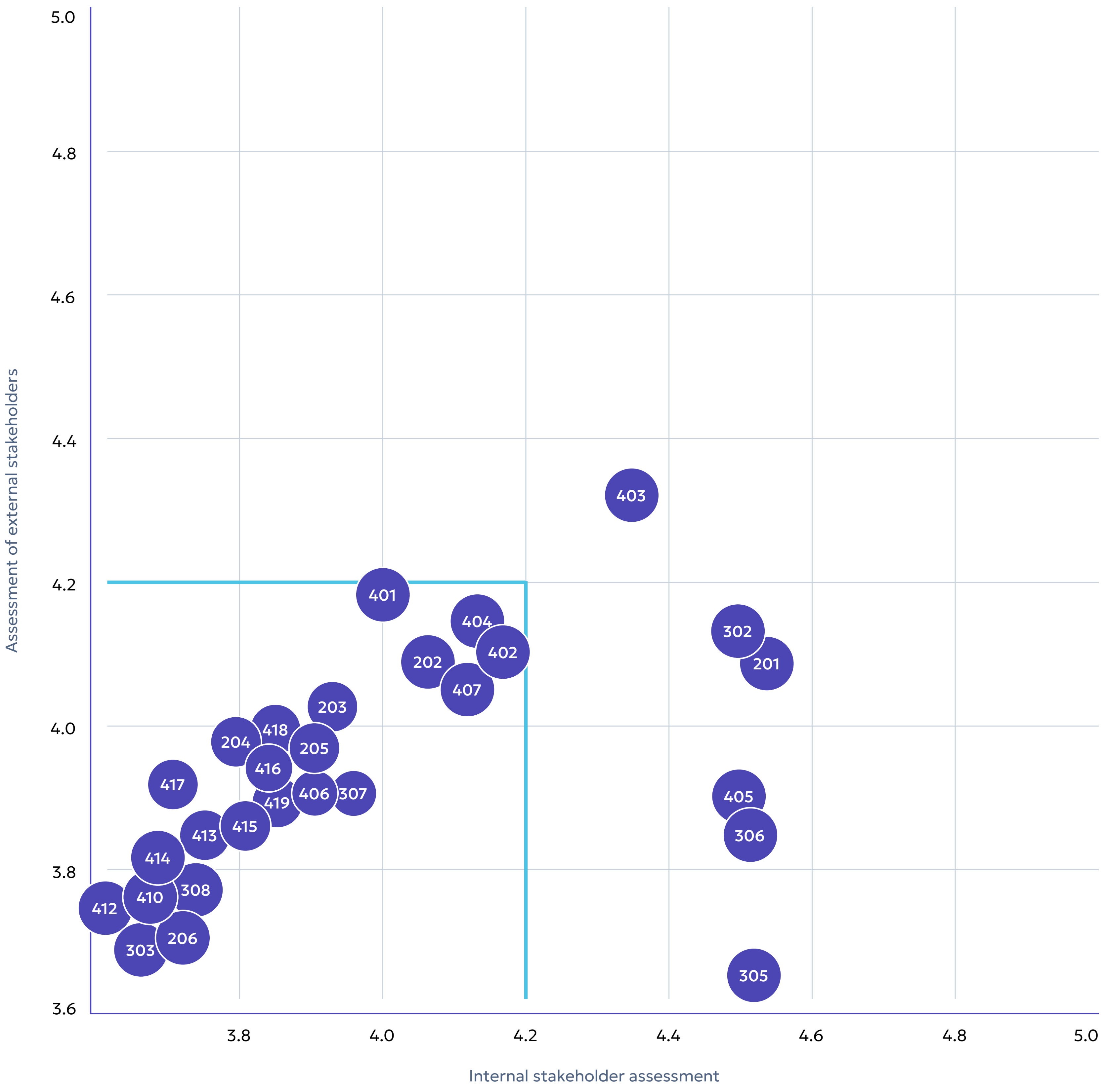
2-29

After reviewing the results of the questionnaire analysis, the Sustainable development coordinating council and IMS also assessed the materiality of the economic, environmental and social impact of the relevant topics on stakeholder assessments and decisions on a five-point scale. The survey results were combined with the assessment of internal documents reflecting stakeholder priorities and key trends in sustainable development. The results of the materiality assessment were approved by the Sustainable development coordinating council and IMS (Minutes No. 4 dated 11 December 2023).

Based on the above two assessments, a Materiality Matrix was constructed, according to which six topics of most interest to KEGOC JSC's stakeholders that are material to the Company were identified.

3-1

Materiality matrix



Thus, the list of material topics disclosed in this Report includes:

Economic topics:

- 201 Economic performances

Environmental topics:

- 302 Energy
- 305 Emissions
- 306 Waste

Social topics:

- 403 Occupational health and safety
- 405 Diversity and equal opportunities

3-2

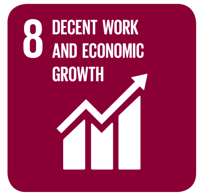
The results of the 2023 survey analysis were compared to the results of the 2022 analysis. In addition to the topics identified as material in the 2022 analysis, the topics 'Waste', 'Diversity and Equal Opportunities' were selected by stakeholders as material. Nevertheless, the majority of GRI topics are disclosed in this Report, including for compliance with the requirements of the Rules of information disclosure by the initiators of admission of securities of KASE and AIX exchanges, developed with the application of TCFD recommendations.

3-2

The growing focus of businesses and markets with increasing interest in sustainable finance decision-making on sustainability-related issues and objectives has led to a greater focus on ESG aspects and the associated risks. ESG issues are an integral part of the Group's strategy and business model and the fact that they are receiving increasing attention. This primarily concerns risks of an environmental nature and risks related to social issues.

Appendix 2. Indicators

Personnel policy



405-1

Indicator	Unit	2019	2020	2021	2022	2023	2023/2022	2023/2022, %
Human resources indicators								
Headcount	people	4,819	4,371	4,400	4,376	4,446	70	1.5%
including:								
- male employees	people	3,502 (72.7%)	3,465 (73.2%)	3,377 (76.8%)	3,367 (76.9%)	3,409 (76.7%)	42	1.2%
- female employees	people	1,317 (27.3%)	1,266 (26.8%)	1,023 (23.2%)	1,009 (23.1%)	1,037 (23.3%)	28	2.7%
SRS Index	%	90	91	85	86	86	0	-
Employee engagement index	%	74	90	85	-	-	-	-
Development and training								
Average annual number of training hours per employee	hours	25.2	23.0	22.3	27.6	25.96	-1.64	-5.9%
including:								
- male employees	hours	25.9	22.7	21.9	27.7	30.2	2.5	9.0%
- female employees	hours	21.3	26.3	25.5	26.9	12	-14.9	-55.3%
- AMP	hours	18.9	23.7	21.5	27.1	18.2	-8.9	-32.8%
- OP	hours	26.3	22.9	22.4	27.6	27.1	-0.5	-1.8%

Total number of employees by employment contract and gender as of 31.12.2023, people

2-7

	Full-time employees, people			Rotational employees, people			Part-time employees, people			
Division	**Total**	**male**	**female**	**Total**	**male**	**female**	**Total**	**male**	**female**	**TOTAL**
Akmolinskiye MES	568	470	98	0			3	3	0	571
Aktyubinskiye MES	262	211	51	0			0			262
Almatinskiye MES	466	393	73	5	5		3	2	1	474
Vostochnye MES	289	236	53	0			1	1	0	290
Zapadnye MES	202	146	56	50	50		0			252
Sarbaiskiye MES	411	334	77	0			0			411
Severnye MES	379	286	93	0			2	1	1	381
Tsentralnye MES	413	335	78	7	7	0	0			420
Yuzhnye MES	431	360	71	0			1	1	0	432
NDC SO	101	60	41	0			0			101
Executive Directorate	372	186	186	0			0			372
Energoinform JSC	476	318	158	2	2		2	2		480
Total	**4,370**	**3,335**	**1,035**	**64**	**64**	**0**	**12**	**10**	**2**	**4,446**

* Under article 70 of the Labour Code, the employer is obliged, at the written request of a pregnant women, a parent (adoptive parent or adoptive parent) with a child (children) under the age of three, or an employee caring for a sick family member in accordance with a medical report, to establish a part-time working regime for them.

Total number of employees by type of employment and gender as of 31.12.2023, people

2-7

Division	Permanent employees, people			Temporary employees*, people			TOTAL
	Total	male	female	Total	male	female	
Akmolinskiye MES	571	473	98	0			571
Aktyubinskiye MES	255	210	45	7	1	6	262
Almatinskiye MES	463	395	68	11	5	6	474
Vostochnye MES	288	236	52	2	1	1	290
Zapadnye MES	242	195	47	10	1	9	252
Sarbaiskiye MES	410	334	76	1		1	411
Severnye MES	369	285	84	12	2	10	381
Tsentralnye MES	412	338	74	8	4	4	420
Yuzhnye MES	425	359	66	7	2	5	432
NDC SO	101	60	41	0			101
Executive Directorate	345	175	170	27	11	16	372
Energoinform JSC	468	321	147	12	1	11	480
TOTAL	**4,349**	**3,381**	**968**	**97**	**28**	**69**	**4,446**

* Temporary employees are employees hired by the Company for temporarily vacant positions (due to illness, study leave, maternity leave, parental leave, military service), except for internal transfers.

Total labour force by region and gender as of 31.12.2023, people

2-7

Division	Employee structure by gender		
	male	female	Total
Akmolinskiye MES	473	98	571
Aktyubinskiye MES	211	51	262
Almatinskiye MES	400	74	474
Vostochnye MES	237	53	290
Zapadnye MES	196	56	252
Sarbaiskiye MES	334	77	411
Severnye MES	287	94	381
Tsentralnye MES	342	78	420
Yuzhnye MES	361	71	432
NDC SO	60	41	101
Executive Directorate	186	186	372
Energoinform JSC	322	158	480
TOTAL	**3,409**	**1,037**	**4,446**

Structure of employees by category

Division	TOTAL EMPLOYEES	Including		
		Managers	Specialists	Workers
Akmolinskiye MES	571	68	209	294
Aktyubinskiye MES	262	45	104	113
Almatinskiye MES	474	62	192	220
Vostochnye MES	290	42	123	125
Zapadnye MES	252	40	95	117
Sarbaiskiye MES	411	54	155	202
Severnye MES	381	52	137	192
Tsentralnye MES	420	61	162	197
Yuzhnye MES	432	60	162	210
NDC SO	101	23	78	
Executive Directorate	372	39	333	
Energoinform JSC	480	84	368	28
TOTAL	**4,446**	**630**	**2,118**	**1,698**

Structure of employees by work experience

Division	Total employees	Including													
		Up to 1 year	%	From 1 to 3 years	%	3 to 5 years old	%	From 5 to 10 years	%	10 to 15 years	%	15 to 20 years old	%	Over 20 years	%
Akmolinskiye MES	571														20.67
Aktyubinskiye MES	262	15	5.73	31	11.83	14	5.34	45	17.18	48	18.32	49	18.70	60	22.90
Almatinskiye MES	474	26	5.49	43	9.07	33	6.96	114	24.05	78	16.46	69	14.56	111	23.42
Vostochnye MES	290	9	3.10	21	7.24	26	8.97	60	20.69	59	20.34	33	11.38	82	28.28
Zapadnye MES	252	17	6.75	35	13.89	31	12.30	57	22.62	39	15.48	34	13.49	39	15.48
Sarbaiskiye MES	411	3	0.73	18	4.38	35	8.52	56	13.63	41	9.98	53	12.90	205	49.88
Severnye MES	381	27	7.09	42	11.02	31	8.14	68	17.85	54	14.17	59	15.49	100	26.25
Tsentralnye MES	420	23	5.48	38	9.05	23	5.48	90	21.43	76	18.10	57	13.57	113	26.90
Yuzhnye MES	432	14	3.24	30	6.94	29	6.71	66	15.28	66	15.28	69	15.97	158	36.57
NDC SO	101	6	5.94	14	13.86	15	14.85	23	22.77	15	14.85	15	14.85	13	12.87
Executive Directorate	372	34	9.14	37	9.95	17	4.57	66	17.74	56	15.05	92	24.73	70	18.82
Energoinform JSC	480	58	12.08	58	12.08	57	11.88	92	19.17	76	15.83	63	13.13	76	15.83
TOTAL	**4,446**	**271**	**6.10**	**430**	**9.67**	**359**	**8.07**	**851**	**19.14**	**711**	**15.99**	**679**	**15.27**	**1,145**	**25.75**

Structure of employees by age

405-1

Division	Total	Including (years)									
		up to 30		31-40		41-50		51-60		Over 61 years old	
		people	%	people	%	people	%	people	%	people	%
Akmolinskiye MES	571	104	18.21	155	27.15	139	24.34	146	25.57	27	4.73
Aktyubinskiye MES	262	47	17.94	85	32.44	47	17.94	70	26.72	13	4.96
Almatinskiye MES	474	100	21.10	159	33.54	100	21.10	96	20.25	19	4.01
Vostochnye MES	290	48	16.55	104	35.86	59	20.34	63	21.72	16	5.52
Zapadnye MES	252	65	25.79	90	35.71	52	20.63	40	15.87	5	1.98
Sarbaiskiye MES	411	57	13.87	107	26.03	100	24.33	130	31.63	17	4.14
Severnye MES	381	47	12.34	113	29.66	91	23.88	115	30.18	15	3.94
Tsentralnye MES	420	50	11.90	121	28.81	109	25.95	118	28.10	22	5.24
Yuzhnye MES	432	57	13.19	118	27.31	107	24.77	136	31.48	14	3.24
NDC SO	101	15	14.85	35	34.65	35	34.65	16	15.84		0.00
Executive Directorate	372	38	10.22	141	37.90	115	30.91	73	19.62	5	1.34
Energoinform JSC	480	81	16.88	185	38.54	92	19.17	101	21.04	21	4.38
TOTAL	**4,446**	**709**	**15.95**	**1,413**	**31.78**	**1,046**	**23.53**	**1,104**	**24.83**	**174**	**3.91**

Structure of employees by education

Division	Total	Including					
		higher		specialized secondary		secondary education	
		people	%	people	%	people	%
Akmolinskiye MES	571	342	59.89	175	30.65	54	9.46
Aktyubinskiye MES	262	179	68.32	57	21.76	26	9.92
Almatinskiye MES	474	310	65.40	102	21.52	62	13.08
Vostochnye MES	290	178	61.38	84	28.97	28	9.66
Zapadnye MES	252	166	65.87	55	21.83	31	12.30
Sarbaiskiye MES	411	272	66.18	94	22.87	45	10.95
Severnye MES	381	235	61.68	83	21.78	63	16.54
Tsentralnye MES	420	247	58.81	118	28.10	55	13.10
Yuzhnye MES	432	320	74.07	93	21.53	19	4.40
NDC SO	101	101	100.00	-	0.00	-	0.00
Executive Directorate	372	372	100.00	-	0.00	-	0.00
Energoinform JSC	480	418	87.08	45	9.38	17	3.54
TOTAL	**4,446**	**3,140**	**70.63**	**906**	**20.38**	**400**	**9.00**

Structure of voluntary staff turnover, people

Name of branch	As of 01.01.2023.			Due 31.12.2023.			Turnover for the period: 01.01.2023-31.12.2023		
		including:			including:			including:	
	Total	male	female	Total	male	female	Total	male	female
Akmolinskiye MES	567	467	100	571	473	98	0.71%	1.28%	-2.00%
Aktyubinskiye MES	250	204	46	262	211	51	4.80%	3.43%	10.87%
Almatinskiye MES	462	388	74	474	400	74	2.60%	3.09%	0.00%
Vostochnye MES	288	235	53	290	237	53	0.69%	0.85%	0.00%
Zapadnye MES	238	185	53	252	196	56	5.88%	5.95%	5.66%
Sarbaiskiye MES	407	337	70	411	334	77	0.98%	-0.89%	10.00%
Severnye MES	381	292	89	381	287	94	0.00%	-1.71%	5.62%
Tsentralnye MES	410	334	76	420	342	78	2.44%	2.40%	2.63%
Yuzhnye MES	439	368	71	432	361	71	-1.59%	-1.90%	0.00%
NDC SO	100	59	41	101	60	41	1.00%	1.69%	0.00%
Executive Directorate	361	179	182	372	186	186	3.05%	3.91%	2.20%
Energoinform JSC	473	319	154	480	322	158	1.48%	0.94%	2.60%
TOTAL	**4,376**	**3,367**	**1,009**	**4,446**	**3,409**	**1,037**	**1.60%**	**1.25%**	**2.78%**

