



Energy of future achievements

KEGOC JSC

2023

ANNUAL REPORT

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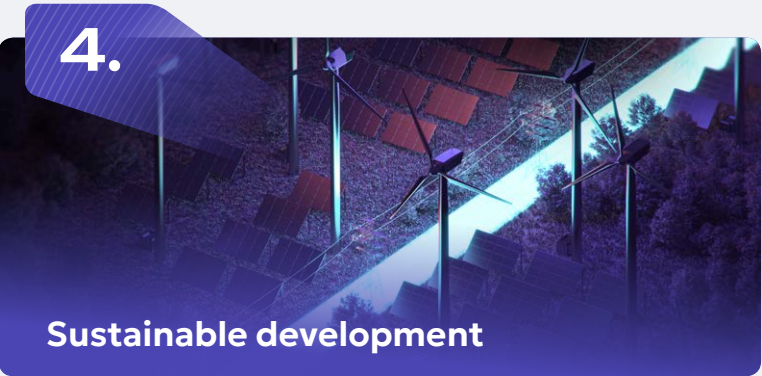
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Letter from the Chairman of the Board of Directors



Yernat Berdigulov

Chairman of the Board of Directors of KEGOC JSC

DEAR SHAREHOLDERS!

It is a special honor for me to address you as Chairman of the Board of Directors of the National Electric Power Company KEGOC JSC.

Improving the efficiency of management requires a qualitative renewal of the composition of the Board of Directors, in this regard, new members of the Board of Directors with extensive experience and competencies were elected in the reporting period. We continued the practice of visiting meetings and in March 2023 we met in Turkestan, got acquainted with the activities of the Yuzhnye MES branch, and visited the new 220 kV ‘Ortalyk’ substation.

Over 50,000 applications were received from investors for a total amount of over

34.8 KZT billion

In a rapidly changing energy market, we continued to provide reliable power supply to consumers. In 2023, KEGOC JSC demonstrated stable growth and sustainable development, which was largely made possible with the efforts of a highly qualified team and the strategic vision of progressive management.

The Board of Directors, within the framework of its activities, makes maximum efforts to achieve the established performance indicators, focusing on the implementation of key projects, taking into account the need to integrate increasing volumes of renewable energy into the NPG. In 2023, an important strategic project to strengthen the electrical connections of the Western Power Hub was successfully completed, which enabled to double the transit capacity of West Kazakhstan — Atyrau, and to increase the reliability of power supply in the region. The phased modernization of 220-500 kV electrical networks continued, and the Company launched a project to strengthen electrical connections in the south of the Republic of Kazakhstan.

Further plans until 2035 provide for the implementation of the investment portfolio of KEGOC JSC for the development of NPG, including the unification of the Western Energy System with the UPS of the Republic of Kazakhstan, the construction of a direct current line in the North–South direction, the construction of a 500 kV Karaganda — Astana line, as well as the continuation of two more stages of reconstruction of the Company’s power grids with coverage all regions of presence.

A number of meetings were held with companies such as State Grid Corporation of China and China Power International Development Limited on cooperation in the construction and operation of direct current transmission lines, as well as a pilot project for the introduction of an electric power storage system. The possible further implementation of these technologies will be a significant contribution to the sustainable development of the Company and the Republic of Kazakhstan by reducing emissions from traditional generation, further development of renewable energy sources, as well as the creation and development of new types of businesses for entrepreneurs.

One of the main events of the Company in terms of increasing shareholder value was the secondary placement of shares

(SPO), the results of which indicate a significant interest of investors in the Company and a high level of trust in it. Over 50,000 applications were received from investors for a total amount of over KZT 34.8 billion, which is 1.5 times more than the proposed volume. Our shareholders know that KEGOC JSC shares are highly efficient and liquid.

Also, the ‘green’ bonds of KEGOC JSC were successfully placed on the trading floor of Kazakhstan Stock Exchange JSC with a total volume of KZT 33 billion. The funds from their placement will be used to implement the Company’s projects related to the development of network infrastructure for the transportation of energy from renewable energy sources, as well as to increase the efficiency of electricity transmission. The issue of the first green bonds of KEGOC JSC will give an impetus to the growth of the number of domestic issuers of the real sector of the economy aimed at the development of ESG projects in the Republic of Kazakhstan.

Guided by the priorities of KEGOC JSC, the Board of Directors closely monitored the process of reducing occupational safety risks and developing the occupational safety system. Thanks to the systematic approach, the injury rate coefficient (LTIFR) was reduced by 3 times in the reporting period, and the fatality rate (FAR) decreased to zero.

Effective functioning of corporate governance is the most important measure necessary to increase sustainability, efficiency and attract investors. In 2023, we updated the Company’s Development Plan for 2023-2032 (Strategy), which provides for the implementation of government programs, industry objectives and a portfolio of large capital projects.

Owing to the Company’s efforts to integrate ESG factors into strategy and business processes, commitment to the principles of corporate governance, social responsibility and business ethics, as well as transparency of activities, on August 25, 2023, the independent rating agency S&P Global assigned KEGOC JSC the ESG rating S&P Global CSA Score 2023 at the level of 51/100.

Without stopping there, we plan to further improve the system of sustainable development, corporate governance and the implementation of production tasks. The coming year is important for KEGOC JSC and the Board of Directors will take all necessary measures to improve the efficiency of the Company’s activities.

Letter from the Chairman of the Management Board

2-22



Nabi Aitzhanov

The Chairman of the Management Board of KEGOC JSC

DEAR COLLEAGUES, SHAREHOLDERS, PARTNERS, INVESTORS AND STAKEHOLDERS!

We present to your attention the Annual report of KEGOC JSC for 2023, which reflects the Company’s commitment to sustainable development, innovation and increasing shareholder value.

The past year has been a time of significant challenges, achievements and new opportunities for KEGOC JSC. It is gratifying that our team continued to demonstrate high professionalism, dedication to their work and the goals of the Company.

The key results of the past year were the completion of a major investment project to strengthen the electric networks of the Western Power Hub, SPO, market reform and the emergence of a new service for the use of NPG, as well as the launch of a project to strengthen the Southern zone of the UPS of the Republic of Kazakhstan and other events.

Net income of the Company for 2023

43.4 KZT billion

In the reporting period, KEGOC JSC, as a system operator, continued to ensure the high-quality operation of the UPS of the Republic of Kazakhstan and reliable power supply to consumers of the country. Electricity consumption in the country in 2023 amounted to 115.1 billion kWh, which is 1.9% more than in 2022. This affected the Company’s net profit at the level of KZT 43.4 billion, which is KZT 16.7 billion or 62.6% higher than in 2022.

KEGOC JSC conducted an SPO on two domestic stock markets, as a result, the share of shares owned by Samruk-Kazyna JSC decreased to 85%. During the SPO, demand exceeded the planned volume of placement by more than 1.5 times, which indicates a high interest and trust in the Company from investors.

In order to ensure the reliability of power supply to consumers of the UPS of the Republic of Kazakhstan, KEGOC JSC continued to implement a number of investment projects for the development of the NPG.

In November 2023, the Company successfully completed a project to strengthen the electric grid of the Western zone of the UPS of the Republic of Kazakhstan, the capacity of the lines along the route ‘West Kazakhstan Power Hub — Atyrau — Mangystau’ has more than doubled. Due to timely measures taken, the reliability of energy supply in the region has significantly increased, and the foundation has been laid for further unification of the Western Zone with the UPS of the Republic of Kazakhstan.

The modernization of 220-500 kV lines in three of the nine branches of KEGOC JSC has been completed. The reconstruction is ongoing and will cover power transmission lines in all production branches of KEGOC JSC. In the next eight years, power transmission lines with long service lives will be updated and resource life will be extended for at least 30 years.

We have started the implementation of the project ‘Strengthening the electric grid of the Southern zone of the UPS of the Republic of Kazakhstan’. The project is aimed at improving the reliability of power supply to consumers of the southern energy zone by strengthening the 500 kV electric networks of Zhambyl and Turkestan regions, including the construction of a 500 kV Shu — Zhambyl — Shymkent overhead line with the corresponding expansion of 3 substations.

On June 7, 2023, within the framework of the Astana Finance Days conference, at the Green Finance Awards 2023 award

ceremony, KEGOC JSC received an award in the nomination ‘Largest Non-financial Corporate Green Bond’ for the largest issue of green bonds in 2022. This award was a high assessment of the Company’s work in financing the transition to a green economy and respect for natural resources. The bond program allows our Company to place ‘green’ bonds on the capital market in order to attract additional investments for the implementation of strategic projects, such as the development of network infrastructure for the transportation of energy from renewable energy sources and improving the efficiency of electricity transmission.

Our priority is not only sustainable financial development, but also the creation of a favorable working environment where each member of our team can reach their potential and contribute to the overall success.

In 2023, significant work was carried out to improve the well-being of the Company’s employees, with an emphasis on supporting production staff. Salaries have been increased, the next stage of preferential loans for the purchase of housing has been implemented, and a number of benefits and privileges for social support of employees have been provided.

As measures to create an intelligent energy system ‘Smart Grid’, the Company systematically implements modern intelligent digital technologies. Within the framework of the strategic goal ‘Ensuring reliable operation of the UPS of the Republic of Kazakhstan in the conditions of energy transition’, projects are being implemented to modernize the SCADA/EMS system and expand the WAMS system, which will improve the management efficiency of the UPS of the Republic of Kazakhstan. Also in the reporting year, as part of the automation and digitalization of business processes, robotization and BI systems were successfully implemented, and the automated HR management portal HCM was launched.

Optimization of processes, improvement of working conditions, as well as strict control over labor protection processes have improved the indicators of industrial safety and personal efficiency of KEGOC employees.

I would like to express my gratitude for the trust and support you have shown us. We are also grateful to our partners for fruitful cooperation and to the team for their dedication and professionalism.

JULY 20

KEGOC JSC has completed construction and installation work on two sections of the 220 kV transit under construction in the Western Region

JULY 27

Public hearings of Reports on the execution of the approved tariff estimates, on the execution of the approved investment program, on compliance with quality and reliability indicators of regulated services and achievement of performance indicators of natural monopoly entities to consumers and other interested parties based on the results of the 1st half of 2023 were held

JULY 31

An extraordinary General Meeting of Shareholders of KEGOC JSC was held, at which it was decided to appoint Nabi Aitzhanov as Chairman of the Board of KEGOC JSC

SEPTEMBER 15

A special General Meeting of Shareholders of KEGOC JSC was held, at which it was decided to increase the number of declared shares of the Company by 15,294,118 ordinary shares, in connection with which the total number of declared shares of KEGOC JSC will amount to 275,294,118 ordinary shares

SEPTEMBER 21

- In the cities of Aktobe and Atyrau, KEGOC JSC held open public hearings as part of the development of a feasibility study (FS) of a promising project ‘Combining the energy system of Western Kazakhstan with the UPS of the Republic of Kazakhstan. Construction of electric grid facilities’. The meetings were held with the participation of representatives of local executive bodies of the relevant administrative-territorial units
- Chairman of the Management Board of KEGOC JSC Nabi Aitzhanov visited the branch of Zapadnye MES in Atyrau. During the working trip, the head of KEGOC JSC met with the staff of the production branch, where development prospects, production plans, as well as a vision for the further implementation of the Company’s social policy were announced

SEPTEMBER 26

A special General Meeting of Shareholders of KEGOC JSC was held, at which the financial statements of KEGOC JSC as of and for the six months ended June 30, 2023, the procedure for distributing net income, the amount of the dividend per common share of KEGOC JSC for the first half of 2023 were approved, and a decision was made to pay dividends on ordinary shares of the Company, the issue of placement within the declared number of ordinary shares of KEGOC JSC, on amendments to the Regulations on the Dividend Policy of KEGOC JSC, on amendments to the Charter of KEGOC JSC was considered.

SEPTEMBER 27

The General Meeting of Shareholders of KEGOC JSC decided to hold an SPO

07

08

09

AUGUST 3

Implementation of the ‘Single Buyer of Electric Energy’ mechanism

AUGUST 4

KEGOC JSC has implemented a centralized emergency control system (CSPA). The system ensures the reliability of the NPG in real time and minimizes disconnections of consumers in case of disruptions in the operation of the power grid

AUGUST 17

KASE hosted the Day of the issuer of KEGOC JSC. During the meeting, investors, professional participants in the securities market and media representatives got acquainted with the results of the Company’s activities for the first half of 2023

AUGUST 22

KEGOC JSC took part in the 62nd meeting of the CIS Electric Power Council

AUGUST 25

The independent rating agency S&P Global has assigned KEGOC JSC an ESG rating of S&P Global CSA Score 2023 at the level of 51/100

51/100

AUGUST 29

- Nabi Aitzhanov, Chairman of the Management Board of KEGOC JSC, met with representatives of the Asian Development Bank. The parties discussed the current status of the project ‘Strengthening the electric grid of the Southern zone of the UPS of the Republic of Kazakhstan’, as well as promising areas of cooperation in the field of electric power industry
- A round table on the topic ‘Problems of integration and dispatching of renewable energy generating facilities: experience, barriers and opportunities to improve planning efficiency’ was held at the KEGOC JSC site

AUGUST 31

Chairman of the Board of KEGOC JSC Nabi Aitzhanov took part in the II Conference on Kazakh-Chinese Cooperation on the development of renewable Energy and Science in the Republic of Kazakhstan





1.

ENERGY OF FUTURE ACHIEVEMENTS


ELECTRICITY GENERATION
IN THE REPUBLIC OF KAZAKHSTAN
IS CARRIED OUT BY 222 POWER
PLANTS OF VARIOUS FORMS
OF OWNERSHIP.

Industry review

Industry structure	08
Electricity balance	10

The main directions of the state policy in the field of electric power industry are developed and determined by the Government of the Republic of Kazakhstan. The State authorized body exercising leadership in the field of electric power industry is the Ministry of Energy of the Republic of Kazakhstan. Supervision and control in the field of electric power industry is carried out by a state body — the Committee for Atomic and Energy Supervision and Control of the Ministry of Energy of the Republic of Kazakhstan.

The Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan is a state body that monitors and regulates activities related to the sphere of state monopoly (including the activities of the Joint-Stock Company Kazakhstan Electricity Grid Operating Company (KEGOC JSC) as a subject of natural monopoly.

 Total installed capacity power plants of the Republic of Kazakhstan as of January 1, 2024

24,641.9 MW

 Available capacity power plants of the Republic of Kazakhstan as of January 1, 2024

18,354.9 MW

Industry sructure

The UPS of the Republic of Kazakhstan is a set of electric power plants, power lines and substations.

