



HEADING FOR A GREEN FUTURE

INTEGRATED ANNUAL REPORT 2023
"SAMRUK-ENERGY" JSC

VOLUME 2

Contents

Independent auditor's report

Consolidated financial statements

Consolidated Statement of Financial Position

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Changes in Equity

Consolidated Statement of Cash Flows

Notes to the Consolidated Financial Statements

1. Samruk-Energy Group and Its Operations

2. Basis of Preparation and Material Accounting Policy Information

3. New Accounting Pronouncements

4. Critical Accounting Estimates, and Judgements in Applying Accounting Policies

5. Segment Information

6. Balances and Transactions with Related Parties

7. Property, Plant and Equipment

8. Investments in Joint Ventures and Associates

9. Other Non-Current Assets

10. Inventories

11. Trade and Other Receivables

12. Other Current Assets

13. Cash and Cash Equivalents

14. Equity

15. Provision for asset restoration

16. Borrowings

17. Trade and Other Payables

18. Taxes payable and other payables to budget

19. Revenue

20. Cost of Sales

21. Selling Expenses

22. General and Administrative Expenses

23. Finance Income

24. Finance Costs

25. Income Tax

26. Discontinued operations

27. Contingencies, Commitments and Operating Risks

28. Non-controlling interest

29. Principal Subsidiaries, Associates and Joint Venture

30. Financial Risk Management

31. Fair Value Disclosures

32. Events after the Reporting Period

33. Earnings per Share and Carrying Amount of one Share

02

10

10

12

14

16

18

18

18

28

29

37

42

46

48

52

53

53

54

54

55

56

56

61

61

61

62

62

63

63

63

64

65

66

72

74

75

84

85

86

Independent auditor's report



Independent Auditor's Report

To the Shareholder and Board of Directors of Samruk-Energy JSC

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Samruk-Energy JSC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the consolidated financial statements.

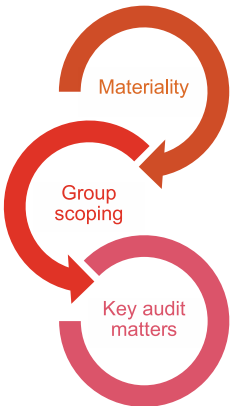


Independent auditor's report (Continued)

Page 2

Our audit approach

Overview



- Overall Group materiality: Tenge 4,325,000 thousand, which represents approximately 1% of the Group's revenue for the year ended 31 December 2023.
- We conducted audit work at five subsidiaries and two joint ventures located in the Republic of Kazakhstan.
- The Group engagement team visited all locations of the entities subject to audit procedures.
- Our audit scope addressed 96% of total assets, 99% of total revenue and 97% of absolute value of profit before tax of the Group.
- Impairment of property, plant and equipment and intangible assets.
- Sales of electricity to the Single Power Purchaser and Settlement Center of Balancing electricity market from 1 July 2023.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.



Independent auditor’s report (Continued)

Page 3

Overall Group materiality	Tenge 4,325,000 thousand
How we determined it	approximately 1 % of total revenue
Rationale for the materiality benchmark applied	<p>We chose revenue as the benchmark for materiality determination. We did not use profit before tax due to its fluctuation. Instead, we used revenue, which is less volatile and is also used by the Shareholder to assess the Group’s performance. We believe that revenue aligns with the principal considerations of the users of consolidated financial statements.</p> <p>We determined materiality as approximately 1% of total revenue, which based on our professional judgment, is within the range of acceptable quantitative materiality thresholds.</p>

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.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of property, plant and equipment and intangible assets</p> <p>See Note 4 of the consolidated financial statements.</p> <p>The Group performed impairment indicator analysis of property, plant and equipment and intangible assets as at 31 December 2023. Based on the assessment performed, the Group’s management has not identified any indicators of impairment for power generating and transmission companies. However, the Group has identified individual impairment indicators for the following assets for which impairment was recognized:</p> <p>1) Ereymentau Wind Power LLP construction in progress projects and advances given in the total amount of Tenge 14,068,725 thousand;</p> <p>2) Alatau Zharyk Company JSC construction in progress projects in the amount of Tenge 3,659,788 thousand.</p>	<p>Our procedures in respect of management’s assessment of the impairment indicators of property, plant and equipment and intangible assets included:</p> <ul style="list-style-type: none">• analysis of identifying identifiable groups of assets that generate cash inflows independent of cash flows generated by other assets;• verification of accuracy and relevance of key assumptions used by management;• consideration of economic and market trends in the energy sector;• conducting a series of inquiries with management on key assumptions;• reviewing other inputs and reconciling them with supporting documents, such as the Development Plan, and comparing the Development Plan with actual results, where appropriate.



Independent auditor’s report (Continued)

Page 4

The Group also recognized its share of impairment loss on construction-in-progress projects in the Group’s joint venture, Station Ekibastuzskaya GRES-2 JSC, which is accounted for using the equity method. The impact on the carrying amount of the investment in the joint venture as at 31 December 2023 was Tenge 6,620,611 thousand.

We have paid special attention to the issue of impairment due to the significance of their carrying value, as well as since the process of assessing by management of impairment indicators and estimating values in use is complex as it is based on the use of significant estimates and judgments with respect to future market and economic conditions and the results of operations of the Group.

Sales of electricity to the Single Power Purchaser and Settlement Center of Balancing electricity market from 1 July 2023

See Notes 4 and 9 of the consolidated financial statements.

From 1 July 2023, a new model of power market was introduced with the implementation of a Single Power Purchaser, Settlement and Financial Center for Support of Renewable Energy Sources LLP (“RFC”) and a real time balancing electricity market (“BEM”). The Group conducted an analysis to assess the impact of changes on the revenue recognition process in accordance with IFRS 15 “Revenue from Contracts with Customers”.

As a result, the Group determined that for Group consolidated financial statements, the electricity sales contracts of power plants and purchase contracts of distribution and trade entities of the Group are considered as repurchase agreements in accordance with IFRS15.

We engaged our valuation experts to form our conclusion in relation to the assumptions and methodology used for indicators assessment and individual impairment.

For individual asset impairment, we also assessed the key assumptions used in the analysis and their consistency with the budget and business plan, external information, and our industry-specific expertise.

We also paid attention to the adequacy of disclosures in Note 4 to the consolidated financial statements in accordance with the requirements of IAS 36 “Impairment of Assets”.

Our procedures for assessing the impact of changes to the power market model effective from 1 July 2023 included the following:

- conducting a series of inquiries with management and technical specialists of the Group and its subsidiaries;
- analysis of contracts with the RFC and Settlement Center for the Balancing Electricity Market, KOREM JSC, in accordance with IFRS 15;
- analysis of input data from KOREM JSC on the balancing electricity market;
- we engaged our technical accounting experts to verify the Group’s approach and analysis;

To check the amount of elimination in the Group’s consolidated financial statements, we performed the following procedures:

- we confirmed the approach for calculation of eliminations with the technical accounting experts;



Independent auditor's report (Continued)

Page 5

To calculate the amount of elimination, the Group used the actual electricity volume purchased by Alatau Zharyk Company JSC and AlmatyEnergoSbyt LLP from the RFC and weighted average selling price of electricity in accordance with the approved cap tariffs of the Group's power plants. The calculation was carried out monthly.

The elimination amount for 2023 amounted to Tenge 35,516,055 thousand. This adjustment is reflected for the purpose of presenting the revenue and costs of sales of the Group from a single economic unit perspective and does not affect the financial results of the Group.

Apart from the above, the new model of power market, which came into force on 1 July 2023, did not have a significant impact on the revenue recognition. This issue required significant auditor's attention due to the presence of significant judgments.

- checking the mathematical accuracy of calculations;
- reconciliation of the actual electricity volumes purchased Alatau Zharyk Company JSC and AlmatyEnergoSbyt LLP from the RFC and electricity volumes sold by power plants to primary documentation (invoices, acts of acceptance) and reports of the National system operator of the Unified Energy System of the Republic of Kazakhstan;
- reconciliation of the electricity sales price used in calculation of the weighted average electricity sales price to the approved cap tariffs of the Group's power plants.

We also paid attention to the adequacy of the disclosures in Note 4 to the consolidated financial statements in accordance with the requirements of IAS1 "Presentation of Financial Statements".

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors, including other audit firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group consolidated financial statements as a whole.

The assets and operations of the Group are spread amongst 22 subjects (components), including associated companies and jointly ventures. Out of these, we have identified eight components as material components, including the Company, its five subsidiaries and two joint ventures.

For seven material components we or other independent auditors, carried out a full scope audit of the financial information of the components, which the Group uses for the preparation of the consolidated financial statements. We have reviewed the working documents of other independent auditors, and discussed with them the key assumptions and methodology, received independence and compliance with IESBA Code requirements confirmations. We also discussed the key audit matters with management and the Audit Committee.

We have identified other companies of the Group as not material components, for which we carried out audit procedures for the most material line items of the financial information and general analytical procedures.



Independent auditor's report (Continued)

Page 6

In general, the scope of our audit covered 96% of total assets, 99% of total revenue and 97% of the absolute value of net profit of the Group. The procedures performed have enabled us to obtain sufficient appropriate audit evidence in relation to the consolidated financial statements of the Group and provide a basis for our audit opinion on it.

Other information

Management is responsible for the other information. The other information comprises annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after our audit report date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and 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 identified above 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.

When we read the other information not yet received described above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report (Continued)

Page 7

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.
- 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, actions taken to eliminate threats or safeguards applied.



Independent auditor's report (Continued)

Page 8

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 on the audit resulting in this independent auditor's report is Kumarbek Berdikulov.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:

AKorbatbaev
Azamat Korbatbaev
Managing Director,
PricewaterhouseCoopers LLP
(General State License of the Ministry of
Finance of the Republic of Kazakhstan
#0000005 dated 21 October 1999)

Signed by:

Kumarbek Berdikulov
Kumarbek Berdikulov
Auditor in charge
(Qualified Auditor's Certificate
#0000188 dated 6 August 2014)

4 March 2024

Almaty, Kazakhstan



Consolidated financial statements

Consolidated Statement of Financial Position

In thousands of Kazakhstani Tenge	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	7	758,427,197	720,275,568
Investment property		101,630	104,999
Intangible assets		3,414,467	3,726,203
Right-of-use assets		3,287,300	2,652,394
Investments in joint ventures and associates	8	90,636,503	88,567,345
Other non-current assets	9	85,924,289	40,566,491
Total non-current assets		941,791,386	855,893,000
Current assets			
Inventories	10	24,034,790	15,432,827
Trade and other receivables	11	64,244,981	39,619,591
Other current assets	12	11,513,022	16,273,052
Income tax prepaid		4,319,200	4,010,796
Cash and cash equivalents	13	42,192,452	34,616,760
Total current assets		146,304,445	109,953,026
TOTAL ASSETS		1,088,095,831	965,846,026

Signed on behalf of management on 4 March 2024.

Almasbi N. Kamalov
Managing Director on Economics and Finance



Saule B. Tulekova
Head of Accounting and Tax Department – Chief Accountant



Consolidated Statement of Financial Position (continued)

In thousands of Kazakhstani Tenge	Note	31 December 2023	31 December 2022
EQUITY			
Share capital	14	443,567,998	378,531,570
Other reserves	14	124,986,598	124,850,717
Retained earnings		69,051,939	28,012,639
Equity attributable to the Group's shareholders		637,606,535	531,394,926
Non-controlling interest	28	2,368,160	1,718,695
TOTAL EQUITY		639,974,695	533,113,621
LIABILITIES			
Non-current liabilities			
Asset restoration provision	15	22,889,811	21,561,994
Employee benefit obligations		1,937,361	2,139,845
Borrowings	16	218,207,129	147,794,163
Other non-current liabilities		74,169	376,922
Non-current lease liabilities		1,504,522	1,132,295
Deferred income tax liabilities	25	62,520,105	67,254,045
Total non-current liabilities		307,133,097	240,259,264
Current liabilities			
Asset restoration provision	15	1,064,605	66,400
Borrowings	16	51,986,950	118,132,815
Employee benefit obligations		254,549	187,295
Trade and other payables	17	73,194,295	57,497,678
Taxes payable and other payables to budget	18	10,498,753	11,311,801
Current lease liabilities		1,028,595	925,658
Income tax payable		2,960,292	4,351,494
Total current liabilities		140,988,039	192,473,141
TOTAL LIABILITIES		448,121,136	432,732,405
TOTAL LIABILITIES AND EQUITY		1,088,095,831	965,846,026
Carrying amount of an ordinary share (in Tenge)	33	100,850	93,987

Signed on behalf of management on 4 March 2024.

Almasbi N. Kamalov
Managing Director on Economics and Finance



Saule B. Tulekova
Head of Accounting and Tax Department – Chief Accountant



Consolidated Statement of Profit or Loss and Other Comprehensive Income

In thousands of Kazakhstani Tenge	Note	2023	2022
Revenue	19	444,959,628	381,464,992
Cost of sales	20	(329,675,633)	(288,928,586)
Gross profit		115,283,995	92,536,406
Selling expense	21	(8,931,004)	(9,110,402)
General and administrative expenses	22	(13,525,080)	(18,851,978)
Share of results of joint ventures and associates	8	3,121,404	16,103,114
Impairment losses on non-financial assets	4	(17,805,571)	(10,448,192)
Reversal of impairment losses on financial assets		2,250,707	593,668
Other income		2,614,596	3,941,056
Other expense		(1,188,195)	(610,716)
Finance income	23	6,505,273	2,747,376
Finance cost	24	(25,244,003)	(29,747,698)
Profit before tax		63,082,122	47,152,634
Income tax expense	25	(19,352,357)	(16,110,545)
Profit for the year from continuing operations		43,729,765	31,042,089
Loss for the year from discontinued operations	26	-	(735,820)
Profit for the year		43,729,765	30,306,269
Other comprehensive income/(loss) (Items that will not be reclassified to profit or loss)			
Remeasurements of post-employment benefit obligations		135,881	(277,742)
Total comprehensive income for the year		43,865,646	30,028,527
Profit attributable to:			
Shareholders of the Group		43,080,300	30,131,677
Non-controlling interest	28	649,465	174,592
Profit for the year		43,729,765	30,306,269
Total comprehensive income attributable to:			
Shareholders of the Group		43,216,181	29,853,935
Non-controlling interest	28	649,465	174,592
Total comprehensive income for the year		43,865,646	30,028,527
Earnings per ordinary share for the year from continuing operations (in Tenge per share)	33	7,365	5,509
Loss per ordinary share for the year from discontinued operations (in Tenge per share)	33	-	(131)

The accompanying notes on pages 18 to 98 are an integral part of these consolidated financial statements.





Consolidated Statement of Changes in Equity

				Attributable to the shareholders of the Group			
In thousands of Kazakhstani Tenge	Note	Share capital	Other reserves	Retained earnings/ (accumulated deficit)	Total	Non-controlling interest	Total Equity
Balance at 1 January 2022		376,045,927	125,128,459	(78,038)	501,096,348	1,544,103	502,640,451
Profit for the year		-	-	30,131,677	30,131,677	174,592	30,306,269
Other comprehensive loss		-	(277,742)	-	(277,742)	-	(277,742)
Total comprehensive (loss)/income		-	(277,742)	30,131,677	29,853,935	174,592	30,028,527
Issue of shares	14	2,485,643	-	-	2,485,643	-	2,485,643
Dividends	14	-	-	(2,041,000)	(2,041,000)	-	(2,041,000)
Balance at 31 December 2023		378,531,570	124,850,717	28,012,639	531,394,926	1,718,695	533,113,621
Profit for the year		-	-	43,080,300	43,080,300	649,465	43,729,765
Other comprehensive income		-	135,881	-	135,881	-	135,881
Total comprehensive income		-	135,881	43,080,300	43,216,181	649,465	43,865,646
Issue of shares	14	65,036,428	-	-	65,036,428	-	65,036,428
Dividends	14	-	-	(2,041,000)	(2,041,000)	-	(2,041,000)
Balance at 31 December 2023		443,567,998	124,986,598	69,051,939	637,606,535	2,368,160	639,974,695

The accompanying notes on pages 18 to 98 are an integral part of these consolidated financial statements.





Consolidated Statement of Cash Flows

In thousands of Kazakhstani Tenge	Note	2023	2022
Cash flows from operating activities			
Profit before income from continuing operations		63,082,122	47,152,634
Profit before income from discontinued operations		-	(735,820)
Adjustments for:			
Depreciation and amortisation		63,611,755	60,804,491
Loss on disposal of property, plant and equipment and intangible assets		393,108	146,214
Losses on impairment of nonfinancial assets	4	17,805,571	10,448,192
Reversal of impairment of financial assets		(2,250,707)	(593,668)
Finance costs		25,244,003	29,903,128
Finance income		(6,505,273)	(2,748,608)
Share in profit of joint ventures and associates	8	(3,121,404)	(16,103,114)
Provision for quotes	18	(1,830,201)	2,180,157
Income on property, plant and equipment received free of charge		-	(400,659)
Other provisions and adjustments		627,148	(105,978)
Operating cash flows before working capital changes			
Change in trade and other receivables and other current assets		(18,420,689)	(1,354,374)
Change in inventories		(9,060,479)	(1,166,191)
Change in trade and other payables and other non-current liabilities		2,430,264	(369,302)
Change in employee benefits payable		(243,495)	89,791
Change in taxes payable		(4,660,671)	3,814,547
Cash flows from operating activities			
		127,101,052	130,961,440
Income tax paid		(25,720,826)	(21,940,332)
Interest paid		(13,456,812)	(21,684,136)
Dividends received		1,052,246	-
Net cash from operating activities, including			
		88,975,660	87,336,972
Net cash used in operating activities from discontinued operations		-	(54,790)

Consolidated Statement of Cash Flows (continued)

In thousands of Kazakhstani Tenge	Note	2023	2022
Cash flows from investing activities			
Purchase of property, plant and equipment		(151,644,877)	(52,482,365)
Purchase of intangible assets		(290,647)	(423,837)
Purchase of debt instruments (bonds)		(26,002,767)	-
Proceeds from sale of debt instruments (bonds)		26,502,441	9,584,600
Interest income received		4,870,067	1,887,792
Proceeds from sale of subsidiaries, excluding cash and cash equivalents transferred		7,901,055	14,447,066
Change in bank deposits and cash with a restriction in the use of the balance of bank deposits, net		1,383,293	(1,365,080)
Financial aid paid to Shareholder		-	(518,700)
Financial aid returned from Shareholder		-	518,700
Other proceeds		237,682	190,630
Net cash used in investing activities, including			
		(137,043,753)	(28,161,194)
Net cash from investing activities from discontinued operations		-	5,515
Cash flows from financing activities			
Proceeds from borrowings	16	85,588,737	97,623,873
Proceeds from issuance of shares	14	62,746,343	2,485,643
Repayment of borrowings and payment of principal on bonds	16	(89,663,811)	(134,108,186)
Payment of principal on financial lease		(895,033)	(674,019)
Dividends paid to shareholders	14	(2,041,000)	(2,041,000)
Other (payments)/receipts		(156,828)	35,000
Net cash from/(used in) financing activities, including			
		55,578,408	(36,678,689)
Net cash from financing activities from discontinued operations		-	53,833
Foreign exchange effect on cash and cash equivalents		60,347	(7,352)
Less provision for cash impairment		5,030	(5,120)
Net change in cash and cash equivalents			
		7,575,692	22,484,617
Including from discontinued operations		-	4,558
Cash and cash equivalents at the beginning of the year			
		34,616,760	12,138,171
Including from discontinued operations		-	1,470
Cash and cash equivalents at the end of the year			
	13	42,192,452	34,616,760
Cash and cash equivalents at the end of the year of discontinued operations		-	6,028

Cash outflows for purchase of property, plant and equipment include capitalised interest paid in the amount of Tenge 10,355,729 thousand (2022: Tenge 6,610,277 thousand).