Number of hired employees and employees who left the Company, people

Indicator	2019 people	2019 %	2020 people	2020 %	2021 people	2021 %	2022 people	2022 %	2023 people	2023 %	2023/2022 people	2023/2022, %
Total number of hired employees	**590**	**12.24**	**343**	**7.25**	**451**	**10.25**	**551**	**12.59**	**543**	**12.21**	**-8**	**-1.45%**
by age:												
- under 30	261	5.42	140	2.96	214	47.45	222	5.07	209	29.48	-13	-5.86%
- 31 to 50 years	250	5.19	168	3.55	194	43.02	276	6.31	274	11.14	-2	-0.72%
- 51 and over	79	1.64	35	0.74	43	9.53	53	1.21	60	4.69	7	13.21%
by gender:												
- men	404	8.38	263	5.56	364	80.71	441	10.08	436	12.78	-5	-1.13%
- women	186	3.86	80	1.69	87	19.29	110	2.51	107	10.31	-3	-2.73%
by region:												
- Akmolinskiye MES	59	15.28	15	4.03	26	7.34	70	19.39	56	15.05	-14	-20.00%
- Aktyubinskiye MES	83	14.26	46	8.01	69	11.98	72	12.70	65	11.38	-7	-9.72%
- Almatinskiye MES	21	8.27	15	5.93	27	10.63	28	11.20	31	11.83	3	10.71%
- Vostochnye MES	49	10.27	29	6.12	35	7.46	57	12.34	48	10.13	-9	-15.79%
- Zapadnye MES	30	10.10	17	5.94	29	9.80	20	6.94	30	10.34	10	50.00%
- Sarbaiskiye MES	31	13.66	28	12.23	39	16.46	36	15.13	40	15.87	4	11.11%
- Severnye MES	35	8.20	17	4.10	49	11.81	47	11.55	44	10.71	-3	-6.38%
- Tsentralnye MES	36	9.23	16	4.29	42	11.29	43	11.29	44	11.55	1	2.33%
- Yuzhnye MES	27	6.55	26	6.25	23	5.71	56	13.66	44	10.48	-12	-21.43%
- NDC SO	29	6.65	24	5.58	28	6.56	47	10.71	34	7.87	-13	-27.66%
- Executive Directorate	10	10.87	6	6.32	8	8.25	9	9.00	11	10.89	2	22.22%
- Energoinform JSC	153	19.08	92	11.79	76	15.20	66	13.95	96	20.00	30	45.45%
Total number of employees who left, total	**568**	**11.79**	**421**	**8.90**	**748**	**17.0**	**575**	**13.14**	**473**	**10.63**	**-102**	**-17.74%**
by age:												
- under 30	168	3.49	82	1.73	161	3.65	134	3.06	100	14.10	-34	-25.37%
- 31 to 50 years	223	4.63	170	3.59	362	8.22	254	5.80	220	8.95	-34	-13.39%
- 51 and over	177	3.67	169	3.57	225	5.11	187	4.27	153	11.97	-34	-18.18%
by gender: %												
- men	395	8.20	290	6.13	438	9.95	451	10.31	394	11.55	-57	-12.64%
- women	173	3.59	131	2.77	310	7.04	124	2.83	79	7.6	-45	-36.29%
by region:												
- Akmolinskiye MES	54	13.99	29	7.80	44	5.88	63	13.32	45	12.10	-18	-28.57%
- Aktyubinskiye MES	72	12.37	54	9.41	67	8.96	81	14.29	61	10.68	-20	-24.69%
- Almatinskiye MES	20	7.87	16	6.32	26	3.48	32	12.80	19	7.25	-13	-40.63%
- Vostochnye MES	49	10.27	32	6.75	40	5.35	64	13.85	36	7.59	-28	-43.75%
- Zapadnye MES	32	10.77	28	9.79	19	2.54	28	9.72	28	9.66	0	0.00%
- Sarbaiskiye MES	28	12.33	26	11.35	31	4.14	35	14.71	26	10.32	-9	-25.71%
- Severnye MES	28	6.56	29	6.99	49	6.55	55	13.51	40	9.73	-15	-27.27%
- Tsentralnye MES	34	8.72	33	8.85	43	5.75	34	8.92	44	11.55	10	29.41%
- Yuzhnye MES	36	8.74	22	5.29	36	4.81	49	11.95	34	8.10	-15	-30.61%
- NDC SO	27	6.19	30	6.98	31	4.14	35	7.97	41	9.49	6	17.14%
- Executive Directorate	10	10.87	3	3.16	6	0.80	6	6.00	10	9.90	4	66.67%
- Energoinform JSC	162	20.20	104	13.33	356	47.59	93	19.66	89	18.54	-4	-4.30%
Total personnel turnover, %		**7.4**		**4.7**		**8.22**		**8.13**		**6.51**		

The number of employees who are eligible to retire, people

EU15

Division	Total, people	Number of employees who may retire between 2023 and 2027			Number of employees who may retire in the period 2023-2032			% of employees who can retire	
			including			including		Total	в период
		Total	AMP	OP	Total	AMP	OP	2023-2027	2023-2032
Akmolinskiye MES	571	72	1	71	144	3	141	12.61	25.22
Aktyubinskiye MES	262	27		27	61	2	59	10.31	23.28
Almatinskiye MES	474	49	3	46	99	10	89	10.34	20.89
Vostochnye MES	290	30	3	27	27	1	26	10.34	9.31
Zapadnye MES	252	27	1	26	39	3	36	10.71	15.48
Sarbaiskiye MES	411	61	2	59	154	7	147	14.84	37.47
Severnye MES	381	49	1	48	102	3	99	12.86	26.77
Tsentralnye MES	420	65	1	64	115	3	112	15.48	27.38
Yuzhnye MES	432	58	1	57	120	114	6	13.43	27.78
NDC SO	101	6	-	6	12	-	12	5.94	11.88
Executive Directorate	372	25	16	9	58	41	17	6.72	15.59
Energoinform JSC	480	53	1	52	29	2	27	11.04	6.04
TOTAL	**4,446**	**522**	**30**	**492**	**960**	**189**	**771**	**11.74**	**21.59**

Production indicators

EU1, EU3, EU4, EU28, EU29

Indicator	Unit	2019	2020	2021	2022	2023	2023/2022	2023/2022,%
Installed production capacity, broken down by primary energy source and regulatory regime	**MVA**	**38,246.05**	**38,746.05**	**38,742.90**	**38,992.9**	**39,055.90**	**+63.00**	**+ 0.16**
including:								
- Substations 1150 kV	MVA	9,384.10	9,384.10	9,384.10	9,384.10	9,384.10	-	-
- Substations 500 kV	MVA	17,447.50	17,447.50	17,447.50	17,447.50	17,447.50	-	-
- Substations 220 kV	MVA	11,391.25	11891.25	11,888.10	12,138.1	12,201.10	63.00	0.52
- Substations 110 kV	MVA	-	-	-	-		-	-
- Substations 35 kV	MVA	23.20	23.20	23.20	23.2	23.2	-	-
Length of overhead and cable transmission lines by regulation mode (by circuits)	**km**	**26,900.91**	**26,997.92**	**26,973.23**	**26,977.22**	**27,807.51**	**830.29**	**3.00**
including:								
- 1150 kV	km	1,421.23	1,421.23	1,421.23	1,421.23	1,421.23	-	-
- 500 kV	km	8,287.98	8,287.98	8,282.26	8,282.26	8,281.93	-0.33	0
- 330 kV	km	1,863.28	1,863.28	1,863.28	1,863.28	1,863.28	-	-
- 220 kV	km	14,816.35	14,898.86	14,893.06	14,890.22	15,669.58	+779.36	5.23
- 110 kV	km	352.84	352.84	352.84	352.84	352.84	-	-
- 35 kV	km	44.13	44.13	44.13	44.13	44.13	-	-
- below 35 kV	km	115.10	129.61	116.44	123.26	174.463	+51.20	42.00
Number of electricity consumers (number of contracts)	**pcs.**	**797**	**861**	**951**	**1,141**	**1629**	**+488**	**43.00**
Frequency of power outages — SAIFI		**0.03**	**0.07**	**0.12**	**0.04**	**0.07**	**0.03**	**75.00**
Average duration of power outages — SAIDI	**hours**	**0.01**	**0.16**	**0.09**	**0.06**	**0.05**	**-0.01**	**-16.67**
Volumes of services provided								
Electricity transmission	**billion kWh**	**43.97**	**46.16**	**54.65**	**58.57**	**39.24**	**-19.3**	**-33.00**
NPG utilisation	**billion kWh**	**-**	**-**	**-**	**-**	**35.98**	**-**	**-**
Technical dispatching	**billion kWh**	**97.06**	**98.99**	**105.04**	**104.26**	**106.28**	**2.0**	**1.9**
Organisation of electricity production-consumption balancing	**billion kWh**	**188.77**	**192.86**	**205.15**	**203.12**	**205.41**	**2.3**	**1.1**

Economic indicators

201-1, 201-4

Indicator	Unit	2019	2020*	2021	2022	2023	2023/2022	2023/2022,%
Total capitalisation:	**million tenge**	**632,163.54**	**663,590.50**	**908,336.27**	**809,916.87**	**849,254.52**	**39,337.65**	**4.86**
- equity capital	million tenge	481,838.02	502,556.47	737,136.82	653,565.16	685,719.13	32,153.97	4.92
- borrowed capital	million tenge	150,325.52	161,034.03	171,199.45	156,351.70	163,535.39	7,183.69	4.59
Funds received from the state	**million tenge**	**-**	**-**	**-**	**-**	**0**	**-**	**-**
Economic value created:	**million tenge**	**160,158.80**	**185,852.94**	**199,424.10**	**227,003.95**	**263,910.63**	**36,906.68**	**16.26**
- operating income	million tenge	154,629.42	179,097.56	186,443.14	217,255.55	252,136.38	34,880.83	16.06
- financial income	million tenge	3,581.81	5,480.24	5,368.22	5,726.12	7,576.47	1850.354	32.31
- other income	million tenge	1,947.57	1,275.13	7,612.74	4,022.29	4,197.78	175.49	4.36
Economic value distributed:	**million tenge**	**157,587.49**	**170,101.47**	**201,789.23**	**217,270.65**	**253,879.87**	**36,609.22**	**16.85**
- labour costs	million tenge	20,167.09	21,101.73	23,672.49	26,755.43	33,272.86	6,517.43	24.36
- expenses on taxes and fees to the state budget	million tenge	17,932.84	21,334.15	14,047.26	18,026.52	21,610.03	3,583.51	19.88
- payments to capital providers	million tenge	40,842.53	43,952.81	53,200.01	30,309.24	47,075.04	16,765.80	55.32
- charity and sponsorship support	million tenge	-	-	-	-	0	-	-
- other operating costs	million tenge	78,260.29	77,761.28	99,492.06	136,625.19	148,327.37	11,702.18	8.57
- other non-operating expenses	million tenge	384.74	5,951.50	11,377.43	5,554.26	3,594.57	-1,959.69	-35.28
Profit after tax for the year from discontinued operations	**million tenge**	**6,535.83**	**4,967.04**	**13,471.47**	**-**	**-**	**-**	**-**
Economic value attributable	**million tenge**	**9,107.14**	**20,718.50**	**11,106.33**	**9,733.30**	**10,030.77**	**297.47**	**3.06**
Percentage of senior management hired from the local community at significant locations of operation	%	**83**	**90.9**	**90.9**	**85.7**	**100**	**14.3**	**17**

* restated to reflect the disposal of SFCS RES LLP

Compliance with legislation and regulatory requirements

2-27

Indicator	Unit	2019	2020	2021	2022	2023
Confirmed cases of corruption and actions taken*	-	0	0	0	0	0
Monetary amount of significant fines and total number of non-financial sanctions imposed for non-compliance with laws and regulations in the socio-economic sphere	million tenge	0	0	0	0	0
of them:						
- monetary value of significant fines for non-compliance with laws and regulations relating to the provision and use of products and services	million tenge	0	0	0	0	0
- monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	million tenge	0	0	0	0	0

* There were no incidents in which employees were dismissed or disciplined for corruption, contracts with business partners were terminated due to corruption-related offences, and there were no court cases related to corruption against the Company or its employees during 2023.

Environmental indicators

7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

EU12, 302-1, 302-4

Indicator	Unit	2019	2020*	2021	2022	2023	2022/2023	2022/2023,%
Energy consumption								
Percentage of energy transmission losses*	**%**	**6.4**	**6.0**	**5.6**	**4.9**	**5.0**	**0.1**	**2%**
Effect of measures to reduce losses (energy saving)	**GJ**	**17,222**	**15,340**	**15,810**	**14,155**	**14,609**	**454**	**3%**
Specific energy consumption	**GJ/ thousand tenge**	**0.069**	**0.058**	**0.060**	**0.048**	**0.043**	**-0.005**	**-10%**
Energy consumption within the organisation	**GJ**	**10,710,622**	**10,350,517**	**11,162,799**	**10,374,628**	**10,817,816**	**443,188**	**4%**
- electricity	GJ	10,502,753	10,068,339	10,951,741	10,169,639	10,620,995	451,356	4%
- heat energy	GJ	87,399	81,396	87,536	84,843	78,877	-5,966	-7%
Fuel:	**GJ**	**120,470**	**114,065**	**123,521**	**120,146**	**117,945**	**-2,201**	**-2%**
- motor gasoline	GJ	53,935	44,768	41,681	40,918.42	39,368	-1,550	-4%
- diesel fuel	GJ	62,911	65,250	77,941	75,481.13	75,206	-275	0%
- natural gas	GJ	3,314	3,911	3,749	3,237.41	3,066	-171	-5%
- liquefied gas	GJ	310	135	150	508.78	304	-204	-40%

* Technical losses from the release of electricity to the grid during its transmission.

Occupational health and safety indicators

403-9

Indicator	2019	2020	2021	2022	2023
Frequency of registered occupational injuries	0	0	0.03	0	0
By region:					
Executive Directorate	0	0	0	0	0
Akmolinskiye MES	0	0	0	0	0
Aktyubinskiye MES	0	0	0.45	0	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0	0
Zapadnye MES	0	0	0	0	0
Sarbaiskiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0	0
NDC SO	0	0	0	0	0
Frequency of severe injuries (excluding fatalities)	0	0	0.03	0.05	0.03
By region:					
Executive Directorate	0	0	0	0	0
Akmolinskiye MES	0	0	0	0	0
Aktyubinskiye MES	0	0	0.45	0	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0.41	0
Zapadnye MES	0	0	0	0	0
Sarbaiskiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0.3
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0.27	0
NDC SO	0	0	0	0	0
Number of severe injuries (excluding fatalities)	0	0	0	2	1
Frequency of fatalities	-	0	0	0.02	0

Indicator	2019	2020	2021	2022	2023
By region:					
Executive Directorate	0	0	0	0	0
Akmolinskiye MES	0	0	0	0	0
Aktyubinskiye MES	0	0	0.45	0	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0.41	0
Zapadnye MES	0	0	0	0	0
Sarbaiskiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0	0
NDC SO	0	0	0	0	0
Number of fatalities	0	0	0	1	0
Training, drills and exercises in the field of civil defence and protection from emergency situations:					
Republican command and staff drills	2	2	2	-	3
Staff drills	12	4	2	-	7
Object drills	4	2	2	20	15
Tactical and special exercises with civil defence formations	1	2	3	21	6
Seismic drills	15	4	4	11	14
Training at republican, regional courses on civil defence and protection from emergency situations:	14	32	36	11	23

* The rate is based on 200,000 hours worked and shows the number of occupational injuries per 100 full-time workers per year.

Appendix 3. GRI Indicators Table

Statement of use: Kazakhstan Electricity Grid Operating Company (KEGOC) JSC prepared the Report in accordance with GRI standards for the period 01/01/2023-31/12/2023.
Applicable GRI 1: GRI 1: Foundation 2021
Applicable GRI industry standards: GRI Electric Utilities (2016)

Index of the indicator	Name of indicator	Completeness of disclosure			Section and page in the Report	Comments
		Requirement excluded	Reason	Description		
GRI 2: The Company and its Reporting Practices						
2-1	Organisational details				14, 158	
2-2	Entities included in the organisation's sustainability reporting				91	
2-3	Reporting period, frequency and contact point				91	
2-4	Restatements of information					there were no restatements
2-5	External assurance				91	
GRI 2: Activities and workers						
2-6	Activities, value chain and other business relationships				16, 17, 20, 22, 55, 86, 87, 88	
2-7	Employees				41, 95, 96	
2-8	Workers who are not employees	Yes	not applicable	there are no freelance employees in the Company		
GRI 2: Corporate Governance						
2-9	Governance structure and composition				54, 59, 63, 65, 66	
2-10	Nomination and selection of the highest governance body				58, 63	
2-11	Chair of the highest governance body				58, 59	
2-12	Role of the highest governance body in overseeing the management of impacts				18, 32, 39, 50, 58, 79	
2-13	Delegation of responsibility for managing impacts				32, 39, 50, 58, 64, 65, 66, 67, 69, 72	
2-14	Role of the highest governance body in sustainability reporting				58, 91	
2-15	Conflict of interest				73, 74	
2-16	Communication of critical concerns				75, 76	
2-17	Collective knowledge of the highest governance body				68	
2-18	Evaluation of the performance of the highest governance body				73	
2-19	Remuneration policy				73	
2-20	Process to determine remuneration				73	
2-21	Annual total remuneration ratio	yes	confidential restrictions	information on remuneration is disclosed in accordance with the Rules of Information Disclosure by Initiators of Admission of Securities of KASE		

Index of the indicator	Name of indicator	Completeness of disclosure: Requirement excluded	Completeness of disclosure: Reason	Completeness of disclosure: Description	Section and page in the Report	Comments
GRI 2: Strategy, policies, practices						
2-22	Statement on sustainable development strategy				02, 03, 18	
2-23	Policy commitments				18, 33, 35, 40, 49, 74	
2-24	Embedding policy commitments				18, 22, 33, 35, 46, 51, 75, 86	
2-25	Processes to remediate negative impacts				22, 33, 51, 75, 76, 86, 93	
2-26	Mechanisms for seeking advice and raising concerns				09, 22, 37, 75, 76, 86, 93	
2-27	Compliance with laws and regulations				22, 33, 102	
2-28	Membership associations				14, 15	
2-29	Approach to stakeholder engagement				92, 93, 94	
2-30	Collective bargaining agreements				49	
EU1	Installed production capacity, broken down by primary energy source and regulatory regime				16, 17, 101	
EU2	Net energy production, broken down by primary energy source and regulatory regime	yes	not applicable	KEGOC JSC is not an energy producing company		
EU3	Number of electricity consumers				22, 101	
EU4	Length of overhead and underground transmission lines, broken down by regulatory regime				16, 17, 101	
EU5	Distribution of CO2e or its equivalent by greenhouse gas emission scheme		not applicable	The company does not operate in markets with voluntary or legally binding CO_2e emissions trading schemes		
EU28	Frequency of power outages				29, 101	
EU29	Average duration of power outages				29, 101	
GRI 3: Material topics						
3-1	Process to determine material topics				94	
3-2	List of material topics				94	
3-3	Management of material topics				32, 39, 50, 75	
Economic category						
GRI 201: Economic performance						
3-3	Management of material topics				89	
201-1	Direct economic value generated and distributed				89	
201-2	Financial implications and other risks and opportunities associated with climate change				24, 30, 35, 38	
201-3	Coverage of the organisation's obligations related to defined benefit pension plans	yes	not applicable	Pension legislation of the Republic of Kazakhstan regulates the procedure for pension contributions to the UAPF		
201-4	Financial assistance received from government				89, 102	