The electric power industry of the Republic of Kazakhstan includes the following sectors:

- production of electric energy;
- transmission of electrical energy;
- supply of electric energy;
- electrical energy consumption;
- other activities in the field of electric power industry.

Electric energy production sector

The production of electric energy in the Republic of Kazakhstan is carried out by 222 electric power plants of various forms of ownership. The total installed capacity of power plants of the Republic of Kazakhstan as of January 1, 2024 is 24,641.9 MW; available capacity is 18,354.9 MW (the available capacity of renewable energy sources (SPP, WPP, small hydro power plants) is indicated in accordance with the methodology for drawing up a forecast balance of electric power: damless hydro power plants operating along a water-course — 30%; WPP — 20%; SPP — 0% of the available capacity).

Production of electric energy in the Republic of Kazakhstan, MW

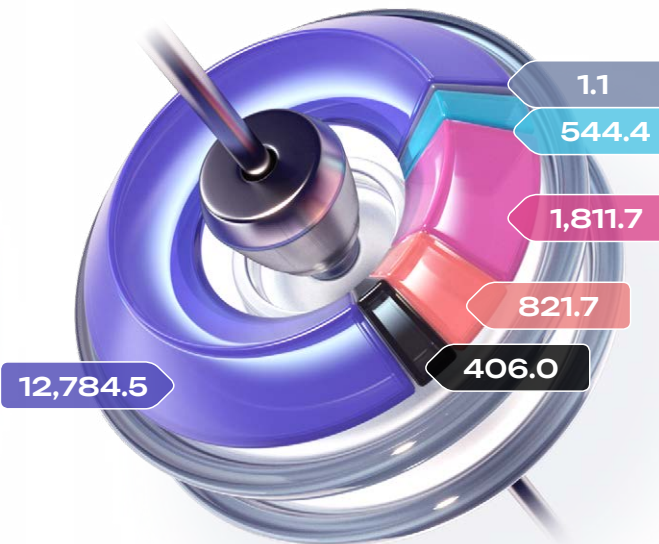
Power plants	Installed capacity
Thermal power plants in total:	19,223.2
Steam turbine, of which:	17,163.5
- pulverized coal	13,075.0
- on gas and fuel oil	4,088.5
Gas turbine	2,059.7
Wind power plants	1,411.3
Solar power plants	1,196.2
Hydro power plants,	2,810.1
- including small ones	275.3
Biogas plants	1.1
TOTAL	24,641.9

Installed capacity of power plants by zone , MW



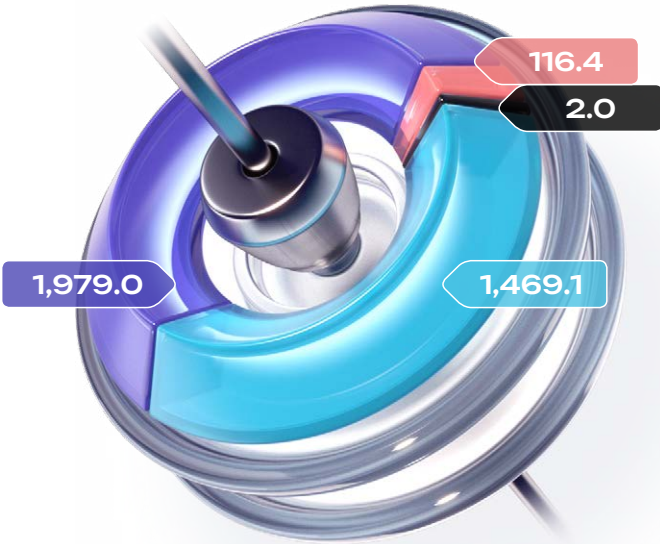
■ Northern zone ■ Southern zone ■ Western zone

Northern zone, MW



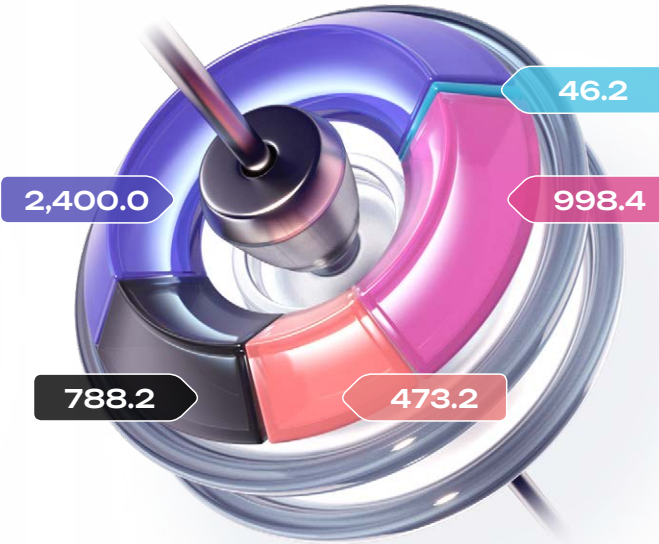
■ TPP ■ GTPP ■ HPP ■ WPP ■ BGU ■ SPP

Western zone, MW



■ TPP ■ GTPP ■ WPP ■ SPP

Southern zone, MW



■ TPP ■ GTPP ■ HPP ■ WPP ■ SPP

New generating capacity was introduced, with an installed capacity in 2023

118.2 MW



Installed capacity of power plants by region, MW

Akmola region:	105.6 MW
Krasny Yar WPP Etalon Power LLP	1.4 MW
Elikti WPP Etalon Power LLP	18.15 MW
Arkalykskaya WPP-1 Arkalykskaya WPP-1 LLP	7 MW
Arkalykskaya WPP-2 Arkalykskaya WPP-2 LLP	10 MW
East Wind WPP East Wind LLP	10 MW
Alcor Energy WPP Alcor Energy LLP	4.95 MW
Sofiyevskaya Wind Farm LLP ‘Sofiyevskaya Wind Power Plant’	39 MW
WPP Jasył Jel Energy-1 LLP ‘Jasıl Jel Energy’	10 MW
WPP Jasył Jel Energy-2 LLP ‘Jasıl Jel Energy’	4.95 MW
Aktobe region:	57 MW
Aktobe CHPP — commissioning of GTU-57	57 MW
Almaty region:	2.63 MW
HPP Medeu-2 LLP ‘Bastau Energo’	0.43 MW
HPP Kakpak LLP ‘Konaev and Company’	2.2 MW
Atyrau region:	5 MW
Atyrau CHPP — commissioning of turbine unit No. 13	65 MW
Atyrau CHPP — dismantling of turbine unit No. 6	-60 MW
Zhambyl region:	100 MW
Shokpar Wind Farm, Shokparskaya Wind Power Plant LLP	100 MW
Jetysui region	50 MW
Dzungarian Gate wind power Plant of ‘Econowatt AKA’ LLP	50 MW
Kostanay region:	48 MW
Arkalyk WPP KazWind Energy LLP	48 MW
Pavlodar region	-300 MW
PP of JSC ‘EEC’ — dismantling of power unit No. 7	-300 MW
Turkestan region	50 MW
SPP Shoulder LLP ‘Arm Wind’	50 MW

Electric power transmission sector

The electric networks of the Republic of Kazakhstan are a set of substations, switchgears and power lines connecting them with a voltage of 0.4-1,150 kV, designed for transmission and (or) distribution of electric energy. The role of the backbone network in the UPS of the Republic of Kazakhstan is performed by the National Power Grid (NPG), which provides electrical connections between the regions of the Republic of Kazakhstan and the energy systems of neighboring states (the Russian Federation, the Kyrgyz Republic and the Republic of Uzbekistan), as well as the supply of electric energy by electric power plants and its transmission to wholesale consumers. PS, switchgears, interregional and (or) interstate power lines and transmission lines that deliver electric energy to power plants with a voltage of 220 kV and above, which are part of the NPG, are on the balance sheet of KEGOC JSC.

2-6

Regional-level electric grids provide electrical connections within regions, as well as the transmission of electric energy to retail consumers and are on the balance sheet and in operation by regional electric grid companies.

Energy transmission organizations carry out, on the basis of contracts, the transfer of electric energy through their own or used (lease, leasing, trust management and other types of use) electric networks to consumers of wholesale and retail markets or energy supply organizations.

Electric energy supply sector

The electricity supply sector of the electric energy market of the Republic of Kazakhstan consists of energy supply organizations that purchase electric energy from energy-producing organizations or at centralized auctions and then sell it to end retail consumers. Some energy supply organizations perform the functions of ‘guaranteeing suppliers’ of electricity.

The subjects of the wholesale electricity market are:

- energy-producing organizations that supply at least 1 MW of average daily (basic) capacity to the wholesale electricity market;
- energy transmission organizations;
- energy supply organizations that purchase electricity on the wholesale market for the purpose of energy supply in the amount of at least 1 MW of average daily (basic) capacity;
- electricity consumers who purchase electricity on the wholesale market in the amount of at least 1 MW of average daily (basic) capacity;
- the system operator, whose functions are performed by KEGOC JSC;

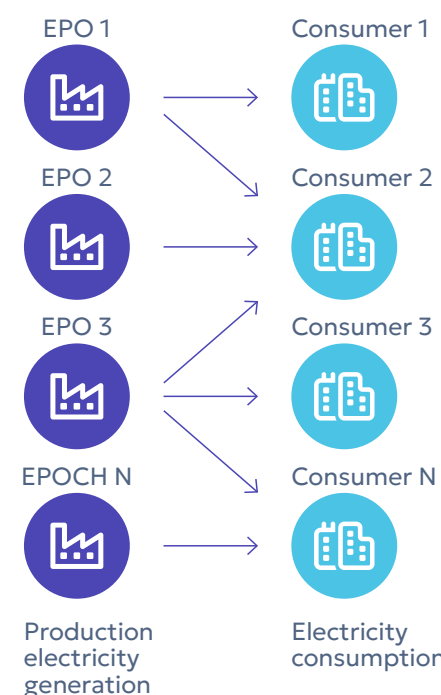
- the operator of centralized trade in electric energy and capacity, whose functions are performed by KOREM JSC;
- a single buyer (SFCS of RES LLP).

The centralized dispatching control of the UPS of the Republic of Kazakhstan is carried out by a branch of KEGOC JSC — the National Dispatching Center of the System Operator (NDC SO). Centralized operational dispatch management in the UPS of the Republic of Kazakhstan is organized according to the scheme of direct operational subordination of the NDC SO with 9 regional dispatch centers (RDC), which are structural divisions of MES branches of KEGOC JSC.

Changes in the electricity market from July 1, 2023

Contractual relationship

Until July 1, 2023

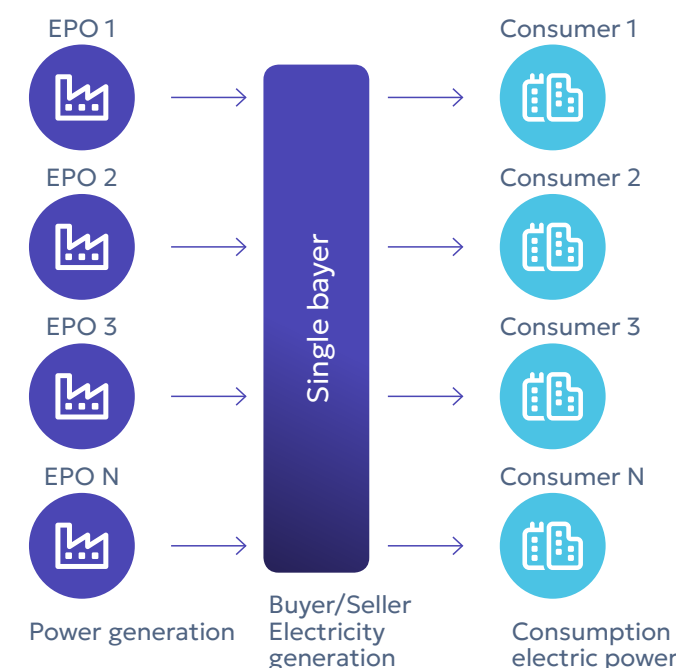


- The consumer buys electricity from a specific energy producing organization (EPO)
- The consumer knows the route of electricity transmission

Single buyer

The targeted distribution of electrical energy is excluded

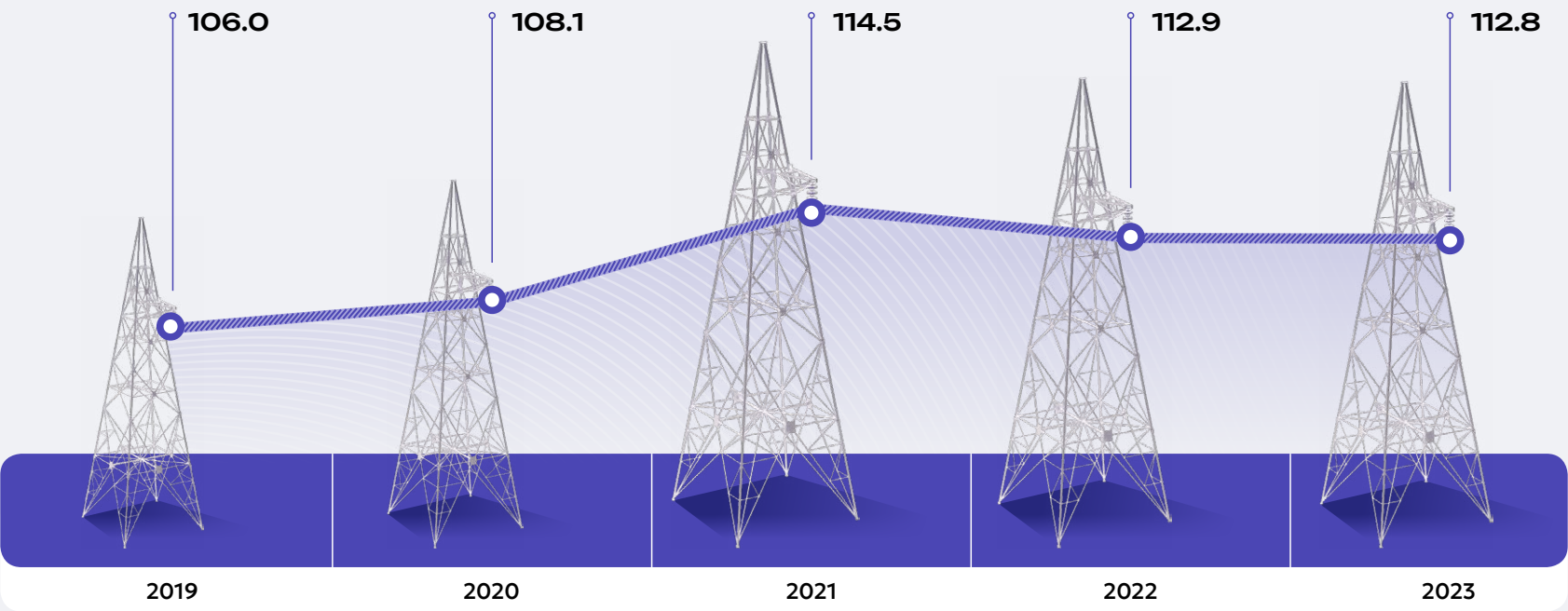
From July 1, 2023



- The consumer buys electricity from a single buyer who buys electricity from all EPO
- The consumer does not know the route of electricity transmission