Notes to the Consolidated Financial Statements – 31 December 2023

1. SAMRUK-ENERGY GROUP AND ITS OPERATIONS

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") for the year ended 31 December 2023 for Samruk-Energy JSC (the "Company") and its subsidiaries (together referred to as the "Group").

The Company was incorporated on 18 April 2007 and registered on 10 May 2007. The Company is a joint stock company and was set up in accordance with regulations of the Republic of Kazakhstan. The Group was established for the purpose of consolidation of entities in energy industry of the Republic of Kazakhstan ("RoK").

As at 31 December 2023 and 2022 the Company's sole shareholder is Samruk-Kazyna National Welfare Fund JSC ("Samruk-Kazyna"). The Company's ultimate controlling party is the Government of the RoK.

Principal activity

The Group's principal activities are production of electricity, heating energy, hot water on the basis of coal, hydrocarbons and water resources, and renewable energy sources ("RES"), and then subsequently the sale to households and industrial enterprises, the transmission of electricity and technical distribution of electricity within the network, as well as leasing of property of hydro power plants.

The operations of the Group's subsidiaries and joint ventures are regulated by the Law of the Republic of Kazakhstan On Electric Power Industry, the Law On Natural Monopolies, the Law On Support of the Use of Renewable Energy Sources, and the Commercial Code of the RoK. Tariffs, based on the type of activities of a company, are regulated by the Committee on Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan ("Committee") or by the relevant ministry — Ministry of Energy of the Republic of Kazakhstan ("ME").

Electricity tariffs for energy producers are approved by order of the Minister of Energy of the Republic of Kazakhstan No.160 On Approval of Cap Tariffs for Electricity for a Group of Energy Producing Organizations dated 27 February 2015 and subsequent amendments to it. Tariffs for the supply of electricity produced by renewable energy sources are fixed and approved by the Decree of the Government of the Republic of Kazakhstan dated 12 June 2014 No.645 On Approval of Fixed Tariffs, according to the Renewable Energy technology used (separately for wind, solar and other sources), and are subject to annual indexation. In addition, the financial settlement centre of RE acts as a buyer, and the power producer acts as a seller. Tariffs for electric power transmission and distribution for energy transmission companies, heating energy production and power supply ("PSE") are regulated by the Committee. Regulation and control by the Committee are performed strictly in accordance with the legislation and regulations of the Republic of Kazakhstan.

The tariff related decisions are significantly exposed to social and political issues. Economic, social and other policies of the Government of the Republic of Kazakhstan may have a significant effect on the Group's operations.

Registered address and place of business

The registered address and place of Company's Head Office is: Block B, 15A, Kabanbay Batyr Avenue, Astana, Republic of Kazakhstan.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with IFRS under the historical cost convention. The principal accounting policies applied in the preparation of these consolidated financial statements

are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Going concern

Management prepared these consolidated financial statements on a going concern basis.

Consolidated financial statements

(i) Subsidiaries

Subsidiaries are consolidated from the date on which control is transferred to the Company (acquisition date) and are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree.

Non-controlling interests that are not present ownership interests are measured at fair value.

The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

(ii) Joint arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Investments in associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20 and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

Foreign currency translation

(i) Functional and presentation currency

All amounts in these consolidated financial statements are presented in thousands Tenge, unless otherwise stated.

Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of subsidiaries, joint ventures, associates and the parent is Tenge.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION
(CONTINUED)

Foreign currency translation (continued)

(ii) Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions or from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At 31 December 2023, the principal rate of exchange used for translating foreign currency balances was US Dollar per Tenge 454.56 (31 December 2022: US Dollar per Tenge 462.65). Exchange restrictions and currency controls exist relating to converting the Tenge into other currencies. Currently, Tenge is not freely convertible in most countries outside of the Republic of Kazakhstan.

Financial instruments

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition and includes transaction costs. Measurement at cost is only applicable to investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured and derivatives that are linked to, and must be settled by, delivery of such unquoted equity instruments.

(i) Financial assets

As at 31 December 2023 and 31 December 2022 the Group's financial assets were carried at amortised cost.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

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

(iii) Financial liabilities

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are

substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors are also considered. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required.

Asset retirement obligation is capitalised to the cost of property, plant and equipment.

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful lives in years
Buildings and constructions	8 — 100
Machinery and equipment and vehicles	2 — 50
Other	3 — 20

The residual value of an asset set equal to zero, if the Group intends to use the object till the end of its physical useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets

All of the Group's intangible assets have definite useful lives and primarily include capitalised computer software and licenses. Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring it to use.

All intangible assets are amortised using the straight-line method over their useful lives, estimated by the management as from 2 to 25 years.

Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Investment property

Investment properties are stated in the consolidated financial statements at cost less accumulated depreciation and provision for impairment, where required.



2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION
(CONTINUED)

Investment property (continued)

Depreciation on investment property is calculated using the straight-line method to allocate its cost to its residual values over their estimated useful lives, as follows:

	Useful lives in years
Dam and hydraulic constructions	100
Other	5 — 20

Earned rental income is recorded in profit or loss for the year within revenue.

Right-of-use assets

The Group leases various offices, equipment and vehicles. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Depreciation on the items of the right-of-use assets is calculated using the straight-line method over their estimated useful lives as follows:

	Useful lives in years
Land	34 — 63
Buildings and constructions	5 — 50

Discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the first-in, first-out basis.

Trade and other receivables

Trade and other receivables, except for prepaid taxes and advances to supplies, are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

Advances to suppliers are carried at cost less provision for impairment. Advances are classified as non-current when the goods or services relating to the advances are expected to be obtained after one year, or when advances relate to an asset which will itself be classified as non-current upon initial recognition. Advances to acquire assets are transferred to the carrying amount of the asset once the Group has obtained

control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other advances are written off to profit or loss when the goods or services relating to the advances are received. If there is an indication that the assets, goods or services relating to advances will not be received, the carrying value of the advances is written down accordingly, and a corresponding impairment loss is recognised in the profit or loss for the year. Prepaid taxes are stated at actual amounts paid less impairment provision.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash at current bank accounts and repurchase and reverse repurchase agreements («reverse repo») with other banks with an original maturity of less than ten days (secured debt instruments). Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows until maturity and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated cash flow statement.

Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets; balances restricted for more than three months but less than twelve months after the reporting period are included in other current assets.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. The Board of Directors of the Company determines value per share and a number of shares to be issued on each individual share issue based on the statutory rules. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Other reserves

Other reserves is the part of capital whose distribution to owners is restricted by IFRS, regulation or the Group's initiative and is prescribed by the charter documents.

Other reserve capital includes business combination reserve, result of transactions with shareholder and other comprehensive income/loss.

The accrual of expenses or the distribution of assets at the discretion of the shareholder, including fixed assets, business combinations, interests in other entities and disposal groups, cash and other, are recognised within the equity as «Other reserves». Other reserves also include gain on initial recognition of loans received from the shareholder with non-market terms.

Earnings per share and carrying amount of one share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the Group by the weighted average number of ordinary shares in issue during the year. The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share (Note 33).

In accordance with the decision of the Exchange Council of Kazakhstan Stock Exchange JSC (hereinafter referred to as the "KASE") dated 4 October 2010, the consolidated financial statements must contain data on the book value of one share (common and preferred) as of the reporting date, calculated in accordance with the approved KASE rules.

Value added tax

Value-added tax ("VAT") related to sales is payable to the tax authorities when goods are shipped, or services are rendered. Input VAT can be offset against output VAT upon the receipt of a tax invoice from a supplier.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION
(CONTINUED)

Value added tax (continued)

Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases is stated in the statement of financial position on a net basis. Recoverable VAT is classified as non-current if its settlement is not expected within one year after the reporting period.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Asset retirement obligation

Asset retirement obligation, including ash dump restoration provision is recognised when there is a high certainty of incurring the costs and those costs can be measured reliably. Estimated restoration costs are added to the cost of an item of property plant and equipment when incurred in the accounting period when the obligation arising from the related disturbance occurs, based on the net present value of estimated future costs. Asset retirement obligation does not include any additional obligations which are expected to arise from future disturbance.

Ash dump restoration costs include dismantling and demolition of ash dump infrastructure, environmental clean-up and discharge monitoring.

The costs are estimated on the basis of a restoration plan. The cost estimates are calculated annually during the operating life to reflect known developments, such as updated cost estimates and revisions to the estimated lives of operation and are subject to formal review at regular intervals.

Although the ultimate cost to be incurred is uncertain, the Group estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques for conducting works on restoration and remediation of waste polygons. The amortisation or “unwinding” of the discount applied in establishing the net present value of provisions is charged to profit and loss in each accounting period. The amortisation of the discount is shown as finance costs.

Employee benefits

(i) Long-term employee benefits

The Group companies provide the long-term employee benefits to employees before, on and after retirement, in accordance with a Collective Labour Agreement. The agreement provides for one-off retirement payments, financial aid for employees’ disability, significant anniversaries and funeral aid to the Group’s employees. The entitlement to some benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period.

The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined post-employment benefit plan. The Group does not have any funded pension plans. The liability recognised for the end of each reporting period represents the present value of defined benefit obligations. Actuarial gains and losses arising in the year are taken to other comprehensive income for the year. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred.

The main assumptions used in accounting for defined benefit obligations are the discount rate and the personnel turnover assumptions. All movements in post-employment benefit obligations when incurred are accounted for

as follows: (i) cost of services and net interest costs are included in profit or loss; and (ii) restatements are recorded in other comprehensive income.

These obligations are valued annually by independent qualified actuaries.

(ii) Staff costs and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group.

On behalf of its employees, the Group withholds and transfer those statutory pension and post-employment benefit amounts prescribed by the legal requirements of the Republic of Kazakhstan to Unified Accumulative Pension Fund JSC (“Fund”). For those employees, not covered by the Collective Labour Agreement payments, upon retirement, the financial obligations of the Group cease and all subsequent payments to retired employees are administered by the Fund.

Lease liabilities

Liabilities arising from a lease are initially measured on a present value basis.

Extension and termination options are included in a number of property lease agreements across the Group. These terms are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. Extension options (or period after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group’s incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

Lease payments are allocated between principal and finance costs.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

In accounting for loans from the shareholders with off market terms, the Group records gain/(loss) on origination in equity as a capital contribution/(distribution). The method used reflects the transaction’s economic substance and is applied consistently to all similar transactions and is disclosed in the consolidated financial statements.

General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

Trade and other payables

Trade and other payables are accrued when the counterparty performed its obligations under the contract. Trade and other payables, except for advances received, are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Advances received are stated at actual amounts received from the third parties.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION
(CONTINUED)

Revenue recognition

Revenue is income arising in the course of the Group’s ordinary activities.

Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is shown net of value-added tax and discounts. Revenue from sale of energy is recognised over the period.

Consolidated revenue of the Group is mainly attributed to sale and transmission of electric and heating power, and hot water production.

According to the contracts for sale and transmission of electric and heating power of the Group, obligations to be performed are identified when concluding the relevant contract. Contracts for sale and transmission of electric and heating power do not include related and/or additional services.

The Group does not assume concluding contracts which provide for a period between transfer of the promised goods or services to the customer and payment by the customer to be more than one year. Accordingly, the Group does not adjust transaction prices for time value for money.

According to the contracts for sale and transmission of electric and heating power, the contract amount is the price for sold or transmitted amount of electric or heating power, which is a separate performance obligation.

Electric and heating power generation and sale

Revenues are recognised based on the actual amount of electric and heating power sold by the Group’s power plants.

Revenue is determined based on tariffs approved by the authorised agency.

Sales of electric and heating power are recognised based on readings of metering devices on a monthly basis. These devices installed at connection point of the Group’s power plant to the transmission networks.

A receivable is recognised when electric and heating power is delivered at the connection point of the Group’s power plant to the transmission networks, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Actual volume of electric and heating power transmitted for the accounting period is supported by the act of electric power supply/reconciliation report on heating power. Invoices are issued to customers on a monthly basis.

Electric power transmission and distribution

The Group provides services under fixed-price contracts per 1 kWh of transmitted and distributed power based on the tariffs approved by the authorised agency.

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual volume of electric power transmitted over the reporting period because the customer receives and uses the benefits simultaneously.

The actual volume of electric power transmitted and distributed for the reporting period is supported by relevant reconciliation reports to be monthly executed and signed with customers based on readings of metering devices. Customers are billed on a monthly basis on the last day of each month, and consideration is payable within 5 working days after billing.

A receivable is recognised when an invoice is issued, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from services to maintain the electric power capacity

Also, the Group provides a service to maintain the electric power capacity. Revenues from the provision of services to maintain the electric power capacity are recognized in the reporting period when these services were provided. Revenue is determined on the basis of the actual electric power capacity, on the basis of monthly reports on the available electric power capacity from a unified purchaser in accordance with the Rules of the power capacity market.

The contract provides for payment for 1 kW of available power per month, and revenue is recognized in the amount to which the Group has the right to invoice. Pursuant to the certificate signed for the reporting month, the Group issues invoices to the Unified Purchaser on a monthly basis.

Sale of electric power

The Group sells electric power under agreements with individuals and legal entities based on the tariffs approved by the authorised agency.

Sales to legal entities are recognised monthly in the reporting period in which electric power is consumed, according to readings of the metering devices. A legal entity agreement requires payment within 5 working days after billing. An agreement of publicly-funded legal entities provides for payment until 15th day of the month following the billing month.

Sales to individuals are recognised monthly in the reporting period in which electric power is consumed. Revenues from agreements with individuals include revenues for the last few days of the month after reading of the metering devices, which are recognised as a proportion of the total electric power sold for the billing month. An agreement with individuals provides for payment until the 25th day of the month following the billing month, based on the payment document to be issued by the Company. The billing period is one calendar month.

Income taxes

Income taxes have been provided for in these consolidated financial statements in accordance with legislation of the Republic of Kazakhstan enacted or substantively enacted by the end of the reporting period.

Current tax is the amount expected to be paid to or recovered from the state budget in respect of taxable profits or losses for the current and prior periods.

Deferred tax assets and liabilities are netted only within the individual companies of the Group.

The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

Deferred tax liability is recognised in respect of the taxable temporary difference on the restoration and closure costs added to the cost of property plant and equipment and, subject to recognition criteria mentioned above, a deferred tax asset is recognised in respect of the deductible temporary difference on the provision for asset retirement obligation.

Uncertain tax positions

Management at the end of each reporting period evaluates the Group’s uncertain tax positions. Liabilities reported in respect of income tax positions are taken into account when management believes that the likelihood of emergence of additional tax liabilities, in case the tax authorities challenge the tax position of the Group, is higher than the probability of their absence.

Such an assessment is conducted based on the interpretation of tax laws that are in force or in effect at the end of the reporting period, as well as any known court decisions or other decisions on such matters. Liabilities for fines, penalties and taxes, other than income tax, are presented on the basis of management’s best estimate of the costs required to settle the obligations at the end of the reporting period. Adjustments to uncertain income tax positions are reported within income tax expense.



3. NEW ACCOUNTING PRONOUNCEMENTS

The following amended standards and interpretations became effective from 1 January 2023 and have material impact on the Group:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. In these consolidated financial statements, the Group reflected corresponding changes in the disclosure of its significant accounting policies in accordance with the enacted requirements of IAS 1 and IFRS Practice Statement 2. (Note 2).
- Deferred tax related to assets and liabilities arising from a single transaction — Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023). The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations — transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- In accordance with the amendments to IAS 12, the Group changed its approach to the presentation of deferred tax in respect of provision for asset restoration. Previously, when determining the deferred tax on asset restoration allocated to the cost of fixed assets and the provision on asset restoration, the Group allocates future tax deductions to the deferred tax liability. In Note 25 comparative information as of 31 December 2022 was presented in accordance with the amendments.

The following amended standards and interpretations became effective from 1 January 2023, but did not have any material impact on the Group:

- IFRS 17 «Insurance Contracts» (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Transition option for insurers applying IFRS 17 — Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income taxes: International Tax Reform — Pillar Two Model Rules (issued 23 May 2023).

New standards and interpretations

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 or later, and which the Group has not early adopted.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current — Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).

- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).
- Amendments to IFRS 21 Lack of Exchangeability (Issued on 15 August 2023).

Amendments issued, but postponed, and which the Group has not early adopted:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Group's consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the amounts recognised in the consolidated financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of non-financial assets

At each reporting date management assesses whether there is any indication of impairment of separate assets or groups of assets, and whether there is any indication that an impairment loss recognised in prior periods for separate assets or groups of assets other than goodwill may no longer exist or may have decreased.

If such indications exist, management estimates the recoverable amount of an asset, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The calculation of value in use requires the application of the management's estimates and judgments, which are deemed appropriate under the current circumstances.

Assessment of impairment indicators also requires the use of judgments and estimates in determining possible technological obsolescence of fixed assets, discontinuing operations, residual useful lives, and other changes in operating conditions.

Under IAS 36, one of the possible impairment indicators is the presence of significant changes that had negative consequences for the Group that occurred during the period or are expected in the near future in the technological, market, economic or legal environment in which the Group operates or in the market for which the asset is used.

In assessing the recoverable amount of assets, the Group makes estimates and judgments. Estimates and judgments are repeatedly evaluated and based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgments, apart from those involving estimations, in the process of applying the accounting policies.

Analysis of the impairment indicators of property, plant and equipment — production of electricity and heat based on coal, transmission and distribution of electricity

The Group's management performed the analysis of the impairment indicators of property, plant and equipment of subsidiaries JSC «Almaty Electric Stations» («AIES»), Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Alatau Zharyk Company JSC ("AZhK") as well as investments in the joint venture JSC «Station Ekibastuzskaya GRES-2» (hereinafter «SEGRES-2») in accordance with IAS 36 "Impairment of Assets".



4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Analysis of the impairment indicators of property, plant and equipment – production of electricity and heat based on coal, transmission and distribution of electricity (continued)

The principal facts and assumptions used in the analysis of the impairment indicators are:

- Lack of negative changes in the economic efficiency of subsidiaries for the reporting period;
- Increase in marginal tariffs for electricity for energy producing organizations from 1 June 2023 in accordance with Order of the Minister of Energy of the RoK dated 26 May 2023 No. 192, with the possibility of adjusting tariffs in accordance with clause 2 of Article 12-1 of the Law of the RoK «On Electric Power Industry» and the Rules for approving the marginal tariff for electrical energy, approved by Order of the Minister of Energy of the RoK dated 27 February 2015 No. 147;
- A change in interest rates on loans will not have a significant impact on the recoverable amount of assets, since an increase in the debt financing rate will be similarly reflected in the WACC rate when calculating the rate of return, in the next validity period of the cap tariffs, according to the methodology for determining the rate of return taken into account when approving the cap tariffs for electricity, as well as a fixed profit for balancing, taken into account when approving cap tariffs for balancing electricity approved by Order of the Minister of Energy of the RoK dated 22 May 2020 No. 205, the cost part of the tariff also includes interest expenses for the previous period;
- A change in inflation rates will not have a significant impact, since the cost part of the tariff includes costs taking into account actual inflation for the previous year, as well as amendments to the Law “On Natural Monopolies” dated 30 December 2022 No. 177-VII ZRK stipulate additional conditions for adjusting tariffs approved for 5 years for the transmission of electricity before its expiration (change in the approved investment program in connection with the implementation of national projects, receipt on the balance sheet or in trust management of networks, change in the average monthly nominal wage);
- The introduction of a new target model of the electricity sales market from 1 July 2023 (Note 19) did not have a significant impact on the financial results of the Group's power plants. The volume of purchases and sales of imbalances on the balancing electricity market amounted to less than 5% of the total sales volume, which is a minor deviation. The price of purchase and sale of electricity at centralized trading in the event of imbalances also did not have a significant impact on the Group's results. The Group's stations primarily operate in accordance with the declared volumes and accordingly, the plan usually corresponds to the fact, which allows minimizing the volume of transactions on the balancing electricity market;
- Lack of significant changes having adverse consequences for subsidiaries, which occurred during the period or may presumably occur in the nearest future;
- Projected growth in the medium term in demand for electricity in the northern and southern zones of the Republic of Kazakhstan.