Index of the indicator	Name of indicator	Completeness of disclosure			Section and page in the Report	Comments
		Requirement excluded	Reason	Description		
Environmental category						
GRI 302: Energy						
3-3	Management of material topics					
302-1	Direct energy consumption by primary energy source	yes	c. iii., iv./ d not applicable	The Company does not consume cooling and steam, and does not sell energy resources	38, 103	
302-2	Energy consumption outside the organisation			Currently, the Company keeps records of energy resources consumption only within the organisation, therefore, energy consumption outside the organisation is not reflected in this Report		
302-3	Energy intensity				38	
302-4	Reducing energy consumption				38, 103	
302-5	Reduction in energy demand of products or services sold (for us, transmission losses)				38	
EU12	Percentage of transmission and distribution losses				38, 103	
GRI 302: Emissions						
3-3	Management of material topics				33	
305-1	Direct (Scope 1) GHG emissions	yes	c. not applicable	The Company does not generate biogenic emissions	35	
305-2	Energy indirect (Scope 2) GHG emissions		b. not applicable		35	
305-3	Other indirect (Scope 3) GHG emissions			the Company currently does not keep records of indirect greenhouse gas emissions (scope 3)		
305-4	GHG emissions intensity				35	
305-5	Reduction of GHG emissions				35	
305-6	Emissions of ozone-depleting substances (ODS)			In its operations, the Company does not emit ozone-depleting substances that affect climate change		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	yes	a.iii Persistent organic pollutants (POPs) — not applicable a. v Hazardous air pollutants (HAPs) — not applicable	a.iii - The Company has no emissions from POPs a. v - Not applicable under the laws of the Republic of Kazakhstan	34	
GRI 306: Waste						
3-3	Management of material topics				36	
306-1	Waste generation and significant waste-related impacts				36	
306-2	Management of significant waste-related impacts				36	
306-3	Waste generated				36	

Index of the indicator	Name of indicator	Completeness of disclosure			Section and page in the Report	Comments
		Requirement excluded	Reason	Description		
306-4	Waste diverted from disposal	yes	Partial disclosure	This indicator is partially disclosed based on the latest information available to the Company and for which the Company has an under-standing	36	
306-5	Waste directed to disposal	yes	Partial disclosure	This indicator is partially disclosed based on the latest information available to the Company and for which the Company has an under-standing	36	
Social category						
GRI 403: Occupational Health and Safety						
3-3	Management of material topics				50	
403-1	Occupational health and safety management system				51	
403-2	Hazard identification, risk assessment and incident investigation				51, 52	
403-3	Occupational health services				51	
403-4	Worker participation, consultation and communication on occupational health and safety at work				49, 51	
403-5	Worker training on occupational health and safety				51, 52	
403-6	Promotion of worker health				51	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				51, 52	
403-8	Workers covered by an occupational health and safety management system				51, 52	
403-9	Work-related injuries				52, 104	EU25
403-10	Work-related ill health				51	
GRI 405: Diversity and equal opportunities						
3-3	Management of material topics				41	
405-1	Composition of governance bodies and breakdown of employees per key category accord-ing to gender and age group				42, 62, 95, 97	
405-2	Ratio of basic salary and remuneration of women to men by employee category and core region of operations				45	

Appendix 4. Consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2023

In the process of preparation of financial statements there is a risk 'Reflection of incorrect information in the financial statements', which is not the key risk, but is significant for ensuring efficient operation of KEGOC JSC. The factors of occurrence of this risk are:

- insufficient qualification of personnel in the Company;
- lack of control over changes in IFRS and regulatory requirements;
- errors in manual data entry into the accounting system;
- dishonest actions of employees;
- provision of inaccurate primary documentation by structural subdivisions.

To minimise this risk in the preparation of the financial statements for 2023, the Company carried out:

- employee training;
- monitoring of the legal information database;
- audit of financial statements;
- ensuring multi-level control over data input into the accounting system;
- control over provision of reliable primary information by structural subdivisions of KEGOC JSC and its subsidiaries.

In addition, the auditor, when performing an audit of the financial statements:

- the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, are identified and assessed;
- designing and performing audit procedures in response to those risks;
- internal control systems are reviewed to design audit procedures;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluating the appropriateness of management's use of the going concern basis of accounting;
- assesses the overall presentation of the consolidated financial statements, their structure and content, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- sufficient appropriate audit evidence is gathered regarding the financial information of the Company to express an opinion on the consolidated financial statements.

The selection of an audit firm to provide financial statement audit services for the Group of companies of KEGOC JSC was carried out in accordance with the Rules for the selection of an audit firm for Samruk-Kazyna JSC and entities, more than fifty percent of voting shares (participatory interests) of which are owned directly or indirectly by Samruk-Kazyna JSC by right of ownership or trust management, and based on the decision of the Annual General Shareholders' Meeting of KEGOC JSC (Minutes No. 22 dated 31 May 2021). A long-term contract was concluded with RSM Qazaqstan LLP — an independent audit organisation, a member of the professional organisation of the Chamber of Auditors of the Republic of Kazakhstan. The amount of remuneration for the provision of services on audit of financial statements for 2021-2023 was KZT 116.22 million including VAT, KZT 35.98 for 2021, KZT 38.55 million for 2022 and KZT 41.69 million for 2023.

To maintain independence and in accordance with the External Audit Policy of KEGOC JSC, when one audit organisation conducts an audit within five consecutive years, the audit partner is changed. RSM Qazaqstan LLP did not provide non-audit services to KEGOC JSC in 2023.

Independent auditor's report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Board of Directors and Management of Kazakhstan Electricity Grid Operating Company JSC "KEGOC"

Opinion

We have audited the consolidated financial statements of Kazakhstan Electricity Grid Operating Company JSC and its subsidiary (hereinafter the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of 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 summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	*How our audit addressed the key audit matter*
Valuation of property, plant and equipment	
As of 31 December 2023, the carrying value of assets of the National Electricity Grid ("NES") amounted to 718.550.166 thousand tenge (31 December 2022: 733.464.524 thousand tenge). The NES assets are accounted for at fair value in accordance with the Group's accounting policy. At each reporting date, the Group analyzes to what extent the fair value of the NES assets differs significantly from their carrying value. In order to assess the possible fluctuations in the fair values Management of the Group determines the replacement cost of assets most exposed to the risk of changes in fair value. Due to the significance of the carrying amount of the NES assets, as well as significant use of professional judgement and estimates by Management when analyzing changes in the fair value of the NES assets, this issue was one of the key audit matters. Information on the NES assets and analysis of changes in fair value of the NES assets is presented in *Notes 4* and *6* to the consolidated financial statements.	We obtained from management of the Group an analysis of how the carrying amount of NES assets as at 31 December 2023 differs materially from their fair value. We reviewed the analysis of the Group and the approach taken. Thus, we reviewed the composition of the main expenses that form the value of NES assets and analyzed how much the fair value of the metal, which is the main type of cost underlying the value of NES assets, has changed compared to its value at the date of the previous assessment, which took place on December 1, 2022. We analyzed other inputs used by the Group to carry out its analysis, such as tariffs and electricity volume forecast. We compared how much the discount rate and long-term growth rate as of December 31, 2023 had changed with those at the previous valuation date. We analyzed information, disclosed in *Notes 4* and *6* to the consolidated financial statements.
Compliance with covenants under credit facility agreements	
In accordance with terms of loan agreements and bond programs, the Group is required to comply with certain financial and not financial covenants. Breaching of these covenants may lead to the request of early repayment of loans and bonds and funding shortages. Compliance with covenants was one of the matters of most significance in the audit, because it has major impact on the going concern assumption used in preparation of the consolidated financial statements, and on classification of loans and bonds in the consolidated statement of financial position. Information on compliance with covenants is disclosed in *Note 28* to the consolidated financial statements.	We examined the terms of credit facilities and reviewed financial and not financial covenants. We compared data used in the calculations with the data presented in the consolidated financial statements. We reviewed mathematical accuracy of calculations of the financial ratios. We analyzed the management evaluation of the risk that breach of any covenants is likely within the next 12 months and the potential impact of breach on the going concern basis. We analyzed information received from creditors in relation to compliance with covenants as of 31 December 2023. We also analyzed information disclosed in the consolidated financial statements.

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Impact of changes in legislation on the Group's revenue	
On July 1, 2023, amendments to the Law "On Electric Power Industry" (hereinafter referred to as the Law) came into force, regulating the mechanism of operation of the wholesale electricity market (WEM) with the introduction of a single purchaser of electricity and a real-time balancing market for electricity (BME). In the WEM, all electrical energy generated by energy-producing organizations is sold to a single purchaser of electrical energy, with the exception of the purchase and sale of electrical energy between consumers and energy-producing organizations of industrial complexes and organizations belonging to the same group of persons (*the register of groups of persons is formed by the Ministry of Energy of the Republic of Kazakhstan*). In turn, BME ensures the settlement of imbalances in the Unified Electric Power System of Kazakhstan (UEPS), allowing for targeted distribution of imbalances among market entities that have committed deviations. In order to ensure the functioning of the new market model, in accordance with the Law "On Electric Power Industry", on the basis of relevant agreements, from July 1, 2023, KEGOC JSC provides market entities with a new service for using the national electric grid. At the same time, the electricity transmission service for the transmission of electrical energy through the national electric network has been preserved and is provided to organizations that are part of a group of persons (when transmitting electricity through the NES from a power plant to a consumer that is part of the same group of persons. i.e., it is possible to determine the transmission route and targeting), during interstate transit of electricity (providing services to organizations of other states), during export/import and to consumers who have entered into bilateral agreements with renewable energy sources. The BME carries out the purchase and sale of balancing electricity and negative imbalances. Purchase and sale between KEGOC JSC and the Settlement Center for the Balancing Electric Energy Market (KOREM JSC) is carried out in accordance with Sales and Purchase Agreements and Interconnection Agreements with all BME entities.	We familiarized ourselves with the changes to the Law. We studied the impact of changes in the Law on the process of generating and recognizing revenue at KEGOC JSC. We checked the recognition of revenue from various types of services provided to market entities, including revenue from the use of the NES and revenue from the transmission of electrical energy via the NES. We also checked the recognition of revenue from the sale of balancing electricity and the cost of purchase of negative imbalances of KOREM JSC. We checked the registers of mutual offsets of monetary obligations, on the basis of which KOREM JSC transfers the right to claim remuneration to the entities specified in the register to KEGOC JSC. We checked the repayment of receivables from BME entities on outstanding invoices. We verified the accuracy of the estimated expected credit losses on trade receivables.

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Аудиторский отчёт независимого аудитора

RSM

Other information included in the Group's 2023 annual report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of management and those charged with governance for the consolidated 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 consolidated financial statements that are free form 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 have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 International Standards on Auditing, 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;
- 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 Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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- 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 consolidated 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 the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Aisulu Narbayeva.

RSM Qazaqstan LLP

Aisulu Narbayeva
Auditor / General Director
RSM Qazaqstan LLP

Auditor qualification certificate # 0000137 dated 21 October 1994

State audit license for audit activities on the territory of the Republic of Kazakhstan #19024411 issued by the Ministry of finance of the Republic of Kazakhstan on 24 December 2019

43, Dostyk Avenue, office 302
Almaty, 050010, Republic of Kazakhstan

27 February 2024

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Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

In thousands of tenge	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	6	**870.122.684**	859.129.917
Intangible assets		**3.163.452**	3.453.791
Advances paid for non-current assets	6	**2.823.470**	6.118.449
Investment in associate	7	**2.942.759**	2.747.455
Long-term receivables from related parties	26	**382.638**	514.613
Other financial assets, non-current portion	11	**1.979.457**	1.968.564
		881.414.460	**873.932.789**
Current assets			
Inventories	8	**3.289.266**	3.207.155
Trade account receivable	9	**34.314.906**	21.047.390
VAT recoverable and other prepaid taxes		**234.527**	871.258
Prepaid corporate income tax		**1.834.225**	128.400
Other current assets	10	**2.733.677**	1.649.971
Other financial assets, current portion	11	**30.589.367**	57.196.672
Restricted cash	12	**1.846.056**	1.015.462
Cash and cash equivalents	13	**45.528.523**	27.563.092
		120.370.547	**112.679.400**
TOTAL assets		**1.001.785.007**	**986.612.189**

In thousands of tenge	Notes	31 December 2023	31 December 2022
Equity and liabilities			
Equity			
Share capital	14	**148.922.757**	126.799.554
Treasury shares	14	**(930)**	(930)
Asset revaluation reserve	14	**488.537.852**	489.297.133
Retained earnings		**48.259.455**	37.469.407
		685.719.134	**653.565.164**
Non-current liabilities			
Borrowings, non-current portion	15	**5.588.895**	11.367.844
Bonds payable, non-current portion	16	**149.521.918**	133.394.155
Deferred tax liability	25	**119.642.670**	123.971.284
Long-term payables	17	**2.163.124**	4.146.691
Deferred income, non-current portion		**622.896**	676.138
Other liabilities, non-current portion		**–**	13.522
		277.539.503	**273.569.634**
Current liabilities			
Borrowings, current portion	15	**1.146.917**	5.530.813
Bonds payable, current portion	16	**7.277.659**	6.058.889
Trade and other accounts payable, current portion	17	**19.721.022**	21.713.025
Dividends payable	14	**–**	17.014.309
Contract liabilities		**1.185.059**	1.669.590
Deferred income, current portion		**53.243**	53.243
Taxes payable other than income tax	18	**3.426.356**	1.933.096
Income tax payable		**–**	267.335
Other current liabilities	19	**5.716.114**	5.237.091
		38.526.370	**59.477.391**
Total liabilities		**316.065.873**	**333.047.025**
Total equity and liabilities		**1.001.785.007**	**986.612.189**

Book value per ordinary share (in tenge)	**14**	**2.479**	**2.500**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

In thousands of tenge	Notes	2023	2022
Revenue from contracts with customers	20	**252.136.383**	217.255.548
Cost of sales	21	**(181.403.604)**	(166.355.885)
Gross profit		**70.732.779**	**50.899.663**
General and administrative expenses	22	**(11.113.427)**	(9.020.431)
Selling expenses		**(490.990)**	(310.355)
Gain from recovery of loss from revaluation of property, plant and equipment	6	–	949.895
Loss from revaluation of property, plant and equipment	6	–	(4.548.255)
(Impairment loss) / reversal of impairment of property, plant and equipment	6	**(462.516)**	23.385
Operating profit		**58.665.846**	**37.993.902**
Finance income	23	**7.576.474**	5.726.115
Finance costs	23	**(13.709.414)**	(13.294.934)
Foreign exchange gain, net	24	**951.337**	114.963
Share of profit of an associate	7	**195.304**	469.123
Other income		**3.051.135**	2.488.310
Other expenses		**(747.948)**	(500.704)
Accrual of provision for expected credit losses	9.10.11.12.13	**(2.384.102)**	(528.687)
Profit before tax		**53.598.632**	**32.468.088**
Corporate income tax expense	25	**(10.202.243)**	(5.720.479)
Profit for the year		**43.396.389**	**26.747.609**
Other comprehensive income / (loss)			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Loss from revaluation of property, plant and equipment	4	–	(100.105.029)
Income tax effect	25	–	20.021.005
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of corporate income tax		–	(80.084.024)
Total comprehensive income / (loss) for the year, net of corporate income tax		**43.396.389**	**(53.336.415)**
Earnings per share			
Basic and diluted profit for the year attributable to ordinary equity holders of the parent (in tenge)	14	**165.50**	102.88

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

In thousands of tenge	Notes	2023	2022
Operating activities			
Profit before tax		**53.598.632**	32.468.088
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation		**51.409.922**	61.202.463
Finance expenses	23	**13.709.414**	13.294.934
Finance income	23	**(7.576.474)**	(5.726.115)
Foreign exchange gain/(loss), net		**(951.337)**	(114.963)
Accrual of provision for expected credit losses		**2.384.102**	528.687
Accrual of allowance for obsolete inventories		**79.272**	77.931
Loss from disposal of property, plant and equipment and intangible assets		**249.114**	94.956
Gain from recovery of loss from revaluation of property, plant and equipment	6	–	(949.895)
Loss from revaluation of property, plant and equipment	6	–	4.548.255
Impairment loss / (reversal of impairment) of property, plant and equipment	6	**462.516**	(23.385)
Share of profit of an associate	7	**(195.304)**	(469.123)
Income from government grants		**(53.242)**	(42.708)
Working capital adjustments			
Change in inventories		**(161.383)**	(694.703)
Change in trade accounts receivable		**(16.002.251)**	(8.847.516)
Change in other current assets		**(1.258.905)**	(924.897)
Change in VAT recoverable and other prepaid taxes		**636.731**	2.360.396
Change in trade and other accounts payable		**731.901**	5.505.375
Change in contract liabilities		**(484.531)**	(394.756)
Change in other non-current liabilities		**(13.522)**	(158.106)
Change in taxes payable other than corporate income tax		**1.473.334**	(427.761)
Change in other current liabilities		**545.587**	1.189.689
Cash flows from operating activities		**98.583.576**	**102.496.846**
Interest paid	27	**(738.058)**	(1.336.740)
Coupon interest paid	27	**(21.572.501)**	(12.727.000)
Commissions paid on bank guarantees		**(124.994)**	(1.172.412)
Interest received		**7.595.069**	5.658.863
Corporate income tax paid		**(16.478.545)**	(12.240.835)
Net cash flows received from operating activities		**67.264.547**	**80.678.722**

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In thousands of tenge	Notes	2023	2022
Investing activities			
Withdraw of bank deposits		**7.287.964**	44.735.130
Replenishment of bank deposits		**(5.061.468)**	(23.523.047)
Change in restricted cash		**(898.893)**	–
Gain from sale of property, plant and equipment and intangible assets		**196.498**	2.378.537
Purchase of property, plant and equipment		**(54.705.720)**	(49.476.255)
Purchase of intangible assets		**(597.410)**	(693.486)
Acquisition of debt securities	11	**(148.467.501)**	(36.933.373)
Redemption of debt securities	11	**174.113.437**	32.117.343
Repurchase of DSFK bonds by the issuer	11	**31.087**	12.671
Partial return of funds from Kazinvestbank and Eximbank Kazakhstan		**38.478**	173.876
Commissions paid on loans	27	**(22.358)**	–
Net cash flows used in investing activities		**(28.085.886)**	**(31.208.604)**
Financing activities			
Receipt of cash from the sale of shares	14	**22.665.883**	–
Share issue costs	14	**(542.680)**	–
Issue of bonds	28	**16.867.598**	16.141.100
Dividends paid	14	**(50.379.931)**	(13.220.929)
Repayment of loans	27	**(9.973.990)**	(35.865.915)
Principal repayment of lease liability	27	**–**	(111.895)
Net cash flows used in financing activities		**(21.363.120)**	**(33.057.639)**
Net change in cash and cash equivalents		**17.815.541**	**16.412.479**
Effect of exchange rate changes on cash and cash equivalents		**(9.059)**	(600.425)
Effect of accrual of provision on expected credit losses on cash and cash equivalents		**158.949**	(182.790)
Cash and cash equivalent, as at 1 January		**27.563.092**	11.933.828
Cash and cash equivalents, as at 31 December	**13**	**45.528.523**	**27.563.092**

Non-cash operations:

During 2023, the Group capitalized the cost of coupon interest on bonds in the cost of property, plant and equipment in the amount of 8.013.366 thousand tenge (Note 6).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

In thousands of tenge	Share capital	Treasury shares	Asset revaluation reserve	Retained earnings	TOTAL
As at 1 January 2022	**126.799.554**	**(930)**	**569.845.780**	**40.492.413**	**737.136.817**
Profit for the year	–	–	–	26.747.609	26.747.609
Loss from revaluation of property, plant and equipment, net of income tax (Note 4)	–	–	(80.084.024)	–	(80.084.024)
Total comprehensive income	**–**	**–**	**(80.084.024)**	**26.747.609**	**(53.336.415)**
Dividends (Note 14)	–	–	–	(30.235.238)	(30.235.238)
Transfer of asset revaluation reserve (Note 14)	–	–	(464.623)	464.623	–
As at 31 December 2022	**126.799.554**	**(930)**	**489.297.133**	**37.469.407**	**653.565.164**
Profit for the year	–	–	–	43.396.389	43.396.389
Total comprehensive income	**–**	**–**	**–**	**43.396.389**	**43.396.389**
Issue of share capital (Note 14)	22.123.203	–	–	–	22.123.203
Dividends (Note 14)	–	–	–	(33.365.622)	(33.365.622)
Transfer of asset revaluation reserve (Note 14)	–	–	(759.281)	759.281	–
As at 31 December 2023	**148.922.757**	**(930)**	**488.537.852**	**48.259.455**	**685.719.134**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

Kazakhstan Electricity Grid Operating Company JSC (the "Company" or "KEGOC JSC") was established in accordance with the Government Resolution of the Republic of Kazakhstan N°1188 dated 28 September 1996 by transferring of some assets of the former National Energy System "Kazakhstanenergo".