Electricity balance

Dynamics of electricity generation, million kWh

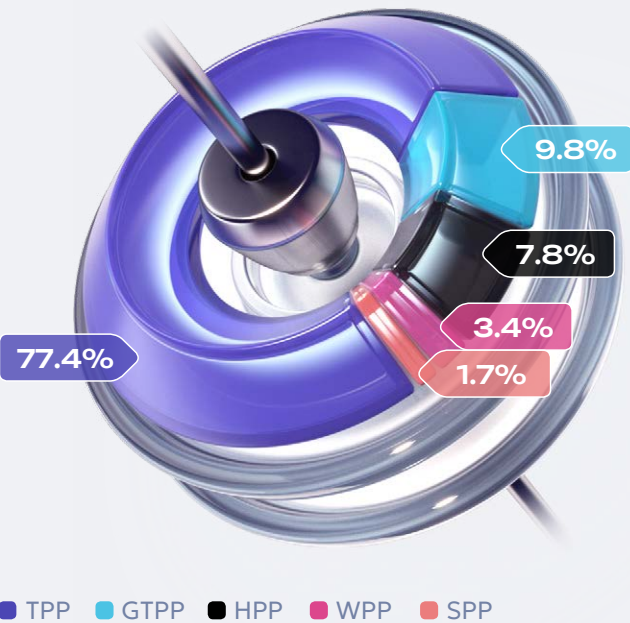


At the same time, an increase/decrease in output occurred at the following large power plants:

Changes in the amount of electricity generation

Power plants	The volume of increase/decrease in electricity generation	
	million kWh	%
SevKazEnergoPetrovavlivsk JSC	▲ 703.6	43.8
GRES 'Topar' LLP	▲ 204.9	5.5
Balkhash CHPP Kazakhmys Energy LLP	▲ 100.9	117
CHPP-1 'Aluminum of Kazakhstan' JSC	▲ 32.1	1.7
Almaty CHPP-1 AIES JSC	▲ 22.3	5.5
Almaty CHPP-2 AIES JSC	▲ 8.8	0.3
'Zhambylskaya GRES' JSC	▼ 580.0	15.9
'Ekibastuz GRES-2 Station' JSC	▼ 343.6	5.7
Zhezkazgan TPP Kazakhmys Energy LLP	▼ 268.9	22.8
CHPP-3 Pavlodarenergo JSC	▼ 189.7	6.5
Ekibastuz GRES-1	▼ 178.4	0.8
Almaty CHPP-3 AIES JSC	▼ 115.3	10.8
CHPP-2 Arcelor Mittal Temirtau JSC	▼ 101.7	5.8
'EEC' JSC	▼ 71.0	0.5
PP AZF TNC Kazchrome (GTP)	▼ 4.9	0.6
'3-Energoortalyk' JSC	▼ 3.1	0.4

Structure of electricity production by UPS power plants of the Republic of Kazakhstan in 2023



Electricity generation in 2023 in the Republic of Kazakhstan amounted to

112,823.1

million kWh,
which corresponds to the output for the same period in 2022

The largest share of generation is TPP

77.4%



Electricity generation at thermal power plants decreased by 1,260.9 million kWh (1.4%). Production at GTPP increased by 83.2 million kWh (0.8%), and at RES (SPP, WPP, BSU) by 1,571.8 million kWh (38.2%).

Today, the renewable energy sector is a dynamically developing sector in the production of electricity in the Republic of Kazakhstan. Electricity generation from renewable energy facilities is increasing every year due to a set of measures for the implementation of renewable energy development programs in the Republic of Kazakhstan.

Following international trends in low-carbon development, in May 2013, the Republic of Kazakhstan adopted a Concept for the country’s transition to a ‘green economy’ and approved a large-scale goal — by 2050, the share of alternative and renewable energy sources in the total energy balance should be 50%. Thus, according to the Concept of Transition to a ‘green economy’ and the Strategic Development Plan of the Republic of Kazakhstan until 2025, the share of renewable energy in total electricity production should be 3% by 2020, 6% by 2025, 10% by 2030 and 50% (alternative and renewable energy sources) in 2050.

According to the results of 2023 (according to the NDC SO), 148 renewable energy facilities with a total installed capacity of 2,883.9 MW operated in the Republic of Kazakhstan:

- 54 WPP facilities with a capacity of 1,411.3 MW;
- 42 SPP facilities with a capacity of 1,196.2 MW;
- 51 HPP facilities with a capacity of 275.3 MW;
- 1 bioelectric power plant with a capacity of 1.1 MW.

In 2023, 15 renewable energy facilities with a total capacity of 356.1 MW were put into operation.

By the end of 2023, the volume of electricity (according to the NDC SO) generated by renewable energy facilities amounted to 6.7 billion kWh (WPP — 3,805.6 million kWh; SPP — 1,881.7 million kWh; HPP — 1,028.2 million kWh; BioPP — 1.4 million kWh) or 6.0% of the total electricity production, which is a 25.3% increase compared to 2022.



In 2023, 15 RES facilities were commissioned with a total capacity of

356.1 MW



Information on the production of electric energy by renewable energy facilities for 2023

Indicators	Units of measurement	For the year 2023
Installed capacity including:	MW	2,883.9
- wind power plants	MW	1,411.3
- small HPP	MW	275.3
- solar power plants	MW	1,196.2
- bioelectric power plants	MW	1.1
Electricity generation including:	million kWh	6,716.9
- wind power plants	million kWh	3,805.6
- small HPP	million kWh	1,028.2
- solar power plants	million kWh	1,881.7
- bioelectric power plants	million kWh	1.4
The share of renewable energy generated in the total volume of electric energy production	%	6.0

Electricity consumption by the Republic of Kazakhstan in the reporting period of 2023 increased by 2,123.0 million kWh (1.9%) compared to the same period of 2022 and amounted to 115,067.6 million kWh. In the Northern Zone, electricity consumption increased by 896.7 million kWh (1.2%), in the Southern Zone by 1,090.6 million kWh (4.2%), in the Western Zone by 135.7 million kWh (0.9%).

In comparison with 2022, the changes in electricity consumption were as follows:

The increase in electricity generation by renewable energy facilities in 2023 compared to 2022 is

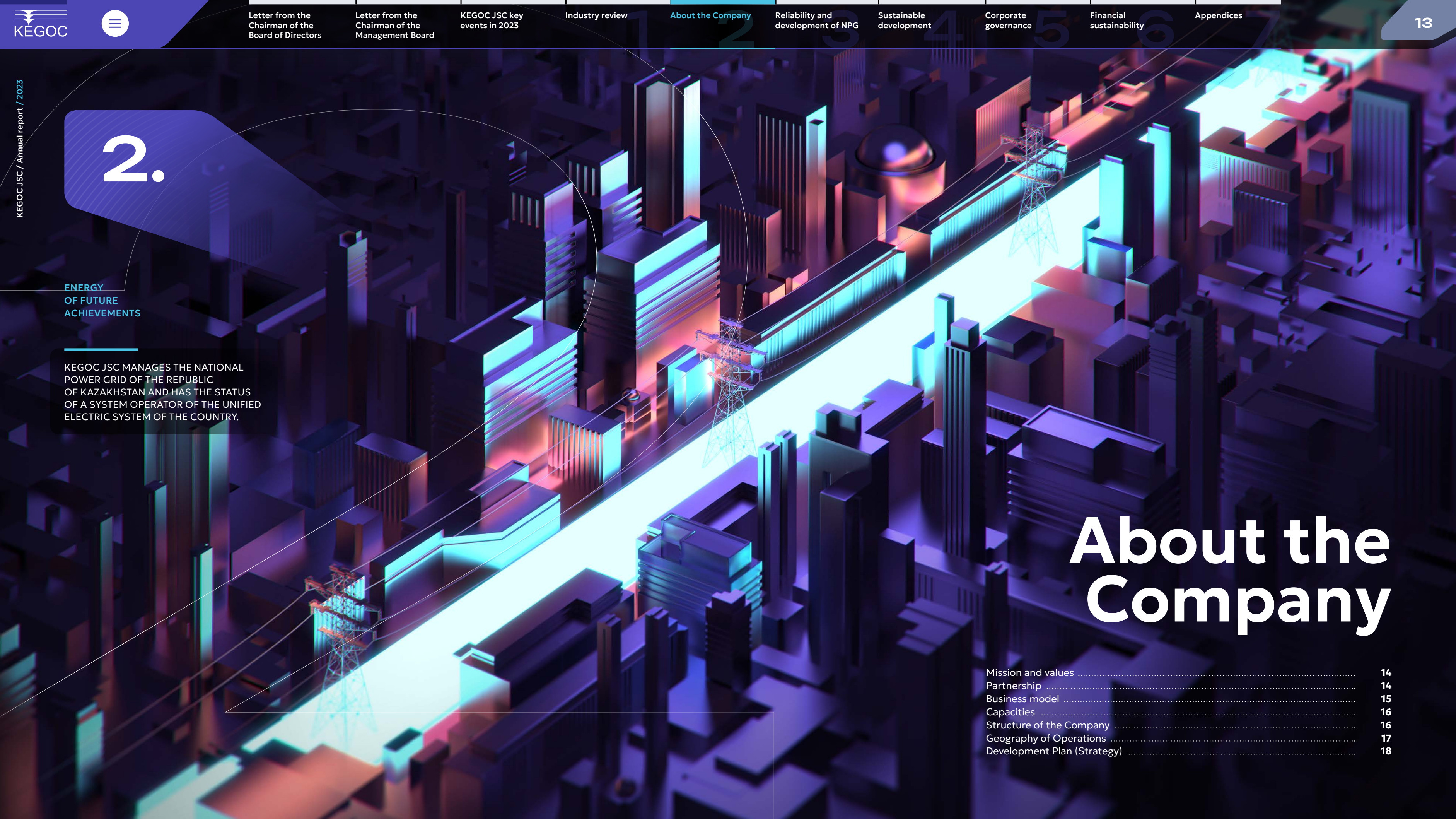
25.3%



The volume of electricity consumption in 2023 compared to 2022

Consumers	The volume of increase/decrease in electricity consumption	
	million kWh	%
Kaz. Electrolysis Plant JSC	▲ 179.3	5.0
Kazzinc LLP	▲ 35.6	1.3
AMOO LLP	▲ 31.1	4.3
Kazakhmys Corporation LLP	▲ 4.3	0.3
JSC Aluminum of Kazakhstan JSC	▲ 2.6	0.3
Arcelor MittalTemirtau	▼ 443.2	12.1
TNK Kazchrome (AZF) JSC	▼ 109.7	3.3
Sokolovsko-Sarbayskoye GPO JSC	▼ 78.0	5.7
Kazakhmys Smelting LLP	▼ 27.8	2.4
AKSU FERROALLOYS PLANT	▼ 23.6	0.5
UKTMP JSC	▼ 19.9	2.8





2.

ENERGY
OF FUTURE
ACHIEVEMENTS

KEGOC JSC MANAGES THE NATIONAL POWER GRID OF THE REPUBLIC OF KAZAKHSTAN AND HAS THE STATUS OF A SYSTEM OPERATOR OF THE UNIFIED ELECTRIC SYSTEM OF THE COUNTRY.

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KEGOC JSC was established in accordance with the Decree of the Government of the Republic of Kazakhstan dated September 28, 1996 No. 1188 ‘On some measures for structural restructuring of the management of the Energy system of the Republic of Kazakhstan’ and is a Company managing the NPG of the Republic of Kazakhstan and is endowed with the status of a System Operator of the UPS of the Republic of Kazakhstan. The date of the Company’s initial state registration is July 11, 1997.

KEGOC JSC carries out its activities on the territory of the Republic of Kazakhstan.

2-1

Until 2006, 100% of the shares of KEGOC JSC were owned by the state. In 2006, the state block of shares (100%) was transferred to pay for the outstanding shares of JSC ‘Kazakhstan Holding for the Management of state assets ‘Samruk’. In 2008, through the merger of joint-stock companies ‘Kazyna Sustainable Development Fund’ and ‘Kazakhstan Holding for State Asset Management ‘Samruk’, ‘National Welfare Fund Samruk-Kazyna JSC was created, which is the legal successor of ‘Kazakhstan Holding for State Asset Management ‘Samruk’ JSC.

On December 18, 2014, as part of the Program for the withdrawal of shares of subsidiaries and affiliates of Samruk-Kazyna JSC on the securities market, 25,999,999 units of the Company’s declared common shares were placed on KASE by subscription.

To implement the Comprehensive Privatization Plan for 2021-2025, approved by the Government of the Republic of Kazakhstan, in 2023, KEGOC JSC conducted an SPO by placing 15,294,118 ordinary shares. Thus, the share of Samruk-Kazyna JSC is 85% of the total number of shares of the Company.

In accordance with the legislation of the Republic of Kazakhstan in the field of electric power industry, KEGOC JSC carries out the following main activities:

- transmission of electric energy through the UNPG;
- use of the NPG;
- technical dispatching of supply to the grid and consumption of electric energy;
- organization of balancing of production and consumption of electric energy.

The above types of services belong to the sphere of natural monopoly, and therefore the activities of KEGOC JSC are regulated by the Law of the Republic of Kazakhstan ‘On Natural Monopolies’.

Mission and values

2-6

Company vision

‘THE SYSTEM OPERATOR OF THE UPS OF THE REPUBLIC OF KAZAKHSTAN, CONTRIBUTING TO THE CHANGE OF THE ENERGY SYSTEM OF THE FUTURE AND THE MARKET IN THE CONDITIONS OF ENERGY TRANSITION, PROVIDING FOR THE INCREASING NEEDS OF THE ECONOMY AND CONTRIBUTING TO THE DEVELOPMENT OF A SUSTAINABLE ELECTRIC POWER SYSTEM THROUGH INFRASTRUCTURE PLANNING AND THE DEVELOPMENT OF CLEAN ENERGY’.