Additional facts and assumptions used in the analysis of impairment indicators for AIES:

- Increase in the tariff for heat energy from 1 August 2023 with the possibility of adjusting tariffs when changing the type and cost of strategic goods, according to the Law of RoK “On natural monopolies”;
- It is planned to modernize the two main power plants of AIES — Almaty CHP-2 and CHP-3 (Note 27). The residual value of the existing assets of the coal-fired power units of these plants, subject to conservation or dismantling, by the time the new gas turbine/combined cycle power units are put into operation will be equal to zero;
- No significant changes that have occurred during the period or are expected to occur in the near future and can have a material effect on the asset's recoverable amount.

Additional facts and assumptions used in the analysis of impairment indicators for AZhK:

- Overfulfillment of the plan in terms of key operational and financial performance indicators at 31 December 2023;
- Projected growth in the medium term in demand for electricity in the Almaty city and the Almaty region;
- Increase in the tariff for electricity transmission from 1 July 2023 per joint order of the DCRNM of the Ministry of National Economy of the Republic of Kazakhstan for Almaty and Almaty Region No. 50-OD dated 23 June 2023;
- Costs of purchased electricity from the Unified Purchaser and on the balancing electricity market (Note 20) are included in the tariff estimate;

- Law of the Republic of Kazakhstan dated 30 December 2022 No. 177-VII amended Law of RoK “On Natural Monopolies” dated 27 December 2018 No. 204-VI ZRK allowing to adjust the tariffs for electricity transmission approved for 5 years before expiration. By the Order of the Republic of Kazakhstan of the Minister of National Economy of the Republic of Kazakhstan dated December 8, 2023, changes were made to the Rules for the formation of tariffs of natural monopoly entities, approved by Order of the Minister of National Economy of the Republic of Kazakhstan dated November 19, 2019 No. 90, which updated the incentive method for regulating the spheres of natural monopoly, allowing the use of 50% the permissible level of profit at the discretion of the natural monopoly entity, upon achieving the performance indicators determined by the specified Rules.

Results of analysis of the impairment indicators of property, plant and equipment – production of electricity and heat based on coal, transmission and distribution of electricity

As a result of the analysis of external and internal impairment indicators, the Group's management concluded that there were no impairment indicators at the date of the analysis. Accordingly, the Group's management has elected not to test for impairment of property, plant and equipment and intangible assets of these subsidiaries and investments in the joint venture at 31 December 2023.

The table below presents the amounts of individual impairment of non-financial assets by subsidiaries and associates of the Group:

In thousands of Kazakhstani Tenge	2023	2022
Impairment of prepayment — «Ereymantau Wind Power» LLP (Note 9)	9,155,825	6,220,277
Impairment of construction in process — «Ereymantau Wind Power» LLP (Note 7)	4,912,900	-
Impairment of construction in process — «Alatau Zharyk Company» JSC (Note 7)	3,659,788	-
Impairment of PPE «Samruk-Green Energy» LLP	-	2,720,934
Impairment of investments in «Energiya Semirechya» LLP	-	1,529,090
Other	77,058	(22,109)
Total impairment losses on non-financial assets	17,805,571	10,448,192

Ereymantau Wind Power LLP

The Group has identified an individual impairment indicator of impairment for Ereymantau Wind Power LLP due to the delay in the implementation of the 50 MW wind power plant construction project in Ereymantau and the litigation of Ereymantau Wind Power LLP with the Settlement and Financial Center for Support of Renewable Energy Sources LLP in relation to prolongation of contract on provision of tariff for electricity sales.

The Group recognized a full impairment of construction in progress objects in the amount of Tenge 4,912,900 thousand (Note 7) and prepayments on long-term assets in the amount of Tenge 9,155,825 thousand (Note 9) (31 December 2022: impairment of long-term assets in the amount of Tenge 6,220,277 thousand). Currently, the Group is working through the courts to terminate the contract with contractors and return the prepayment.

Expansion and reconstruction of Ekibastuz GRES-2 with the installation of power unit No. 3

In 2008, SEGRES-2 began preparations for the construction of power unit No. 3 with a capacity of 500 MW. Subsequently, the construction plan was revised and until 2016 the Company was at the stage of development of feasibility study, preliminary construction and purchasing the necessary equipment for the new power unit No. 3 with a capacity of 630 MW. On 29 August 2016, EGRES-2 terminated the general contract for the construction of power unit No. 3, concluded between EGRES-2 and KVARTZ KZ LLP, due to the postponement of the construction of power unit No. 3.



4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Expansion and reconstruction of Ekibastuz GRES-2 with the installation of power unit No. 3 (continued)

SEGRES-2 carried out a number of activities related to the construction of power unit No. 3, including:

- On 14 March 2022, the Market Council Commission for the consideration of investment programs made a unanimous decision to recommend for consideration by the authorized body the investment program of SEGRES-2 JSC “Expansion and reconstruction of EGRES-2 with the installation of a power unit st. No.3”.
- Measures have been taken to prepare the station for the reception and proper storage of equipment from the People’s Republic of China, heated hangar-type buildings have been built and secured storage facilities have been allocated. A significant part of the technological equipment for the power unit has been accepted. At the same time, in order to complete the construction of the power unit, it is necessary to make additional orders for the manufacture of the missing part of the equipment. Since November 2023, the engineer has been conducting a technical audit of the equipment, based on the results of which the technical condition of the equipment will be determined.

Due to the insufficiency of generating capacity, according to the forecast balances of electrical energy and capacity for 2024 — 2030, the Ministry of Energy of Kazakhstan predicts a significant shortage of electrical energy by 2030. And also in connection with the introduction of a significant volume of renewable energy sources by 2030, the construction of additional maneuverable power capacities for regulation is required. In the forecast balance, in order to reduce the shortage of electricity and maneuverable power, the construction of new stations was envisaged, including the expansion of EGRES-2 and the construction of a new station of GRES-3.

The management of the Group, taking into account the above facts, is considering the possibility of using existing Chinese equipment a) for the further construction of a maneuverable power unit at EGRES-2, and also b) the possible sale of equipment to EGRES-3 for the construction of a new station. The Group is currently developing a Preliminary Feasibility Study for the project “Construction of GRES-3. Stage I”.

Estimation of the recoverable amount of property, plant and equipment

Management estimates the assets’ recoverable amount, which is determined as the higher of its fair cost less costs to sell and its cost. The calculation of recoverable amount requires the use of estimates and professional judgment by management that are considered reasonable in the circumstances.

The fair value measurement methodology used was based on an estimate of depreciable replacement cost (“cost method”). The cost method is used if the property being valued is new or is under construction, or is a specialized property for which it is not possible to obtain information on possible sale prices in the absence of an active market. The equipment of power unit No. 3 is specialized and there are no transactions with assets similar to those being assessed. When using the cost method, certain key elements are taken into account, such as: a) understanding the specifics of the asset, b) the useful life of the asset and the date of manufacture of the equipment, c) assessing economic/external obsolescence and others.

As a result of the analysis of the asset’s recoverable amount, an additional provision on equipment was recognized in the amount of Tenge 13,215,512 thousand as of December 31, 2023.

Accounting for property, plant and equipment

Property, plant and equipment with a carrying value of Tenge 14,653,228 thousand represent the assets of the First Wind Power Plant (PVES) of Tenge 13,554,452 thousand and Samruk-Green Energy LLP of Tenge 1,098,776 thousand (2022: Tenge 14,296,747 thousand and Tenge 844,974 thousand).

The Settlement and Financial Centre, a governmental organization, acts as an agent that buys the entire volume of electricity generated by RES companies and resells it to stations powered by coal and hydrocarbons. The total volume of electricity is purchased from the power plants at a specified tariff above the market one, which is annually adjusted to the inflation rate.

According to IFRS 16, arrangements of this nature may contain a lease. Upon review of IFRS 16 criteria, management concluded that this arrangement is an operating lease, whereby PVES and Samruk-Green Energy LLP act as lessors. Accordingly, revenue from electricity of these stations was included in rental income from these power plants.

Useful lives of property, plant and equipment

The estimation of the useful lives of items of property, plant and equipment is a matter of judgment based on the experience with similar assets. The future economic benefits embodied in the assets are consumed principally through use. However, other factors, such as technical or commercial obsolescence and wear and tear, often result in the diminution of the economic benefits embodied in the assets. Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group.

The following primary factors are considered: (a) expected usage of the assets; (b) expected physical wear and tear, which depends on operational factors and maintenance programme; and (c) technical or commercial obsolescence arising from changes in market conditions.

If the estimated useful lives were different by 10% from management’s estimates, the depreciation for the year ended 31 December 2023 would have been higher/lower by Tenge 6,523,910 thousand (31 December 2022: higher/lower by Tenge 5,952,097 thousand).

Balkhash Thermal Power Plant

On 29 October 2019, the Group acquired 50% + 1 share of BTTP from Samsung C&T and became the owner of 100% interest in BTTP. As of the acquisition date, BTTP was on the brink of bankruptcy and did not actually perform any significant activities. Since 2017, creditors and suppliers have repeatedly sued due to the insolvency of BTTP, which in turn led to the seizure of property, and also significantly limited the activities of BTTP. On 6 December 2019, a temporary administrator was appointed by the court to control and conduct the bankruptcy process.

On 20 April 2022, following the petition of Bank CenterCredit JSC, the Specialized Interdistrict Court of Almaty Region (“SIEC”) initiated a civil case to declare BTTP bankrupt. By the decision of SIEC of the Almaty region dated 27 June 2022, the BTTP was refused to be declared bankrupt. By the decision of the Judicial Chamber for Civil Cases of the Almaty Regional Court, the decision of SIEC was upheld, the appeal of Bank CenterCredit JSC was not satisfied. According to the courts, the recognition of BTTP as a bankrupt is premature due to the absence of a decision on the part of the state on the future fate of the Project and is based on arguments about the presence of assets and property, plant and equipment in BTTP, the cost of which may be the subject of fulfilment of obligations if the Government of the RoK makes a negative conclusion regarding the project, as well as a prospect for resuming the Project and restoring the financial position of the debtor with the possibility of repaying debts to creditors.

In turn, the operations of the BTTP were completely suspended as of 31 December 2023. BTTP’s property was fully distrained and arrested by bailiffs on the applications of creditors and tax authorities for subsequent sale through an auction to pay off the debt to creditors. Therefore, management believes that the Group has no control and the investments in BTTP are fully impaired.

Asset retirement obligations

In accordance with the requirements of the Environmental Code of the Republic of Kazakhstan after the cessation of operation of facilities that have a negative impact on the environment, facility operators are required to ensure the elimination of the consequences of the operation of such facilities per the requirements of the legislation of the Republic of Kazakhstan. In accordance with the provisions of the Environmental Code, liquidation measures depend on the nature of facilities and the degree of their impact on the environment, in particular, the code regulates the classification of facilities into categories that reflect the degree of impact on the environment.



4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Asset retirement obligations (continued)

The provisions were determined based on the interpretation of the group of the current environmental legislation of the Republic of Kazakhstan, supported by a feasibility study and/or engineering studies per the current standards and methods of liquidation (dismantling), reclamation work, the level of technology and prices.

The following judgments were applied by the Group in determining the amount of the obligation to eliminate the consequences of the operation of the facilities as at 31 December 2023 and 31 December 2022:

- calculation of obligations to eliminate the consequences of the operation of the facilities was performed by the Group based on the results of assessments carried out by independent and internal specialists. The scope of work provided for by law and included in the calculation included the dismantling and disposal of the main equipment and mechanisms directly involved in the production of electrical and thermal energy (steam boilers, turbines, generators, fuel supply, etc.), engineering systems and structures intended for removal of combustion products, as well as equipment of fuel oil facilities and chemical reagents warehouse, which have a negative impact on the environment and the safety of life and/or health of people;
- there are assets (administrative buildings and other structures) on the balance sheet of facility operators in the Group, which in the future are very likely to be converted, and also have a minimal adverse impact on the environment, for which there is no need to recognize obligations to eliminate the consequences of their operation;
- for thermal power plants, referred to the I category, the amount of reserves is determined based on the expected costs that will be incurred by the facilities during the liquidation of the main equipment and mechanisms directly involved in the production of electrical and thermal energy (steam boilers, turbines, generators, fuel supply, etc.), engineering systems and structures designed to remove combustion products, as well as equipment for fuel oil facilities and a chemical reagents warehouse, as well as facilities and equipment of the fuel oil economy, which really have an adverse impact on the environment;
- the Group's management applied the judgment that the deadline for the liquidation of category I facilities of Ekibastuzskaya GRES-1 and Ekibastuzskaya GRES-2, which have a negative impact on the environment, is in 2055 and 2053, respectively, based on the useful lives of the assets. These useful lives are justified by the fact that the residual fleet life of the main and auxiliary equipment and engineering structures of the main equipment will be extended through major repairs or reconstruction until the end of filling the existing ash dumps. Deadlines for closing ash dumps are applied in accordance with the approved working projects for closing ash dumps per the "Rules for the formation of liquidation funds for waste disposal sites" approved by Decree of the Government of the RoK dated 10 July 2007 No. 591. Coal reserves are sufficient to continue the work on these stations. These periods were determined based on the need to ensure the country's energy security in response to a predicted shortage of electricity in the RoK.
- for Almaty Electric Stations JSC, the deadlines for the liquidation of CHPP-2 and CHPP-3 facilities were applied taking into account the timing of implementation, commissioning and technical parameters of the projects «Modernization of Almaty CHPP-2 with minimization of environmental impact» and «Reconstruction of Almaty CHPP-3».
- hydroelectric power plants of the Group belong to category II facilities. The Shardara hydroelectric power station, as a strategic complex structure, which is an integral part of the hydrotechnical complex of the Shardara hydroelectric complex on the Syrdarya River, which has a direct purpose for flood control and irrigation, due to the specifics of its activity, does not eliminate embankments / dams and adjacent hydraulic structures; at the same time, in the opinion of the station's management, the liquidation work of the Company may be limited to the dismantling of the equipment of hydroelectric units and some surface utility facilities, and the provision to cover them is not significant at the reporting date;
- for the Moinak hydroelectric power plant, in accordance with the legislation, the Group's management applied the judgment that the useful lives of the main hydraulic structures, as structures of I and II classes, in the conditions of timely overhauls amount to 60 years. After the expiration of useful lives of the main building of the hydroelectric power plant, the diversion tunnel and the halfway, in accordance with the norms of the "Methodological recommendations on the procedure for extending the life of the safe operation of technical devices, equipment and structures at hazardous production facilities," further use of these structures as a hydrological post and mudflow holders during the flood period is expected on the Sharyn River. At the same time, in the opinion of the plant's management, the liquidation work of the Company may be limited to the dismantling of the equipment of hydroelectric units and some surface utility facilities, and the provision for their coverage is not material at the reporting date;

- AZhK facilities in III and IV categories. Due to the fact that AZhK's production facilities have an insignificant minimum negative impact on the environment, the Group has not accrued obligations for liquidation of the consequences of activities in these consolidated financial statements, as there is currently no reasonable calculation method for these types of assets, and the Group has received confirmation from government authorities on the absence of obligations to eliminate the consequences for the environment;
- wind and solar power plants recognize provisions for dismantling and removal of generating and technological equipment, further, the liquidation terms are determined by the technical specifications of equipment and structures.

Key assumptions in making such estimates include estimates of the discount rate, amount and timing of future cash flows. The discount rate is based on the risk-free rate defined as the yield on government bonds with maturities that coincide with the liquidation of the facilities.

As of 31 December 2023, provision on obligations for liquidation of the consequences of operating the facilities were recalculated taking into account the updating of the costs for the liquidation of facilities based on the revision of inflation rates and the discount rate as of the reporting date.

The table below presents carrying amount of provision on obligations for liquidation of the consequences of operating the facilities by the Group's subsidiaries and joint ventures as at 31 December:

In thousands of Kazakhstani Tenge	Liquidation term	31 December 2023	31 December 2022
Subsidiaries			
Ekibastuzskaya GRES-1 named after Bulat Nurzhanov LLP	2055	7,821,736	7,402,232
Almaty Electric Stations JSC	2026-2065	11,492,892	10,494,727
First Wind Power Plant LLP	2035	1,318,276	1,161,534
Samruk-Green Energy LLP	2042-2051	152,533	87,912
Moynak HPP	2082	25,540	-
Total for subsidiaries		20,810,977	19,146,405
Joint ventures and associates			
Ekibastuzskaya GRES-2 JSC	2053	4,071,691	4,218,679

Changes in provision on obligations for liquidation of the consequences of operating the facilities were recorded in the cost of property plant and equipment (Note 7).

Sensitivity analysis

In thousands of Kazakhstani Tenge	(Decrease)/increase in material assumptions	(Decrease)/increase in obligation to eliminate the consequences of operation of facilities
Inflation rates	-1%	(2,866,285)
	+1%	3,604,937
Discount rates	-1%	3,148,448
	+1%	(2,398,073)
Liquidation period	-10%	3,326,785
	+10%	(3,100,852)

Since the actual costs of eliminating the consequences of operating the facilities may differ from their estimates due to changes in relevant legislation, interpretation of regulations, technologies, prices and other conditions, and these costs will be incurred in the distant future, the carrying amount of the provisions is subject to regular review and adjustment to take into account such changes.



4. CRITICAL ACCOUNTING ESTIMATES, AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

Accounting for repurchase agreements with the Single Power Purchaser from 1 July 2023

From 1 July 2023, a new model of power market was introduced with the implementation of a Single Power Purchaser, Settlement and Financial Center for Support of Renewable Energy Sources LLP ("RFC") and a real time balancing electricity market ("BEM") (Note 19). The Group conducted an analysis to assess the impact of changes on the revenue recognition process in accordance with IFRS 15 Revenue from Contracts with Customers.

As a result, the Group determined that for Group consolidated financial statements, the electricity sales contracts of power plants and purchase contracts of distribution and trade entities of the Group are considered as repurchase agreements in accordance with IFRS15. Accordingly, the Group eliminated the cost of purchasing electricity and revenue from sales of electricity by power plants at the consolidation level of the Group.

To calculate the amount of elimination, the Group used the actual electricity volume purchased by Alatau Zharyk Company JSC and AlmatyEnergoSbyt LLP from the RFC and weighted average selling price of electricity in accordance with the approved cap tariffs of the Group's power plants. The calculation was carried out monthly.

The elimination amount for 2023 amounted to 35,516,055 thousand tenge. This adjustment is reflected for the purpose of presenting the revenue and costs of sales of the Group from a single economic unit perspective and does not affect the financial results of the Group.

Apart from the above, the new model of power market, which came into force on 1 July 2023, did not have a significant impact on the revenue recognition.

If the estimated weighted average selling price had differed by 10% from management's estimates, the elimination amount for the year ended 31 December 2023, revenue and cost of sales would have increased/decreased by Tenge 3,551,605 thousand.

Payable to the Akimat

In 2009 AZhK was involved in litigation with the Akimat of Almaty city ("Akimat") related to the settlement of AZhK payables to Akimat. On 14 February 2014 AZhK and Akimat signed an amicable agreement for the settlement of AZhK liabilities. To settle the liabilities, among other procedures, AZhK shall accept power lines, being in the communal ownership and under trust management of the Akimat, and Akimat assumes to write-off the liabilities of AZhK. The amount of liabilities of the AZhK to Akimat, after deduction of all payments made during the previous years as part of the amicable agreement, as of 31 December 2023 is Tenge 5,841,514 thousand (31 December 2022: Tenge 5,841,514 thousand). As of 31 December 2023, the transfer of ownership over power lines has not been completed. The Group will derecognise this liability when it is exempted from payments, i.e., at the time of implementation of all actions by the parties to the amicable agreement, particularly at the time of the assuming the ownership over power lines from the Akimat. At the same time, the Group recognises a gain from write-off of the liability in the amount of Tenge 5,841,514 thousand.