As at 31 December 2023 the Company's major shareholder was Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter "Samruk-Kazyna") (percentage of ownership 85%). Samruk-Kazyna is controlled by the Government of the Republic of Kazakhstan. The remaining 15% shares were placed in 2014 and 2023 on the organized securities markets Kazakhstan Stock Exchange JSC (hereinafter — KASE) and Astana International Exchange — AIX (AIFC Exchange) (hereinafter — AIX).

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

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

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

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

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

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

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

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

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

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

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

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

As at 31 December 2023 and 31 December 2022 the Company owned the following subsidiary:

Company	Activities	Percentage of ownership 31 December 2023	Percentage of ownership 31 December 2022
Energoinform JSC	Maintenance of the KEGOC's IT system	**100%**	100%

The Company and its subsidiary are hereinafter referred to as the "Group".

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

These consolidated financial statements of the Group were authorized by the Chairman of the Management Board and Chief Accountant of the Company on 27 February, 2024.

2. BASIS OF PREPARATION

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

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the following term apply:

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Group has adopted for the first time certain standards and amendments that are effective for annual reporting periods starting 1 January 2023 (unless otherwise stated). The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by: a specific adaptation for contracts with direct participation features (the variable fee approach); a simplified approach (the premium allocation approach) mainly for short-duration contracts. The new standard had no impact on the Group's consolidated financial statements.

Definition of Accounting Estimates — Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Group's consolidated financial statements.

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

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

International Tax Reform—Pillar Two Model Rules — Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception — the use of which is required to be disclosed — applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The amendments had no impact on the Group's consolidated financial statements.

Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

Fair value measurement

The Group measures financial instruments, such as financial assets measured at fair value at each reporting date, and non-financial assets (NPG assets) at fair value when fair value differs materially from their carrying value. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 27.

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

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

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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

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

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

Foreign currency transactions

The Group's consolidated financial statements are presented in Tenge ("KZT"), which is also the functional currency of the Group companies. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

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

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

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

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

Exchange rate as at the end of the year (to KZT)	31 December 2023	31 December 2022
1 USD	**454.56**	462.65
1 EUR	**502.24**	492.86
1 RUB	**5.06**	6.43

Average exchange rate for the year (to KZT)	2023	2022
1 USD	**456.31**	460.48
1 EUR	**493.33**	484.22
1 RUB	**5.40**	6.96

Property, plant and equipment

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

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

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

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

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

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

Land is not depreciated.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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

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

Intangible assets

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

Intangible assets of the Group consist primarily of licenses and software. Intangible assets are amortized on a straight-line basis over their estimated useful lives, generally from 3 to 5 years.

Non-current assets held for sale and discontinued operations

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

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

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

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

The Group assesses whether risks associated with climate change, including physical and transition risks, are likely to have a significant impact. If there is such an impact, these risks are taken into account in the cash flow forecast when assessing value in use.

Investments in an associate

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments — initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition

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

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

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

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

Recognition of expected credit losses

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments — initial recognition and subsequent measurement (continued)

Financial assets (continued)

Recognition of expected credit losses (continued)

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

Financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, net of directly attributable transaction costs.

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

Subsequent measurement

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

Borrowings and bonds- issued

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

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

Trade and other payables

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

Derecognition

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

Offsetting of financial instruments

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

Inventory

Inventories are accounted for on a FIFO basis.

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

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

Cash and cash equivalents

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted cash

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

Provisions

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

Revenue recognition

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

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

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

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

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

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

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

Trade account receivables

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

Contract liabilities

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

Interest income

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

Borrowing costs

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

Lease

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

Short-term lease and lease of low-value assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease (continued)

Group as a lessor

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

Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Group deducted 10% of employees' salaries, but no more than 350.000 tenge per month (2022: 300.000 tenge) to accumulative pension funds. Pension fund payments are withheld from employees' salaries and included with payroll expenses in the consolidated statement of comprehensive income when they are incurred. The Group has no other retirement benefit obligations.

Current corporate income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

Dividends

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

Contingent liabilities and contingent assets

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

Fair value of property, plant and equipment

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

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

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

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

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

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

Discount rate (WACC)	12.97%
Long term growth rate	3.09%
Average remaining useful life of the primary asset	40 years

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

At each reporting date, the Group assesses whether there are differences between the carrying amounts of NPG assets and those determined using fair value at the reporting date. As at 31 December 2023, the Group's management reassessed its estimates of the fair value of NPG assets by calculating the current replacement cost of NPG assets less any accumulated depreciation. As a result, the Group's management concluded that as at 31 December 2023, the carrying amount of NPG assets does not differ materially from their fair value.

Useful life of property, plant and equipment

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

Taxes

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

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

Fair value of financial instruments

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

Bonds DSFK

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

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

Fair value of financial instruments (continued)

Bonds DSFK (continued)

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

The Group's management believes that as of December 31, 2023, the fair value of the DSFK bonds is 411.883 thousand tenge. On January 3, 2024, Kazakhmys Corporation LLP fully repaid the debt under the guarantee in the amount of 411.883 thousand tenge, according to the court decision.

Estimated allowance for expected credit losses on receivables

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

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

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

5. OPERATING SEGMENTS INFORMATION

Geographic information

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

In thousands of tenge	2023	2022
Revenue from Kazakhstan customers	**227.433.874**	189.094.392
Revenue from Russian customers	**23.202.509**	27.488.474
Revenue from Uzbekistan customers	**426.953**	645.538
Revenue from Kyrgyz customers	**1.073.047**	27.144
Total revenue per consolidated statement of comprehensive income	**252.136.383**	**217.255.548**

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

For the year ended 31 December 2023 the revenue from one customer, Samruk-Energo Group, including its joint-ventures, amounted to 26.511.129 thousand tenge and includes revenue from electricity transmission and the provision of related support (for the year ended 31 December 2022: 25.301.707 thousand tenge).

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

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

In thousands of tenge	Land	Building	NPG assets	Vehicles and other property, plant and equipment	Construction-in-progress	TOTAL
Cost						
As at 1 January 2022	1.965.212	19.110.271	1.874.498.349	47.969.510	59.430.985	2.002.974.327
Additions	8.013	866.801	5.412	2.127.904	44.884.834	47.892.964
Transfers	–	530.713	13.996.038	2.139.303	(16.666.054)	–
Gain on revaluation (OCI)	–	–	(310.481.158)	–	–	(310.481.158)
Revaluation (through profit or loss)	–	–	(5.013.211)	–	–	(5.013.211)
Transfers to intangible assets	–	–	–	–	(444.355)	(444.355)
Disposals	–	(27.016)	(1.399.907)	(707.598)	(50.264)	(2.184.785)
As at 31 December 2022	**1.973.225**	**20.480.769**	**1.571.605.523**	**51.529.119**	**87.155.146**	**1.732.743.782**
Additions	219	48.760	17.480	3.592.853	58.727.568	62.386.880
Transfers	–	364.580	32.121.877	1.189.905	(33.676.362)	–
Transfers to intangible assets	–	–	–	–	(7.808)	(7.808)
Disposals	(590)	(5.989)	(2.105.439)	(681.852)	(54.090)	(2.847.960)
As at 31 December 2023	**1.972.854**	**20.888.120**	**1.601.639.441**	**55.630.025**	**112.144.454**	**1.792.274.894**
Accumulated depreciation and impairment						
As at 1 January 2022	–	(4.935.891)	(994.516.999)	(27.234.670)	(285.451)	(1.026.973.011)
Charge for the period	–	(476.778)	(56.659.373)	(3.229.783)	–	(60.365.934)
Transfers	–	1.022	28.559	(29.581)	–	–
Gain on revaluation (OCI)	–	–	210.376.129	–	–	210.376.129
Revaluation (through profit or loss)	–	–	1.414.851	–	–	1.414.851
Reversal of impairment		–	–	–	23.385	23.385
Disposals	–	17.612	1.215.834	675.429	1.840	1.910.715
As at 31 December 2022	**–**	**(5.394.035)**	**(838.140.999)**	**(29.818.605)**	**(260.226)**	**(873.613.865)**
Charge for the period	–	(509.108)	(46.523.132)	(3.482.128)		(50.514.368)
Transfers	–	464	2.708	(3.172)	–	–
Impairment	–	–	(151.117)	–	(311.399)	(462.516)
Disposals	–	3.775	1.723.265	658.608	52.891	2.438.539
As at 31 December 2023	**–**	**(5.898.904)**	**(883.089.275)**	**(32.645.297)**	**(518.734)**	**(922.152.210)**
Net book value						
As at 1 January 2022	1.965.212	14.174.380	879.981.350	20.734.840	59.145.534	976.001.316
As at 31 December 2022	**1.973.225**	**15.086.734**	**733.464.524**	**21.710.514**	**86.894.920**	**859.129.917**
As at 31 December 2023	**1.972.854**	**14.989.216**	**718.550.166**	**22.984.728**	**111.625.720**	**870.122.684**

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

If NPG assets were measured using the cost model, net of accumulated depreciation, the carrying amount would be as follows:

In thousands of tenge	31 December 2023	31 December 2022
Initial cost	480.216.379	449.000.591
Accumulated depreciation	(158.755.435)	(147.975.065)
Net book value	**321.460.944**	**301.025.526**

As at 31 December 2023 and 31 December 2022 the cost of fully amortized property, plant and equipment, which is still in use amounted to 21.196.360 thousand tenge and 13.720.023 thousand tenge, respectively.

Capitalized costs on issued bonds

During the year ended 31 December 2023 the Group capitalized the cost of coupon interest on issued bonds amounted to 8.013.366 thousand tenge less investment income (2022 year: 3.401.402 thousand tenge) (Note 16).

Construction in progress

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

Advances paid for non-current asset

As at 31 December 2023 advances paid for non-current assets are mainly represented by advances paid to suppliers for construction work and services under the project of "West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities" and other projects.

7. INVERSTMENTS IN ASSOCIATE

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

In thousands of tenge	31 December 2023	31 December 2022
Current assets	26.598.279	20.914.108
Non-current assets	20.590.070	16.890.064
Current liabilities	(6.271.121)	(4.078.403)
Non-current liabilities	(26.203.433)	(19.988.494)
Net assets	**14.713.795**	**13.737.275**

In thousands of tenge	31 December 2023	31 December 2022
Group's share in net assets	2.942.759	2.747.455
Carrying amount of the investments	**2.942.759**	**2.747.455**

In thousands of tenge	31 December 2023	31 December 2022
Revenue	18.050.874	11.754.864
Net profit	976.520	2.345.615
Group's share in profit for the year	**195.304**	**469.123**

A s at 31 December 2023 and 31 December 2022, the associate had no contingent liabilities or future capital commitments.

8. INVENTORIES

In thousands of tenge	31 December 2023	31 December 2022
Raw and other materials	1.677.486	1.387.482
Spare parts	1.551.497	1.694.995
Fuel and lubricants	135.314	113.467
Other inventory	400.591	420.418
Less: allowance for obsolete inventories	(475.622)	(409.207)
	3.289.266	**3.207.155**

Movement in the allowance for obsolete inventories was as follows:

In thousands of tenge	2023	2022
At 1 January	409.207	337.986
Charge	184.989	284.593
Reversal	(105.717)	(206.662)
Write-off	(12.857)	(6.710)
At 31 December	**475.622**	**409.207**

9. TRADE ACCOUNTS RECEIVABLE

In thousands of tenge	31 December 2023	31 December 2022
Trade accounts receivable	39.293.514	23.661.039
Less: allowance for expected credit losses and impairment	(4.978.608)	(2.613.649)
	34.314.906	**21.047.390**

9. TRADE ACCOUNTS RECEIVABLE (CONTINUED)

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

In thousands of tenge	2023	2022
At 1 January	**2.613.649**	2.273.985
Charge	**3.389.456**	1.419.642
Reversal	**(994.121)**	(956.972)
Write-off	**(30.376)**	(123.006)
At 31 December	**4.978.608**	**2.613.649**

As at 31 December 2023 trade accounts receivable included accounts receivable from the customer National Electric Grids of Uzbekistan JSC, in the amount of 1.632.185 thousand tenge (31 December 2022: 1.797.097 thousand tenge).

As at 31 December 2023 provision for debts from National Electric Grids of Uzbekistan JSC amounted to 1.583.360 thousand tenge (31 December 2022: 1.612.146 thousand tenge).

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

		Trade account receivables				
			Delay in payment			
In thousands of tenge	**TOTAL**	**Current**	**30-90 days**	**91-180 days**	**181-270 days**	**More than 271 days**
31 December 2023						
Percentage of expected credit losses	**12.67%**	**0.97%**	**17.32%**	**60.98%**	**80.09%**	**98.66%**
Estimated total gross carrying amount in case of default	**39.293.514**	**31.322.960**	**3.498.241**	**679.302**	**465.547**	**3.327.464**
Expected credit losses	**(4.978.608)**	**(302.426)**	**(606.068)**	**(414.264)**	**(372.853)**	**(3.282.997)**
	34.314.906	**31.020.534**	**2.892.173**	**265.038**	**92.694**	**44.467**
31 December 2022						
Percentage of expected credit losses	10.05%	0.67%	15.04%	46.65%	78.78%	98.34%
Estimated total gross carrying amount in case of default	23.661.039	20.877.332	227.223	64.951	207.166	2.284.367
Expected credit losses	(2.613.649)	(139.479)	(34.172)	(30.302)	(163.200)	(2.246.496)
	21.047.390	**20.737.853**	**193.051**	**34.649**	**43.966**	**37.871**

Trade accounts receivable were denominated in the following currencies:

In thousands of tenge	31 December 2023	31 December 2022
Tenge	**34.233.827**	20.862.439
US Dollar	**81.079**	184.951
	34.314.906	**21.047.390**

10. OTHER CURRENT ASSETS

In thousands of tenge	31 December 2023	31 December 2022
Advances paid for goods and services	**2.253.444**	1.263.783
Other receivables for property, plant and equipment and constructions	**399.974**	399.974
Deferred expenses	**126.055**	35.224
Loans receivable from employees	**469**	469
Other	**862.710**	691.913
Less: provision for expected credit losses and impairment	**(908.975)**	(741.392)
	2.733.677	**1.649.971**

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

In thousands of tenge	2023	2022
At 1 January	**741.392**	485.933
Charge	**297.137**	292.784
Reversal	**(125.573)**	(29.926)
Write-off	**(3.981)**	(7.399)
At 31 December	**908.975**	**741.392**

11. OTHER FINANCIAL ASSETS

In thousands of tenge	31 December 2023	31 December 2022
Financial assets at amortized cost		
Notes of the National Bank of the Republic of Kazakhstan	**23.172.951**	19.062.907
Bank deposits	**5.080.317**	7.434.744
Placements with Eximbank Kazakhstan	**2.138.857**	2.165.823
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	**1.920.172**	1.968.564
Placements with DeltaBank	**1.230.000**	1.230.000
Placements with Kazinvestbank	**1.198.169**	1.201.850
Bonds of Development Bank of Kazakhstan (BRK)	**1.101.857**	–
Bonds of NC KazMunayGas JSC (KMG)	**877.600**	–
Bonds of Samruk-Kazyna	**–**	30.072.911
Interest accrued on Samruk-Kazyna bonds	**–**	254.333
Interest accrued on Ministry of Finance Eurobonds of the Republic of Kazakhstan	**15.778**	18.945
Interest accrued on NC KazMunayGas JSC bonds	**8.517**	–
Interest accrued on Development Bank of Kazakhstan bonds	**8.329**	–
Less: provision for impairment of placements with Eximbank Kazakhstan	**(2.138.857)**	(2.165.823)
Less: provision for impairment of placements with DeltaBank	**(1.230.000)**	(1.230.000)
Less: provision for impairment of placements with Kazinvestbank	**(1.198.169)**	(1.201.850)
Less: provision for expected credit losses	**(28.580)**	(24.899)
	32.156.941	**58.787.505**
Financial assets at fair value through profit or loss		
Bonds of Special Financial Company DSFK	**411.883**	377.731
	411.883	377.731
Total other financial assets	**32.568.824**	**59.165.236**
Other current financial assets	**30.589.367**	57.196.672
Other non-current financial assets	**1.979.457**	1.968.564
Total other financial assets	**32.568.824**	**59.165.236**

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

In thousands of tenge	2023	2022
At 1 January	**4.622.572**	5.002.324
Charge	**28.512**	42.482
Reversal	**(55.478)**	(422.234)
Write-off	**–**	–
At 31 December	**4.595.606**	**4.622.572**

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

In 2020, the Group purchased coupon bonds of SWF Samruk-Kazyna JSC on the Kazakhstan Stock Exchange. The bond circulation period is 3 December 2023. The bond were classified as carried at amortized cost and were initially recognized at fair value using a discount rate of 10,9%.