Mission of the Company

ENSURING RELIABILITY, ACCESSIBILITY AND ADVANCED DEVELOPMENT OF THE ENERGY SYSTEM OF THE REPUBLIC OF KAZAKHSTAN.

The Development Plan (Strategy) is aimed at the long-term sustainable development of the Company, takes into account the impact of global trends related to the energy transition and the integration of renewable energy into the energy system, provides for processes related to the decarbonization of the economy and ensuring economic growth in the country, the need to address issues of shortage of electric energy and capacity in the medium term in the Republic of Kazakhstan, the introduction of modern innovative and digital technologies, R&D, commitment to ESG principles.

Partnership

2-28

KEGOC JSC is a member and participant of industry associations and the National Chamber of Entrepreneurs of the Republic of Kazakhstan ‘Atameken’ (NCE ‘Atameken’):

1. **Associations of legal entities ‘Kazakhstan Electric Power Association’** (KEA, Association, www.kea.kz), the main tasks of which are:

- providing support to all organizations whose activities are directly or otherwise related to the electric power industry;
- participation in the development of government programs, laws and regulations related to the electric power industry; support and protection of the positions of its members in matters where the interests of the industry depend on decisions of the Government, judicial and other bodies;

2. **Associations of legal entities ‘Kazakhstan Association of Organizations of the oil and gas and energy complex ‘KAZENERGY’** (‘KazEnergy’ ALE, www.kazenergy.com) the main objectives of which are:

- protection of the rights and interests of its members in state bodies, harmonization of the legislative framework;
- creation of a unified information field for sub-surface users, electricity producers, transporters and consumers of energy sector products and services; development and support of intra-industry cooperation and entrepreneurship projects at the local, regional and international levels;
- spreading the positive image of KazEnergy, its members and the industry as a whole at the regional and global levels; stimulating the economic, social, environmental, scientific and technical activity of the Kazakh society;

3. **NCE ‘Atameken’** (www.atameken.kz), the main task of which is to protect the rights and interests of business, and to ensure the broad coverage and involvement of all entrepreneurs in the process of forming legislative and other regulatory rules of business;
4. **Associations for the Development of Competition and Commodity Markets** (www.ark.org.kz) the main task of which is to represent and protect common interests in government agencies, government structures, international and public organizations on the development of competition and commodity markets, initiate and promote necessary changes to anti-monopoly legislation in the interests of its members, participate in the development of draft regulatory legal acts, develop international non-governmental contacts for the exchange of experience, conduct seminars, conferences, round tables and other events, promotion of competition and entrepreneurship, prevention of violations of antimonopoly legislation.

In addition, KEGOC JSC, in order to contribute to the creation of an efficient electric power market with neighboring countries and the development of international cooperation, constantly participates in the work of such international industry organizations as:

- The CIS Electric Power Council;
- International Council for Large High Voltage Electrical Systems (Conseil International des Grands Réseaux Électriques — CIGRE).
- Eurasian Economic Commission (Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Russian Federation, Kyrgyz Republic);
- World Energy Council;
- European Union of the Electric Power Industry EURELECTRIC. Since 2004, the Company has been cooperating with EUROELECTRIC at the expert level on electricity and energy efficiency issues;
- Coordinating Electric Power Council of Central Asia (CEPC CA).

Business model

2-28

Mission

Ensuring reliability, accessibility and advanced development of the energy system of the Republic of Kazakhstan.

Vision

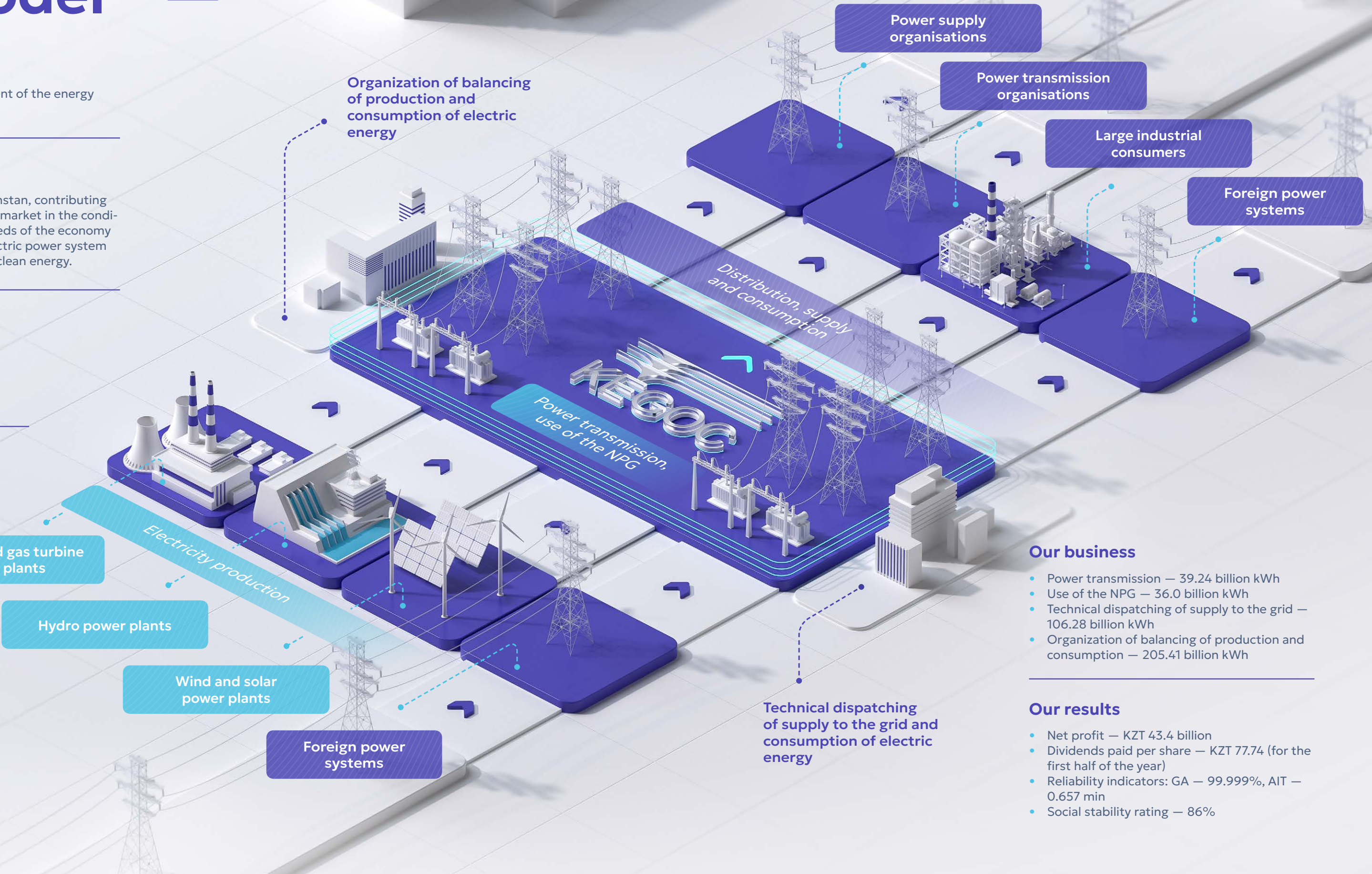
The system operator of the UPS of the Republic of Kazakhstan, contributing to the change of the energy system of the future and the market in the conditions of energy transition, providing for the increasing needs of the economy and contributing to the development of a sustainable electric power system through infrastructure planning and the development of clean energy.

Values

- Fairness and honesty
- Challenge and development
- Unity and responsibility
- Tradition and respect

Our assets

- 83 SS with installed transformer capacity of 39,112.6 MVA
- 27,807.454 km of OHTL
- 9 branches of MES and NDC SOs
- 4,446 persons
- Modern technologies



Our business

- Power transmission — 39.24 billion kWh
- Use of the NPG — 36.0 billion kWh
- Technical dispatching of supply to the grid — 106.28 billion kWh
- Organization of balancing of production and consumption — 205.41 billion kWh

Our results

- Net profit — KZT 43.4 billion
- Dividends paid per share — KZT 77.74 (for the first half of the year)
- Reliability indicators: GA — 99.999%, AIT — 0.657 min
- Social stability rating — 86%

Capacities

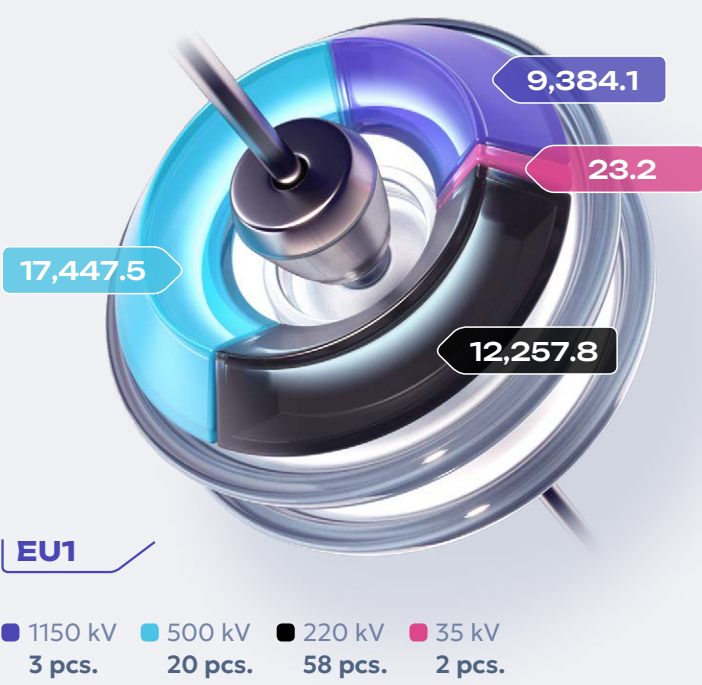
The main asset of the Company is the NPG, which at the end of 2023 consists of 395 overhead lines in dimensions of 0.4-1150 kV with a total length of 27,807,454 km (along circuits) and 83 PS with a voltage of 35-1150 kV with an installed transformer capacity of 39,112.6 MVA. They serve to ensure cross-border electricity flows, supply electricity from power plants and provide communication between regional electric power companies and large consumers.

2-6

Installed capacity of the Company's NPG transformers

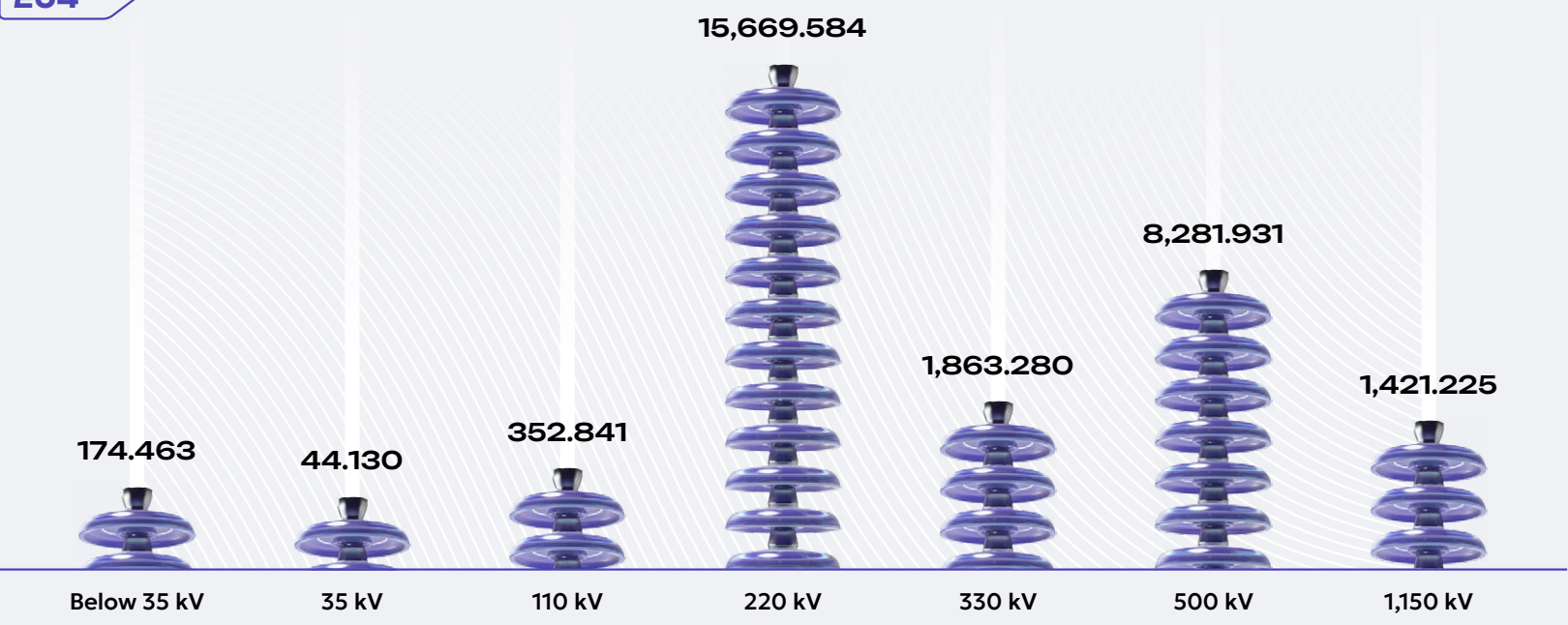
39,112.6 MVA

Capacity and number of SS of KEGOC JSC as of December 31, 2023, MVA



The length of the overhead line of KEGOC JSC as of December 31, 2023, km

EU4



Structure of the Company

The Company's structure includes 9 branches of Intersystem Electric Networks (MES) and a branch of the National Dispatch Center of the System Operator (NDC SO).

KEGOC JSC is the sole shareholder of the subsidiary of Energoinform JSC.

The mission of Energoinform JSC is to ensure the reliable functioning and effective development of the information and telecommunications complex of the UPS of the Republic of Kazakhstan using the best international practices and innovative technologies.

The main activity is the maintenance of the information and telecommunications complex of KEGOC JSC, including: commercial metering system, SCADA, balancing electricity market, integrated management system, PLC, radio relay communication, satellite communication, guaranteed power supply, PBX, FOCL, fire and security alarm system and corporate service.