ECL measurement

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 30. The following components have a major impact on the credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Company regularly reviews and validates the models and inputs for the models to reduce any differences between expected credit loss estimates and actual losses in respect of receivables.

5. SEGMENT INFORMATION

Operating segments are components that engage in business activities that may earn revenues or incur expenses, segment operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The functions of the CODM are performed by the management board of the Group.

CODM monitors the revenue and operating profit. CODM also monitors the EBITDA, which is calculated as profit/(loss) for the period before accounting for finance income and finance expense, income tax expenses, depreciation of property, plant and equipment and amortisation of intangible assets, impairment of property plant and equipment and investment property, impairment of goodwill, share of profit/(loss) of associates and joint ventures and effects, related to acquisition and other similar effects. Sequence for identification of adjusted EBITDA by Group might be different from sequence used by other companies.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of three main business segments:

- Production of electric and heating energy.
- Transmission and distribution of electricity.
- Sale of electricity.





5. SEGMENT INFORMATION (CONTINUED)

(b) Performance of operating segments

The CODM evaluates performance of each segment based on a measure of revenue and pre-tax profit.

In thousands of Kazakhstani Tenge	Production of electric and heating energy		Electricity transmission and distribution		Sale of electricity		Other		Total	
	12 months ended		12 months ended		12 months ended		12 months ended		12 months ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Total segment revenue –Sales of electricity	257,399,417	247,999,677	-	-	168,309,159	137,577,644	-	-	425,708,576	385,577,321
Inter-segment revenue	(77,820,000)	(79,820,339)	-	-	(1,779)	(1,534)	-	-	(77,821,779)	(79,821,873)
External revenue — Sales of electricity	179,579,417	168,179,338	-	-	168,307,380	137,576,110	-	-	347,886,797	305,755,448
Sales of heating energy	23,285,275	19,763,640	-	-	-	-	-	-	23,285,275	19,763,640
Revenue from the service on maintaining electric power capacity	29,087,985	34,277,444	-	-	-	-	-	-	29,087,985	34,277,444
Rental income from renewable energy sources	6,470,410	5,208,620	-	-	-	-	-	-	6,470,410	5,208,620
Total segment revenue — Transmission of electricity	-	-	66,721,625	53,654,220	-	-	-	-	66,721,625	53,654,220
Inter-segment revenue	-	-	(55,038,232)	(45,447,720)	-	-	-	-	(55,038,232)	(45,447,720)
External revenue –Transmission of electricity	-	-	11,683,393	8,206,500	-	-	-	-	11,683,393	8,206,500
Rental income from investment property	-	-	-	-	-	-	21,835,269	4,179,075	21,835,269	4,179,075
Sales of chemically purified water	1,844,241	1,852,349	-	-	-	-	-	-	1,844,241	1,852,349
Total other	3,686,225	3,266,398	-	-	-	-	1,595,033	1,514,637	5,281,258	4,781,035
Inter-segment revenue — other-	(819,967)	(1,044,482)	-	-	-	-	(1,595,033)	(1,514,637)	(2,415,000)	(2,559,119)
External revenue — other	2,866,258	2,221,916	-	-	-	-	-	-	2,866,258	2,221,916
Total external revenue	243,133,586	231,503,307	11,683,393	8,206,500	168,307,380	137,576,110	21,835,269	4,179,075	444,959,628	381,464,992

There is no revenue from discontinued operations in 2023 and 2022 (Note 26).



5. SEGMENT INFORMATION (CONTINUED)

In thousands of Kazakhstani Tenge	Production of electric and heating energy		Electricity transmission and distribution		Sale of electricity				Other	Inter-segment transactions		Total	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	
Cost of sales	(238,561,003)	(227,126,793)	(54,703,100)	(47,039,813)	(170,277,716)	(140,489,635)	(1,206,475)	(1,130,375)	135,072,661	126,858,030	(329,675,633)	(288,928,586)	
- Less depreciation and amortization	53,664,676	51,001,584	9,107,651	8,970,835	273,774	251,689	565,654	580,383	-	-	63,611,755	60,804,491	
Selling expenses	(8,931,004)	(9,110,402)	-	-	-	-	-	-	-	-	(8,931,004)	(9,110,402)	
Finance costs	(12,305,217)	(14,137,600)	(1,092,334)	(1,290,316)	(755,389)	(568,527)	(19,815,981)	(25,902,413)	8,724,918	12,151,158	(25,244,003)	(29,747,698)	
- Less interest expenses	5,938,734	7,115,587	375,780	601,177	704,806	515,222	11,331,163	15,363,648	(3,874,057)	(2,440,986)	14,476,426	21,154,648	
Finance income	2,657,876	4,594,700	390,433	72,220	313,515	122,408	11,719,565	10,349,159	(8,576,116)	(12,391,111)	6,505,273	2,747,376	
Share in profit of joint venture and associates	-	-	-	-	-	-	3,121,404	16,103,114	-	-	3,121,404	16,103,114	
Capital expenditures	(137,527,693)	(64,008,045)	(10,938,501)	(12,043,530)	(90,216)	(63,935)	(132,686)	(105,570)	-	50,401	(148,689,096)	(76,170,679)	
Reportable segment assets	794,868,357	723,868,101	162,726,904	147,606,124	23,313,733	18,727,952	193,730,307	143,126,555	(86,543,470)	(67,482,706)	1,088,095,831	965,846,026	
Reportable segment liabilities	265,679,569	270,199,431	49,677,249	44,446,934	35,816,961	28,024,182	167,136,312	180,264,176	(70,572,621)	(90,202,318)	447,737,470	432,732,405	

Expenses, assets and liabilities from discontinued operations relate to other segments and were not included in the table above. Finance costs from discontinued operations in 2022 amounted to Tenge 155,429 thousand and does not include interest expenses.

In thousands of Kazakhstani Tenge	Production of electric and heating energy		Electricity transmission and distribution		Sale of electricity		Other	Inter-segment transactions		Total			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	
Total consolidated adjusted EBITDA	131,419,900	124,457,979	17,332,157	14,654,605		(2,557,068)	(2,112,596)	38,749,232	1,244,788	(24,827,448)	(8,942,251)	160,116,773	129,302,525
Amortization and depreciation	(53,664,676)	(51,001,584)	(9,107,651)	(8,970,835)		(273,774)	(251,689)	(565,654)	(580,383)	-	-	(63,611,755)	(60,804,491)
Finance income	2,657,876	4,594,700	390,433	72,220		313,515	122,408	11,719,565	10,349,159	(8,576,116)	(12,391,111)	6,505,273	2,747,376
Finance cost	(12,305,217)	(14,137,600)	(1,092,334)	(1,290,316)		(755,389)	(568,527)	(19,815,981)	(25,902,413)	8,724,918	12,151,158	(25,244,003)	(29,747,698)
Impairment of non-financial assets	(17,805,570)	(8,919,102)	-	-		-	-	-	(1,529,090)	-	-	(17,805,570)	(10,448,192)
Share in profit of joint ventures and associates	-	-	-	-		-	-	3,121,404	16,103,114	-	-	3,121,404	16,103,114
Profit for the year before income tax	50,302,313	54,994,393	7,522,605	4,465,674		(3,272,716)	(2,810,404)	33,208,566	(314,825)	(24,678,646)	(9,182,204)	63,082,122	47,152,634

(c) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

In thousands of Kazakhstani Tenge	2023	2022
Total revenues for reportable segments	556,804,337	503,599,992
Revenues from other operations	23,430,302	5,693,712
Total revenue	580,234,639	509,293,704
Elimination of sales between segments	(135,275,011)	(127,828,712)
Total consolidated revenues	444,959,628	381,464,992

The Group's revenues are analysed by products and services in Note 19 (revenue from principal activities). Majority of sales of the Group are within Kazakhstan.

(d) Major customers

In 2023 and 2022, more than 10% of the total revenues were derived from sales to the companies under control of Samruk-Kazyna (Note 6).

The Group's revenues are recorded during the period when obligations are performed, in accordance with IFRS 15.

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Related parties are defined in IAS 24, Related Party Disclosures. Parties are generally considered to be related if one party has the ability to control the other party, is under common control, or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. The Company's parent entity and ultimate controlling party are disclosed in Note 1.

The related parties include the companies under control of Samruk-Kazyna. Transactions with government-run companies are not disclosed if they are carried out in the ordinary course of business in accordance with conditions consistent with all public and private companies i) when they are not individually significant; ii) if the Group's services are provided on standard terms available to all consumers, or iii) provided there is no choice of providers of services such as electricity transmission services, telecommunications services, etc.

The Group purchases from and sells goods to a large number of government related entities. Such purchases and sales are individually insignificant and are generally entered into on an arm's length basis. Transactions with the state also include taxes which are detailed in Note 25.

As part of "Operations under state control", balances and transactions with the state utility company "Almaty SU Holding", "Almaty Heat Networks" LLP, "Settlement and Financial Center for Support of Renewable Energy Sources" LLP (hereinafter referred to as "SFC for RES" LLP) and JSC «KOREM» were disclosed.

For the purposes of the Group's consolidated financial statements, agreements for the sale of electrical energy of energy-producing organizations and agreements for the purchase of electrical energy of the Group's distribution and sales companies with the SFC for RES are repurchase agreements in accordance with from IFRS 15 (Note 4).

At 31 December 2023, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholder	Government related entities
Trade and other receivables	279,731	9,254	20,858,673	-	25,462,652
Cash and cash equivalents	109	-	-	-	-
Restricted cash	-	-	-	-	-
Cash due from credit institutions	-	-	-	-	-
Other short term assets	778,090	481	-	-	826,501
Borrowings	-	15,489,216	3,008	79,746,328	6,865,626
Finance lease liabilities	14,352	-	-	-	-
Trade and other payables	6,223,161	4,679,872	250,432	25,235	17,939,333

At 31 December 2022, the outstanding balances with related parties were as follows:

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholder	Government related entities
Trade and other receivables	983,678	-	12,871	-	18,265,171
Cash and cash equivalents	179	-	-	-	-
Restricted cash	212,885	-	-	-	-
Cash due from credit institutions	1,106	-	-	-	-
Other short term assets	1,337,074	4,541	-	-	35,600
Borrowings	-	13,258,829	3,384	75,136,656	11,756,694
Finance lease liabilities	28,435	-	-	-	-
Trade and other payables	5,932,455	4,104,161	7,919	30,199	10,680,628

Share of emissions is disclosed in Note 14.

The income and expense items with related parties for the year ended 31 December 2023 were as follows:

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholder	Government related entities
Revenue	26,595,779	1,061,003	22,157,553	-	186,687,234
Cost of sales	(47,825,384)	(48,655,128)	(254,487)	-	(99,977,403)
General and administrative expenses	(542,540)	-	-	-	-
Selling expense	(8,767,069)	-	-	-	-
Other expenses	(11,312)	-	-	-	(813,727)
Other income	12,491	19	29	-	140,140
Finance income	13,740	-	-	-	341,823
Finance costs	(10,029)	(2,174,579)	-	(8,384,810)	-





6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The income and expense items with related parties for the year ended 31 December 2022 were as follows:

In thousands of Kazakhstani Tenge	Companies under common control	JVs and associates of Samruk-Energy	JVs and associates of Samruk-Kazyna	Shareholder	Government related entities
Revenue	40,356,569	1,677,240	356,037	-	63,997,325
Cost of sales	(25,674,707)	(37,766,959)	(5,998)	-	(57,030,197)
General and administrative expenses	(462,755)	-	-	-	-
Selling expense	(8,961,413)	-	-	-	-
Other expenses	(689,344)	-	-	-	-
Other income	7,213	30	1,501	-	86,947
Finance income	1,819	-	-	-	-
Finance costs	(3,756)	(776,058)	-	(7,809,328)	(926,587)

At 31 December 2023, the Group has following outstanding guarantees from related parties:

- Corporate guarantee from Samruk-Kazyna in the amount of 12,285,000 thousand Tenge for outstanding loan to Development Bank of Kazakhstan JSC (2022: Tenge 12,285,000 thousand);
- Corporate guarantee of Samruk-Kazyna in the amount of Tenge 130,000,000 thousand under the loan agreement of AIES JSC with the EBRD (European Bank for Reconstruction and Development), purpose is to finance the project on transfer of Almaty CHP-2 to gas. The Group also signed a guarantee agreement with Samruk-Kazyna in the amount of Tenge 130,000,000 thousand within the guarantee provided by Samruk-Kazyna to EBRD as a collateral on loan agreement between AIES and EBRD. This loan has not yet been drawdown;
- Corporate guarantee of Samruk-Kazyna in the amount of 98,000,000 thousand tenge under the loan agreement of AIES JSC with the ADB (Asian Development Bank), purpose is to finance the project on transfer of Almaty CHP-2 to gas. The Group also signed a guarantee agreement with Samruk-Kazyna in the amount of Tenge 98,000,000 thousand within the guarantee provided by Samruk-Kazyna to ADB as a collateral on loan agreement between AIES and ADB. This loan has not yet been drawdown;
- Corporate guarantee from Samruk-Energy to Samruk-Kazyna in the amount of Tenge 117,000,000 thousand within the guarantee provided by Samruk-Kazyna to Development Bank of Kazakhstan as a collateral. This loan has not yet been drawdown.

Key management compensation is presented below:

In thousands of Kazakhstani Tenge	2023	2022
Key management compensation — expense	358,801	295,528
Independent directors — members of the Board of Directors — expense	41,686	48,737
Independent directors — members of the Board of Directors — accrued liability	12,017	15,049

Key management personnel compensation represents the salaries, bonuses and other short-term employee benefits. Key management personnel as at 31 December 2023 include 5 persons (31 December 2022: 5 persons). Independent directors — members of the Board of Directors at 31 December 2023 — 4 persons (31 December 2022 — 4 persons).

Transactions with related parties are made on terms agreed between the parties that do not necessarily correspond to market rates, with the exception of regulated services that are provided on the basis of the tariffs approved by the Order of the Minister of Energy On Approval of Cap rates for Electricity for a Group of Energy-Producing Companies.





7. PROPERTY, PLANT AND EQUIPMENT

Movements in the carrying amount of property, plant and equipment were as follows:

In thousands of Kazakhstani Tenge	Oil and gas assets	Buildings and constructions	Machinery and equipment	Other	Construction in progress	Total
Cost at 1 January 2022	14,873,572	282,192,793	683,659,927	18,425,459	124,755,184	1,123,906,935
Accumulated depreciation and impairment	(315,663)	(99,659,826)	(310,392,517)	(7,757,743)	(3,072,078)	(421,197,827)
Carrying amount at 1 January 2022	14,557,909	182,532,967	373,267,410	10,667,716	121,683,106	702,709,108
Additions	9,955	259,332	1,305,764	878,356	73,430,651	75,884,058
Change in accounting estimates*	-	8,290,071	10,517,389	-	-	18,807,460
Transfers	-	5,030,541	18,031,458	936,687	(23,998,686)	-
Loss of control of a subsidiary	(14,883,527)	(1,386)	(155)	(146,948)	-	(15,032,016)
Disposal	-	(4,595,132)	(830,611)	(200,218)	(676)	(5,626,637)
Depreciation	-	(12,157,270)	(46,155,291)	(1,208,409)	-	(59,520,970)
Depreciation on disposal	315,663	4,568,947	700,806	186,329	-	5,771,745
Accrual of impairment	-	(2,647,655)	(18,507)	(17,197)	(33,821)	(2,717,180)
Cost at 31 December 2022	-	291,176,219	712,683,772	19,893,336	174,186,473	1,197,939,800
Accumulated depreciation and impairment	-	(109,895,804)	(355,865,509)	(8,797,020)	(3,105,899)	(477,664,232)
Carrying amount at 31 December 2022	-	181,280,415	356,818,263	11,096,316	171,080,574	720,275,568
Additions	-	15,175	3,368,295	2,096,276	104,277,267	109,757,013
Change in accounting estimates	-	134,666	(358,792)	-	-	(224,126)
Transfers	-	(26,356,021)	56,685,435	493,378	(30,822,792)	-
Disposal	-	(287,065)	(1,014,309)	(238,117)	(127,895)	(1,667,386)
Depreciation	-	(13,056,338)	(47,993,084)	(1,347,245)	-	(62,396,667)
Depreciation on disposal	-	190,165	871,951	212,367	-	1,274,483
(Accrual)/reversal of impairment	-	173,295	(125,419)	2,383	(8,641,947)	(8,591,688)
Cost at 31 December 2023	-	264,682,974	771,364,401	22,244,873	247,513,053	1,305,805,301
Accumulated depreciation and impairment	-	(122,588,682)	(403,112,061)	(9,929,515)	(11,747,846)	(547,378,104)
Carrying amount at 31 December 2023	-	142,094,292	368,252,340	12,315,358	235,765,207	758,427,197

* Change in accounting estimates in 2022 include recognition of asset retirement obligation related to the elimination of the consequences of the operation of the facilities in accordance with the Environmental Code of RoK in the amount of Tenge 19,146,405 thousand (Note 4, 15).

Additions include capitalised borrowing costs of Tenge 11,169,836 thousand (2022: Tenge 7,109,611 thousand). The average capitalization rate on interest expenses was 15.77% (2022: 12.32%).

In 2023 the Group reclassified the assets of hydro power plant Shardara HPS JSC in the amount of Tenge 29,407,848 thousand from buildings and construction to machinery and equipment in accordance with clarifications received from State Revenue Committee of the Ministry of Finance of the RoK and the Ministry of Energy of the RoK.

Impairment

The Group has identified an individual impairment indicator of impairment for Ereymentau Wind Power LLP and recognized a full impairment of construction in progress objects in the amount of Tenge 4,912,900 thousand (Note 4) and prepayments on long-term assets in the amount of Tenge 9,155,825 thousand (Note 9).

The Group recognised an impairment loss of construction in progress objects of Alatau Zharyk Company JSC in the amount of Tenge 3,659,788 thousand. In 2023 Alatau Zharyk Company JSC sent pre-trial claims against Electroremont LLP and ABM-Building 2007 LLP for a compensation of material damage caused due to failure to fulfill its contractual obligations. Due to the low probability of recoverability of the construction in progress project, the Group recognized an allowance for impairment.



7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment (continued)

As at 31 December 2023 buildings and constructions include carrying value of windmills, solar panels and other related infrastructure in the amount of Tenge 13,680,639 thousand (31 December 2022: Tenge 14,449,822 thousand) that earn rental income from renewable energy power plants on a monthly basis (Note 4, 19).

As at 31 December 2023 and 31 December 2022 property, plant and equipment have not been pledged as collateral for borrowings (Note 16).

Depreciation charge is allocated to the following items of profit and loss for the year:

In thousands of Kazakhstani Tenge	2023	2022
Cost of sales	62,066,653	59,121,184
General and administrative expenses	249,373	328,525
Other operating expenses	74,045	64,366
Capitalized to construction in progress	6,596	5,933
Depreciation expense on discontinued operations	-	962
Total depreciation charges	62,396,667	59,520,970

8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures and associates.

In thousands of Kazakhstani Tenge	Joint ventures		Associates	
	SEGRES-2	Forum Muider B.V.	Semirechya Energy	Total
Balance at 1 January 2022	18,140,608	53,747,149	2,105,564	73,993,321
Share of profit/(loss) for the year	2,267,974	14,411,613	(576,473)	16,103,114
Impairment (Note 4)	-	-	(1,529,090)	(1,529,090)
Balance at 31 December 2022	20,408,582	68,158,762	1	88,567,345
Share of profit/(loss) for the year	(8,660,877)	11,782,281	-	3,121,404
Dividends	(1,052,246)	-	-	(1,052,246)
Balance at 31 December 2023	10,695,459	79,941,043	1	90,636,503

At 31 December 2023 and 2022, the Group has interests in the following jointly controlled entities:

- SEGRES-2 — 50%. The remaining 50% interest is owned by National Welfare Fund Saruk-Kazyna JSC (Note 4).
- Forum Muider — 50%. The remaining 50% is owned by UC RUSAL.