On initial recognition, premium of 213.089 thousand tenge was accrued on the purchased coupon bonds. During 12 months of 2023, the amount of the premium amortization amounted to 72.911 thousand tenge (during 12 months of 2022: 71.341 thousand tenge).

As at 31 December 2023 Samruk-Kazyna coupon bonds were fully repaid.

Bonds of Development Bank of Kazakhstan (hereinafter — BRK)

On June 27, 29 and July 3, 2023, the Group purchased coupon international bonds of Development Bank of Kazakhstan JSC on the international market at a rate of 5.75% per annum for a total amount of USD 2.436.560 (equivalent to 1.098.525 thousand tenge), for a period applications until May 12, 2025. The bonds were classified as carried at amortized cost.

On initial recognition, premium of 46.560 US dollars (equivalent to 20.840 thousand tenge) was accrued. For 12 months of 2023, the amount of premium amortization amounted to 5.780 thousand tenge.

Bonds of NC KazMunayGas JSC (hereinafter — KazMunayGas)

On June 27 and 28, 2023, the Group purchased coupon international bonds of NC Kazmunaigas JSC on the international market at a rate of 4.75% per annum for a total amount of USD 1.920.000 (equivalent to 867.067 thousand tenge), maturing until April 19, 2027. The bonds were classified as carried at amortized cost.

On initial recognition, a discount of 80.000 US dollars (equivalent to 35.792 thousand tenge) was accrued. For 12 months of 2023, the amount of discount amortization amounted to 4.905 thousand tenge.

Notes of the National Bank of the Republic of Kazakhstan

During the year of 2023 the Group acquired short-term discount notes of the National Bank of the Republic of Kazakhstan at the Kazakhstan Stock Exchange in general amount of 146.501.909 thousand tenge (2022: 36.933.373 thousand tenge). The amount of repayments of notes of the National Bank of the Republic of Kazakhstan for the year ended 31 December 2023 amounted to 143.113.437 thousand tenge (2022: 32.117.343 thousand tenge). During the year ended 31 December 2023 the Group recognized a finance income of 1.721.571 thousand tenge (600.395 thousand tenge) (Note 23).

Bank deposits

As at 31 December 2023 and 31 December 2022 the deposits include accrued interest income in the amount of 55.068 thousand tenge and 1.482 thousand tenge, respectively. Information about banks is provided in Note 27 under credit risk.

Eurobonds of the Ministry of Finance of the Republic of Kazakhstan

On 26 April 2019, the Group acquired Eurobonds of the Ministry of Finance of the Republic of Kazakhstan at a rate of 3,875% per annum and maturity until October 2024 at a price higher than the nominal amount of 4.368 thousand US dollars (equivalent to 1.920.172 thousand tenge).

11. OTHER FINANCIAL ASSETS (CONTINUED)

Placements with Eximbank Kazakhstan JSC (hereinafter — Eximbank Kazakhstan)

On 27 August 2018, by a resolution of the Board of the National Bank of the Republic of Kazakhstan, it was decided to deprive Eximbank Kazakhstan of the license in terms of accepting deposits, opening bank accounts of individuals. Accordingly, the Group reclassified cash and cash equivalents held with Eximbank to other financial assets and accrued an expected credit loss provision in the amount of 100%.

During 2023 the Liquidation Commission of Eximbank Kazakhstan made payment to the Group in the amount of 74,3 thousand US dollars (equivalent to 33.424 thousand tenge as at the date of payment) in accordance with the approved register of creditors' claims dated 13 June 2019 (2022: 395 thousand US dollars, equivalent to 173.876 thousand tenge as at the date of payment). The Group recognized a corresponding reversal of the allowance for impairment losses.

Kazinvestbank

During 12 months ended 31 December 2023, the Liquidation Commission of Kazinvestbank JSC made a payment in the amount of 11,2 thousand US dollars (4.996 thousand tenge as at the date of payment) and 57 thousand tenge.

No payments were made during 12 months of 2022.

Bonds of Special Financial Company DSFK LLP

During the years ended 31 December 2023 and 2022, Special Financial Company DSFK LLP redeemed bonds in the amounts of 31.087 thousand tenge and 12.671 thousand tenge, respectively.

As at 31 December 2023, the Group reassessed the fair value of bonds and increased their carrying amount to 411.883 thousand tenge, recognizing gain from revaluation of financial instruments in the amount of 65.238 thousand tenge as a finance income in the consolidated statement of comprehensive income (2022: 75.986 thousand tenge) (Note 23).

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

Other financial assets were represented in the following currencies:

In thousands of tenge	Interest rate	31 December 2023	31 December 2022
Tenge	0.01 — 15.5%	28.577.633	49.771.142
US Dollar	2.5 — 5.75%	3.991.191	9.394.094
		32.568.824	59.165.236

12. RESTRICTED CASH

In thousands of tenge	31 December 2023	31 December 2022
Cash reserved for return on guarantee obligations	950.649	1.015.833
Cash in funding accounts	898.893	–
Less: provision for expected credit losses	(3.486)	(371)
	1.846.056	1.015.462

During 2023 and 2022 interest was not charged on cash reserved for return on short-term guarantee obligations.

During 2023, a funding deposit was placed with Halyk Bank of Kazakhstan JSC as part of financing mortgage lending to the Company's employees. At the end of the reporting period, the deposit amount was 898.483 thousand tenge, including accrued interest of 410 thousand tenge.

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

In thousands of tenge	2023	2022
At 1 January	371	258
Charge	3.552	197
Reversal	(437)	(84)
At 31 December	3.486	371

As at 31 December 2023 and 31 December 2022, restricted cash was denominated in tenge.

13. CASH AND CASH EQUIVALENTS

In thousands of tenge	31 December 2023	31 December 2022
Short-term deposits, in tenge	23.483.049	22.775.139
Cash in reverse REPO transactions	20.056.276	–
Short-term deposits, in foreign currencies	1.202.172	–
Current accounts with banks, in tenge	753.716	4.918.470
Current accounts with banks, in foreign currencies	55.054	48.162
Cash on hand, in tenge	2.870	4.232
Cash at special accounts, in tenge	2	654
Less: provision for expected credit losses	(24.616)	(183.565)
	45.528.523	27.563.092

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

During 2023 the Group placed short-term deposits with banks at 2,5-16,1% per annum in tenge, as well as current accounts with banks at 0,04% per annum.

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

In thousands of tenge	2023	2022
As at 1 January	183.565	775
Charge	109.953	256.739
Reversal	(268.902)	(73.949)
Write-off	–	–
As at 31 December	24.616	183.565

13. CASH AND CASH EQUIVALENTS (CONTINUED)

As at 31 December 2023 and 31 December 2022, cash and cash equivalents were denominated in the following currencies:

In thousands of tenge	31 December 2023	31 December 2022
Tenge	**44.280.150**	27.514.941
US dollar	**1.248.354**	47.775
Russian rouble	**19**	14
Euro	**–**	1
Others	**–**	361
	45.528.523	**27.563.092**

14. EQUITY

As part of the SPO program, KEGOC JSC carried out a secondary placement of common shares in the amount of 15.294.118 shares at a price of 1.482 tenge on the organized securities markets (KASE and AIX). On 9 November 2023, payment for shares was received in the amount of 22.665.883 thousand tenge. As of December 31, 2023, the authorized capital is presented less the cost of consulting services related to the issue of shares in the amount of 542.680 thousand tenge.

As at 31 December 2023, the share capital of the Group comprised of 275.294.118 shares, of which 275.292.728 shares were issued and fully paid for the total amount of 148.922.757 thousand tenge (as at 31 December 2022: 260.000.000 shares issued, of which 259.998.610 shares issued and fully paid for the total amount of 126.799.554 thousand tenge).

Treasury shares

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

Asset revaluation reserve

Asset revaluation reserve represents revaluation surplus recognized as a result of revaluation of Group's NPG assets as at 1 December 2022 (Note 6). Transfer from asset revaluation reserve to retained earnings as a result of disposal of NPG assets for the year ended 31 December 2023 amounted to 759.281 thousand tenge (for the year ended 31 December 2022: 464.623 thousand tenge).

Dividends

In May 2022, shareholders approved the distribution of dividends for the second half of 2021. The dividends to be paid amounted to 13.220.929 thousand tenge for all common shareholders of the Group, which was equal to 50,85 tenge per ordinary share. The dividends in the amount of 13.220.929 thousand tenge were paid on 17 June 2022.

In October 2022, shareholders approved the distribution of 100% of net profit for the first half of 2022 and a part of retained earnings of prior periods. Amount to be paid was 17.014.309 thousand tenge for all common shareholders of the Group, which was equal to 65,44 tenge per ordinary share. Dividends were paid on 12 January 2023.

In May 2023, shareholders approved the distribution of 100% of net profit for the second half of 2022 and a part of retained earnings of prior periods. Amount to be paid was 13.153.330 thousand tenge for all common shareholders of the Group, which was equal to 50,59 tenge per ordinary share. Dividends were paid on 29 May 2023.

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

Earnings per share

Basic and diluted earnings per share are calculated by dividing net profit for the period by the weighted average number of common shares outstanding during the period. The Group had weighted average number of common shares in circulation in the amount of 262.219.400 shares during the year ended 31 December 2023 (for the year ended 31 December 2022: 259.998.610 shares). For the year ended 31 December 2023 and 2022, basic and diluted earnings per share were 165,50 tenge and 102,88 tenge, respectively.

Book value per share

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

In thousands of tenge	31 December 2023	31 December 2022
Total assets	**1.001.785.007**	**986.612.189**
Less: intangible assets	**(3.163.452)**	(3.453.791)
Less: total liabilities	**(316.065.873)**	(333.047.025)
Net assets	**682.555.682**	**650.111.373**
Number of ordinary shares	**275.292.728**	259.998.610
Book value per ordinary share, tenge	**2.479**	**2.500**

15. BORROWINGS

In thousands of tenge	31 December 2023	31 December 2022
International Bank of Reconstruction and Development (IBRD)	**6.735.812**	12.575.944
European Bank of Reconstruction and Development (EBRD)	**–**	4.322.713
	6.735.812	16.898.657
Less: current portion of loans repayable within 12 months	**(1.146.917)**	(5.530.813)
	5.588.895	**11.367.844**

As at 31 December 2023 and 31 December 2022 the accrued and unpaid interest payable amounted to 131.596 thousand tenge and 252.227 thousand tenge, respectively. As at 31 December 2023 and 31 December 2022 the unamortized portion of loan origination fees amounted to 32.068 thousand tenge and 20.450 thousand tenge, respectively.

15. BORROWINGS (CONTINUED)

The movement of loans for reconciliation with cash flow statement is presented in Note 27.

Loans were denominated in the following currencies:

In thousands of tenge	31 December 2023	31 December 2022
US Dollar	**6.735.812**	12.575.944
Euro	–	4.322.713
	6.735.812	**16.898.657**

Kazakhstan National Electricity Transmission Rehabilitation Project, Phase 2

In 2008, for the realization of the “Kazakhstan National Electricity Transmission Rehabilitation Project, Phase 2” the Group opened the following credit lines:

Two credit-line facilities of 127.500 thousand euro and 75.000 thousand euro from EBRD for 15 (fifteen) years, of which the first 4 (four) years are a grace period. An interest at the interbank six months EURIBOR rate plus a 3,85% margin is payable semi-annually. As of December 31, 2023, the loan was fully repaid.

Moinak Electricity Transmission Project

In 2009, for the realization of the “Moinak Electricity Transmission Project” a credit line facility from IBRD of 48.000 thousand US dollars was opened for 25 (twenty-five) years, of which the first 5 (five) years are a grace period. The credit line facility is secured by the guarantee of the Government of the Republic of Kazakhstan. Starting from September 15, 2023 interest on the loan is accrued at the monthly SOFR rate plus a fixed spread of 1,28% and is repaid twice a year. In May 2013 unused portion of the credit line from the IBRD in the amount of 3.274 thousand US dollars was cancelled since the amount of actual expenses incurred during the project was less than expected. On September 14, 2023, the Group made partial early repayment of the loan in the amount of 10.000 thousand US dollars. The outstanding balances as at 31 December 2023 and 31 December 2022 are 14.599 US dollars (equivalent to 6.636.284 thousand tenge) and 26.836 thousand US dollars (equivalent to 12.415.520 thousand tenge), respectively.

16. BONDS PAYABLE

In thousands of tenge	31 December 2023	31 December 2022
Nominal value of issued bonds	**150.941.100**	134.941.100
Accrued coupon interest	**7.277.659**	6.058.889
Less: discount on bonds issued	**(1.337.888)**	(1.457.789)
Less: transaction costs	**(81.294)**	(89.156)
	156.799.577	139.453.044
Less: current portion of bonds repayable within 12 months	**(7.277.659)**	(6.058.889)
	149.521.918	**133.394.155**

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

(a) During the period from June to August 2016 the Group issued coupon bonds with nominal amount of 47.500.000 thousand tenge under floating interest rate equal to the inflation rate in Republic of Kazakhstan plus 2.9% with the maturity of 2031 (the minimum rate of the consumer price index is set at 5%). The coupon rate for the period from 1 January 2022 to 26 May 2022 was 9,9% per annum, from 27 May 2022 to 26 May 2023 was 14,9% per annum, from 27 May 2023 to 31 December 2023 was 18,9% per annum. All bonds under this program were acquired by Unified Accumulative Pension Fund. Bonds were issued with discount in the amount of 111.945 thousand tenge.

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

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

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

During the year ended 31 December 2023 the Group capitalized the borrowing costs of coupon interest on the issued bonds less investment income in the amount of 8.013.366 thousand tenge (2022: 3.401.402 thousand tenge) (Note 23).

The movement of the bonds for reconciliation with cash flow statement is presented in Note 27.

17. TRADE AND OTHER ACCOUNTS PAYABLE

As at 31 December 2023 and 31 December 2022 trade and other accounts payable:

In thousands of tenge	31 December 2023	31 December 2022
Accounts payable for property, plant and equipment and construction works	**12.835.004**	17.076.998
Accounts payable for electricity purchased	**6.627.773**	6.986.171
Accounts payable for inventories, works and services	**2.707.427**	2.493.858
Less: discount	**(286.058)**	(697.311)
	21.884.146	25.859.716
Less: current portion of trade payables repayable within 12 months	**19.721.022**	21.713.025
	2.163.124	**4.146.691**

As at 31 December 2032 and 31 December 2022 trade and other accounts payable are denominated in the following currencies:

In thousands of tenge	31 December 2023	31 December 2022
Tenge	**15.281.107**	19.480.873
Russian rouble	**6.542.361**	6.325.079
US dollar	**35.910**	53.764
Euro	**24.768**	–
	21.884.146	**25.859.716**

Accounts payable for property, plant and equipment and construction works include payables to a related party Karabatan Utility Solutions LLP, details of which are disclosed in Note 26.

18. TAXES PAYABLE OTHER THAN CORPORATE INCOME TAX

In thousands of tenge	31 December 2023	31 December 2022
VAT payable	**1.919.100**	682.925
Contributions payable to pension fund	**479.692**	401.717
Personal income tax	**425.774**	350.859
Social tax	**340.388**	282.789
Social contribution payable	**219.971**	185.992
Property tax	**19.920**	3.190
Other	**21.511**	25.624
	3.426.356	**1.933.096**

19. OTHER CURRENT LIABILITIES

In thousands of tenge	31 December 2023	31 December 2022
Due to employees	**4.580.092**	3.996.978
Other	**1.136.022**	1.240.113
	5.716.114	**5.237.091**

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

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands of tenge	2023	2022
Electricity transmission services	**105.590.568**	151.863.107
Service of using the national electrical grid	**65.012.533**	–
Technical dispatch	**34.220.352**	32.130.461
Income from the sale of balancing electricity	**19.171.922**	–
Balancing of electricity production and consumption	**16.549.298**	20.124.496
Sale of electricity for compensation of the interstate balances of electricity flows	**8.740.009**	10.485.035
Power regulation services	**481.092**	645.538
Other	**2.370.609**	2.006.911
	252.136.383	**217.255.548**

In MW/hour	2023	2022
Electricity transmission services	**36.097.732**	53.897.849
Service of using the national electrical grid	**35.984.011**	–
Technical dispatch	**106.283.762**	104.263.919
Income from the sale of balancing electricity	**1.127.203**	–
Balancing of electricity production and consumption	**205.414.931**	203.123.771
Sale of electricity for compensation of the interstate balances of electricity flows	**1.342.338**	1.297.672
Power regulation services	**516**	604

In thousands of tenge	2023	2022
Revenue recognition timeline		
The goods are transferred at a certain point in time	**8.740.009**	10.485.035
The services are provided over a period of time	**243.396.374**	206.770.513
Total revenue from contracts with customers	**252.136.383**	**217.255.548**

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

21. COST OF SALES

In thousands of tenge	2023	2022
Depreciation and amortization	**50.380.059**	60.253.195
Technical losses of electric energy	**35.185.787**	23.279.882
Cost of purchased electricity for compensation of interstate balances of electricity flows	**31.317.122**	28.421.668
Payroll expenses and related taxes	**30.807.594**	24.612.591
Repair and maintenance expenses	**8.021.154**	8.910.057
Taxes	**7.656.776**	9.283.619
Cost of purchase of balancing electricity at the BME RK	**4.750.406**	–
For the purchase of services to ensure the readiness of power to bear the load	**4.140.042**	4.701.427
Inventories	**1.611.784**	1.185.808
Security services	**1.553.273**	1.475.501
Others	**5.979.607**	4.232.137
	181.403.604	**166.355.885**

22. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of tenge	2023	2022
Payroll expenses and related taxes	**6.061.290**	5.134.881
Software maintenance expense	**1.006.948**	577.552
Depreciation and amortization	**1.001.940**	923.604
Third-party company services	**772.273**	638.305
Taxes other than corporate income tax	**244.435**	163.872
Consulting services	**231.769**	251.294
Insurance	**112.193**	26.169
Business trip expenses	**107.309**	63.847
Communal expenses	**83.414**	76.207
Materials	**67.925**	80.542
Expenses for the Board of Directors	**63.780**	67.450
Trainings	**51.715**	41.896
Charge for obsolete inventories	**79.272**	77.931
Others	**1.229.164**	896.881
	11.113.427	9.020.431

23. FINANCE INCOME/(EXPENSE)

In thousands of tenge	2023	2022
Finance income		
Interest income on deposits, current accounts and quoted bonds	**6.439.423**	5.620.959
Income from the National Bank notes (Note 11)	**1.721.571**	600.395
Income from reverse REPO transactions	**926.356**	–
Income from revaluation of DSFK financial instruments (Note 11)	**65.238**	75.986
Amortization of discount on accounts receivable (Note 26)	**64.526**	76.925
Amortization of discount on other financial assets	**4.905**	–
Others	**18.998**	–
	9.241.017	6.374.265
Less: interest capitalized into cost of qualifying asset (Note 6)	**(1.664.543)**	(648.150)
	7.576.474	**5.726.115**
Finance costs		
Bond coupon (Note 27)	**21.942.670**	14.222.906
Interest on loans (Note 27)	**625.214**	937.558
Discount costs	**539.017**	695.916
Commission on bank guarantees	**123.284**	703.746
Amortization of premium on other financial assets	**92.728**	85.561
Amortization of commission for arranging a loan (Note 27)	**10.740**	680.494
Other expenses on issued bonds	**53.670**	18.305
	23.387.323	17.344.486
Less: interest capitalized into cost of qualifying assets (Note 6)	**(9.677.909)**	(4.049.552)
	13.709.414	**13.294.934**

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

24. FOREIGN EXCHANGE GAIN, NET

Due to the change in the Tenge's exchange rate for the year ended 31 December 2023, the Group recognized net foreign exchange gain of 951.337 thousand tenge (for the year ended 31 December 2022: net foreign exchange gain was 114.963 thousand tenge).