In addition, KEGOC JSC is a shareholder (20% of shares) of Batys Transit JSC, established in 2005 to implement the project 'Construction of the interregional power line North Kazakhstan — Aktobe region'.

2-6

The Company's structure comprises

9 branches

KEGOC JSC is a shareholder of Batys Transit JSC

20% of shares



Geography of Operations

Kazakhstan Electricity Grid Operating Company) «KEGOC».



Development Plan (Strategy)

THE ACTIVITIES OF KEGOC JSC ARE OF STRATEGIC IMPORTANCE FOR THE DEVELOPMENT OF THE ENTIRE ECONOMY OF THE REPUBLIC OF KAZAKHSTAN AND AFFECT THE INTERESTS OF A WIDE RANGE OF STAKEHOLDERS.

The company takes this into account when making decisions and building a long-term strategy. Our focus is on attentive attitude to the interests of society, ensuring the reliable functioning of the UPS of the Republic of Kazakhstan, advancing the development of the NPG of the Republic of Kazakhstan, ensuring decent working conditions and well-being of people, caring for the environment. This is reflected in the Development Plan (Strategy) of KEGOC JSC for 2023-2032, approved by the Board of Directors of KEGOC JSC.

2-12



The status of the system operator of the UPS of the Republic of Kazakhstan defines the functions of KEGOC JSC to ensure parallel operation with the power systems of other states, maintain a balance in the power system, provide system services and purchase auxiliary services from subjects of the wholesale electricity market, as well as to ensure the transmission of electric energy through the NPG of the Republic of Kazakhstan, its maintenance and maintenance in operational readiness.

Important factors of successful development are:

- improving the efficiency of the Company’s activities and introducing a portfolio approach to asset management and investment projects;
- taking into account the impact of ongoing changes in the electric power industry, which have a significant impact on the development of the electric power industry (energy transition and decarbonization of the economy, development of renewable energy sources, digitalization of business, automation of processes and information security, etc.);
- transformation of people’s consciousness.

The results of the latest strategic analysis of the current state of KEGOC JSC and SWOT analysis showed that the main Challenges for the Company affecting the effectiveness of its activities and which should be taken into account when determining strategic goals and objectives in the Development Plan (Strategy) are:

- insufficient capacity of the NPG of the Republic of Kazakhstan, taking into account the projected increase in loads;
- shortage of electric energy and capacity in the country in the medium term due to increased consumer loads;
- the development of renewable energy sources, which has an impact on the reliable operation of the electric grid;
- digitalization and automation of power system management, as well as ensuring cybersecurity;
- an increase in the degree of deterioration of electrical networks and the associated risks of asset failure;
- an updated portfolio of investment projects, taking into account new approaches in investment planning and project management;
- introduction of a balancing market;
- the need for the Company’s active participation in the formation of new approaches in the management of the electric power industry and the model (design) of the market that ensures the development of the electric power industry as a whole.

In this regard, the Company’s Development Plan (Strategy) for 2023-2032 defines three strategic Goals:

Strategic goals of KEGOC JSC

GOAL 1

ENSURING RELIABLE OPERATION OF THE UPS OF KAZAKHSTAN IN THE CONDITIONS OF ENERGY TRANSITION

1. performing the functions of the system operator of the UPS of the Republic of Kazakhstan;
2. advanced development of the NPG of the Republic of Kazakhstan, effective integration of renewable energy at the level of 19%;
3. introduction of modern innovative and digital technologies, Smart Grid.

Key indicators of achievement of goals

GA — AIT

GOAL 2

ENSURE SUSTAINABLE DEVELOPMENT IN ACCORDANCE WITH THE PRINCIPLES OF ESG

1. Reducing the carbon footprint;
2. Developing human capital;
3. improvement of corporate governance;
4. improvement of the professional security system.

Key indicators of achievement of goals

LTIFR — ESG rating

GOAL 3

INCREASE THE VALUE OF NET ASSETS

1. Strengthening financial sustainability;
2. The development of international cooperation.

Key indicators of achievement of goals

TSR — EBITDA margin

When developing the Development Plan, the following were taken into account: the legislation of the Republic of Kazakhstan, national priorities, state programs, international obligations, including human rights and environmental protection, as well as obligations to stakeholders, etc.

2-22, 2-23, 2-24



3.

ENERGY OF FUTURE ACHIEVEMENTS

NATIONAL POWER GRID PROVIDES RELIABLE AND EFFICIENT POWER SUPPLY TO INDUSTRY AND POPULATION THROUGHOUT THE COUNTRY.

9

INDUSTRY, INNOVATION AND INFRASTRUCTURE



11

SUSTAINABLE CITIES AND COMMUNITIES



Reliability and development of NPG

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Research and development work	25
Network reliability	29

Production activities

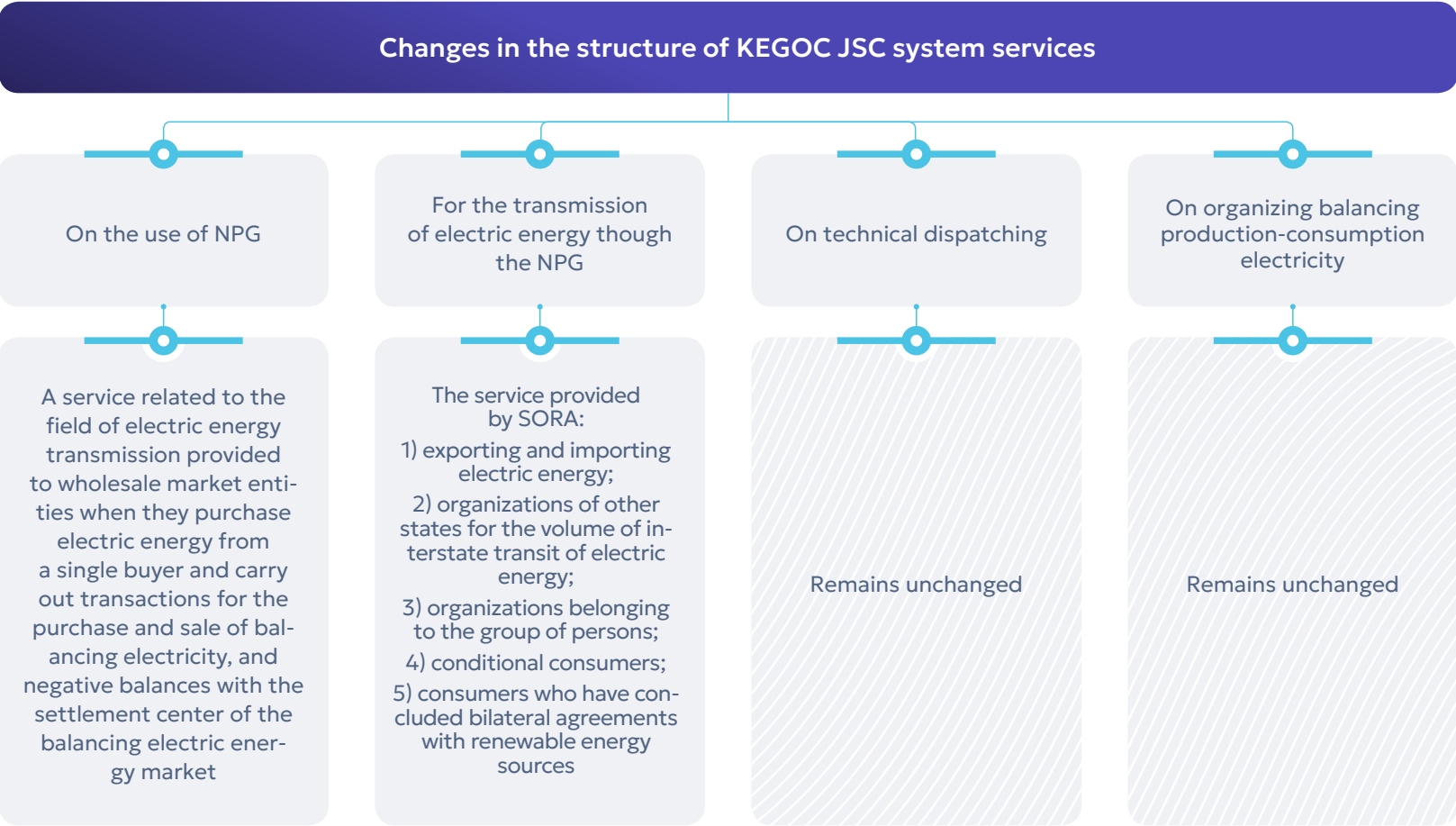
2-6

IN 2023, THE LAW OF THE REPUBLIC OF KAZAKHSTAN ‘ON ELECTRIC POWER INDUSTRY’ WAS AMENDED IN TERMS OF THE INTRODUCTION OF A SINGLE ELECTRICITY BUYER MODEL FROM JULY 1, 2023 AND THE LAUNCH OF A BALANCING ELECTRICITY MARKET.

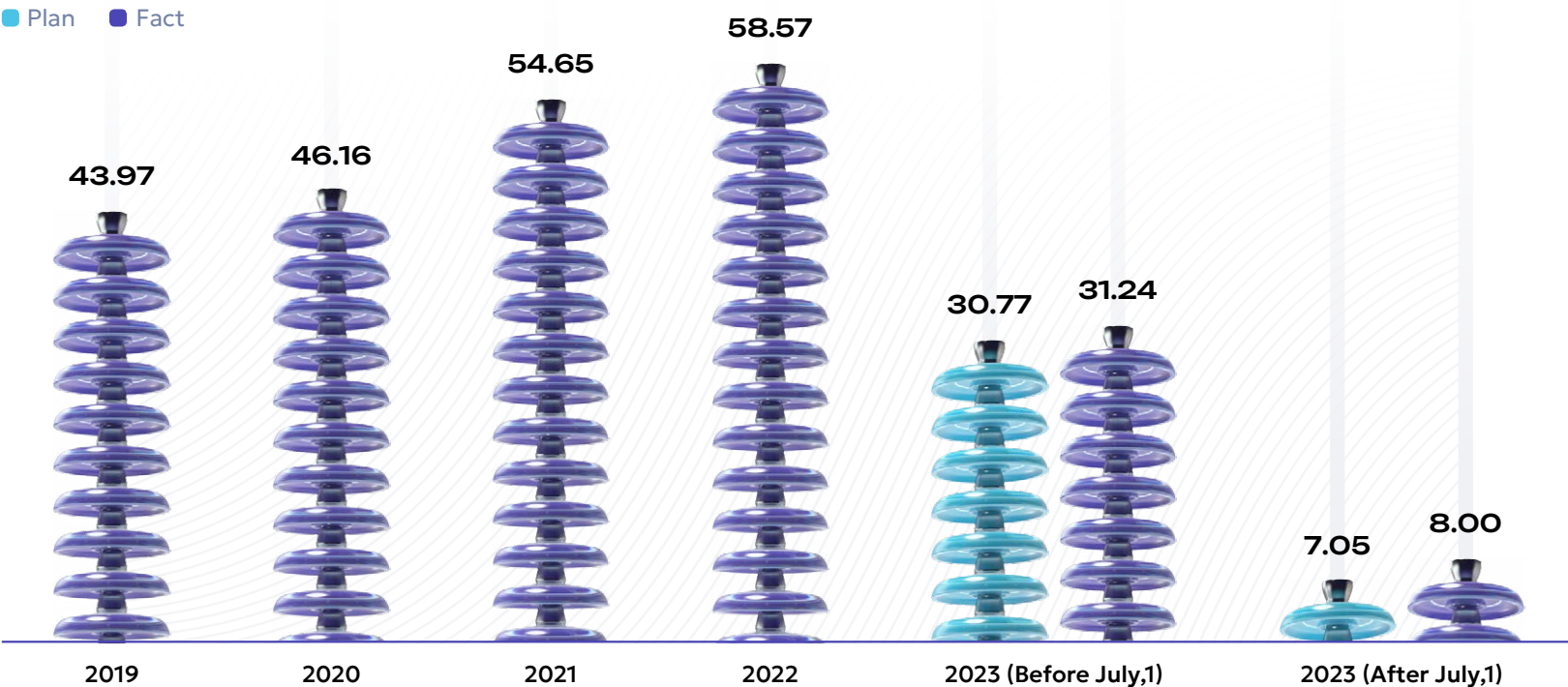
Within the framework of the Law ‘On Electric Power Industry’, a new service has been introduced for the use of NPG related to the field of transmission of electric energy in accordance with the legislation of the Republic of Kazakhstan ‘On Natural Monopolies’, provided by KEGOC JSC to subjects of the

wholesale electricity market when they purchase electricity from a Single buyer and carry out transactions for the purchase and sale of balancing electricity and negative imbalances with the settlement center of the balancing electricity market.

Changes in the structure of KEGOC’s system services



Transmission of electricity through the networks of KEGOC JSC, billion kWh



The actual volume of electricity transmission services through the NPG by July 1, 2023 amounted to 31.2 billion kWh, which is higher than planned by 1.42 billion kWh.

The Law of the Republic of Kazakhstan ‘On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on administrative reform in the Republic of Kazakhstan’ amended the Law ‘On Electric Power Industry’ regarding the introduction of a Single Electricity Buyer model from July 1, 2023 and the launch of a balancing electricity market.

In this regard, the structure of the volume of services for the transmission of electric energy through the NPG has been changed.

Thus, according to paragraph 27-1) of Article 1 of the Law ‘On Electric Power Industry’, the service for the transmission of electric energy through the NPG — a service provided by a system operator to entities of the wholesale electric energy market exporting and importing electric energy, and organizations of other states for the volume of interstate transit of electric energy, organizations belonging to a group of persons engaged in the transmission of electric energy through NPG for facilities that are part of these organizations, conditional consumers, as well as consumers who have concluded bilateral agreements with energy-producing organizations using renewable energy sources.