The Group has a share in the Semirechya Energy LLP associate (25%). Semirechya Energy LLP generates energy at the wind-power station. The shareholders of Semirechya Energy LLP are Hydrochina Corporation (interest share of 50%), Samruk Energy JSC (interest share of 25%), Powerchina Chegdu Engineering Corporation (interest share of 15%), and Powerchina Resources Ltd (interest share of 10%).

The only difference at reconciliation of the amounts below and carrying values of investments in associates and joint ventures is the excluded share of other investors in these associates and joint ventures.

The Group's management believes that the Group's share in net assets in associates and joint ventures is limited to the investment in the associate.

In 2023 impairment loss of SEGRES-2 included the amount of recognised provision on construction in progress (Note 4).

Contingencies related to the Group's share in joint ventures are disclosed in Note 27. Related party balances and transactions are presented in Note 6.





8. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

Presented below is summarised financial information of joint ventures and associates as at 31 December 2023 and 2022 and for the years then ended:

In thousands of Kazakhstani Tenge	SEGRES-2		Forum Muider B.V.		Semirechya Energy	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current assets, including	18,694,573	28,539,706	87,470,063	75,715,328	4,529,450	4,204,479
Cash and cash equivalents	2,276,795	2,203,850	5,196,189	7,686,764	2,399,478	1,999,350
Non-current assets	116,171,943	124,194,199	191,625,293	175,947,357	30,888,080	34,866,486
Current liabilities, including	(15,575,686)	(14,113,693)	(107,993,367)	(41,222,330)	(30,199,133)	(32,954,602)
Current financial liabilities (excluding trade and other payables and provisions)	(9,667,550)	(9,513,823)	(93,780,914)	(8,771,705)	(28,903,714)	(30,298,159)
Non-current liabilities, including	(97,899,912)	(97,803,048)	(11,219,903)	(74,122,830)	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(93,433,002)	(97,456,803)	(8,958,776)	(72,070,990)	-	-
Net assets	21,390,918	40,817,164	159,882,086	136,317,524	5,218,397	6,116,363
Share of the Group	50%	50%	50%	50%	25%	25%
Group's share in net assets	10,695,459	20,408,582	79,941,043	68,158,762	1	1
Revenue	66,183,823	67,649,879	131,225,354	113,612,131	5,333,215	1,959,646
Depreciation and amortization of property, plant and equipment and intangible assets	(3,689,579)	(43,474,244)	(9,395,295)	(9,018,470)	(3,244,648)	-
Impairment of non-financial assets	(14,540,335)	-	-	-	-	-
Interest income	1,955,050	2,187,571	9,330,531	7,416,508	5,635	969
Interest expense	(12,154,083)	(12,032,492)	(1,083,068)	(1,051,753)	(1,434,552)	(643,953)
Income tax	(2,271,496)	(5,824,458)	(7,139,284)	(8,180,076)	-	-
Profit/(loss) for the year	(17,239,876)	(4,657,642)	23,759,925	29,230,744	(338,959)	(2,305,894)
Other comprehensive income/(loss)	(81,878)	121,693	(195,363)	(407,518)	-	-
Total comprehensive income/(loss)	(17,321,754)	(4,535,949)	23,564,562	28,823,226	(338,959)	(2,305,894)





9. OTHER NON-CURRENT ASSETS

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Bonds	420,062	380,375
Long-term receivables	424,293	621,228
Restricted cash	241,806	246,252
Other non-current financial assets	19,756	43,878
Less: impairment provision	(106,418)	(112,272)
Total other non-current financial assets	999,499	1,179,461
Prepayments for non-current assets	98,623,665	45,229,892
Non-current VAT recoverable	54,754	54,754
Other non-current assets	1,758,910	322,661
Provision for impairments (Note 4)	(15,512,539)	(6,220,277)
Total other non-current assets	85,924,289	40,566,491

As at 31 December 2023 prepayments for Construction of a 50 MW wind farm in Ereymentau in the amount of Tenge 15,376,102 thousand was fully impaired (Note 4). In 2023 the Group recognised impairment loss on this prepayment in the amount of Tenge 9,155,825 thousand and in 2022 in the amount of Tenge 6,220,277 thousand.

Gross amount of other non-current assets includes advances and prepayments for the following types of construction and property, plant and equipment:

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Modernisation of Almaty CHP-2 with the minimization of the environmental impact	38,545,229	-
Reconstruction of Almaty CHP-3	32,491,297	-
Construction of 50 MW WPP in Ereymentau city	15,376,102	15,376,102
Restoration of unit No. 1 of LLP «Ekibastuz SDPP-1 named after B. Nurzhanov» with the installation of electrostatic precipitators	7,193,085	27,975,024
Overhaul of power units LLP «Ekibastuz SDPP-1 named after B. Nurzhanov»	4,482,914	1,257,704
Construction and reconstruction of substations in Almaty and Almaty region	374,575	-
Other	160,463	621,062
Total prepayments for non-current assets	98,623,665	45,229,892

During 2023 the Group made advance payments to suppliers in total amount Tenge 71,036,526 thousand as part of implementation of projects of Modernisation of Almaty CHP-2 with the minimization of the environmental impact and Reconstruction of Almaty CHP-3.

10. INVENTORIES

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Auxiliary production materials	10,689,120	6,612,285
Fuel	9,966,657	5,891,790
Spare parts	4,193,988	3,549,713
Raw materials	774,455	39,234
Other materials	45,898	516,617
Less: provision for write down to net realisable value and provision for slow-moving and obsolete inventories	(1,635,328)	(1,176,812)
Total inventories	24,034,790	15,432,827

As at 31 December 2023 and 31 December 2022 inventories have not been pledged as collateral for borrowings.

Presented below are movements in the Group's inventory provision:

In thousands of Kazakhstani Tenge	2023	2022
Provision at 1 January	1,176,812	1,089,507
Reversal of provision	(76,393)	(71,711)
Accrual for provision	534,909	159,016
Provision at 31 December	1,635,328	1,176,812

11. TRADE AND OTHER RECEIVABLES

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Trade receivables	46,359,833	41,969,907
Operating lease receivables (Note 19)	19,903,764	-
Less: impairment provision	(2,300,916)	(2,916,480)
Total financial trade receivables	63,962,681	39,053,427
Other receivables	2,296,756	3,445,463
Less: impairment provision	(2,014,456)	(2,879,299)
Total trade and other receivables	64,244,981	39,619,591

Carrying amount of financial receivables approximates fair value due to its short-term nature. As at 31 December 2023, other receivables of Maikuben-West LLP were impaired in the amount of Tenge 1,874,011 thousand (2022: Tenge 2,732,541 thousand).



11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Financial receivables are denominated in Tenge. Movement in the impairment provision for trade and other receivables are as follows:

In thousands of Kazakhstani Tenge	2023		2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Provision for impairment at 1 January	2,916,480	2,879,299	2,116,932	3,260,504
Accrual for impairment provision	589,373	15,169	1,445,060	52,865
Reversal of provision during the year	(1,194,339)	(880,012)	(642,415)	(434,070)
Amounts written off during the year	(10,598)	-	(3,097)	-
Provision for impairment at 31 December	2,300,916	2,014,456	2,916,480	2,879,299

The levels of default and calculation of loss allowance are disclosed in Note 30.

12. OTHER CURRENT ASSETS

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Restricted cash	307,929	1,708,866
Other trade receivables	418,438	8,083,588
Other financial current assets	119,887	150,733
Debt securities	15,507	385,631
Term deposits	1,673	12,765
Less: impairment provision	(514,938)	(1,316,278)
Total other current financial assets	348,496	9,025,305
Advances to suppliers	4,940,567	2,850,335
VAT recoverable and prepaid taxes	3,246,703	2,913,218
Other non-financial current assets	3,395,988	1,902,300
Less: impairment provision	(418,732)	(418,106)
Total other current assets	11,513,022	16,273,052

Other receivables from OESK Holding LLP (formerly East Kazakhstan Energy Company LLP) in the amount of Tenge 7,560,135 thousand for shares of VC REC JSC sold in 2017, were fully repaid in 2023.

13. CASH AND CASH EQUIVALENTS

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Repurchase and reverse repurchase agreements ("reverse repo") with other banks with an original maturity of less than three months	36,886,390	9,999,119
Term deposits	4,103,192	21,523,461
Cash at current bank accounts	1,187,305	3,072,728
Cash on hand	15,565	21,452
Total cash and cash equivalents	42,192,452	34,616,760

As at the reporting date for portfolio diversification purposes the Group has used repurchase and reverse repurchase agreements ("reverse repo") which are presented by transactions on placement of cash for a short period of time (1-7 days) at stock exchange and collateralised by securities. These transactions allowed to decrease the credit risk and increase the returns.

Term deposits and current deposits have contractual maturity terms less than three months or are available on demand.

Cash and cash equivalents balances are denominated in the following currencies:

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Kazakhstani Tenge	42,191,980	33,705,253
US Dollar	471	-
Euro	1	911,507
Total cash and cash equivalents	42,192,452	34,616,760

14. EQUITY

Authorised capital

As at 31 December 2023, 6,311,967 of issued ordinary shares were fully paid in the amount of Tenge 443,567,998 thousand (31 December 2022: 5,632,537 shares). Each ordinary share equals to one vote. The Company has no preferred shares. There are 8,602,187 authorised shares (31 December 2022: 8,602,187 authorised shares). As at 31 December 2023 Samruk-Kazyna NWF JSC is a 100% shareholder of the Company (2022: 100%).

On 1 July 2023 Samruk Kazyna purchased 253,500 of the Group shares at price of 95,468 Tenge per share and were fully paid in cash in the amount Tenge 24,201,138 thousand in accordance with the preferred right to purchase shares, for the purposes of contribution to equity capital of AIES JSC as part of implementation of the project of Modernisation of Almaty CHP-2 with the minimization of the environmental impact (Note 9, 27).

On 11 August 2023 Samruk Kazyna purchased 22,180 of the Group shares at price of 103,250 Tenge per share in the total amount Tenge 2,290,085 thousand by transferring on 14 November 2023 electrical grid facilities located in Almaty region.

On 19 October 2023 Samruk Kazyna purchased 403,750 of the Group shares at price of 95,468 Tenge per share and were fully paid in cash in the amount Tenge 38,545,205 thousand in accordance with the preferred right to purchase shares, for the purposes of contribution to equity capital of AIES JSC as part of implementation of the project of Reconstruction of Almaty CHP-3 (Note 9, 27).

On 26 April 2023, the Company declared dividends payment to the Sole Shareholder in the amount of Tenge 2,041,000 thousand — Tenge 362.36 per share (2022: Tenge 2,041,000 thousand). On 29 May 2023, the Group has fully paid dividends in amount Tenge 2,041,000 thousand to the sole Shareholder.

On 20 December 2022 Samruk Kazyna purchased 30,725 of the Group shares at price of 80,899.7 Tenge per share and were fully paid in cash in the amount Tenge 2,485,643 thousand in accordance with the preferred right to purchase shares.

Other reserves

In thousands of Kazakhstani Tenge	Merger reserve	Result of transactions with shareholder	Other comprehensive loss	Total
Balance at 1 January 2022	37,282,287	90,607,549	(2,761,377)	125,128,459
Other comprehensive loss	-	-	(277,742)	(277,742)
Balance at 31 December 2022	37,282,287	90,607,549	(3,039,119)	124,850,717
Other comprehensive income	-	-	135,881	135,881
Balance at 31 December 2023	37,282,287	90,607,549	(2,903,238)	124,986,598



15. PROVISION FOR ASSET RESTORATION

The movement in the provision on obligations for liquidation of the consequences of operating the facilities is presented below:

In thousands of Kazakhstani Tenge	Note	2023	2022
Provision at 1 January		19,146,405	-
Change in accounting estimates through property, plant and equipment	4, 7	(356,416)	19,146,405
Unwinding of discount	24	2,020,988	-
Provision for liquidation of the consequences of facilities' operations at 31 December		20,810,977	19,146,405

The movement in the provision on liquidation of ash dumps is presented below:

In thousands of Kazakhstani Tenge	Note	2023	2022
Provision at 1 January		2,481,989	2,826,592
Change in accounting estimates through property, plant and equipment	4, 7	132,290	(672,037)
Change in accounting estimates through other operating income		226,874	-
Unwinding of discount	24	311,011	316,612
Other		(8,725)	10,822
Provision for ash dumps at 31 December		3,143,439	2,481,989

16. BORROWINGS

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Non-current portion		
Bank term loans	106,921,024	34,264,857
Loans from Samruk-Kazyna	70,394,751	72,571,081
Bonds issued	40,122,505	40,113,235
Loans from customers	768,849	844,990
Total non-current borrowings	218,207,129	147,794,163
Current portion		
Bank term loans	26,317,015	101,502,163
Loans from Bogaryr-Komir	15,489,217	13,258,829
Loans from Samruk-Kazyna	9,351,577	2,565,578
Bonds issued	413,567	413,567
Loans from customers	415,574	392,678
Total current borrowings	51,986,950	118,132,815
Total borrowings	270,194,079	265,926,978

Borrowings of the Group are denominated in the following currencies:

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Borrowings denominated in:		
- Tenge	270,138,271	262,518,901
- Euro	55,808	-
- US Dollars	-	3,408,077
Total borrowings	270,194,079	265,926,978

An analysis of the amount of net debt and movements in the Group's liabilities arising from financial activities for each of the periods presented are provided in the table below. Items of these liabilities are reported in the consolidated statement of cash flows as part of financial activities.

In thousands of Kazakhstani Tenge	2023	2022
Borrowings at 1 January	265,926,978	294,894,666
Proceeds from borrowings and bonds issued	85,588,737	97,623,873
Borrowings repaid	(89,663,811)	(134,108,186)
Interest repaid	(13,257,667)	(21,424,925)
Capitalised interest repaid	(10,355,729)	(6,610,277)
Initial recognition of loans received discounted to its present value	(1,089,771)	-
Capitalised interest (Note 7)	11,169,836	7,109,611
Interest expense		
— Interest expenses at nominal (Note 24)	14,476,424	21,154,648
— Unwinding of present value discount (Note 24)	7,537,275	6,979,871
Foreign exchange adjustments	(54,122)	352,116
Other payments	(84,071)	(44,419)
Borrowings at 31 December	270,194,079	265,926,978

Samruk-Energy JSC

Samruk-Kazyna SWF JSC

On 17 March 2010 the Group signed a loan agreement with Samruk-Kazyna for amount of Tenge 48,200,000 thousand for the purpose of re-financing of debt arising as the result of acquisition of 50% interest in Forum Muider. The loan carries an interest rate of 1.2% per annum with maturity not later than 15 September 2029. The principal amount is payable in equal annual instalments and interest is payable by semi-annual payments starting from the following reporting year after the receipt of loan.

On 14 January 2011 the Company signed a loan agreement with Samruk-Kazyna for the amount of Tenge 7,000,000 thousand for the purpose of financing construction of substation of Alatau Zharyk Company JSC. The loan carries an interest rate of 2% per annum with maturity not later than 25 January 2024. The principal amount is payable at maturity and interest is payable by semi-annual payments.

On 16 January 2014 the Company signed a loan agreement with Samruk-Kazyna for amount of Tenge 200,000,000 thousand for the purpose of acquisition of remaining share in EGRES-1. The principal amount is payable on 1 December 2028 and interest at 7.8% is payable by semi-annual payments.

On 3 October 2014 principal amount of Tenge 100,000,000 thousand was converted to the Company's shares. Interest rate on the remaining principal amount was increased to 9%.

On 25 December 2015 interest rate on the principal amount was reduced to 1% per annum which was considered as a settlement of the original loan and recognition of a new loan at a fair value. At the loan origination date, the market rate was 12.8% per annum. The Company recognised a gain on initial recognition of the loan of Tenge 72,581,903 thousand as part of other reserves.

Bonds

In August and September 2017, the Company issued and placed bonds for a total of Tenge 20,000,000 thousand and Tenge 28,000,000 thousand, respectively, with a nominal value of Tenge 1,000 per bond with a five-year term. The coupon rate was 13% per annum and 12.5% per annum, respectively, and is payable twice a year and on a quarterly basis, respectively.

<div>58</div> <div>/86</div>		Integrated Annual Report / 2023	INDEPENDENT AUDITOR'S REPORT	CONSOLIDATED FINANCIAL STATEMENTS	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS		samruk-energy.kz
		16. BORROWINGS (CONTINUED)	Samruk-Energy JSC (continued)	Bonds (continued)	Jusan Bank	The amount of debt to First Heartland Jusan Bank JSC as of 31 December 2023 amounted to Tenge 1,509,375 thousand with an interest rate of 18.75% per annum, for a period of up to 6 months.	
In November 2018, the Company issued and placed bonds in the amount of Tenge 21,736,200 thousand with a nominal value of 1,000 Tenge per 1 bond for a period of seven years. The coupon interest rate was 11.2% per annum and is payable twice a year.	On 25 November 2021, the Company issued and placed 184 units of green bonds in the amount of Tenge 18,400,000 thousand, with a par value of 100,000,000 tenge per 1 bond with a term of 6.5 years. The coupon rate was 11.4% per annum and is payable twice a year.	European Bank for Reconstruction and Development	As of 31 December 2023, the Company has fully repaid its debt to the European Bank for Reconstruction and Development. The interest rate is based on an independent indicative interest rate for All-in cost which is calculated based on inflation, plus margin of 3.5% and 4.5% per annum.	Eurasian Development Bank	Ereymantau Wind Power LLP	Eurasian Development Bank	
On 30 June 2023 the Company received a loan from the Eurasian Development Bank in the amount of Tenge 6,626,296 thousand with a maturity till 31 October 2034. The purpose of loans is to repay the loan of Ereymantau Wind Power LLP from Eurasian Development Bank. Interest rate is 11.5% per annum until 31 October 2026. From1 November 2026 until full repayment of the principal debt the interest rate is equal to base rate of National Bank of the RoK and margin of 2.25%.	Asian Development Bank	Under non-revolving credit facility agreement No.193 dated 31 October 2019, Ereymantau Wind Power LLP (“EWP”) raised a long-term loan for construction of a wind power electric plant in Akmola region. The interest rate for tranches issued during seven years from the enforcement date of credit facility agreement is 11.5% per annum, for tranches expiring after the first seven years of the agreement — base rate amount plus margin. During 2023 Ereymantau Wind Power LLP made early repayment of a loan to Eurasian Development Bank.	On 8 November and 5 December 2018, the Company opened non-revolving credit facilities in the amount of US Dollars 120 million with the Asian Development Bank in order to increase the operational efficiency of core activities and identify opportunities associated with renewable energy sources. In 2019, the Company received three tranches under Credit facilities for a total of Tenge 45,860,800 thousand with maturities of tranche A and B after 5 years, tranche C after 7 years. The interest rate is set on the basis of actual inflation indicators of the Republic of Kazakhstan (All-in-cost), plus bank margin (3.75% on Tranches A and B, 4.50% on Tranche C). In 2022 tranches A and B were fully repaid.	Almaty Electric Stations JSC	Halyk Bank of Kazakhstan	On 26 November 2014 Almaty Electric Stations JSC entered into an Agreement for the provision of a credit line with Halyk Bank of Kazakhstan JSC. The credit line is valid until 1 September 2026.	59
Bogatyr Komir LLP	During 2022, the Company received loans from subsidiary of the Group's joint venture Forum Muider — Bogatyr Komir LLP, totalling Tenge 12,482,770 thousand for a period of 12 months with the condition of repayment of the principal and interest at the end of the loan term. In November 2023 loans were extended for 1 year with an increase in the annual interest rate equal to the base rate of the National Bank of the Republic of Kazakhstan effective on the date of issuance of the Tranche plus a margin of 3% per annum (31 December 2022: margin of 1% per annum).	In accordance with the agreement, the total amount of the credit line is Tenge 14,100,000 thousand, of which:	Alatau Zharyk Company JSC	<ul style="list-style-type: none">• Tenge 13,500,000 thousand (hereinafter referred to as Limit 1). The intended purpose of Limit 1 is to replenish working capital;• Tenge 600,000 thousand (hereinafter referred to as Limit 2). The intended purpose of Limit 2 is to provide bank guarantees, bank loans to cover guarantees, including short-term.	Jusan Bank	On 14 December 2021 Almaty Electric Stations JSC entered into general credit agreement with First Heartland Jusan Bank JSC for a total credit line amount of Tenge 18,419,719 thousand, valid until 28 February 2025, with the following limits:	
Halyk Bank of Kazakhstan JSC	In 2015, the AZhK entered into a credit facility agreement with Halyk Bank of Kazakhstan JSC («Halyk Bank»). The carrying amount of the loan as at 31 December 2023 is Tenge 2,357,789 thousand with 11.5% interest rate per annum (31 December 2022: Tenge 5,457,423 thousand). To ensure the fulfillment of obligations cash in current account in Halyk Bank was (will be) provided as collateral for borrowings.	<ul style="list-style-type: none">• Tenge 12,419,719 thousand (hereinafter referred to as Limit 1). Purpose of Limit 1 — Refinancing of loan debt at Halyk Bank of Kazakhstan JSC;• Tenge 6,000,000 thousand (hereinafter referred to as Limit 2). The intended purpose of Limit 2 is to replenish working capital.	European Bank for Reconstruction and Development	On 25 November 2022 a loan agreement was signed between AIES JSC and the European Bank for Reconstruction and Development for a total amount of Tenge 130,000,000 thousand. An unconditional and irrevocable guarantee of Samruk-Kazyna National Welfare Fund JSC was provided as collateral. AIES JSC did not receive funds under this agreement.	Development Bank of Kazakhstan	On 8 June 2023 a credit line agreement in the amount of Tenge 117,000,000 thousand was signed between Almaty Electric Stations JSC and Development Bank of Kazakhstan JSC. An unconditional and irrevocable guarantee of Samruk-Kazyna National Welfare Fund JSC was provided as collateral. AIES JSC did not receive funds under this agreement.	