25. CORPORATE INCOME TAX EXPENSE

In thousands of tenge	2023	2022
Current corporate income tax		
Current corporate income tax expense	**14.299.947**	13.229.631
Adjustments in respect of current income tax of previous year	**230.910**	(31.283)
Deferred tax		
Deferred tax benefit	**(4.328.614)**	(7.477.869)
Total corporate income tax expense reported in consolidated statement of comprehensive income	**10.202.243**	**5.720.479**
Deferred income tax related to items recognized in other comprehensive income during the year		
(Benefit)/deferred tax expense from revaluation of NPG assets	–	(20.021.005)

The income tax rate in the Republic of Kazakhstan was 20% in 2023 and 2022.

A reconciliation of the 20% income tax rate and actual corporate income tax recorded in the consolidated statement of comprehensive income is provided below:

In thousands of tenge	2023	2022
Profit before tax from continuing operations	**53.598.632**	32.468.088
Tax at statutory income tax rate of 20%	**10.719.726**	6.493.618
Reversal of provision for expected credit loss	**(36.515)**	(39.370)
Adjustments in respect of current corporate income tax of previous year	**230.910**	(31.284)
Accrual of allowance for doubtful accounts receivable from non-residents	**255.029**	22.141
Interest income from securities	**(628.876)**	(669.015)
Income from changes in fair value	**(171.360)**	(77.022)
Other permanent differences	**(166.671)**	21.411
Corporate income tax expense reported in profit or loss	**10.202.243**	**5.720.479**

Tax effect on temporary differences leading to deferred corporate income tax assets and liabilities as at 31 December 2023 and 31 December 2022 is provided below:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
In thousands of tenge	31 December 2023	31 December 2022	2023	2022
Trade accounts receivable	**462.861**	241.886	**220.975**	45.652
Accrued liabilities	**870.605**	805.685	**64.920**	195.684
Property, plant and equipment	**(120.976.136)**	(125.018.855)	**4.042.719**	7.236.533
Deferred tax benefit	–	–	**4.328.614**	7.477.869
Net deferred tax liabilities	(119.642.670)	(123.971.284)	–	–

For the years ended 31 December changes in deferred tax liabilities are presented as follows:

In thousands of tenge	2023	2022
At 1 January	**(123.971.284)**	(151.470.158)
Deferred corporate income tax benefit recognized in profit or loss	**4.328.614**	7.477.869
Corporate income tax benefit/(expense) recognized in OCI (Note 4)	–	20.021.005
At 31 December	**(119.642.670)**	**(123.971.284)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to corporate income taxes levied by the same tax authority.

As 31 December 2023 the corporate income tax prepayment amounted to 1.834.225 thousand tenge (as at 31 December 2022: 128.400 thousand tenge), there was no income tax payable (as at 31 December 2022 income tax payable was 267.335 thousand tenge).

26. TRANSACTIONS WITH RELATED PARTIES

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

Transactions with related parties for 2023 and 2022 are presented as follows:

In thousands of tenge		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
Sale of services	**2023**	**44.805.694**	**8.299.225**	**3.043.371**	**542.910**
	2022	39.817.193	8.352.832	2.463.455	621.219
Purchase goods and services	**2023**	**14.170.530**	**1.767.385**	**–**	**30.206**
	2022	25.437.643	1.933.556	12.936	89.968
Amortization of discount on long-term receivables	**2023**	**64.525**	**–**	**–**	**–**
	2022	76.925	–	–	–
Amortization of discount on long-term accounts payable	**2023**	**411.253**	**–**	**–**	**–**
	2022	569.384	–	–	–

26. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Receivables and payables as of 31 December from transactions with related parties are as follows:

In thousands of tenge		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
Current trade accounts receivables for the sale of services	**2023a**	**4.344.858**	**917.520**	**227.020**	**50.976**
	2022a	4.196.537	706.405	137.722	58.744
Accounts receivable for sale of property, plant and equipment	**2023a**	**562.761**	**–**	**–**	**–**
	2022a	694.735	–	–	–
Accounts payables for property complex	**2023a**	**4.431.817**	**–**	**–**	**–**
	2022a	6.379.501	–	–	–
Current trade and other accounts payable for the services purchased	**2023a**	**277.960**	**169.819**	**2.008**	**–**
	2022a	1.446.569	208.615	582	8.821

Revenue and cost of sales, trade accounts receivable and payable

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

Other accounts receivable

On 30 September 2015 the Group sold buildings and structures with a complex of equipment and adjacent land plots located in Astana to a related party — Kazpost JSC for 2.161.476 thousand tenge. In accordance with the sale agreement, Kazpost JSC pays the debt in equal monthly installments until June 2027. Accordingly, the Group has discounted future cash flows at a market discount rate of 10,37%. As at 31 December 2023 the unamortized discount on receivables from Kazpost JSC amounted to 108.594 thousand tenge (as at 31 December 2022: 173.120 thousand tenge). As at 31 December 2023 net debt amounted to 562.761 thousand tenge, where 382.638 thousand tenge was included in long-term receivables from related parties (as at 31 December 2022: net debt was 694.735 thousand tenge, long-term receivables from related parties was 514.613 thousand tenge). During 2023, the Group recognized income from discount amortization in the amount of 64.526 thousand tenge (2022: 76.925 thousand tenge) (Note 23).

As at 31 December 2023 the Group had receivables from the sale of property, plant and equipment to to a related party — Balkhashskaya TPP JSC , in the amount of 220.494 thousand tenge (as at 31 December 2022: 220.494 thousand tenge). In accordance with the sales contract, Balkhashskaya TPP JSC had to pay the debt by the end of 2018, however, as at 31 December 2022 the debt was not repaid. Due to the suspension of the construction of the Balkhashskaya TPP, the management of the Group, in 2018, decided to accrue a provision for the expected credit losses in the amount of 100%.

The total ECL for trade accounts receivables from related parties as at 31 December 2023 was 421.790 thousand tenge (31 December 2022: 312.336 thousand tenge).

Accounts payables for property complex

In November-December 2020, the Group acquired a property complex from a related party – Karabatan Utility Solutions LLP in the amount of 11.794.689 thousand tenge. In accordance with the sale and purchase agreement, the Group will pay by equal annual installments until 25 March 2025. Accordingly, the Group discounted future cash flows at a discount rate of 10,25%. As of 31 December 2023, unamortized discount on accounts payable of Karabatan Utility Solutions LLP amounted to 286.058 thousand tenge (as of 31 December 2022: 697.311 thousand tenge).

As at 31 December 2023, the amount of payable net of the discount was 4.431.817 thousand tenge, 2.163.124 thousand tenge of which were included within long-term payables from related parties. For the year ended 31 December 2023, the Group recognized expense from amortization of discount of long-term trade payables in the amount of 411.253 thousand tenge.

Other

As of 31 December 2023 the amount of guarantee of the Government of the Republic of Kazakhstan under the IBRD loan amounted to 6.758.169 thousand tenge (as of 31 December 2022: 12.590.206 thousand tenge).

Compensation to key management personnel and all other related expenses (taxes, deductions, sick leave, holiday pay, material assistance, etc.) included in payroll expenses in the accompanying consolidated statement of comprehensive income amounted to 420.289 thousand tenge for the year ended 31 December 2023 (for the year ended 31 December 2022: 279.176 thousand tenge).

The remuneration of key management personnel mainly consists of contractual salaries and performances based remuneration.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise borrowings, bonds payable, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade and other receivables, cash and cash equivalents, short-term deposits that arrive directly from its operations, as well as investments in debt securities.

The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short-term borrowings with floating interest rates (Notes 15 and 16).

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group limits its interest rate risk by monitoring changes in interest rates in the currencies in which the borrowings are denominated. With all other variables held constant, loans with floating interest rate loans have following impact on the Group's profit before tax:

In thousands of tenge	Increase/ (decrease) in basis points* / in percentage	Effect on profit before tax
For the year ended 31 December 2023		
SOFR	**382/(382)**	**(258.162)/258.162**
Inflation rate in the Republic of Kazakhstan	**1%/0%**	**(795.556)/–**
For the year ended 31 December 2022		
LIBOR	245/(245)	(304.180)/304.180
EURIBOR	136/(136)	(57.818)/57.818
Inflation rate in the Republic of Kazakhstan	1%/0%	(635.452)/–

* 1 basis point = 0,01%.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's financing activities. Also, the Group's exposure to the risk of changes in foreign exchange rates relates to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The following tables demonstrate the sensitivity to a reasonably possible change in the US Dollar, Euro and Russian rouble exchange rate, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material.

In thousands of tenge	Increase/(decrease) in the exchange rate in absolute terms (Tenge)	Increase/(decrease) in exchange rate	Effect on profit before tax
At 31 December 2023			
US dollar	**64.32/(64.32)**	**14.15%/(14.15%)**	**(205.330)/ 205.330**
Euro	**65.04/(65.04)**	**12.95%/(12.95%)**	**(3.207)/ 3.207**
Russian rouble	**1.44/(1.44)**	**28.54%/(28.54%)**	**(1.867.184)/ 1.867.184**
At 31 December 2022			
US dollar	97.16/(97.16)	21%/(21%)	(630.606)/630.606
Euro	88.67/(88.67)	17.99%/(17.99%)	(777.656)/777.656
Russian rouble	1.42/(1.42)	22.05%/(22.05%)	(1.394.677)/1.394.677

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade accounts receivables (Note 9) and from its investing activities, including deposits with banks and investments in debt securities (Notes 11, 12 and 13).

Trade accounts receivable

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type and other). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2023 and 31 December 2022, is represented by their carrying amount.

The following table shows the balance of cash and cash equivalents and bank deposits placed in banks at the reporting date using the credit rating agency "Standard & Poor's" and "Moody's" less accrued provisions:

In thousands of tenge	Location	Rating 2023	Rating 2022	31 December 2023	31 December 2022
Kazakhstan Sustainability Fund JSC	Kazakhstan	BBB-/ stable	–	13.078.167	–
ForteBank JSC	Kazakhstan	BB-/ stable	BB-/ negative	10.642.826	6.161.681
Bank Center Credit JSC	Kazakhstan	BB-/ stable	B+/ stable	9.279.599	2.612.282
Halyk Bank Kazakhstan JSC	Kazakhstan	BB+/ stable	BB+/ stable	7.670.554	14.981.871
Ministry of Finance of the Republic of Kazakhstan	Kazakhstan	BBB-/ stable	–	6.978.109	–
Jysan Bank JSC	Kazakhstan	Ba3/ positive	B+/ stable	4.774.152	12.227.652
Eurasian Bank JSC	Kazakhstan	Ba3/ positive	B/ positive	18	12
CB Moskommertsbank (JSC)	Russia	–	–	19	6
Kazpost JSC	Kazakhstan	–	–	–	9
				52.423.444	**35.983.513**

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The management of the Group has built an appropriate liquidity risk management framework in accordance with the short, medium and long-term funding and liquidity management requirements. The Group manages its liquidity risk by maintaining adequate reserves, bank loans and credit lines, by monitoring projected and actual cash flows and comparing maturity dates of financial assets and liabilities.

The Group assessed risk concentration in relation to debt refinancing and concluded that it would be low. The Group has access to a variety of sufficient sources of funding.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

In thousands of tenge	On demand	Due more than 1 month but not later than 3 months	Due more than 3 months but not later than 1 year	Due more than 1 year but not later than 5 years	Due more than 5 years	Total
At 31 December 2023						
Borrowings	–	617.564	898.891	4.947.843	1.604.485	8.068.783
Bonds payable	–	5.677.742	17.064.593	90.922.289	267.086.396	380.751.020
Trade and other accounts payable	–	17.452.328	2.358.938	2.358.938	–	22.170.204
	–	**23.747.634**	**20.322.422**	**98.229.070**	**268.690.881**	**410.990.007**
At 31 December 2022						
Borrowings	–	4.936.035	1.070.082	5.852.617	8.347.857	20.206.591
Bonds payable	–	4.532.400	13.597.200	72.518.399	240.497.448	331.145.447
Trade and other accounts payable	–	19.480.214	2.358.938	4.717.875	–	26.557.027
	–	**28.948.649**	**17.026.220**	**83.088.891**	**248.845.305**	**377.909.065**

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the shareholder's value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a debt to capital ratio, which is debt divided by total capital. The Group's objective is to keep the ratio not higher than 0,5. Debt is considered to be equal to all borrowings and bonds payable. Capital is considered to be equal to the total liabilities and entire equity.

In thousands of tenge	31 December 2023	31 December 2022
Debt/capital	**0.16**	0.16
Long-term borrowings and long-term bonds payable	**155.110.813**	144.761.999
Short-term borrowings and short-term bonds payable	**8.424.576**	11.589.702
Debt	**163.535.389**	**156.351.701**
Total liabilities	**316.065.873**	333.047.025
Equity	**685.719.134**	653.565.164
Total equity and liabilities	**1.001.785.007**	**986.612.189**

The structure of the Group capital includes the share capital as disclosed in Note 14, reserves and retained earnings.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Assets measured at fair value

In thousands of tenge	31 December 2023	Level 1	Level 2	Level 3
Revalued property, plant and equipment				
NPG assets (Note 6)	**718.550.166**	–	–	**718.550.166**
Bonds of "Special Financial Company DSFK LLP" (Note 11)	**411.883**	–	–	**411.883**

In thousands of tenge	31 December 2022	Level 1	Level 2	Level 3
Revalued property, plant and equipment				
NPG assets (Note 6)	733.464.524	–	–	733.464.524
Bonds of "Special Financial Company DSFK LLP" (Note 11)	377.731	–	–	377.731

Assets for which fair values are disclosed

In thousands of tenge	31 December 2023	Level 1	Level 2	Level 3
Financial assets				
Other financial assets (Note 11)	**32.156.941**	–	**32.156.941**	–

In thousands of tenge	31 December 2022	Level 1	Level 2	Level 3
Financial assets				
Other financial assets (Note 11)	58.787.505	–	58.787.505	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed

In thousands of tenge	31 December 2023	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable (Note 16)	**156.799.577**	–	**156.799.577**	–
Borrowings (Note 15)	**6.735.812**	–	**6.735.812**	–

In thousands of tenge	31 December 2022	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable (Note 16)	139.453.044	–	139.453.044	–
Borrowings (Note 15)	16.898.657	–	16.898.657	–

For the years ended 31 December 2023 and 31 December 2022, there were no transitions between Level 1, 2, and 3 of the fair value of financial instruments.

Fair values of financial instruments

As at 31 December 2023 and 31 December 2022 the management assessed that the fair value of financial instruments of the Group, such as trade accounts receivable and payable, other financial assets, cash and cash equivalents, cash restricted in use, approximates their carrying amounts largely due to the short-term maturities of these instruments. Borrowings and bonds payable are stated at amortized costs which approximate their fair values.

Change in liabilities arising from financing activities

In thousands of tenge	1 January 2023	Cash flows	Accured interest	Paid interest and commissions	Foreign exchange movement	Other	31 December 2023
Borrowings	**16.898.657**	**(9.973.990)**	**625.214**	**(760.416)**	**(64.393)**	**10.740**	**6.735.812**
Bond payable	**139.453.044**	**16.867.598**	**21.942.670**	**(21.572.501)**	**–**	**108.766**	**156.799.577**
Total	**156.351.701**	**6.893.608**	**22.567.884**	**(22.332.917)**	**(64.393)**	**119.506**	**163.535.389**

In thousands of tenge	1 January 2022	Cash flows	Accured interest	Paid interest and commissions	Foreign exchange movement	Other	31 December 2022
Borrowings	49.493.952	(35.865.915)	937.558	(1.336.740)	2.989.308	680.494	16.898.657
Bond payable	121.705.499	16.141.100	14.222.906	(12.727.000)	–	110.539	139.453.044
Lease liability	111.895	(111.895)	–	–	–	–	–
Total	**171.311.346**	**(19.836.710)**	**15.160.464**	**(14.063.740)**	**2.989.308**	**791.033**	**156.351.701**

The Other column shows the amortization of discount and premium on financial liabilities. The Group classifies the interest paid as cash flows from operating activities.

28. COMMITMENTS AND CONTINGENCIES

Operating environment

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

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including an opinion on the IFRS approach regarding revenue, expenses and other accounts of financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. As a result, the amount of additional taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2023.

Management believes that as at 31 December 2023, the interpretation of applicable legislation is appropriate and the Group's tax position will be sustained.

Terms of loan agreements

As disclosed in Note 15, the Group has entered into loan agreements with the EBRD and IBRD. Due to the fact that the loan agreement with the EBRD was fully executed in accordance with the repayment schedule, as of 31 December 2023, there is no need to fulfill the terms of the loan agreement in terms of financial covenants.