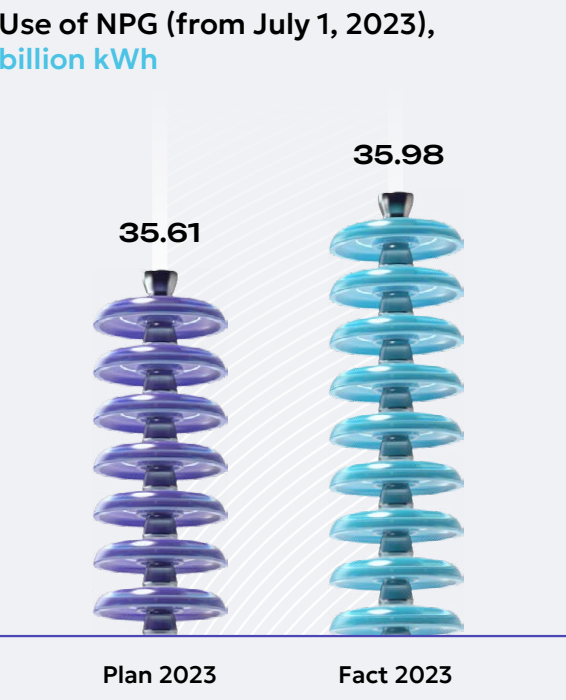
Actual volumes of transmission services Electricity transmission services by NPG until July 1, 2023

31.2 billion kWh

2-6

In 2023, interstate transmission (transit) of electricity was carried out through the networks of KEGOC JSC along the route Russia — Kazakhstan — Russia and the route Russia — Kazakhstan — Kyrgyzstan. The volume of electricity transit services provided amounted to 5.2 billion kWh. In addition, exports from the energy system of the Republic of Kazakhstan to the Kyrgyz Republic via the networks of KEGOC JSC in the amount of 1.1 billion kWh were carried out.

Use of the NPG



Actual volumes of services for the use of NPG in 2023 amounted to

36.0 billion kWh

Volume of services rendered for technical dispatching of supply to the grid and consumption of electric power

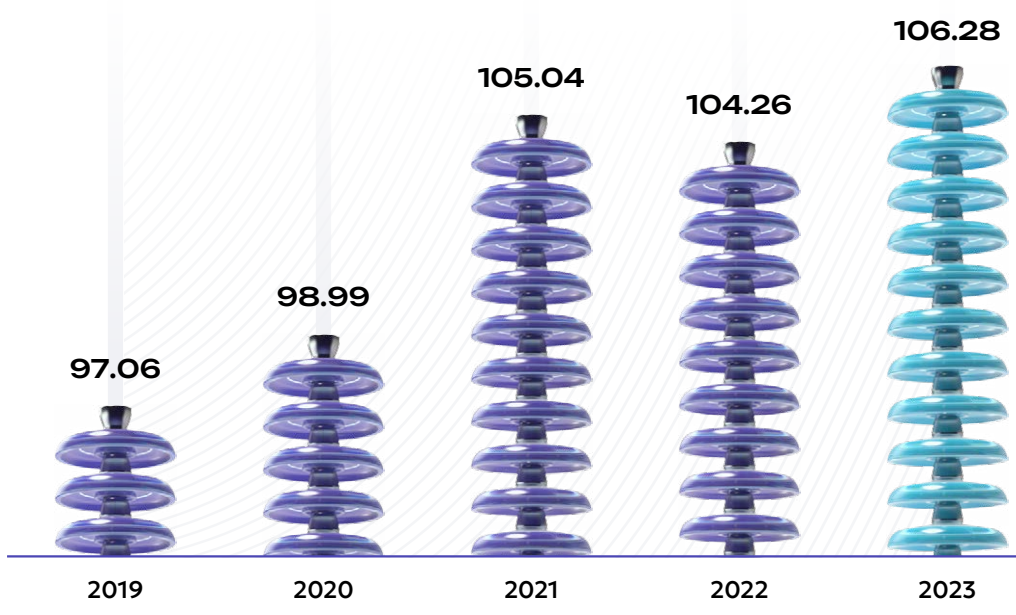
106.3 ▲ 1.9% billion kWh

Volume of services for balancing production and consumption of electric energy

205.4 ▲ 1.1% billion kWh

Technical dispatching

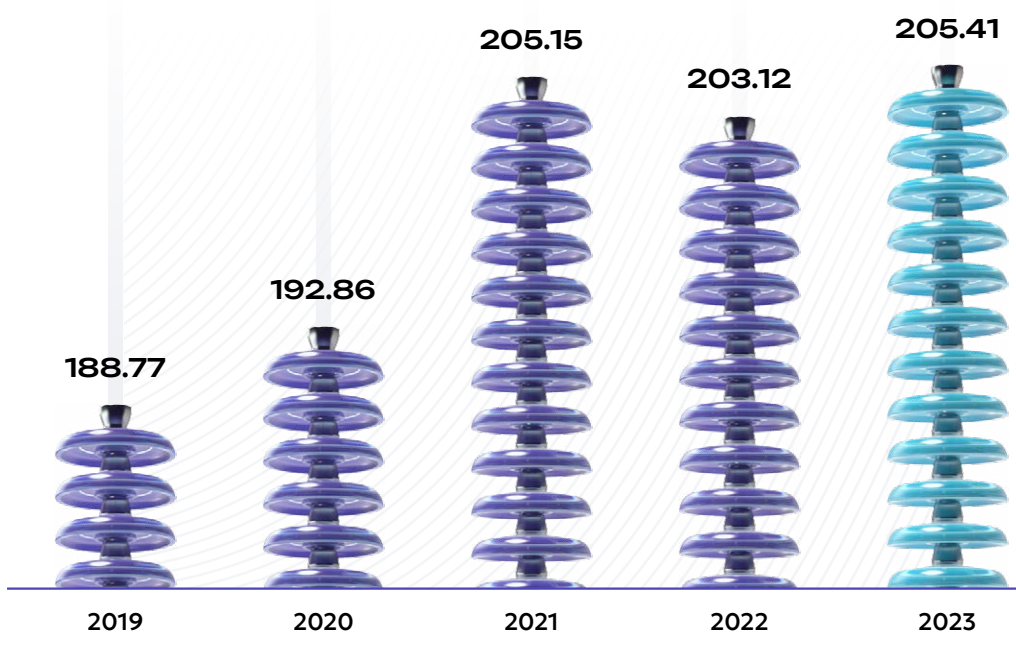
Technical dispatching of KEGOC JSC, billion kWh



The actual volume of services provided for technical dispatching of electricity supply and consumption in 2023 amounted to 106.3 billion kWh, which is higher than in 2022 by 2.0 billion kWh or 1.9%, due to an increase in electricity imports.

Organization of balancing electricity production and consumption

Organization of balancing production and consumption of electricity, billion kWh



The actual volume of services for balancing production and consumption of electric energy in 2023 amounted to 205.4 billion kWh, which is 2.3 billion kWh or 1.1% higher than in 2022, due to an increase in electricity consumption in the wholesale market of the Republic of Kazakhstan.

Transactions for the purchase and sale of electric energy

In accordance with the Law ‘On Electric Power Industry’, KEGOC JSC performs the function of the System Operator of the UPS of the Republic of Kazakhstan for interaction with the energy systems of neighboring states to manage and ensure the stability of parallel operation modes.

Electricity consumption in the UPS of the Republic of Kazakhstan during the day has a pronounced unevenness: consumption falls at night, increases by the beginning of the working day and reaches peak (maximum) values in the evening hours. At the same time, the UPS of the Republic of Kazakhstan, where the main share of generating capacity is accounted for by thermal power plants, which, according to their technology, operate in the basic mode (they cannot quickly change their load), cannot fully cover the variable consumption schedule with their own power plants. As a result, imbalances between electricity production and consumption arise in the UPS of the Republic of Kazakhstan. The situation of shortage of maneuverable generating capacities in the UPS of the Republic of Kazakhstan is also aggravated by emergency shutdowns of equipment of existing power plants and high rates of commissioning of renewable energy facilities, which are characterized by generation instability. In this regard, maintaining the frequency and covering the emerging imbalances in the UPS of the Republic of Kazakhstan is ensured, inter alia, through interaction within the framework of parallel work with the UPS of the Russian Federation.

In accordance with the Agreement between the Governments of the Republic of Kazakhstan and the Russian Federation on measures to ensure parallel operation of the energy systems of the parties dated November 20, 2009, KEGOC JSC and Inter RAO PJSC conclude electricity purchase and sale agreements on an annual basis in order to compensate for hourly deviations in the actual interstate balance of electricity flow from the planned one at the border. The UPS of the Republic of Kazakhstan and the UPS of the Russian Federation. In accordance with this Agreement, the financial result of the purchase and sale of deviations is a fair payment for the physical settlement of deviations of the UPS of the Republic of Kazakhstan by the energy system of the Russian Federation.

In 2023, the purchase of electricity by KEGOC JSC in order to compensate for hourly deviations in the actual interstate balance of electricity flow from the planned one at the border of the UPS of the Republic of Kazakhstan and the UPS of the Russian Federation amounted to 1,752.8 million kWh in the amount of KZT 31,116.9 million (KZT 17.75 /kWh).

The sale of electric energy by KEGOC JSC, in order to compensate for hourly deviations in the actual interstate balance of electric energy flows from the planned one at the border of the UPS of the Republic of Kazakhstan and the UPS of the Russian Federation, was carried out in the amount of 1,329.2 million kWh in the amount of KZT 8,621.9 million (KZT 6.49 /kWh).

Working with consumers

CONSUMERS OF KEGOC’S SERVICES ARE LEGAL ENTITIES: ENERGY PRODUCING, ENERGY TRANSMISSION, ENERGY SUPPLY ORGANIZATIONS, INDUSTRIAL ENTERPRISES.

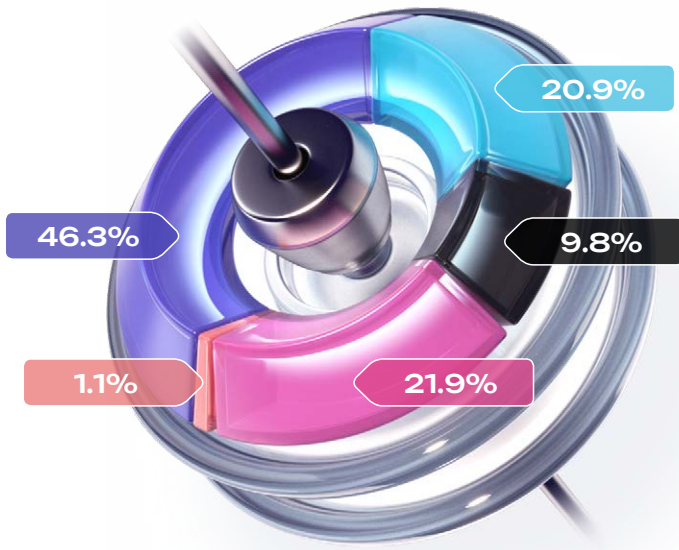
2-6

When planning the volume of system services, the following are taken into account:

- current economic situation in the country;
- development of regional generation and plans of consumers of system services to increase/decrease consumption;
- the possibilities of a circuit-mode nature, in terms of optimizing repair work, contributing to the export and transit of electric energy to neighboring countries.

All these measures contribute to mitigating the risk of reducing the volume of system services provided from the planned ones. In 2023, the system services to the subjects of the wholesale market were provided in full in accordance with the concluded contracts and consumer requests.

Distribution of contracts by category, %



- EU3, 2-6
- Energy supply organizations

■ Energy producing organizations

■ Energy transmission organizations

■ Direct consumers

■ Foreign contractors

Total number of contracts and agreements for the provision of services to consumers, purchase and sale of electricity, starting in 2022 and concluded in 2023

For the transfer of electric energy through the NPG	For the use of the NPG	For technical dispatching of supply to the grid and consumption of electric energy	For the organization of balancing production and consumption of electric energy	For the supply and transfer of reserve electric power	For the purchase of electricity to compensate for losses and for economic needs
444	428	184	540	1	5
For the purchase of power regulation services for	The purchase of electric energy from the Russian Federation in order to compensate hourly volumes of deviations of the actual interstate balance-electric energy flows from the planned one	For the sale of electric energy to the Russian Federation in order to compensate for hourly deviations in the actual interstate balance-flows of electric energy from the planned	Provision of services for the transmission (transit) of electricity for ROSSETI PJSC		
7	1	1	1		
Provision of services for the transmission (transit) of electricity for Electric Power Stations JSC	Provision of services for the transmission (transit) of electricity for SOLARKOIN LLC	Provision of power regulation (frequency) services for NPG of Uzbekistan JSC	Provision of power regulation (frequency) services for NPG of Kyrgyzstan JSC	For the purchase of electricity transmission services for losses from Batys Transit JSC	For the purchase of power regulation services from NPG of Kyrgyzstan JSC
1	1	1	6	1	1
For the purchase of electricity to settle unplanned flows (from JSC NPG of Uzbekistan)	For the sale of electricity to settle unplanned flows (for NPG of Uzbekistan JSC)	For the purchase of electricity for settlement of unscheduled flows (for NPG of Kyrgyzstan JSC)	For the sale of electricity to settle unscheduled flows (for NPG of Kyrgyzstan JSC)	For the purchase of unscheduled electricity	TOTAL
1	1	2	1	1	1,629

To improve the quality of services provided, KEGOC JSC has developed an internal standard ‘Management of system services and consumer claims’. According to this standard, questionnaires are sent to all consumers of system services at least once a half-year, including a request to assess the level of work of the Company’s staff, the reliability of business and technical information provided, the efficiency of work on consumer requests, the quality of system services, the quality of work of the RDC in terms of operational dispatch management and to make suggestions on to improve the quality of services provided by KEGOC JSC. Incoming responses are analyzed to improve the quality of services provided.

2-24, 2-26

In 2023, the average annual assessment of consumer satisfaction was 4.75 points on a five-point scale. Appropriate measures are being taken according to the criteria requiring improvement.

2-25

There were no significant fines imposed on the Company for non-compliance with legislation and regulatory requirements related to the provision of services in 2023.

2-27

Investment activities

TO ENSURE STABLE GROWTH OF THE COUNTRY’S ECONOMY, IT IS NECESSARY TO ADVANCE THE DEVELOPMENT OF THE ELECTRIC POWER INDUSTRY AS A WHOLE, INCLUDING THE ELECTRIC GRID INFRASTRUCTURE.

The company is actively continuing to implement large-scale investment projects in order to increase efficiency, increase the reliability of the NPG and network capacity. These projects are being implemented taking into account the creation of conditions for the development of renewable energy (SPP and WPP, characterized by unstable generation), appropriate power grid construction to ensure the output of large renewable energy facilities.

In addition, the projects are of great social importance — additional jobs will be created during the CIW. This, in turn, will have a positive impact on the development of the real sector of the economy, increasing employment and welfare of the population, and increasing tax deductions to budgets.