16. BORROWINGS (CONTINUED)

Almaty Electric Stations JSC (continued)

Asian Development Bank

On 9 June 2023 a credit agreement in the amount of Tenge 98,000,000 thousand was signed between AIES JSC and the Asian Development Bank. An unconditional and irrevocable guarantee of Samruk-Kazyna National Welfare Fund JSC was provided as collateral. AIES JSC did not receive funds under this agreement.

Eurasian Development Bank

On 28 September 2023 the first bond program of AIES JSC in an amount not exceeding Tenge 236,858,700 thousand was registered on the Exchange of the Astana International Financial Center. On 30 November 2023 in order to consolidate the responsibility of the Eurasian Development Bank for the repurchase of the AIES JSC's bonds, an agreement on joint implementation of project No. 137 was signed with the EDB in the amount of Tenge 188,000,000 thousand. AIES JSC did not receive funds under this agreement.

Moinak HPS JSC

During 2023, Moinak HPS JSC carried out full early repayment of the foreign currency loan under bank loan agreement with Development Bank of Kazakhstan JSC with the interest rate of 1.15*6MLIBOR+1.15%.

As of 31 December 2023, the carrying amount of loan received under agreement dated January 16, 2008 was Tenge 6,865,628 thousand (31 December 2022: Tenge 8,321,221 thousand). The loans have interest rates 10.72% and 7.55% and maturity 20 and 17 years.

The loans are secured as follows:

- Guarantee of Samruk-Energy JSC for Tenge 1,079,213 thousand dated 13 December 2012 and for Tenge 4,545,554 thousand dated 28 November 2019;
- Guarantee of Samruk-Kazyna SWF JSC for Tenge 12,285,000 thousand dated 1 July 2011.

Ekibastuz GRES-1 LLP

Halyk Bank of Kazakhstan JSC

During 2023, within the general agreement ERGES-1 received tranches for the total amount of the principal debt of Tenge 27,648,403 thousand (2022: Tenge 15,087,315 thousand) from Halyk Bank of Kazakhstan JSC, including for capital projects in the amount of Tenge 23,348,403 thousand (2022: Tenge 7,921,315 thousand), for replenishment of working capital Tenge 4,300,000 thousand (2022: Tenge 7,166,000 thousand). On 5 January 2022, EGRES-1 entered into additional agreements with Halyk Bank of Kazakhstan JSC to extend the term of loans in the amount of Tenge 37,132,612 thousand until 2029. Interest rate on borrowings is 11.0-18.0%. As of 31 December 2023, the carrying amount of loan was Tenge 82,248,998 thousand (31 December 2022: Tenge 62,526,408 thousand).

AlmatyEnergoSbyt LLP

As of 31 December 2023, the carrying amount of Halyk Bank of Kazakhstan JSC loan was Tenge 8,084,044 thousand (31 December 2022: Tenge 5,003,532 thousand). During 2023, the interest rate in Tenge was decreased from 18.75% to 17.75% per annum in Tenge. The loans were provided for replenishment of working capital.

17. TRADE AND OTHER PAYABLES

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Trade payables	32,025,833	19,498,687
Payables on acquisition of PPE	20,589,140	16,990,391
Dividends payable	420,565	420,552
Other financial payables	4,344,712	4,306,966
Total financial trade payables	57,380,250	41,216,596
Payables to Almaty Akimat (Note 4)	5,841,514	5,841,514
Salary payables	3,432,422	2,352,092
Accrued provisions for unused vacations	3,018,096	2,637,241
Advances received from customers	1,860,470	4,167,068
Other non-financial payables	1,661,543	1,283,167
Total trade and other payables	73,194,295	57,497,678

Financial payables are denominated in the following currencies:

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Tenge	57,369,648	39,806,669
Euro	10,602	1,409,927
Total trade and other payables	57,380,250	41,216,596

18. TAXES PAYABLE AND OTHER PAYABLES TO BUDGET

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
VAT	3,570,131	1,639,693
Provision for quotes (Note 29)	2,788,136	4,618,337
Emissions	1,942,780	1,565,921
Personal income tax	809,899	687,585
Social tax	667,088	558,274
CIT at the source of payment from nonresidents	55,456	1,425,740
Other	665,263	816,251
Total taxes payable and other payables to budget	10,498,753	11,311,801

19. REVENUE

In thousands of Kazakhstani Tenge	2023	2022
Sale of electricity	347,886,797	305,755,457
Income from services on maintenance of electric power capacity	29,087,984	34,277,444
Sale of heating energy	23,285,275	19,763,641
Income from lease of investment property	21,835,269	4,179,075
Electricity transmission and distribution	11,683,393	8,206,498
Income from lease of renewable energy power plants	6,470,409	5,208,621
Sale of chemically purified water	1,844,241	1,852,350
Other	2,866,260	2,221,906
Total revenue	444,959,628	381,464,992



19. REVENUE (CONTINUED)

From 1 July 2023, a new model of power market was introduced with the implementation of a Single Power Purchaser, Settlement and Financial Center for Support of Renewable Energy Sources LLP ("RFC") and a real time balancing electricity market ("BEM"). As part of the model, all electricity generated by power plants is sold to the Single Power Purchaser– Settlement and Financial Center for Support of Renewable Energy Sources LLP which, in the course of its activities, from 1 July 2023, daily carries out the planned purchase of electricity electrical energy one day in advance from power plants through centralized trading on the electronic centralized trading platform of KOREM JSC. The sale of balancing electricity and the purchase of negative imbalances is carried out at the BEM only to the settlement center — KOREM JSC. Prices for BEM are calculated by the settlement center in the order established by the Ministry of Energy. Revenue from the sale of balancing electricity is included in revenue from the sale of electricity. The cost of purchasing negative imbalances is included in the cost of purchased electricity.

Income from lease of investment property represents rental income from the Bukhtarminskaya HPP Property Complex. On 26 December 2023, the Group signed an additional agreement with KazZinc LLP, which extended the lease agreement for the Property Complex until 31 December 2023. According to the additional agreement a new formula for calculating rent income was established and valid from 1 July 2022.

20. COST OF SALES

In thousands of Kazakhstani Tenge	2023	2022
Fuel	91,379,417	68,246,607
Depreciation of property, plant and equipment and amortisation of intangible assets	62,556,411	59,763,569
Cost of power energy purchased	56,404,466	50,991,047
Payroll and related expenses	53,766,008	45,643,212
Electricity transmission and other services	16,922,260	16,847,331
Repair and maintenance	11,376,901	9,950,215
Taxes other than on income	9,067,694	12,305,995
Services on maintenance of electric power capacity	8,848,167	8,818,587
Water supply	7,581,742	7,106,102
Third party services	3,350,272	3,384,800
Materials	2,777,495	2,180,674
Security services	1,841,660	1,198,170
Accrual for provision on obsolete and slow-moving inventories	458,572	88,432
Other	3,344,568	2,403,845
Total cost of sales	329,675,633	288,928,586

21. SELLING EXPENSES

In thousands of Kazakhstani Tenge	2023	2022
Dispatch and electricity control	8,863,414	8,058,046
Payroll and related expenses	54,096	52,820
Electricity transmission	5,309	979,871
Other	8,185	19,665
Total selling expenses	8,931,004	9,110,402

22. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of Kazakhstani Tenge	2023	2022
Payroll and related expenses	8,939,639	8,490,918
Depreciation of property, plant and equipment and amortisation of intangible assets	977,929	940,866
Consulting and other professional services	727,266	466,856
Software maintenance	603,919	350,685
Business trips and representative expenses	251,820	201,676
Materials	208,074	254,087
Security services	196,077	466,722
State duties	(158,765)	4,035,216
Taxes other than on income	(610,214)	1,346,863
Other	2,389,335	2,298,089
Total general and administrative expenses	13,525,080	18,851,978

Taxes other than on income and state duties, include the reversal of provision of Samruk-Energy JSC (Corporate Center) in the amount of Tenge 834,894 thousand and Tenge 497,054 thousand, respectively, in accordance with the Decision of the Appeal Commission of the Ministry of Finance of the Republic of Kazakhstan, received in December 2023 based on the results of a tax audit for 2017 (Note 27).

23. FINANCE INCOME

In thousands of Kazakhstani Tenge	2023	2022
Income from cash due from credit institutions and cash and cash equivalents	3,648,677	1,849,383
Interest income — unwinding of discount on bonds and loans	1,271,722	238,265
Income from initial recognition of loans received discounted to its present value	1,089,771	-
Interest income — unwinding of discount on non-current receivables	427,241	625,782
Other	67,862	33,946
Total finance income	6,505,273	2,747,376

24. FINANCE COSTS

In thousands of Kazakhstani Tenge	2023	2022
Interest expense on borrowings and bonds:		
— interest at nominal rate (Note 16)	14,476,424	21,154,648
— unwinding of discount (Note 16)	7,537,275	6,979,871
Unwinding of the present value of discount:		
— asset retirement obligation (Note 15)	2,331,999	316,612
— employee benefits	205,792	175,439
Foreign exchange losses less gains	-	352,116
Dividends on preference shares of subsidiaries	158,041	211,391
Other	534,472	557,621
Total finance costs recognized in profit or loss	25,244,003	29,747,698
Capitalized borrowing costs (Note 7)	11,169,836	7,109,611
Total finance costs	36,413,839	36,857,309



25. INCOME TAX

In thousands of Kazakhstani Tenge	2023	2022
Current income tax expense	24,086,297	21,055,060
Deferred income tax benefit	(4,733,940)	(4,944,515)
Total income tax expense	19,352,357	16,110,545

Reconciliation between the expected and the actual taxation charge is provided below:

In thousands of Kazakhstani Tenge	2023	2022
Profit before tax under IFRS	63,082,122	47,152,634
Theoretical income tax expense at statutory rate of 20% (2022: 20%)	12,616,424	9,430,527
Adjustments for:		
Share in profit of joint ventures and associates not subject to income tax	(624,280)	(3,220,623)
Permanent difference — asset restructuring	-	7,294,502
Taxes related to prior period, including expiration of the limitation period for tax losses carried forward	1,398,847	4,411,959
Other non-deductible expenses	6,116,611	2,287,440
Loss/(profit) of Moinak HPS exempted from income tax	-	94,701
Withholding income tax	154,500	49,641
Changes in unrecognised deferred income tax asset	(309,743)	(4,237,602)
Total income tax expense	19,352,359	16,110,545

Differences between IFRS and Kazakhstani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences are detailed below and are recorded at the rate applicable to the period of reversal of temporary differences.

In thousands of Kazakhstani Tenge	1 January 2023 (amended)	Charged to profit or loss	31 December 2023
Tax effect of deductible temporary differences			
Tax losses carried forward	8,411,234	660,243	9,071,477
Employee benefit obligation	204,315	5,779	210,094
Bonds	889,751	(699,088)	190,663
Ash dump restoration provision*	4,888,637	(159,241)	4,729,396
Inventories	1,328	451,011	452,339
Trade and other receivables	1,122,088	(407,460)	714,628
Taxes other than income tax	115,461	44,279	159,740
Provision for unused vacation	475,641	308,038	783,679
Other	2,340,571	(2,090,394)	250,177
Gross deferred income tax assets	18,449,026	(1,886,833)	16,562,193
Unrecognised deferred income tax assets	(750,177)	309,743	(440,434)
Less offsetting with deferred income tax liabilities	17,698,849	(1,577,090)	16,121,759
Recognised deferred income tax assets	-	-	-
Tax effect of taxable temporary differences			
Property, plant and equipment*	(74,965,340)	4,626,019	(70,339,321)
Borrowings	(9,987,554)	1,685,011	(8,302,543)
Gross deferred income tax liabilities	(84,952,894)	6,311,030	(78,641,864)
Less offsetting with deferred income tax assets	17,698,849	(1,577,090)	16,121,759
Recognised deferred income tax liabilities	(67,254,045)	4,733,940	(62,520,105)

* Comparative information as at 1 January 2023 was amended (Note 3).

In thousands of Kazakhstani Tenge	1 January 2022	Charged to profit or loss	31 December 2022
Tax effect of deductible temporary differences			
Tax losses carried forward	14,550,285	(6,139,051)	8,411,234
Employee benefit obligation	164,468	39,847	204,315
Bonds	281,101	608,650	889,751
Ash dump restoration provision	534,401	(534,401)	-
Inventories	77,185	(75,857)	1,328
Trade and other receivables	1,156,945	(34,857)	1,122,088
Taxes other than income tax	622,909	(507,448)	115,461
Provision for unused vacation	443,145	32,496	475,641
Other	698,171	1,642,400	2,340,571
Gross deferred income tax assets	18,528,610	(4,968,221)	13,560,389
Unrecognised deferred income tax assets	(4,987,778)	4,237,601	(750,177)
Less offsetting with deferred income tax liabilities	13,540,832	(730,620)	12,810,212
Recognised deferred income tax assets	-	-	-
Tax effect of taxable temporary differences			
Property, plant and equipment	(74,589,516)	4,512,813	(70,076,703)
Borrowings	(11,149,877)	1,162,323	(9,987,554)
Gross deferred income tax liabilities	(85,739,393)	5,675,136	(80,064,257)
Less offsetting with deferred income tax assets	13,540,832	(730,620)	12,810,212
Recognised deferred income tax liabilities	(72,198,561)	4,944,516	(67,254,045)

In the context of the Group's current structure, tax losses and current tax assets of different companies of the Group cannot be offset with the current tax liabilities and tax benefits of other companies of the Group, and accordingly, taxes can be charged even in case of consolidated tax loss. Therefore, deferred income tax assets and liabilities are offset only if they are related to the same taxable company.

The Group has potential deferred tax assets in respect of unused tax losses carry forwards. The above tax losses carry forwards expire in 2027.

The Group did not recognise deferred tax liabilities in 2023 (2022: no deferred tax liabilities) in respect of temporary differences associated with investments in joint ventures as the Group is able to control the timing of the reversal of those temporary differences and does not intend to reverse them in the foreseeable future.

26. DISCONTINUED OPERATIONS

On 28 December 2022, the Company sold ("TM") and its subsidiary Mangyshlak Munay LLP ("MM") to QazaqGaz NC JSC at a market price of Tenge 13,178,650 thousand.

Since TM and MM transactions are separate significant activities, this disposal group is presented as a discontinued operation in the consolidated financial statements.

The information on the disposed assets and liabilities and consideration on the sale is as follows:



26. DISCONTINUED OPERATIONS (CONTINUED)

The information on the disposed assets and liabilities and consideration on the sale is as follows:

In thousands of Kazakhstani Tenge	28 December 2022
Property, plant and equipment	14,716,353
Other non-current assets	626,768
Inventories	362
Other current Assets	7,791
Cash and cash equivalents	6,028
Total non-current assets of disposal group sold	15,357,302
Other non-current liabilities	2,102,121
Other liabilities	104,996
Total liabilities directly associated with the disposal group sold	2,207,117

In thousands of Kazakhstani Tenge	TM 28 December 2022
Consideration received for the sale of the subsidiary	13,178,650
Carrying amount of net assets sold	(13,150,185)
Expenses for the sale of the subsidiary	(678,309)
Loss on disposal of the subsidiary	(649,844)

27. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

Operating environment

On 24 February 2022 Russia launched a military invasion of Ukraine. In response, the United States, the European Union and a number of other states imposed widespread sanctions on Russia, including banning Russian banks from the Swift system.

Russia is Kazakhstan's largest trade partner. Kazakhstan is also heavily reliant on the Caspian Pipeline Consortium (CPC), which carries up to 80% of its oil exports. Kazakhstan also makes efforts to develop alternative export routes for crude oil, including through the Baku-Tbilisi-Ceyhan (BTC) pipeline, but these will require significant additional infrastructure and considerable time and funding.

In November 2023 Fitch Ratings, an international rating agency, affirmed Kazakhstan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB' with a Stable Outlook. According to Fitch, Kazakhstan's 'BBB' IDRs reflect strong fiscal and external balance sheets that have proven resilient to external shocks, and financing flexibility underpinned by accumulated oil revenue savings. Set against these strengths are its very high dependence on commodities, high inflation that partly reflects a less developed macroeconomic policy framework relative to 'BBB' peers, and weak governance indicators. Crude oil and oil condensates continue to be the major contributors to fiscal revenues and exports, and the sector accounts for 17% of GDP, exposing the economy to external shocks arising from changing prices in those commodities. Economic diversification efforts are underway but will take time, given challenges associated with the business environment, and skills shortages.

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

As at the date of issuing these financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 451.03 per US Dollar 1 compared to Tenge 454.56 per US Dollar 1 as at 31 December 2023 (31 December 2022: Tenge 462.65 per 1 US Dollar).

Inflation moderated to 9.8% in December 2023 after peaking at 21.3% in February 2023. During 2023 the economy grew 4.8% and according to the analysts' forecasts, the growth rate of the national economy over the next three years will average just under 4% annually.

The economic environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict, and management's current expectations and estimates could differ from actual results.

Additionally, energy sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political developments, which are beyond the Group's control.

The Group's management monitors current changes in the economic and political situation and takes measures that it considers necessary to maintain the sustainability and development of the Group's business in the near future.

For the purpose of measurement of expected credit losses (hereinafter — "ECL") the Group uses supportable forward-looking information, including forecasts of macroeconomic variables. As with any economic forecast, however, the projections and likelihoods of their occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different from those projected.

Tax legislation

Kazakhstani tax legislation and practice is in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the taxable base, the tax law refers to the provisions of IFRS, and the interpretation of the relevant provisions of IFRS by Kazakhstani tax authorities may differ from the accounting policies, judgments and estimates applied by management in the preparation of these consolidated financial statements, which may lead to additional tax liabilities of the Group. Fiscal periods remain open to review by the authorities in respect of taxes for five years after the end of the fiscal year.