Also, the Group issued bonds (Note 16) and must comply with following covenants:

- Total debt to EBITDA of not more than 3:1 (as at 31 December 2023 — 1,51);
- Total debt to equity of not more than 0,6:1 (as at 31 December 2023 — 0,24);
- Self-financing ratio of at least 20% (as at 31 December 2023 — 59%);
- Debt service ratio of at least 1,2 (as at 31 December 2023 — 13,8);
- Liquidity of at least 1:1 (as at 31 December 2023 — 3,1);
- The ratio of net debt to EBITDA is no more than 4:1 (as at 31 December 2023 — 1,0).

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

Insurance

As at 31 December 2023, the Group insured production assets with a cost of 521.802.639 thousand tenge. In the event of an insured event, the insurance payment is made within the insured amount. The Group did not insure its other property. Since absence of any insurance does not imply a reduction of the cost of assets or origination of liabilities, no provision has been made in these consolidated financial statements for unexpected expenses associated with damage or loss of such assets.

28. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual commitments

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

Five year (2021-2025) investment program of KEGOC JSC for a total amount of 274.760.648 thousand tenge approved by the joint order N°122 of the sectoral state body dated 7 April 2021 and the department of the authorized body N°21-OD dated 11 March 2021 in accordance with legislation on natural monopolies of the Republic of Kazakhstan and is subject to 100% execution. However, KEGOC JSC may make changes to it and adjust the cost and timing of individual events. The five-year investment program of KEGOC JSC was adjusted by a joint order of the Ministry of Energy of the Republic of Kazakhstan dated 30 November 2023 N°431 and the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated 15 December 2023 N°157-OD.

As at 31 December 2023, capital commitments under the contracts entered by the Group under the investment plan amounted to 95.751.033 thousand tenge (31 December 2022: 57.388.081 thousand tenge).

Activity regulation and litigation

Tariffs for the transmission of electric energy and technical dispatching of supply to the network and consumption of electric energy and organization of balancing the production and consumption of electric energy.

In accordance with order N°79-OD of the Committee for the Regulation of Natural monopolies of the Ministry of National Economy of the Republic of Kazakhstan (hereinafter — CRNM) dated August 16, 2021, the following tariffs were approved:

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

By the order of the Committee for Regulation of Natural Monopolies of the Republic of Kazakhstan N°67-OD dated 22 April 2022, temporary compensatory tariffs for regulated services of KEGOC JSC were approved and in effect from 1 June 2022 to 31 May 2023.

KEGOC JSC does not agree with the above mentioned order due to the fact that, in accordance with the Law of the Republic of Kazakhstan on natural monopolies, the savings accumulated on the cost items of the tariffs estimates in 2017 and 2018 were directed to the implementation of the Investment Program. Thus, KEGOC JSC did not inflict any losses for consumers and did not receive unjustified income. In this connection, the Order N° 67-OD dated 22 April 2022 is being challenged by KEGOC JSC in court.

This Order has been suspended for the duration of the trial.

If the Group had applied the temporary compensatory tariff, the Group's profit for the 12 months ended 31 December 2023 would have decreased by 3.245.513 thousand tenge.

For the duration of the trial, Order on approval of tariffs N°79-OD dated 16 August 2021, tariff estimates for regulated services of KEGOC JSC for 2021-2026, and N°133-OD dated September 22, 2023 are in effect.

By CRNM's Order N°133-OD dated 22 September 2023 changes in tariffs and tariff estimates were approved and in effect from 1 July 2023 for regulated services for the transmission of electrical energy through the national electrical grid, for the use of the national electrical grid, for technical dispatching of supply to the network and consumption of electric energy, and organization of balancing the production and consumption of electric energy:

1. Transmission of electric energy by national electric grid in the amount of:
- from 1 July 2023 to 30 September 2023 — 2,935 tenge/kWh (excluding VAT);
- from 1 October 2023 to 30 September 2024 — 3,381 tenge/kWh (excluding VAT);
- from 1 October 2024 to 30 September 2025 — 3,492 tenge/kWh (excluding VAT);
- from 1 October 2025 to 30 September 2026 — 3,564 tenge/kWh (excluding VAT).
2. Use of the national electrical grid in the amount of:
- from 1 July 2023 to 30 September 2023 — 1,651 tenge/kWh (excluding VAT);
- from 1 October 2023 to 30 September 2024 — 1,943 tenge/kWh (excluding VAT);
- from 1 October 2024 to 30 September 2025 — 2,002 tenge/kWh (excluding VAT);
- from 1 October 2025 to 30 September 2026 — 2,056 tenge/kWh (excluding VAT).
3. Technical dispatching of supply to the network and consumption of electric energy in the amount of:
- from 1 July 2023 to 30 September 2023 — 0,320 tenge/kWh (excluding VAT);
- from 1 October 2023 to 30 September 2024 — 0,339 tenge/kWh (excluding VAT);
- from 1 October 2024 to 30 September 2025 — 0,351 tenge/kWh (excluding VAT);
- from 1 October 2025 to 30 September 2026 — 0,356 tenge/kWh (excluding VAT).
4. Organization of balancing the production and consumption of electric energy in the amount of:
- from 1 July 2023 to 30 September 2023 — 0,057 tenge/kWh (excluding VAT);
- from 1 October 2023 to 30 September 2024 — 0,060 tenge/kWh (excluding VAT);
- from 1 October 2024 to 30 September 2025 — 0,064 tenge/kWh (excluding VAT);
- from 1 October 2025 to 30 September 2026 — 0,066 tenge/kWh (excluding VAT).

CRNM's Order N°25-OD dated February 9, 2024 approved changes in tariffs and tariff estimates for regulated services for the transmission of electrical energy through the national electrical grid and for the use of the national electrical grid of KEGOC JSC with entry into force on March 1, 2024:

1. Transmission of electrical energy through the national electrical grid for the period from March 1, 2024 to September 30, 2024 in the amount of 3,474 tenge/kWh (excluding VAT);
2. Use of the national electrical grid for the period from March 1, 2024 to September 30, 2024 in the amount of 1,996 tenge/kWh (excluding VAT).

29. SUBSEQUENT EVENTS

On January 31, 2024, preliminary terms of a loan were agreed between the Group and the Asian Development Bank (ADB) for the purpose of financing the project "Strengthening the Power Grid of the Southern Zone of UPS of Kazakhstan. Construction of electric grid facilities" The terms of the agreement are indicative only. The terms of the agreement include a loan amount of 130 million US dollars, which will be received in three tranches in tenge equivalent with an availability period of up to 48 months from the date of signing of the main loan agreement. The interest rate will include the sum of ADB's comprehensive costs and a margin of 3% per annum in tenge.

Appendix 5. The management's comments on the financial performance

AS OF AND FOR A YEAR ENDED ON 31 DECEMBER 2023

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.

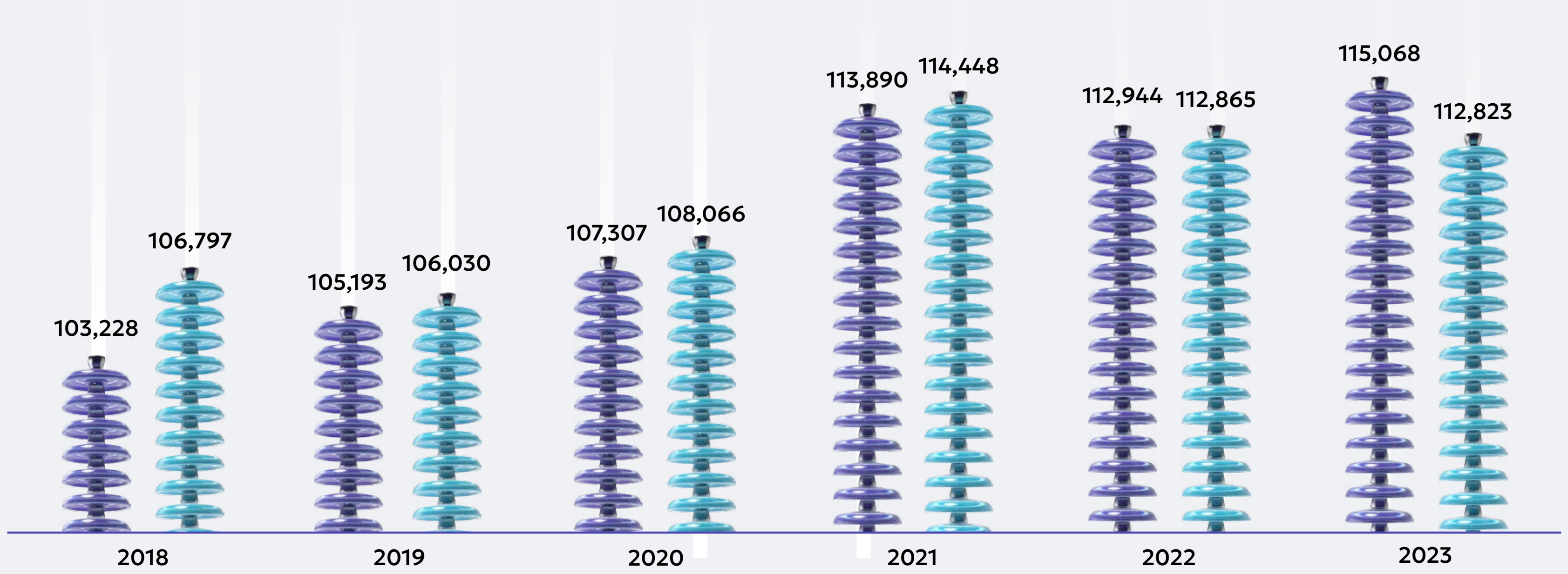
The Company's headcount as at 31 December 2023 was 4,446 employees.

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:

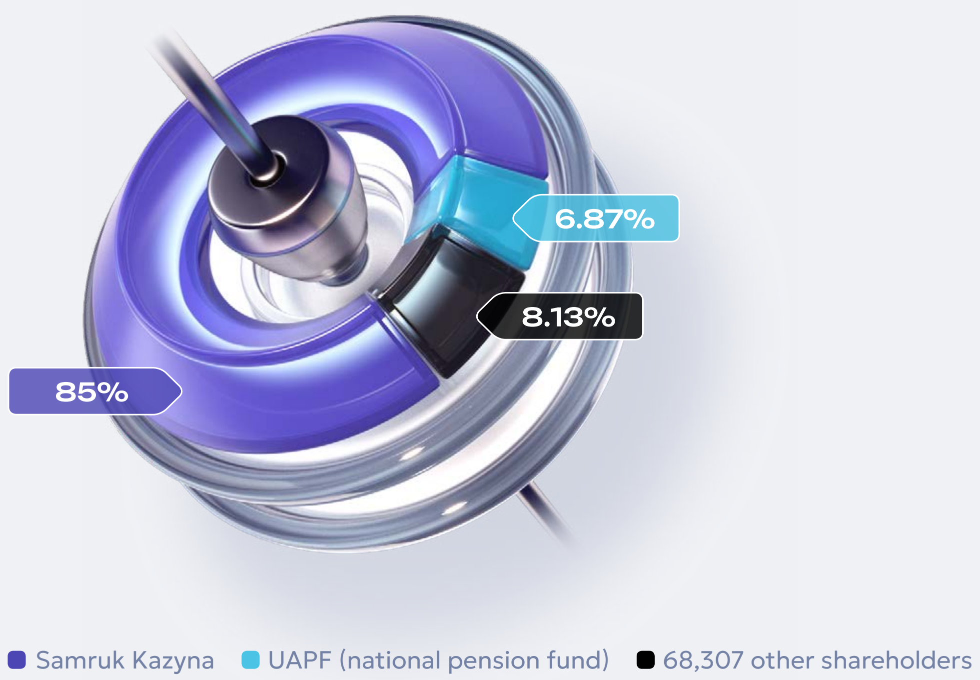
- national power grid (NPG);
- 207 power plants of national, industrial and regional importance
- 19 regional energy companies and 126 small companies transmitting electricity through 0.4 — 220 kilovolt power grids to retail (end-user) consumers;
- 551 wholesale market entities that have entered into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



KEGOC JSC shareholder structure as on 31 December 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.

Mission of the Company:

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

Vision of the Company:

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.

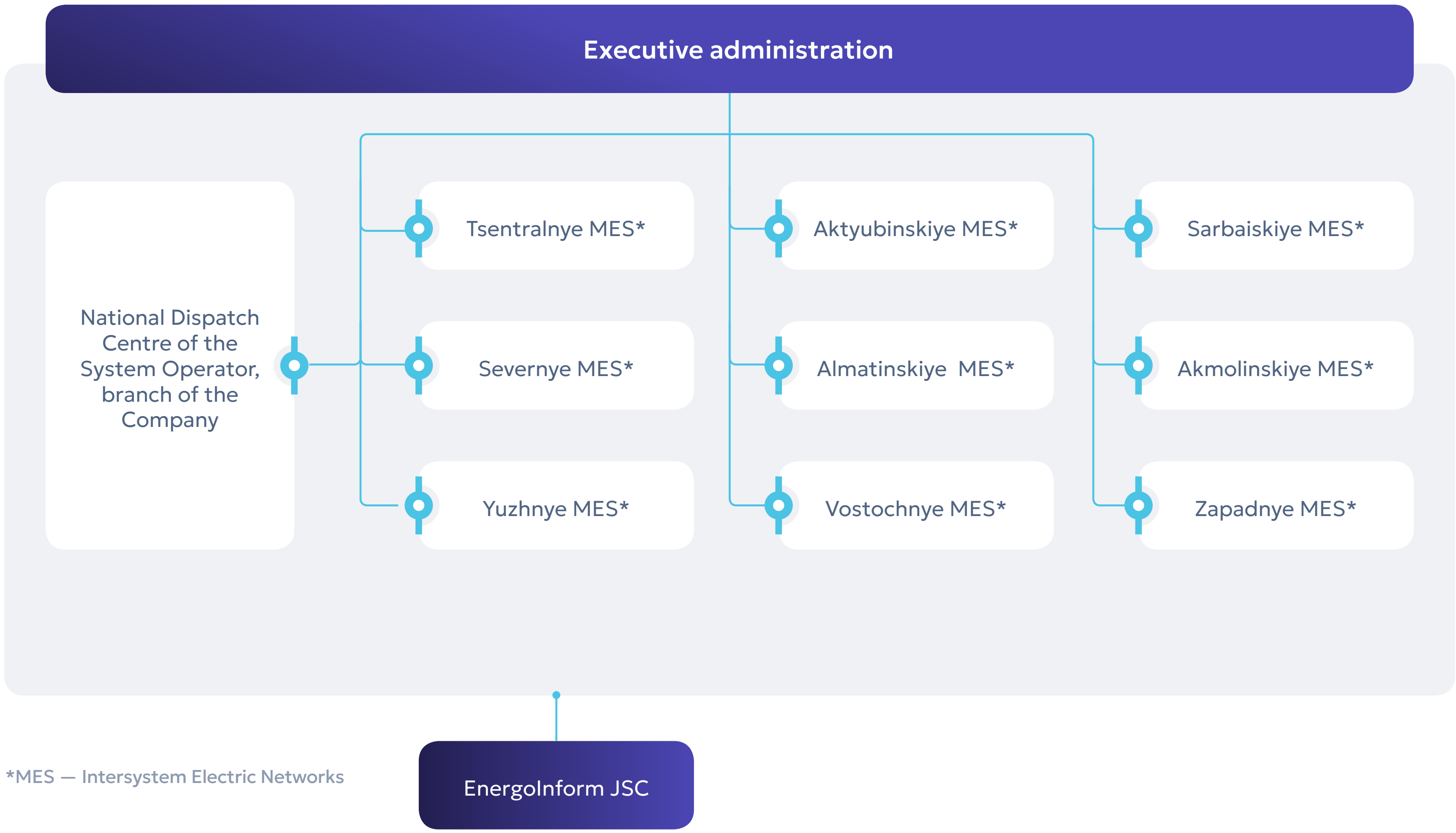
The Vision and the Mission will be achieved through strategic goals and objectives set for each goal:

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



*MES — Intersystem Electric Networks

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.

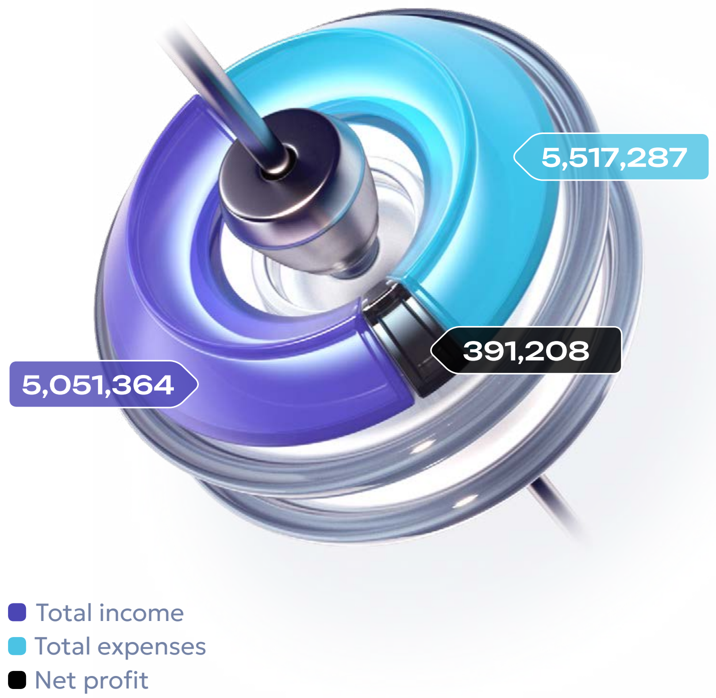
Mission: to ensure the reliable operation and effective development of the information and telecommunication complex of Kazakhstan UPS using the world's best practices and innovative technologies.

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**).