In 2023, the Company implemented the following major investment projects:

Investment projects of KEGOC JSC in 2023

203-1

Name of the project	The purpose of the project	Source of financing	Project implementation status
<div>1</div> <div>Reconstruction of 220-500 kV overhead lines of KEGOC branches of Aktyubinskiye MES, Zapadnye MES and Sarbaiskiye MES, 1st stage.</div>	A large-scale project for the modernization and reconstruction of 24 overhead lines.	Financing of the project: own and borrowed funds raised by placing ‘green’ bonds of KEGOC JSC on the KASE trading platform.	<div>✔ Implemented</div> <p>In 2023, the CIW was completed at 24 transmission line facilities. Since the beginning of the project, 2,023 km of overhead lines have been reconstructed, including 255.9 km of transmission lines in 2023. The development of capital investments in 2023 is KZT 6.9 billion.</p>
<div>2</div> <div>Strengthening of the electric network of the Western zone of the UPS of the Republic of Kazakhstan.</div>	Increasing the capacity and reliability of power supply to consumers of the Western zone of the UPS of the Republic of Kazakhstan by strengthening 220 kV electric networks between the western regions of the republic.	Financing of the project: own and borrowed funds raised by placing ‘green’ bonds of KEGOC JSC on the KASE trading platform.	<div>✔ Implemented</div> <p>On November 28, 2023, with the participation of the Prime Minister of the Republic of Kazakhstan, the 220 kV ‘Uralskaya — Pravoberezhnaya — Inder — Karabatan — Kulsary — Tengiz’ overhead line with a total length of 779.7 km was put into operation. 5 220 kV ‘Uralskaya’, ‘Pravoberezhnaya’, ‘Inder’, ‘Kulsary’, ‘Tengiz’ substations were expanded and 220 kV ‘Karabatan’ DP was built. The development of capital investments in 2023 is KZT 24.7 billion.</p>
<div>3</div> <div>Strengthening of the electric network of the Southern zone of the UPS of the Republic of Kazakhstan.</div>	Strengthening the electric power system of the Southern zone of the UPS on the territory of the Republic of Kazakhstan to ensure the reliability of power supply to consumers of the Southern Zone and strengthen the electrical connection between the regions of the Southern Zone.	Financing of the project: own funds and borrowed funds raised by placing ‘green’ bonds of KEGOC JSC on the KASE trading platform.	A FS has been developed. Contracts have been concluded for 5 facilities (2 overhead lines and 3 substations) for the development of DED, the supply of equipment, materials and the implementation of CIW. Work has started, overhead lines and substations have been inspected, the choice of overhead line route has been previously agreed upon, work is underway according to schedule. The development of capital investments in 2023 is KZT 0.071 billion .

Since December 2022, KEGOC JSC has twice issued ‘green’ bonds with a total volume of

35 KZT billion



The funds raised were used to finance the Company’s investment projects ‘Reconstruction of overhead lines 220-500 kV of KEGOC branches and ‘Strengthening the electric network of the Western zone of the UPS of the Republic of Kazakhstan. Construction of electric grid facilities.

On June 7, 2023, within the framework of the Astana Finance Days conference, the Green Finance Awards 2023 award ceremony was held, during which KEGOC JSC was awarded the award in the nomination ‘Largest Non-financial Corporate Green Bond’ for the largest issue of green bonds in 2022. This award was a high assessment of the Company’s work in financing the transition of the economy to a green economy and respect for natural resources. The winners of the Green Finance Awards are determined every 2 years. This year, organizations that have contributed to the development of the sustainable finance market in 2021-2022 in the regions of Central Asia, Eastern Europe, the Caucasus and Mongolia were awarded.

When forming a portfolio of investment projects, KEGOC JSC uses a scenario approach based on the development and annual updating of the forecast balance of electricity and capacity of the UPS of the Republic of Kazakhstan. In addition, the risks of climate change are taken into account, namely natural factors (floods, hurricanes, earthquakes, epidemics) that lead to an emergency risk. In order to ensure the reliability of the network, as well as reduce the key risk of failure of production assets, the Company plans to implement the following investment projects aimed at the development of NPG in the near future:

In addition, in the future, until 2035, KEGOC JSC will consider supplementing its portfolio with the following major NPG development projects:

A project related to Strengthening the external power supply scheme of the city of Astana

Construction of a 500 kV substation in Astana. The project is aimed at improving the reliability of power supply in Astana by creating a second city power center with 500 kV supply lines. The implementation of the project will cover the growing needs of the city for electric energy and additionally connect renewable energy facilities in the Astana city area.

1

Construction of a 500 kV Karaganda — Astana overhead line with a length of about 290 km and construction of a new 500 kV Karaganda substation

The implementation of the project, first of all, will increase the reliability of the Karaganda-Temirtau power plant, which is home to large industrial enterprises of the country and will increase the capacity of the 500 kV network.

3

‘Unification of the energy system of Western Kazakhstan with the UPS of the Republic of Kazakhstan’

The project will unite the Western Zone with the main part of the UPS of the Republic of Kazakhstan across the territory of the Republic, ensure energy security and energy independence of the Western regions of the Republic of Kazakhstan, increase the reliability of power supply to consumers of the Western Zone, use maneuverable generation of the Western Zone to compensate for power and capacity imbalances and create conditions for the development of renewable energy sources.

As a result of the development of stage 1, an option was adopted providing for the construction of a **500 kV** overhead line of the Kabatan — Ulke substation.

Currently, the feasibility study has been developed and is under consideration by the RSE ‘Gos-expertiza’. It is planned to develop a DED in 2024-2025, and a CIW in 2025-2027. The planned implementation period of the project is 2027.

1

Reconstruction of 220-500 kV overhead lines of KEGOC branches, stage II

The aim of the project is to increase the reliability of the NPG of the Republic of Kazakhstan through the reconstruction of existing power lines that have reached the standard service life, as well as overhead lines whose service life will reach the standard in the coming years.

The objects of reconstruction are 48 220-500 kV overhead lines, which are on the balance sheet of the branches ‘Akmolinskiye MES’, ‘Tsentralnye MES’, ‘Vostochnye MES’, ‘Severnye MES’ with a total length of 4,236 km. A FS is being developed.

2

Reconstruction of 220-500 kV overhead lines of KEGOC branches, stage III

The need for reconstruction of the NPG is due to the following reasons:

- reaching and exceeding the 220-500 kV overhead line range of the standard service life;
- improving the reliability of power supply to consumers, transit of electricity, and output of power plants.

The objects of reconstruction are 44 220-500 kV overhead lines, which are on the balance sheet of the branches ‘Almatinskiye MES’, ‘Tsentralnye MES’, ‘Yuzhnye MES’ with a total length of 4,332 km. A FS is being developed.

201-2

3

Construction of a North-South direct current line

This promising project will increase the capacity of North-South transit, provide promising coverage of electricity needs in the south of the Republic of Kazakhstan and balance the instability of renewable energy generation, as well as expand export and transit potential.

The construction of a direct current line makes it possible for the Republic of Kazakhstan to join the CASA-1000 project and expand electricity sales markets to South Asia (Afghanistan, Pakistan). The project provides for the construction of a direct current transmission of **± 500 kV** with a capacity of 2 GW from the North to the South of the country with a length of about **1,300 km**.

2

The unification of the Western Zone with the UPS of the Republic of Kazakhstan. Stage II

The project will balance the energy system due to the maneuverability of gas generation in the Western zone, integrate renewable energy sources into the UPS of the Republic of Kazakhstan, and will also expand the transit potential in the future. This project will complete the looping of the power system with high voltage lines. The project involves the construction of a direct current (AC) transmission from Mangystau in the direction of the Southern Zone with a length of about 2,000 km.

4

Research and development work

The main directions of technological development of KEGOC JSC are:

- Innovation;
- R&D;
- Innovation and inventive activities (IIA).

Indicators of technological development of KEGOC JSC over the last 5 years

	2019	2020	2021	2022	2023
Total costs, KZT million, including for:	399.58	1,887.43	236.97	3.72	15.09
- Innovations	382.08	1,834.97	215.50	-	-
- R&D	15.79	45.14	19.80	-	-
- Innovation activities	1.71	7.32	1.67	3.72	15.09
The number of employees engaged in research activities, people	26	26	26	26	26

Total costs of KEGOC JSC for technological development in 2023

15.09 KZT million



Innovations

ACCORDING TO THE GLOBAL TREND, WORK CONTINUES IN THE FIELD OF MODERN INNOVATIVE AND DIGITAL TECHNOLOGIES, THE BASIS OF WHICH IS THE INTRODUCTION OF VARIOUS ELEMENTS OF INTELLIGENT MANAGEMENT OF NETWORK FACILITIES (MEASUREMENT, MONITORING, CONTROL AND MANAGEMENT SYSTEMS), ON THE BASIS OF WHICH A NEW GENERATION OF ELECTRIC NETWORKS, THE SO-CALLED ‘SMART GRID’, CAN BE CREATED.

The construction of an intelligent energy system (Smart Grid) affects all participants in the electric power industry: generation, transmission, distribution, supply, consumption and system operation.

Smart Grid assumes the ability to control the behavior of all its participants in real time in order to ensure sustainable, cost-effective, safe power supply and improve the quality of services provided, their accessibility and implies obtaining technical and economic benefits from the integration of all participants in the energy network, which ensures a high level of reliability and safety.

The main directions of Smart Grid in the Republic of Kazakhstan, extended to the sectors of generation, transmission and distribution, sales and consumption of electricity, are:



Monitoring

includes a set of technologies that ensure the collection and processing of information in real time to monitor the operating modes of the electric power system and the condition of its assets.



Power system management

includes a set of technologies that affect control facilities in real time in order to ensure the normal operation of the electric power system.



Accounting

includes a set of technologies aimed at measuring quantities in real time, used for appropriate settlements between entities.



Asset management

includes a set of technologies aimed at maximizing the efficient use of electrical installations throughout their life cycles and making management decisions regarding electrical installations.



Data management

includes a set of technologies aimed at integrating information systems, displaying information about current and forecast data in real time in general and by subject and territorial affiliation.

KEGOC JSC is actively implementing Smart Grid technologies to improve the reliability and efficiency of the UPS of the Republic of Kazakhstan. Currently, projects are under implementation to modernize the SCADA/EMS system and expand the WAMS monitoring system (stage 2), which will improve the efficiency of dispatching control and the observability of the modes of operation of the UPS of the Republic of Kazakhstan, as well as ensure monitoring of stability reserves and assessment of the state of the UPS of the Republic of Kazakhstan as a whole.

In 2023, the implementation of the Pilot Project ‘Introduction of electric power storage systems in the UPS of the Republic of Kazakhstan’ (Pilot project) was launched to study the impact of electric power storage systems on the regulation of the UPS during the integration of renewable energy sources. On December 4, 2023, an Agreement was signed between KEGOC JSC, China Power International Development Limited, China Power International Holding Limited and the Association of Renewable Energy of Kazakhstan for the implementation of this Pilot Project.

Following the results of the Pilot Project, with the support of the Association of Renewable Energy of Kazakhstan, recommendations will be developed on amendments to regulatory legal acts of the Republic of Kazakhstan and the development of regulatory and technical documentation on the use of electricity storage systems in the UPS of the Republic of Kazakhstan.

The implementation of the Pilot project will stimulate the development of electricity storage technologies in the Republic of Kazakhstan, which in turn will ensure an increase in the number of renewable energy sources in the country.

According to the Pilot project, it is planned to install an electric power storage system at a 500 kV substation ‘City step-down substation’ with a capacity of

6.77

MWh

Smart Grid directions and Technologies



Research and development work

The Company’s R&D management activities are regulated by relevant internal documents that establish uniform requirements for the organization, planning, accounting, control of execution and acceptance of R&D performed by order of KEGOC JSC. R&D is considered as a process that covers the entire life cycle from defining tasks to evaluating and taking into account the actual effect of using the results of development in the practical activities of the Company.

R&D in the Company is aimed at achieving the strategic goals of the Company in accordance with the Development Plan of KEGOC JSC and the Innovation and Technology Policy of KEGOC JSC.

The main goals in the organization of R&D in the Company are:

- creation, systematization and development of R&D planning and execution processes, taking into account their priority and relevance for the innovative and technological development of the Company;
- ensuring effective interaction of processes related to the development and use of scientific and technical products;
- implementation of R&D results to improve the efficiency and quality of production and business processes;
- monitoring the achievement of targets.



Implemented projects of feasibility studies (FS), research and development work (R&D)

R&D ‘Assessment of the technical condition of shunting reactors and autotransformers of KEGOC JSC for planning their maintenance, repair and reconstruction’		FS for reactive power compensation in the 220-500 kV grid of the UPS of the Republic of Kazakhstan in order to stabilize voltage, increase throughput and reduce losses		R&D ‘Development of design documentation for the anchor assembly for fastening the guy ropes of intermediate supports such as ISF-1150-1, ISF-1150-5, ISF-1150-11 with removal to the surface of the earth’	
Years of implementation: 2003		Years of implementation: 2008		Years of implementation: 2011	
FS for the creation of a system for automatic frequency control and power overflows of the UPS of the Republic of Kazakhstan		R&D ‘Study of the effectiveness of automatic control of the transmission capacity of 220-500-1150 kV transmission lines of the NPG of the Republic of Kazakhstan with the development of control algorithms to ensure stability’		R&D ‘Study of electromagnetic transients on 220 kV buses of 500 kV Shymkent substation at the installation of a 200 MW BSC’	
Years of implementation: 2012		Years of implementation: 2012-2013		Years of implementation: 2015	
FS to reduce electricity losses at Korona in the NPG of the Republic of Kazakhstan		R&D on reducing electricity losses in 500 kV transmission lines with OPGW		R&D ‘Study of the effectiveness of ARV settings of system power plants to ensure static and dynamic stability of 500-220 kV NPG of the Republic of Kazakhstan’	
Years of implementation: 2015–2018		Years of implementation: 2017–2020		Years of implementation: 2018–2022	
FS on the development of algorithms and creation of WACS automation based on synchrophasor measurements of WAMS		FS on the possibility of using energy storage devices for the UPS of the Republic of Kazakhstan		FS on digital substations technologies	
Years of implementation: 2019–2020		Years of implementation: 2021		Years of implementation: 2021	
Research to determine the factors and source of contamination of insulation of electrical equipment ‘Zapadnye MES’		FS for the selection of FACTS devices for reactive power compensation in the UPS of the Republic of Kazakhstan		FS for the selection of FACTS devices for reactive power compensation in the UPS of the Republic of Kazakhstan	
Years of implementation: 2021		Years of implementation: 2021		Years of implementation: 2021–2022	

Ongoing FS and R&D projects

FS to ensure reliable operation of the UPS of the Republic of Kazakhstan in conditions of isolated operation from adjacent power systems		FS of the need to ground the shielding shells of control cables on a substations with microprocessor-based RPA devices	
Years of implementation: 2023–2024		Years of implementation: 2023–2024	



Due to the impact of natural phenomena, 46 technological violations occurred (71% of the total).