From July 2020, the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter — "SRC") launched a pilot project to introduce horizontal monitoring, which will last until 31 December 2023. In 2021, SRC, as part of a pilot project on horizontal monitoring, inspected the historical data of the EGRES-1 and Samruk-Energy (Corporate Center) for the five years period. Based on the results, SRC completed tax audits and issued acts with the results of tax audit. The main non-compliances relate to the interest expense deducted for tax purposes and underaccrual of withholding tax. The Group expressed its disagreement with these notifications, claims and complaints were filed with the courts and the Appeal Commission of the Ministry of Finance of the RoK. As for the corporate center in December 2023, the decision of the Appeal Commission was in favor of the Company regarding the main amounts of additional charges (Note 22); for EGRES-1, the appeal in the courts continues.

The Group management believes that its interpretation of the relevant legislation is appropriate and the Group's tax positions will be sustained. In the opinion of the Group management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these consolidated financial statements (Note 22).

Insurance

The insurance industry in the Republic of Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet generally available in the Republic of Kazakhstan. The Group does not have full coverage for its plant facilities, losses caused by business interruptions or third party liabilities in respect of property or environmental damage arising from accidents or the Group's activities. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Group's operations and financial position.



27. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS (CONTINUED)

Environmental matters

At present, environmental legislation is being tightened in the Republic of Kazakhstan and the review of the position of Kazakhstani state bodies regarding its enforcement continues. In 2021, a new environmental code came into force in the Republic of Kazakhstan, which regulates social relations in the field of interaction between man and nature (environmental relations) arising in connection with the implementation by individuals and legal entities of activities that have or can have an impact on the environment. In addition to increasing the responsibility of industrial enterprises for environmental pollution, the Code also provides for the introduction of a waste management hierarchy and prescribes requirements for the elimination of the consequences of activities.

The provisions of this code oblige the receipt of comprehensive environmental permits (hereinafter referred to as "IEP") from 2025 for fifty objects of category I, the largest in terms of total emissions of pollutants into the environment (hereinafter referred to as "TOP-50"), the basis for which is the implementation of production of the best available techniques associated with the use of the best available techniques (hereinafter referred to as "BAT"), issued by the Committee for Environmental Regulation and Control of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan.

The list of TOP-50 included four objects of Samruk-Energo JSC: EGRES-1 LLP, SEGRES-2 JSC, AIES JSC (CHP-2, CHPP-3). By protocol order dated 12 December 2023, the Group's enterprises developed Roadmaps for obtaining an Integrated Environmental Permit and preliminary Projects of Programs for Improving Environmental Efficiency. Currently, the Group's enterprises are searching for technologies to reduce the environmental impact in the energy industry.

For energy producing organizations, a Handbook on the best available techniques "Fuel combustion in large installations for energy production" (hereinafter referred to as "BAT"), approved by the Decree of the Government of the Republic of Kazakhstan dated 23 January 2024, was developed. The basis for obtaining an Integrated Environmental Permit is the conclusion to the BAT, the approval of which is expected in 2024.

Currently, the Group's management is assessing the impact of the introduction of BAT on the cost of future operating and capital costs, since the return on investment for the implementation of BAT through the marginal tariff will lead to distortions in the marginal tariffs for electricity.

Also, the Kazakhstan Electric Power Association, together with energy producing organizations of Kazakhstan, initiated proposals to postpone the implementation of BAT with the receipt of an Integrated Environmental Permit from 2025 to 2031.

Other provisions of this Code applicable to certain Group entities include the installation of automated emission monitoring systems and waste management practices. Until a full assessment is made, it is not possible to assess the financial implications of the new requirements of Kazakhstan's new environmental code, but an increase in the cost of complying with environmental requirements is expected, either in the form of additional investments required for waste management and development of appropriate monitoring processes, or in the form of increased fees for waste generation.

According to the newly introduced norms of the environmental code, all enterprises have obligations to eliminate the consequences of the operation of facilities causing negative environmental impact, but the requirements for liquidation of the consequences depend on the category of industrial enterprises and construction projects, which are determined depending on the nature of facilities, degree of environmental impact and the scope of activities of enterprises. In 2022 the Group has recognized additional asset retirement obligations in relation to the elimination of the consequences of the operation of its facilities (Note 4, 15).

Under the current version of the Environmental Code, the Group has an obligation to provide financial security for the elimination of the consequences of category I facilities by 1 July 2024. Financial security is provided in the form of: guarantees; bank deposit pledge; pledge of property; insurance. Financial security is provided in one

of several types of financial security listed above, or in their combination at the choice of the operator of the category I facility, provided that the share of financial security in the form of collateral for a bank deposit should be:

1. after ten years from the date of facility commissioning (for existing facilities as of 1 July 2021 until 2031) — at least fifty percent of the total amount of financial security;
2. after twenty years from the date of facility commissioning for existing facilities as of 1 July 2021 until 2041 — one hundred percent of the total amount of financial security. The operator of the category I facility is obliged to ensure the availability of financial security continuously until all of its asset retirement obligations are fully fulfilled.

The amount of financial security is determined in accordance with the methodology approved by the authorized body in the area of environmental protection, based on the estimated cost of work to eliminate the consequences of the operation of the category I facility, and is subject to recalculation every seven years.

The Group is currently working to determine the type of financial security. Negotiations are underway with banks regarding guarantees, and with insurance companies regarding the conclusion of insurance contracts. The costs of commissions for insurance payments, according to the Rules for setting the tariff for electricity, are covered by the tariff for the production of electrical energy. Also in 2024, the Group received support letter from the parent company to provide a guarantee in favor of the Group's subsidiaries that are category 1 objects until 30 June 2024.

As part of discussions with representatives of the Ministry of Environment, the Group's management understands that changes will be made to the legislation, in accordance with which the conditions and terms for the provision of financial support will be revised, as well as the terms of the requirements for the implementation of BAT will be revised from 2025 to 2031.

The Group periodically evaluates its obligations related to environmental protection at least on an annual basis. As liabilities are identified, they are promptly recognized in the financial statements. Potential liabilities that may arise as a result of changes in existing laws and regulations, as well as a result of judicial practice, cannot be estimated with a sufficient degree of reliability, although they may be significant. The Group's management believes that in the current system of control over compliance with applicable environmental laws, there are no significant liabilities arising from environmental damage, except for those recognised or disclosed in these financial statements.

Under the environmental exemption, the Group is legally obligated to acquire additional greenhouse gas emissions allowances. The volume of greenhouse gas emissions for the Group was determined based on the projected production of electricity and greenhouse gas emissions coefficient per unit of production till 2025. Due to the growth in electricity consumption in the country and for the purpose of uninterrupted and reliable power supply to consumers, the generating capacities of EGRES-1 were used in full, which led to an increase in electricity generation and a shortage of quotas for greenhouse gas emissions in 2023 and 2022. The Group conducts the work to obtain an additional quota for greenhouse gas emissions in accordance with the Environmental Code of RoK. As at 31 December 2023 there was a provision to acquire additional greenhouse gas emissions for 2023 (31 December 2022: for 2022 and 2021) (Note 18).

Ash dump liquidation provision

In accordance with Environmental Code, the Group is also legally obliged to liquidate ash dump sites representing landfill sites for the Group's operating activities. As of 31 December 2023, the carrying amount of ash dump liquidation provision was Tenge 3,143,439 thousand (31 December 2022: Tenge 2,481,989 thousand). The assessment of the current ash dump liquidation provision is based on the Group's interpretation of the environmental legislation of RK in force, supported by feasibility study and engineering research in accordance with current norms of restoration methods and reclamation works. This assessment may change upon completion of subsequent nature protection research works and review of existing reclamation and restoration programmes.

27. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS (CONTINUED)

Environmental, Social and Governance (ESG) matters – Consideration of climate change and resulting climate related risks

The Group shares the concerns of the world community climate change and supports global efforts to reducing greenhouse gas emissions, increasing energy efficiency, transition to renewable sources energy and phasing out carbon fuels. Samruk-Kazyna, the parent company of the Group, has the strategic goal to reduce the carbon footprint of Samruk-Kazyna by 10% by 2032 compared to 2021 and aims to achieve carbon neutrality by 2060. In general, carbon neutrality does not mean complete exclusion of greenhouse gas emissions — the volume of emissions that not possible to reduce, must be compensated.

The Group is continuously assessing climate related and environmental risks and their impact on the Group's operation. For the identified risks, the Group has assessed their impact on the recognition/derecognition of assets and liabilities and measurement of such assets and liabilities as well as the disclosure provided in its consolidated financial statements. The areas listed below are predominantly impacted by the climate related and environmental risks:

- a) The Group has initiated projects on constructions of new combined cycle gas plant at the Almaty CHP-2 and CHP-3. The purpose is the replacement of the existing coal-fired equipment with modern environmentally friendly combined cycle power units; and
- b) The Group has assessed and recognized provisions for decommissioning of power plants and rehabilitating environmental damage due to recently introduced regulatory requirements in accordance with Environmental Code (Note 4, 15).

In relation to the identified risks associated with climate change, the Group assessed their impact on the recognition/derecognition of assets and liabilities, the measurement of such assets and liabilities, and the disclosures in the consolidated financial statements. The following areas are primarily exposed to risks associated with climate change:

Modernisation of Almaty CHP-2

In 2023 EPC contract was signed and loan agreements were signed with a number of financial institutions as part of the project of Modernisation of Almaty CHP-2 with the minimization of the environmental impact (Note 16). On 5 July 2023, an advance payment was made under the EPC Contract (Note 9). The Group's management plans to complete the project to convert CHP-2 to gas by 31 December 2026.

The conclusion of an investment agreement and the receipt of an individual capacity tariff to finance the project of converting CHP-2 to gas is expected by the end of 2024. The project for the modernization of CHP-2 provides for the conservation of the existing capacities of CHP-2 after the commissioning of a new gas-fired plant. In 2021, the Group recognized a provision for impairment in the amount of KZT 20,737,321 thousand of the core assets of CHP-2, including coal-fired power units subject to conservation or dismantling after commissioning of the combined-cycle gas plant. Accordingly, the residual value of these assets will be zero by the time the new combined-cycle power units are put into operation.

Reconstruction of Almaty CHP-3

ALES is implementing the project "Reconstruction of the Almaty CHP-3 (with construction of a CCGT unit with a capacity of at least 450 MW)" (the «Project»). The project implementation period: 2022-2026. The purpose of the Project: Reconstruction of the Almaty CHP-3 provides for the replacement of the existing pulverized coal-fired equipment with modern environmentally friendly combined cycle power units, the construction of a new CHP plant of greater capacity with a cycling service on the existing site, to partially cover the shortage of maneuverable capacities in the southern zone of Kazakhstan.

The Agreement on the purchase of a service to maintain the readiness of electric power during the construction of newly commissioned generating plants with a cycle generation mode with Settlement Centre for Support of Renewable Energy Sources LLP was signed. The EPC contract has been signed and work is underway to organize financing. An Agreement for the supply of gas turbine units was signed between Ansaldo Energia and the EPC contractor.

The Almaty CHP-3 reconstruction project provides for the replacement of the existing equipment, the fleet life of which will be exhausted by the time the new plant is commissioned, with modern environmentally friendly combined cycle power units, as well as fully depreciated, so the Group's management did not identify any significant changes having negative consequences for the Group, which are expected in the near future.

Investigation of the Prosecutor of the Pavlodar region of EGRES-2

On 16 February 2024, information appeared in the Kazakh media that the Prosecutor's Office of the Pavlodar region was conducting an investigation in respect to SEGRES-2 for the embezzlement of funds intended for the expansion and reconstruction of the thermal power plant with the installation of the 3rd power unit. As of the date of issue of these consolidated financial statements, the Group's management concluded that all transactions and SEGRES-2 were carried out within the framework of the law and this event did not have an impact on the Group's consolidated financial statements. The Group's management is monitoring this issue and providing the necessary information and support to the Pavlodar Region Prosecutor's Office regarding this issue.

Investigation of the Agency for Protection and Development of Competition of the Republic of Kazakhstan of EGRES-1

Currently, at EGRES-1 LLP, the Agency for the Protection and Development of Competition of the Republic of Kazakhstan (hereinafter referred to as "AZRK") is conducting an inspection on the issue of unjustified refusal to sell goods if, at the time of application, there is a possibility of selling the relevant goods, which led to the elimination of competition in centralized bidding on the market for services to maintain the readiness of electrical power.

According to the AZRK of the Republic of Kazakhstan, in the period from 2019 to 2022, EGRES-1, taking part in centralized auctions of electrical capacity, due to refusal to compete, did not sell at the auction the entire amount of capacity specified in the application, thereby deliberately refusing to compete with other EPOs and creating imaginary competition with bidders.

EGRES-1 sold power at the approved tariff in accordance with the Rules for the Organization and Operation of the Electric Power Market (approved by Order of the Minister of Energy of the Republic of Kazakhstan dated 27 February 2015 No. 152) and categorically disagrees with the Order of the Antimonopoly Authority.

In February 2024 EGRES-1 sent a statement of claim to the Specialized Interdistrict Administrative Court of Astana to challenge decisions, actions of administrative bodies, officials on antimonopoly disputes, which was accepted for proceedings.

The Group's management believes that the likelihood of losses or reputational damage from these investigations is low and that the results of these investigations will not have a material impact on the Group's consolidated financial statements.

Capital expenditure commitments

The Group has analysed its exposure to seasonal and other arising business risks, but did not determine any risks, which could have impact on financial indicators or position of the Group as of 31 December 2023. The Group has relevant funds and financing sources to implement capital expenditure commitments and maintain working capital.

As of 31 December 2023, the Group had contractual commitments on acquisition of property, plant and equipment totalling Tenge 530,059,552 thousand (31 December 2022: Tenge 65,331,177 thousand).

Capital expenditure commitments of joint ventures and associates

As of 31 December 2023, the Group's share in non-current contractual commitments of Forum Muider and SEGRES-2 liabilities was Tenge 3,495,602 thousand and Tenge 2,801,004 thousand accordingly (31 December 2022: Tenge 3,997,304 thousand and Tenge 11,812,824 thousand accordingly).



27. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS (CONTINUED)

Borrowing covenants

The Group is subject to certain covenants related to all bank loans, obligations, financial guarantee of Samruk-Energy and loan of Samruk-Energy from Samruk-Kazyna (Note 16). Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. As of 31 December 2023, the Group was in compliance with its covenants, except for the Group's joint venture — Bogatyr Komir LLP, described below.

For the period ends 31 December 2023 and 31 December 2022, the Group fulfilled the normative debt covenants requirements, and received waivers to reduce thresholds in cases where the location of a violation event was predicted.

As of 31 December 2023 Bogatyr Komir LLP did not comply with the financial covenant on DSCR ratio on a loan with Eurasian Development Bank. Technical default was due to financing of investment projects from own funds. The breach of covenants by Bogatyr Komir LLP does not affect the classification of the Group's loans. In accordance with non-financial covenants on the loan with Eurasian Development Bank, Bogatyr Komir LLP has an obligation to complete the project on cyclic-flow technology for coal mining and transportation by 1 September 2023. Event of default is the delay in implementation by more than 6 months, i.e. later than 1 March 2024. Currently Bogatyr Komir LLP is in process of signing additional addendum and extension of deadline for project implementation from 6 months to 16 months, i.e. 31 December 2024. Incompliance with debt covenants of Bogatyr Komir LLP does not affect borrowing classification of the Group. In Note 8, the liabilities of the parent company of Bogatyr Komir LLP, Forum Muider B.V., are presented taking into account the reclassification of loans into current liabilities.

28. NON-CONTROLLING INTEREST

The following table provides information about each subsidiary that has non-controlling interest that is material to the Group.

In thousands of Kazakhstani Tenge	Place of business (and country of incorporation if different)	Proportion of non-controlling interest	Proportion of non-controlling interest's voting rights held	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest in the subsidiary	Dividends paid to non-controlling interest during the year
Year ended 31 December 2023						
Bukhtarminskaya HPS JSC	Kazakhstan	3.7%	3.7%	649,887	2,342,870	156,828
Shulbinskaya HPS JSC	Kazakhstan	7.86%	7.86%	-	23,450	-
Ust-Kamenogorskaya HPS JSC	Kazakhstan	10%	10%	(422)	1,840	-
Total				649,465	2,368,160	156,828
Year ended 31 December 2022						
Bukhtarminskaya HPS JSC	Kazakhstan	3.7%	3.7%	176,031	1,692,983	211,657
Shulbinskaya HPS JSC	Kazakhstan	7.86%	7.86%	(1,098)	23,450	-
Ust-Kamenogorskaya HPS JSC	Kazakhstan	10%	10%	(341)	2,262	-
Total				174,592	1,718,695	211,657

In thousands of Kazakhstani Tenge	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit/(loss)	Total comprehensive income	Cash flows
Year ended 31 December 2023								
Bukhtarminskaya HPS JSC	19,851,529	1,384,306	4,047,805	25,317	21,836,995	17,564,508	17,722,549	574,414
Shulbinskaya HPS JSC	-	-	598,444	12,156	-	-	-	-
Ust-Kamenogorskaya HPS JSC	400	-	125,828	-	-	(4,209)	(4,209)	-
Total	19,851,929	1,384,306	4,772,077	37,473	21,836,995	17,560,299	17,718,340	574,414
Year ended 31 December 2022								
Bukhtarminskaya HPS JSC	4,677,361	1,265,122	128,221	145,964	4,180,758	3,340,728	3,552,119	617,668
Shulbinskaya HPS JSC	-	-	598,444	12,156	-	(13,964)	(13,964)	-
Ust-Kamenogorskaya HPS JSC	-	-	121,219	-	-	(3,411)	(3,411)	-
Total	4,677,361	1,265,122	847,884	158,120	4,180,758	3,323,353	3,534,744	617,668



29. PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
Subsidiaries:				
Alatau Zharyk Company JSC	Electricity transmission and distribution in Almaty and the Almaty region	100%	97.4%	Kazakhstan
Almaty Electric Stations JSC	Production of electrical, heating energy and hot water in Almaty and the Almaty region	100%	100%	Kazakhstan
AlmatyEnergoSbyt LLP	Sale of electricity in Almaty and the Almaty region	100%	100%	Kazakhstan
Shardara HPS JSC	Power generation at in Almaty and the Almaty region in the Southern Kazakhstan	100%	100%	Kazakhstan
Moinak HPS JSC	Power generation at in Almaty and the Almaty region in the Almaty region	100%	100%	Kazakhstan
Ekibastuz GRES-1 named after Bulat Nurzhanov	Production of electrical and heating energy on the basis of coal	100%	100%	Kazakhstan
Bukhtarminskaya HPS	Owner of Bukhtarminskaya hydropower station transferred under lease arrangement	100%	96.32%	Kazakhstan
Ust-Kamenogorskaya HPS	Since hydropower station is under lease, this company is inoperative	89.99%	89.99%	Kazakhstan
Shulbinskaya HPS	Since hydropower station is under lease, this company is inoperative	92.14%	92.14%	Kazakhstan
Samruk Green Energy LLP	Development of renewable electricity	100%	100%	Kazakhstan
First Wind Turbine LLP	Power generation at the wind-power station	100%	100%	Kazakhstan
KazGidroTekhEnergo LLP	Implementation of projects on renewable energy sources	100%	100%	Kazakhstan
TeploEnergoMash LLP	Implementation of projects on renewable energy sources	95%	95%	Kazakhstan
Energy Solutions LLP	Transportation and other services	100%	100%	Kazakhstan
Balkhash TPP JSC	Construction of Balkhash TPP	100%	100%	Kazakhstan
Ereymtau Wind Power LLP	Power generation at the wind-power station	100%	100%	Kazakhstan
Qazaq Green Power PLC	Production of green energy	100%	100%	Kazakhstan
Associates:				
Semirechya Energy LLP	Power generation at the wind-power plant near Almaty city	25%	25%	Kazakhstan
Altyn Dala Energy Ltd.	Power generation at the wind-power plant	25%	25%	Kazakhstan
Joint ventures:				
Station Ekibastuz GRES-2 JSC	Production of electrical and heating energy on the basis of coal	50%	50%	Kazakhstan
Forum Muider BV	Company holding 100% charter in Bogatyr Komir LLP (Company involved in production of power generating coal) and a range of companies incorporated in the Russian Federation and the Republic of Cyprus, and not engaged in significant operations	50%	50%	Netherlands
Forum Muider Limited	The company was created for the purpose of redomiciliation of Forum Muider B.V. to the jurisdiction of the AIFC	50%	50%	Cyprus

On 4 November 2022, a new subsidiary, Qazaq Green Power PLC (“QGP”), was registered in the jurisdiction of the Astana International Financial Center. In December 2022, the Company contributed to the authorized capital of QGP by transferring a full holding of shares of Moynak HPP JSC and interests in the First Wind Electric Station LLP of Samruk-Green Energy LLP. In these consolidated financial statements, this operation is recorded as an asset restructuring.