Aallowable 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 gird. 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

Nº	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 Actual	2023 Plan	2023 Actual	% of plan for the period	% vs. actual for the same period
Strategic KPIs						
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%
Analytical KPIs						
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%
Industry KPIs						
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:

<u>(+) positive factors:</u>

- 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,

<u>(-) negative factors:</u>

- 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:

<u>(-) negative factors:</u>

- 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:

<u>(+) positive factors:</u>

- 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;

<u>(-) negative factors:</u>

- 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

Nº	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) x 100%, where: AIT (average interruption time), minutes AIT = ∑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:

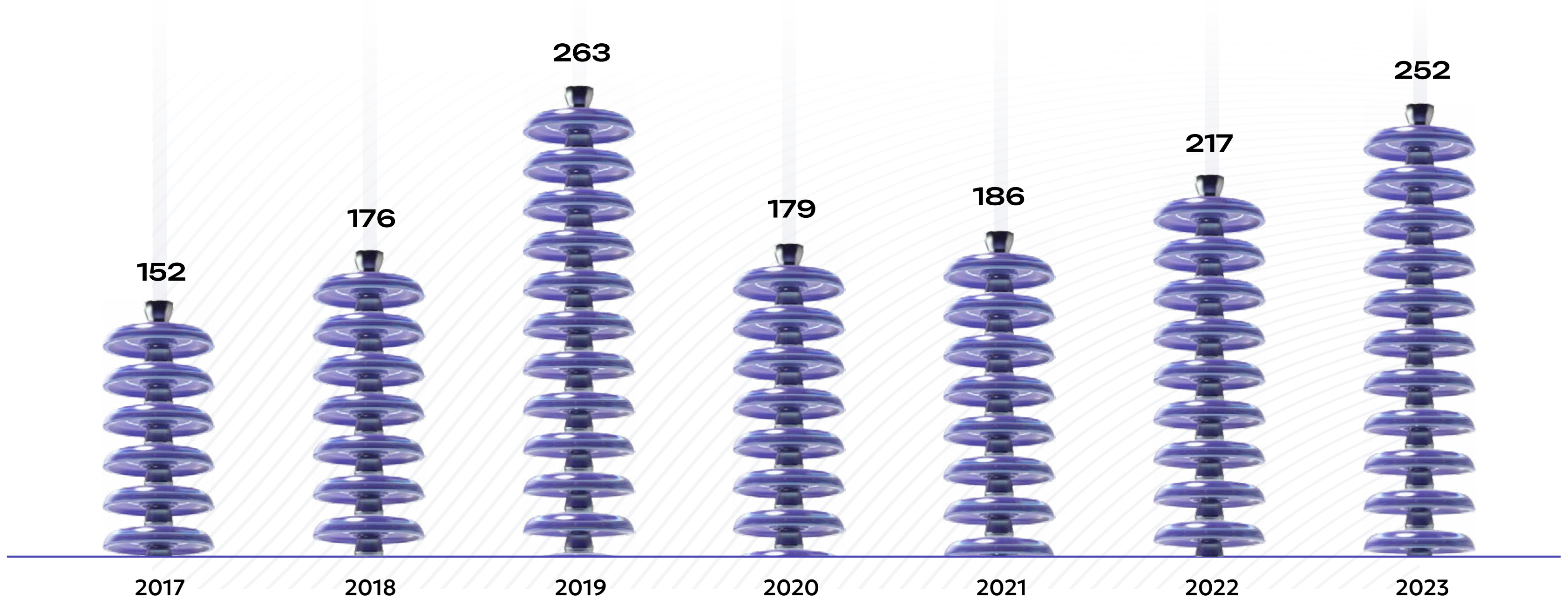
	Per year ended 31 December		Change	
In thousands of tenge	2023	2022	absolute value	%
Income	252.136.383	217.255.548	34.880.835	16
Cost of services	(181.403.604)	(166.355.885)	(15.047.719)	9
Gross profit	**70.732.779**	**50.899.663**	**19.833.116**	**(39)**
General and administrative expenses	(11.113.427)	(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)
Operating profit	**58.665.846**	**37.993.902**	**20.671.944**	**54**
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
Profit before tax	**53.598.632**	**32.468.088**	**21.130.544**	**65**
Corporate income tax expense	(10.202.243)	(5.720.479)	(4.481.764)	78
Profit for the year from continuing operations	**43.396.389**	**26.747.609**	**16.648.780**	**62**

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:

	Per year ended 31 December		Deviation	
In thousands of tenge	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
TOTAL	**252.136.383**	**217.255.548**	**34.880.835**	**16**

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.

		Year ended 31 December		
In thousands of tenge	**Unit**	**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

		Year ended 31 December		
In thousands of tenge	**Unit**	**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

		Year ended 31 December		
In thousands of tenge	**Unit**	**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

		Year ended 31 December		
In thousands of tenge	**Unit**	**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.

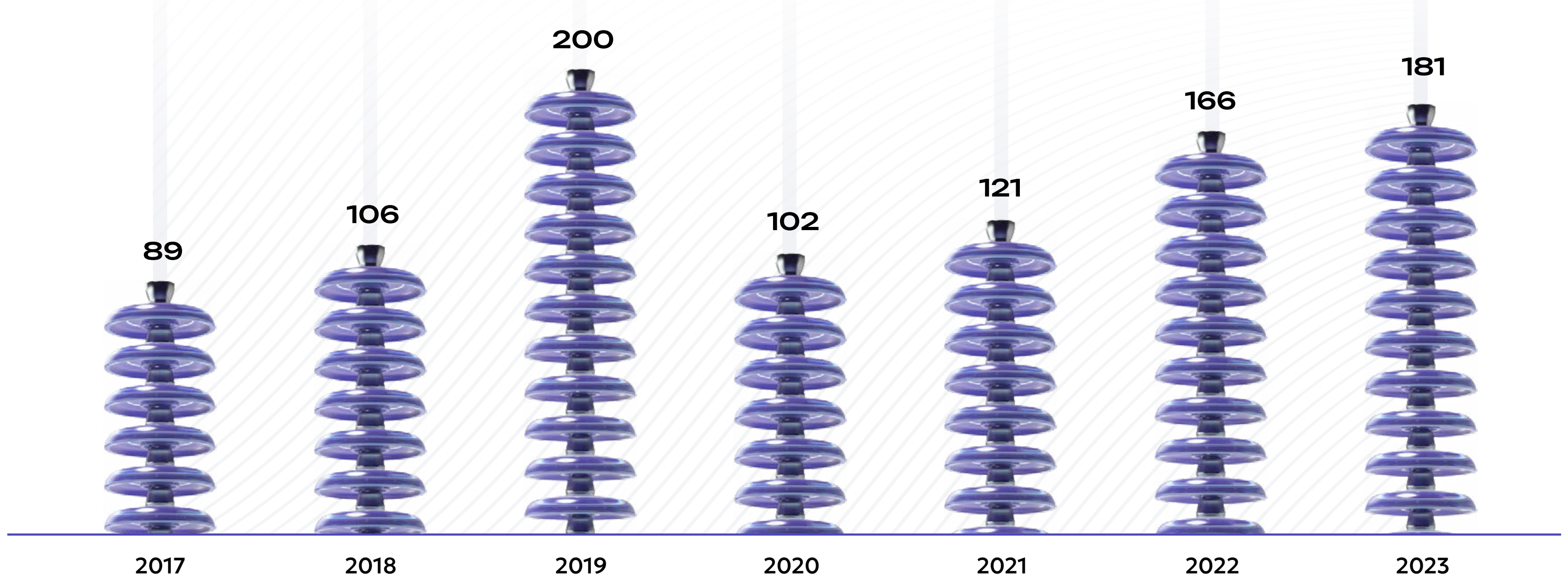
Income from sale of power control services

		Year ended 31 December		
In thousands of tenge	**Unit**	**2023**	**2022**	**%, change**
Income from sale of power control services	KZT thousand	**481,092**	645,538	(25)
Amount of power control services	MW	**516**	604	(15)
weighted average price	KZT/kWh	**932.35**	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/kW (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%
Total cost of sales	**181,403,604**	**100%**	**166,355,885**	**100%**

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.

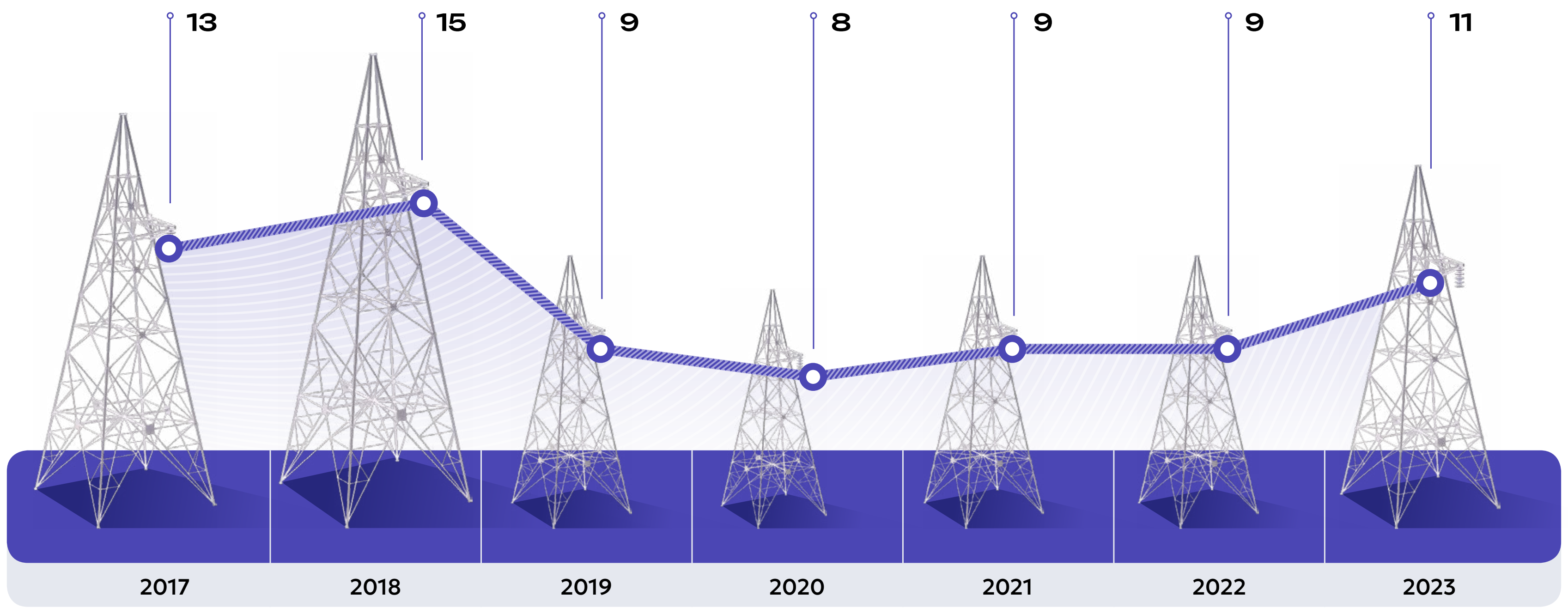
Technical losses of electric energy

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 Actual	2023 Plan	2023 Actual	Deviation plan — actual abs.	Deviation plan — actual %	Deviation actual — actual abs.	Deviation actual — actual %
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	
3	**Balance of losses**	**KZT million**	**23,279.9**	**32,055.6**	**34,121.9**	**2,066.3**	**6.4%**	**10,842.0**	**46.6%**
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%
Total general and administrative expenses	**11,113,427**	**100%**	**9,020,431**	**100%**

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:

	Year ended 31 December	
In thousands of tenge	**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)
Cash and cash equivalents as of the beginning of the period	**27.563.092**	**11.933.828**
Cash and cash equivalents as of the end of the period	**45.528.523**	**27.563.092**

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:

		As on	
In thousands of tenge	**Currency**	**31 December 2023**	**31 December 2022**
Non-current liabilities under the loans received(1)	USD/EUR	**(5,588,895)**	(11,367,844)
Current liabilities under the loans received (1)	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(2)	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
Net debt		**(83,591,987)**	**(69,598,474)**

(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:

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

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:

		Outstanding amount for the loan as on 31 December				
Loan agreement	**Bank**	**KZT thousand**	**USD thousand**	**euro thousand**	**Maturity date**	**Loan security**
KC 7738-KZ dated 12 November 2009	**IBRD**	**6,735,812**	**14,599**	-	2 times a year until 15 September 2034	No. 11СГГ004 dated 12 November 2009
Total		**6,735,812**	**14,599**			

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

	As on	
In thousands of tenge	**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
TOTAL:	**6,735,812**	**16,898,657**
Due within 12 months less current outstanding amount under the loans provided by IBRD and EBRD	**(1,146,917)**	(5,530,813)
	5,588,895	**11,367,844**

As at 31 December 2023 an 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
Long-term part of the loan	**5,588,895**	**0**	**5,588,895**
Total	**6,735,812**		**6,735,812**

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

	As on 31 December 2023		As on 31 December 2022	
thousands	**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
Total in KZT thousand	**6,758,169**		**16,898,657**	

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
Total			**6,758,169**	

Bonds

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

	As on	
In thousands of tenge	**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)
TOTAL	**156,799,577**	**139,453,044**
Less the current portion of bonds payable within 12 months	**(7,277,659)**	(6,058,889)
Total non-current liabilities under the outstanding bonds	**149,521,918**	**133,394,155**

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.

Appendix 6. Independent Limited Assurance Report

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Independent Limited Assurance Report Regarding the Selected Information in the Annual Report

To the Board of Directors of Kazakhstan Electricity Grid Operating Company (KEGOC) JSC:

Introduction

We have been engaged by the Management of Kazakhstan Electricity Grid Operating Company (KEGOC) (the "Company") to provide limited assurance on the Selected Information described below and included in the Annual Report of the Company for the year ended 31 December 2023 (hereinafter – the "Annual Report").

Description of the subject matter information and applicable criteria

The selected information for the year ended 31 December 2023 is summarised in Appendix 1 to this report (hereinafter – the "Selected Information").

The Selected Information represents information related to the Company and its selected subsidiaries according to the Reporting perimeter of the Annual Report.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2023 only. We have not performed any procedures with respect to earlier periods or any other items included in the Annual Report and, therefore, do not express any conclusion thereon.

We assessed the Selected Information using reporting requirements in the GRI Sustainability Reporting Standards (the "GRI Standards") and methodology and guidelines developed by the Company and disclosed in the Annual Report (hereinafter – the "Reporting Criteria"). We believe that the Reporting Criteria is appropriate given the purpose of our limited assurance engagement.

Responsibilities of the management of the Company

The management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparation, measurement and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

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Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Directors of the Company.

We performed the limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Quality control management and professional ethics

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the management of the Company, including the Strategy and Sustainable Development Department team and those with responsibility for sustainability reporting management and reporting;
- conducted interviews of personnel responsible for the preparation of the Annual Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information; and
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.

Appendix 6. Independent Limited Assurance Report

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Inherent limitations

Under the Reporting Criteria there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management as described in the Annual Report, and for which the Company is solely responsible.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restrictions of use and distribution

This report, including our limited assurance conclusion, has been prepared solely for the Board of Directors of the Company in accordance with the agreement between us, to assist the management of the Company in reporting on the Company's and its selected subsidiaries' sustainability performance and activities.

We permit this report to be disclosed in the Annual Report, which will be published on the Company's website, to assist the management of the Company in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information.

The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of the Company and the Company for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

PricewaterhouseCoopers Tax & Advisory LLP

19 August 2024

Almaty, Kazakhstan

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Appendix 1 to the Independent Limited Assurance Report dated 19 August 2024

The Selected Information for the year ended 31 December 2023 is disclosed on pages 34-104 of the Annual Report and is prepared in accordance with the Reporting Criteria and the methodology and guidelines developed by Company and is subject to limited assurance procedures. Selected Information is set out below:

GRI Standard	Reported Performance (Selected Information)
302-1	Energy consumption within the organisation
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-4	GHG emissions intensity
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
306-3	Waste generated
306-4	Waste diverted from disposal
306-5	Waste directed to disposal
403-9	Work-related injuries
403-10	Work-related ill health
405-2	Ratio of basic salary and remuneration

Glossary

AC	Audit Committee of the Board of Directors of KEGOC JSC
AIX	Astana International Exchange
ALE	Association of Legal Entities
AMP	Administrative and management personnel
BioPP	bioelectric power plants
Branches	KEGOC branches MES and NDC SO
CIW	Construction and installation works
CEO	Chief Executive Officer
CHPP	Combined heat and power plant
CIS	Commonwealth of Independent States
Company	KEGOC JSC
COSO ERM	COSO Enterprise Risk Management
CRMS	Corporate risk management system
DED	Design and estimate documentation
DP	Distribution point
EBITDA	Earning before interest, taxes, depreciation and amortization
EIA	Environmental impact assessment
ERP	Emergency response plan
ES	Emergency situation
FAR	Fatality rate
FOCL	Fiber-optic communication line
FS	Feasibility study
GTP	Gas turbine plant
GRI	Global Reporting Initiative
GTPP	Gas-turbine power plant
HPP	Hydro power plant
IAS	Internal Audit Services
IIA	Innovation and inventive activities
ICS	Internal control system
IFRS	International financial reporting standards
IFI	International financial institutions
IMS	Integrated management system
IPO	Initial Public Offering
IRD	Internal regulatory document
IS	Information Security
ISMS	Information security management system
ISO	International Organization for Standardization
ISF	Intermediate support flexible
HCM	Human Capital Management
JSC	Joint Stock Company
KASE	Kazakhstan Stock Exchange
KEGOC JSC	KEGOC (Kazakhstan Electricity Grid Operating Company) Joint Stock Company
KPI	Key performance indicators
kV	kiloVolt
kWh	Kilowatt-hour
LLP	Limited liability partnership
LTIFR	Lost Time Injury Frequency Rate
Mass media	Mass media
MES	Interconnection Electric Networks, KEGOC Branches
MVA	Megavolt-ampere
MW	Megawatt
NAV	Net asset value
NDC SO	National Dispatch Centre of the System Operator
NPG	National power grid
NRC	Nomination and Remuneration Committee
OHTL	Overhead transmission lines
OP	Operational personnel
OPGW	Optical ground wire
PCB	Polychlorinated biphenyl
PTL	Power transmission line
R&D	Research and development
RDC	Reginal dispatch centre
RES	Renewable energy sources
RMS	Risk management system
ROACE	Return on Average Capital Employed
RPA	Relay protection and automation
SAIDI	System Average Interruption Duration Index — average duration of shut-down
SAIFI	System Average Interruption Frequency Index – the average frequency of damage in the system
Samruk-Kazyna JSC	Sovereign Wealth Fund Samruk Kazyna Joint Stock Company
SAP	System applications and products
SFCS of RES LLP	Settlement and Financial Center for Support of Renewable Energy Sources
SCADA	Supervisory Control and Data Acquisition
SCSDC	Strategy, Corporate and Sustainable Development Committee
SPO	Secondary Public Offering
SPP	Solar power plant
TPP	Thermal power plant
TSR	Total shareholder return
UAPF	Unified Accumulative Pension Fund JSC
UN	United Nations
UPS	Unified power system
VAT	Value added tax
WAMS/WACS	Wide Area Management System and Control
WPP	Wind power plant

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