For the purpose of redomiciliation, Forum Muider B.V. to the jurisdiction of the AIFC, due to the impossibility of direct transfer to the AIFC from the jurisdiction of the Netherlands, on 18 October 2023, Forum Muider Limited was established in the Republic of Cyprus. The shareholders of Forum Muider Limited are JSC Samruk-Energo and UC RUSAL (RF) in equal shares (50% shares each).

On 15 December 2023, the private company Altyn Dala Energy Ltd was registered in the AIFC. Qazaq Green Power PLC owns a 25% share in Altyn Dala Energy Ltd. There were no contributions to the equity capital of Altyn Dala Energy Ltd.

30. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by management under policies set by the Group’s ultimate parent (Note 1), which provides principles for risk management, covering specific areas, such as credit risk, liquidity risk, and market risk.

(a) Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group’s lending and other transactions with counterparties, giving rise to financial assets.

The Group’s maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position.

Credit risk management

Credit risk is the single largest risk for the Group’s business; management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies two approaches — an Internal Risk-Based (IRB) rating system or risk grades estimated by external international rating agencies (Standard & Poor’s — “S&P”, Fitch, Moody’s). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default. The IRB system is designed internally, and ratings are estimated by management. Various credit-risk estimation techniques are used by the Group depending on the class of the asset.



30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Credit risk grading system (continued)

The Group applies IRB systems for measuring credit risk for non-current receivables.

The rating models are regularly reviewed, backtested on actual default data and updated, if necessary. Despite the method used, the Group regularly validates the accuracy of ratings estimates and appraises the predictive power of the models.

External ratings are assigned to counterparties by independent international rating agencies, such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and the corresponding range of probabilities of default ("PD") are applied for all financial assets other than trade receivables and non-current receivables.

Expected credit loss (ECL) measurement

ECL is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the commitment amounts to an on-balance sheet exposure within a defined period. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

Expected credit losses are modelled over instrument's lifetime period. The lifetime period is equal to the remaining contractual period to maturity of debt instruments, adjusted for expected prepayments, if any.

Management models Lifetime ECL, that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The 12-month ECL, represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining lifetime period of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider forward looking information, that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition

of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- international rating agencies have classified the borrower in the default rating class;
- the borrower meets the unlikeliness-to-pay criteria listed below:
- suspending accrual of interest/reduction in the interest rate on a financial asset;
- writing-off the principal amount;
- sales of a financial asset at a significant discount to its nominal value;
- restructuring that will result in reduction in/write-off of the loan/debt release;
- increase in the maturity of a financial asset;
- granting of indulgence on the principal/interests;
- filing a bankruptcy claim against the counterparty in line with the legislation of the Republic of Kazakhstan;
- bankruptcy claim filed by the counterparty;
- liabilities covered by the guarantee agreement or payment under the guarantee agreement are past due more than 90 days.

For purposes of disclosure, the Group fully aligned the definition of default with the definition of credit-impaired assets. The default definition stated above is applied to all types of financial assets of the Group.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of three months. This period of three months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after curing by using different possible definitions of cures.

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an individual basis and on a portfolio basis.

The level of ECL that is recognised in these consolidated financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement.

A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1).

If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed.

ECL for POCI financial assets is always measured on a lifetime basis. The Group therefore only recognises the cumulative changes in lifetime expected credit losses.



30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Expected credit loss (ECL) measurement (continued)

The table below classifies financial assets, such as other long-term receivables and bonds and loans given carried at amortised cost, by separate stage of impairment models. ECL provisions of other financial assets is insignificant as at 31 December 2023 and 2022.

In thousands of Kazakhstani Tenge	ECL allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(12-months ECL)	(lifetime ECL for SICR)	(lifetime ECL for credit impaired)		(12-months ECL)	(lifetime ECL for SICR)	(lifetime ECL for credit impaired)	
Other receivables At 1 January 2023	(116,736)	(559,489)	(317,200)	(993,425)	712,490	7,560,135	317,200	8,589,825
New originated or purchased	(6,427)			(6,427)	-	-	-	-
Derecognition during the period	6,880	559,489	232,260	798,629	(115,073)	(7,901,055)	(232,260)	(8,248,388)
Unwinding of discount	-	-	-	-	45,566	340,920	-	(386,486)
Other movements	-	-	-	-	-	-	-	-
Reclassification from trade receivables	-	-	-	-	-	-	-	-
Total movements with impact on credit loss allowance charge for the year	453	559,489	232,260	792,202	(69,507)	(7,560,135)	(232,260)	(7,861,902)
At 31 December 2023	(116,283)	-	(84,940)	(201,223)	642,983	-	84,940	727,923

In thousands of Kazakhstani Tenge	ECL allowance				Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	(12-months ECL)	(lifetime ECL for SICR)	(lifetime ECL for credit impaired)		(12-months ECL)	(lifetime ECL for SICR)	(lifetime ECL for credit impaired)	
Other receivables At 1 January 2022	(95,729)	(1,440,208)	(469,205)	(2,005,142)	777,819	8,232,231	469,205	10,455,549
New originated or purchased	(40,390)	-	-	(40,390)	-	-	-	-
Derecognition during the period	19,383	880,719	-	900,102	(115,073)	(1,268,416)	-	(1,383,489)
Unwinding of discount	-	-	-	-	49,744	483,810	-	533,554
Other movements	-	-	152,005	152,005	-	-	(152,005)	(152,005)
Reclassification from trade receivables	-	-	-	-	-	112,510	-	112,510
Total movements with impact on credit loss allowance charge for the year	(21,007)	880,719	152,005	1,011,717	(65,329)	(672,096)	(152,005)	(889,430)
At 31 December 2022	(116,736)	(559,489)	(317,200)	(993,425)	712,490	7,560,135	317,200	9,566,119

The Group has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal ratings are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month). This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.



30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Expected credit loss (ECL) measurement (continued)

The table below summarises external (if any) and internal credit ratings at the end of the relevant reporting period and related to on counterparty rating, expect for reverse repo which based on rating of security provided as a collateral:

In thousands of Kazakhstani Tenge	Cash	Restricted cash	Term deposits	Bonds and loans
31 December 2023:				
BBB+ (S&P)	-	-	-	-
BBB (stable) (S&P)	658,766	-	-	-
BBB- (stable) (S&P)	37,946,721	-	-	-
BB+ (stable) (S&P)	2,431,637	204	-	-
BB (stable) (S&P)	232,704	241,906	1,173	423,073
BB- (stable) (S&P)	911,954	-	-	-
B+ (stable) (S&P)	-	-	-	-
n/a	10,670	307,625	500	12,496
Total financial assets	42,192,452	549,735	1,673	435,569

In thousands of Kazakhstani Tenge	Cash	Restricted cash	Term deposits	Bonds and loans
31 December 2022:				
BBB+ (S&P)	-	-	1,000	-
BBB- (stable) (S&P)	15,019,756	-	1,106	-
BB+ (stable) (S&P)	11,902,680	1,708,866	-	-
BB (stable) (S&P)	-	-	-	-
BB- (stable) (S&P)	6,250,245	-	-	382,858
B+ (stable) (S&P)	1,429,160	-	10,659	-
n/a	14,919	246,252	-	383,148
Total financial assets	34,616,760	1,955,118	12,765	766,006

The Group applies the provision matrix for calculation of ECL on trade receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the overdue days.

The levels of default and calculation of loss allowance at the end of the relevant reporting period were as follows:

In thousands of Kazakhstani Tenge	Trade receivables from legal entities					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Trade receivables at 31 December 2023	57,839,396	52,408,365	2,218,016	391,289	273,218	2,548,508
Level of default		0.13%	1.61%	12.13%	7.05%	79.89%
ECL	(2,207,729)	(69,171)	(35,751)	(47,470)	(19,251)	(2,036,086)
Total	55,631,667	52,339,194	2,182,265	343,819	253,967	512,422

In thousands of Kazakhstani Tenge	Trade receivables from legal entities					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Trade receivables at 31 December 2022	34,970,175	22,480,639	4,603,014	2,019,820	1,068,442	4,798,260
Level of default		0.26%	0.67%	5.52%	14.51%	49.64%
ECL	(2,736,828)	(57,541)	(31,032)	(111,426)	(155,048)	(2,381,781)
Total	32,233,347	22,423,098	4,571,982	1,908,394	913,394	2,416,479

In thousands of Kazakhstani Tenge	Trade receivables from individuals					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Trade receivables at 31 December 2023	8,424,201	8,137,250	154,564	37,174	11,386	83,827
Level of default		0.12%	1.68%	7.07%	25.32%	89.98%
ECL	(93,187)	(9,653)	(2,597)	(2,628)	(2,883)	(75,426)
Total	8,331,014	8,127,597	151,967	34,546	8,503	8,401

In thousands of Kazakhstani Tenge	Trade receivables from individuals					
	Total	Current	1-30 days	31-60 days	61-90 days	>90 days
Trade receivables at 31 December 2022	6,999,732	6,611,831	138,358	32,687	12,441	204,415
Level of default		0.15%	1.94%	7.54%	25.22%	78.98%
ECL	(179,652)	(9,918)	(2,684)	(2,465)	(3,138)	(161,447)
Total	6,820,080	6,601,913	135,674	30,222	9,303	42,968

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs: GDP, inflation, exchange rate, oil price, and short-term economic indicator used for description of the economic development trend based on changes in the performance of primary sectors.

The impact of the relevant economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates and on the components of LGD and EAD.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit. Such backtesting is performed at least once a year.

The results of backtesting the ECL measurement methodology are communicated to Group Management and further steps for tuning models and assumptions are defined after discussions between authorised persons.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In accordance with the Group policy on formation and monitoring of development plans the Group manages the liquidity risk using short-term (one month) forecasts and also mid-term forecast for the next five years. In addition, the Group develops and approves development strategy of the Group for the next ten years. In planning cash flows, the Group also accounts for income from temporary excess cash using the bank deposits.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including future payment of interest and principal.



30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

In thousands of Kazakhstani Tenge	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 5 years	Over 5 years
At 31 December 2023					
Borrowings	13,641,232	16,895,396	48,237,105	305,024,210	10,714,783
Trade and other payables	54,871,955	1,624,109	883,370	816	-
Finance lease	62,785	191,716	763,504	2,482,608	261,606
Total future payments, including future principal and interest payments	68,575,972	18,711,221	49,883,979	307,507,634	10,976,389
At 31 December 2022					
Borrowings	11,783,756	13,571,593	139,287,768	121,010,160	134,480,684
Trade and other payables	37,383,803	2,071,263	1,542,731	218,799	-
Finance lease	52,156	115,037	502,387	1,946,787	369,725
Total future payments, including future principal and interest payments	49,219,715	15,757,893	141,332,886	123,175,746	134,850,409

(c) Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest rates and (c) equity products, all of which are exposed to general and specific market movements.

Currency risk

The Group's certain borrowings (Note 16) and trade payables (Note 17) are denominated in foreign currencies (US dollars and Euro) and hence the Group is exposed to foreign exchange risk. Due to the fact that the variety of financial derivative instruments on the Kazakhstani market is limited and those instruments are rather expensive the management chooses at the moment not to hedge the Group's foreign exchange risk, as currently the benefits from implementing such instruments do not outweigh the costs. Nevertheless, the Group continues monitoring changes of financial derivatives market in order to implement hedging structure in the future or as needed.

The table below shows the total amount of foreign currency denominated liabilities that give rise to foreign exchange exposure:

In thousands of Kazakhstani Tenge	USD	Euro	Others	Total
At 31 December 2023				
Assets	-	-	-	-
Liabilities	-	(66,411)	-	(66,411)
Net position	-	(66,411)	-	(66,411)
At 31 December 2022				
Assets	-	911,507	-	911,507
Liabilities	(3,408,077)	(1,409,927)	-	(4,818,004)
Net position	(3,408,077)	(498,420)	-	(3,906,497)

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant.

In thousands of Kazakhstani Tenge	Impact on profit or loss	
	At 31 December 2023	At 31 December 2022
US Dollar strengthening by 14% (2022: strengthening by 21%)	-	(572,574)
US Dollar weakening by 14% (2021: weakening by 21%)	-	572,574
Euro strengthening by 13% (2021: strengthening by 18%)	(8,600)	(71,722)
Euro weakening by 13% (2021: weakening by 18%)	8,600	71,722

In general, the Group is not exposed to significant currency risks and is not subject to negative changes in Tenge rate volatility. The financial obligations denominated in foreign currency approximates 1% of total obligations. Currency risks were minimised in previous periods by refinancing foreign currency loans.

Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

Interest rate risk arises from borrowings from Asian Bank of Development. The Group is exposed to potential market risk of the inflation rate in the Republic of Kazakhstan (Note 16). The Group carefully monitors changes in floating interest rates.

If at 31 December 2023, interest rates had been 100 basis points higher/less, with all other variables held constant, profit for the year would have been Tenge 154,460 thousand higher or Tenge 154,460 thousand lower, mainly as a result of higher/lower interest expense on floating interest rate liabilities (31 December 2022: Tenge 83,659 thousand and Tenge 83,659 thousand respectively).

Management of capital

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. Management considers the current gearing ratio of 30-40% as acceptable for the risk profit of the Group.

In thousands of Kazakhstani Tenge	Note	31 December 2023	31 December 2022
Total borrowings	16	270,194,079	265,926,978
Less:			
Cash and cash equivalents	13	(42,192,452)	(36,616,760)
Net borrowings		228,001,627	229,310,218
Total equity		639,974,695	533,113,621
Total capital		867,976,322	762,423,839
Gearing ratio		26%	30%



31. FAIR VALUE DISCLOSURES

Fair value measurement

To be indicative of the reliability of the data used in determining fair value, the Group classifies its financial instruments at three levels established in accordance with IFRS. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly or indirectly (that is, as prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement

in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

31 December 2023					31 December 2022				
In thousands of Kazakhstani Tenge	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	
Assets									
Cash and cash equivalents	-	42,192,452	-	42,192,452	-	34,616,760	-	34,616,760	
Restricted cash	-	549,735	-	549,735	-	1,955,118	-	1,955,118	
Term deposit	-	1,673	-	1,673	-	12,765	-	12,765	
Financial receivables	-	63,962,681	-	63,962,681	-	39,053,877	-	39,053,877	
Long-term receivables	-	317,875	-	668,163	-	7,470,101	-	7,470,101	
Dividends receivable	-	-	481	481	-	-	488	488	
Bonds	-	406,418	-	435,569	-	769,766	-	766,006	
Total financial assets	-	107,430,834	481	107,810,754	-	83,878,387	488	83,875,115	
Liabilities									
Borrowings	-	246,621,133	-	270,194,079	-	220,483,525	-	265,926,979	
Financial payables	-	60,812,672	-	60,812,672	-	43,568,688	-	43,568,688	
Rent	-	2,533,117	-	2,533,117	-	2,057,953	-	2,057,953	
Non-current trade payables	-	-	33,799	33,799	-	-	-	-	
Total financial liabilities	-	309,966,922	33,799	333,573,667	-	266,110,166	-	311,553,620	

Fair value of investment property

On 26 June 2023, Decree of the Government of the Republic of Kazakhstan No. 494 “On encumbrance of a strategic asset with the rights of third parties” was adopted, in accordance with which the Government of the Republic of Kazakhstan gave permission to encumber the Property Complex of the Bukhtarma HPP by transferring it to a long-term lease.

In accordance with the Group’s management plan regarding the Property Complex of the Bukhtarma HPP and current lease rates, the Group assessed the fair value the investment property in the amount of Tenge 76,742,366 thousand (Level 3). Discount rate was 15.55%.

Financial assets carried at amortised cost

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost

The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

32. EVENTS AFTER THE REPORTING PERIOD

On 9 January 2024 the Group signed an agreement on a corporate guarantee of Samruk-Kazyna in the amount of Tenge 117,000,000 thousand under the loan agreement of AIES JSC with the Development Bank of Kazakhstan, purpose is to finance the project on transfer of Almaty CHP-2 to gas.

On 25 January 2024 the Group signed an addendum to the loan agreement No. S.E./45-i dated 14 January 2011 with the Samruk-Kazyna to extend the loan term until December 25, 2026 with a change in the interest rate of the loan equal to the weighted average inflation for the 10 years preceding the beginning of the reporting year.

On 16 February 2024 the Group paid to Bogatyr-Komir LLP 1,500,000 thousand tenge to repay the principal amount of debt on loans received and 323,815 thousand tenge.

During January and February 2024 Ekibastuz GRES-1 LLP received tranches under the existing credit line from Halyk Bank of Kazakhstan JSC in the amount of Tenge 2,705,897 thousand for the project of «Restoration of unit No. 1» for a period until November 2029 at a rate of 17.75% and Tenge 7,540,000 thousand to replenish working capital for a period of 12 months at a rate of 17.25%.

During January and February 2024, AIES JSC received tranches under the existing credit line from Halyk Bank of Kazakhstan JSC to replenish working capital in the amount of Tenge 2,373,626 thousand with a rate of 18.25% and 4,318,841 thousand tenge with a rate of 17.25%.

On 23 February 2024, SUEK JSC was included in the list of new sanctions against Russian companies published by the US Department of the Treasury. The SUEK JSC group includes a consumer of coal supplied by Bogatyr-



32. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

Komir LLP, and therefore there is a risk of introducing “secondary sanctions” against Bogatyr-Komir LLP. The Group’s management is exploring the possibility of obtaining an OFAC license (USA), which will allow to resolve the situation that has arisen regarding the methods of interaction with a sanctioned consumer, including considering the possibility of further execution of the coal supply agreement. Also, SUEK JSC is considering other alternative ways to resolve the situation. At the same time, according to the Group’s management, the loss of a large Russian consumer will not have a significant impact on the Group’s going concern, since the volume of coal to be sold to SUEK JSC can be sold to other consumers in the domestic market of the Republic of Kazakhstan.

33. EARNINGS PER SHARE AND CARRYING AMOUNT OF ONE SHARE

Earnings per share from continuing operations

In thousands of Kazakhstani Tenge	2023	2022
Profit for the year attributable to the Group’s owners (in thousands of Kazakhstani Tenge) from continuing operations	43,080,300	30,867,497
Weighted average number of ordinary shares in issue	5,849,013	5,602,741
Profit per share from continuing operations attributable to the Group’s owners (rounded to Tenge)	7,365	5,509

Loss per share from discontinued operations

In thousands of Kazakhstani Tenge	2023	2022
Loss for the year attributable to the Group’s owners (in thousands of Kazakhstani Tenge) from discontinued operations	-	(735,820)
Weighted average number of ordinary shares in issue	-	5,602,741
Loss per share from discontinued operations attributable to the Group’s owners (rounded to Tenge)	-	(131)

Carrying amount of one share

At 31 December 2023, this indicator calculated by the management of the Group based on the consolidated financial statements amounted to Tenge 100,850 (31 December 2022: Tenge 93,987). The table for calculating the carrying amount of one share is as follows:

In thousands of Kazakhstani Tenge	2023	2022
Total assets	1,088,095,831	965,846,026
Less: intangible assets	(3,414,467)	(3,726,203)
Less: total liabilities	(448,121,136)	(432,732,405)
Net assets for ordinary shares	636,560,228	529,387,418
Number of ordinary shares at 31 December	6,311,967	5,632,537
Carrying amount of one share, Tenge	100,850	93,987