Climate change is causing an increasing number of serious and extreme weather events that pose a danger to our facilities, including days of strong winds and rains, hail, hurricanes, cyclones, droughts, as well as the risk of fires and floods, among others. Extreme weather conditions and changes in air temperature can lead to a load on the system, reduced efficiency and possible interruptions in customer service.

The main adverse meteorological factors are strong wind, thunderstorm overvoltages, formation and discharge of icy-frost deposits on overhead line wires and lightning cables. The Company has developed a risk register that takes into account climatic factors, during the development of which potential scenarios that KEGOC JSC may face were analyzed, including variability of weather conditions, as well as an increase in the severity and frequency of extreme weather events. The consequences of the realization of this risk may be:

- Failure of substations and power line equipment;
- Reduction in the volume/quality of electricity supplies to consumers;
- Under-discharge of electricity.

The risks associated with climate change are reflected in the Company's Risk Register, which is used to manage changes.

Thus, the risk of failure of production assets may arise due to climatic factors such as the impact of natural phenomena. To mitigate this risk, the Company conducts the following activities:

- raining of personnel in the skills of emergency recovery operations;
- ensuring the readiness of vehicles and special equipment for emergency recovery operations;
- staffing of branches with emergency supplies;
- insurance of PS equipment;
- conducting emergency training;
- development of proposals for the introduction of innovations to reduce the impact of natural phenomena on the Company's production assets.

Climate change, namely natural factors (floods, hurricanes, earthquakes, epidemics) create the risk of an emergency. To mitigate this risk, the Company conducts emergency response training in accordance with the annual schedule according to approved topics; participates in the annual republican command and staff exercises 'Koktem', 'Kys', 'Zher' where measures are being worked out to eliminate the consequences of natural disasters (floods, hurricanes, earthquakes), as well as purchases personal protective equipment.

In addition, to ensure the reliability of the network in order to reduce the key risk of failure of production assets in 2023, the Company carried out:

- replacement of high-voltage inputs of power electrical equipment;
- technical inspection of substations and power line equipment with the involvement of expert organizations;
- technical expertise of the condition of the substations and power line equipment with the involvement of expert organizations;
- modernization and reconstruction of assets;
- analysis of technological failures in electrical networks. etc.

201-2

As part of ensuring business continuity for the business process of uninterrupted production activities for the elimination of large-scale emergencies, accident response plans (ARP) and an action plan for the elimination of emergencies (PEE), characteristic of the Company's activities, have been developed.

ARP establishes the object, scope and sequence of actions in case of an emergency, as well as responsibility for their provision and implementation. The boards are tested in the form of regular fire and emergency training.

PEE reflects the activities carried out in case of a threat of occurrence and elimination of the consequences of an emergency, indicating the timing and time of work. The most common type of emergency at the Company's facilities can be a fire due to non-compliance with fire-fighting measures, the occurrence of emergency situations. PEE also includes measures in case of a threat of terrorist acts that create a danger of loss of life, causing significant property damage, or other serious consequences. For timely notification of the Company's employees in the event of an emergency and its liquidation, Communication and notification Plans, a Fire Extinguishing Plan, which are part of PEE, are put into effect.

To check readiness for actions to eliminate possible emergencies, the Company participates in annual republican command and staff exercises, conducts object training and seismic surveys in areas with a high risk of earthquakes (South, East, West). These exercises check the completeness of the development of plans, the coherence of civil protection units, the action of forces and means during emergency recovery work at thermal power plants.

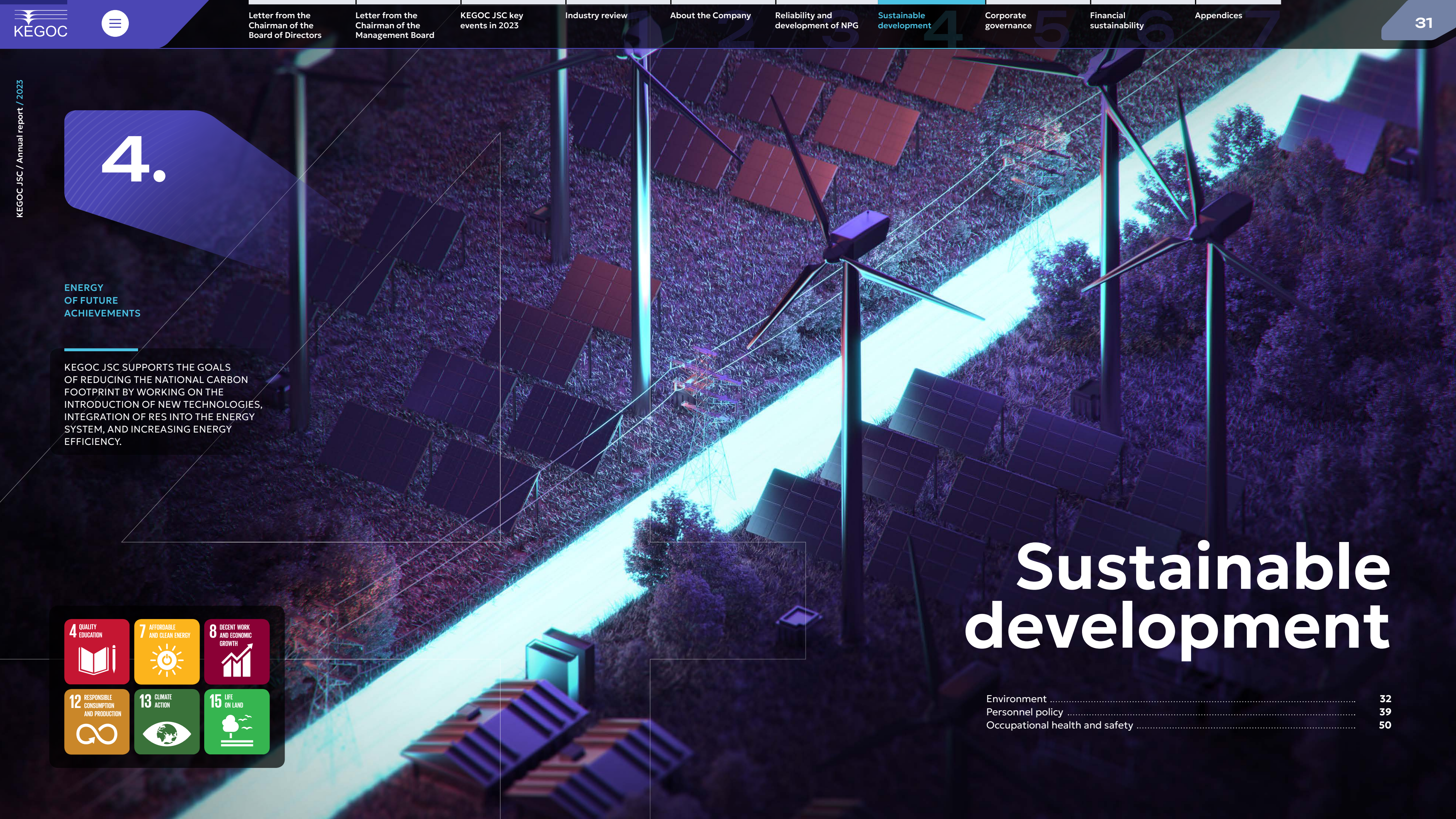
The following efficiency indicators are defined for achieving strategic Goal 1:

- Grid Availability (657 or The availability of the electric grid, measured in % for the reporting year)
- AIT (Average Interruption Time — the average interruption time, in minutes).

By the end of 2023, the Company's planned strategic efficiencies of KEGOC JSC have been achieved and exceeded.

Indicators of the implementation of the Goal 1

KPI Name	2019 Fact	2020 Fact	2021 Fact	2022 Fact	2023 Goal	2023 Fact
GA, %	The indicators were determined in December 2021			99.99987	99.99877	99.99988
AIT, min.				0.682	6.476	0.657



4.

ENERGY OF FUTURE ACHIEVEMENTS

KEGOC JSC SUPPORTS THE GOALS OF REDUCING THE NATIONAL CARBON FOOTPRINT BY WORKING ON THE INTRODUCTION OF NEW TECHNOLOGIES, INTEGRATION OF RES INTO THE ENERGY SYSTEM, AND INCREASING ENERGY EFFICIENCY.

4 QUALITY EDUCATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

Sustainable development

Environment	32
Personnel policy	39
Occupational health and safety	50

KEGOC JSC is aware of the importance of its impact on the economy, ecology and society and, striving for long-term value growth, ensures that its activities comply with the principles of sustainable development by coordinating its environmental (E), social (S) and governance (G) goals.

KEGOC JSC carries out systematic work to improve ESG principles, including corporate governance with a focus on ensuring environmental and social responsibility, effective exercise of shareholders' rights, fair treatment of shareholders, balanced dividend policy, efficiency of the Board of Directors and the Management Board of KEGOC JSC, a system of interaction with stakeholders, proper disclosure of information about The Company's stakeholders and the improvement of risk management and internal control systems.

Thanks to the Company's efforts to integrate ESG factors into strategy and business processes, commitment to principles related to corporate governance, social responsibility and business ethics, as well as the quality of disclosure of information about its activities, on August 25, 2023, the independent rating agency S&P Global awarded KEGOC JSC the ESG rating S&P Global CSA Score 2023 at the level of 51/100.

This assessment demonstrates the Company's commitment to ESG principles and serves as recognition of its contribution to creating a more sustainable future.

S&P Global

KEGOC JSC has been assigned an ESG rating by S&P Global CSA Score 2023 at the level of

51/100

Environment

Key indicators

The rate of injury with temporary disability (LTIFR) decreased by 3 times

0.15 LTIFR

The fatality rate (FAR) has dropped to zero

0 FAR

Since December 2022, there has been a successful placement of 'green' bonds of KEGOC JSC on the KASE trading platform with a total volume of

33 KZT billion

KEGOC JSC took the first place among the portfolio companies of Samruk-Kazyna JSC for achievements in the field of industrial safety by the end of 2023

1st place

Key documents

- Development Plan (Strategy) of KEGOC JSC for 2023-2032
- Guidance on the management system in the field of sustainable development
- Environmental policy
- Objectives in the field of quality, ecology, occupational safety and health
- Register of environmental aspects
- Environmental Management System Planning Management Standard
- Waste Management Standard

Sustainable Development Goals



The management system



Environmental protection policy

KEGOC JSC considers environmental protection activities as an integral part of its daily work. Responsible attitude to the environment is a key principle of KEGOC’s Environmental Policy.

The environmental policy of KEGOC JSC is aimed at minimizing the negative impact on the environment, reducing the carbon footprint, increasing the level of environmental safety, responsibility for ensuring environmental protection during the development of the NPG of the Republic of Kazakhstan, energy conservation and rational use of natural and energy resources in the Company’s activities. The Environmental Policy applies to all employees of KEGOC JSC, as well as to suppliers, employees of contractors and organizations providing services at the Company’s facilities, on the terms specified in the concluded contracts. The management of KEGOC JSC assumes responsibility for the implementation of the obligations assumed in accordance with the Environmental Policy for continuous improvement and prevention of pollution, as well as compliance with applicable legislative and other requirements to which KEGOC JSC is related in terms of its environmental aspects. Each employee of the Company, as well as employees of contractors working in the interests of the Company, are familiar with the Environmental Policy of KEGOC JSC.

2-23, 2-24

The Company has implemented and certified for compliance with the requirements of the international standard ISO 14001 ‘Environmental Management System’, which operates within the framework of the integrated management system of KEGOC JSC. The main purpose of its implementation and operation is the application of new management methods that make it possible to strengthen the impact on the environmental aspects of the Company’s production and economic activities. Environmental aspects management is an element of the corporate risk management system at KEGOC JSC.

For effective management of the environmental management system, registers of environmental aspects of KEGOC JSC for 2023 have been developed. When identifying aspects, all components of the environmental impact of the Company’s activities are analyzed (energy conservation, impact on biodiversity, water, soil, emissions, waste). Environmental management measures have been established by the Company’s

Environmental Program for 2023. Important environmental aspects in 2023 were identified as ‘possibly polychlorinated biphenyls (PCBs) containing waste’, ‘transformer oil’ and ‘spent transformer oil’. The significance of the aspect ‘possibly PCB-containing waste’ is due to the fact that according to the Environmental Code of the Republic of Kazakhstan, PCB is a dangerous substance. The importance of the ‘spent transformer oil’ and ‘transformer oil’ aspects is related to the presence of oil-filled equipment.

Compulsory and voluntary environmental insurance contracts are concluded on an annual basis for all branches of the MES.

In September 2023, public hearings were held on the feasibility study of the project ‘Unification of the energy system of Western Kazakhstan with the UPS of the Republic of Kazakhstan. Construction of electric grid facilities’. The hearings on the above-mentioned project were conducted based on the materials of the ‘Report on possible environmental impacts’ in full compliance with the requirements of the Environmental Code of the Republic of Kazakhstan, with the participation of local executive bodies, environmental departments, the public, representatives of interested state bodies of energy and housing and communal services in cities. Aktobe and Atyrau.

In October 2023, KEGOC JSC received a positive conclusion to the ‘Report on possible Environmental impacts’.

In order to carry out the Company’s activities in accordance with the requirements of environmental legislation, in September 2023, corporate training on changes and amendments to the Environmental Code of the Republic of Kazakhstan was conducted for employees of the branches of the MES of KEGOC JSC responsible for environmental protection.

There were no financial and non-financial sanctions, as well as significant fines imposed for non-compliance with environmental legislation and regulatory requirements in 2023 in relation to KEGOC JSC.

2-27

The Company has not received any requests in connection with the environmental impact.

2-25

Effect on atmospheric air

With the introduction of the new Environmental Code of the Republic of Kazakhstan, the main part of the branches of the MES were determined by a decision from the authorized body for environmental protection as objects of category IV, for which emission standards for objects of categories III and IV are not established.

However, in order to monitor the branches, an internal Environmental Control Program was developed, according to which a quarterly report on emissions from stationary sources was generated in the branches of the MES in 2023.

The Yuzhnye MES branch, previously defined as a Category II facility, was redefined as a Category IV facility at the end of December 2023, that is, according to the Environmental Code, an object with minimal environmental impact.

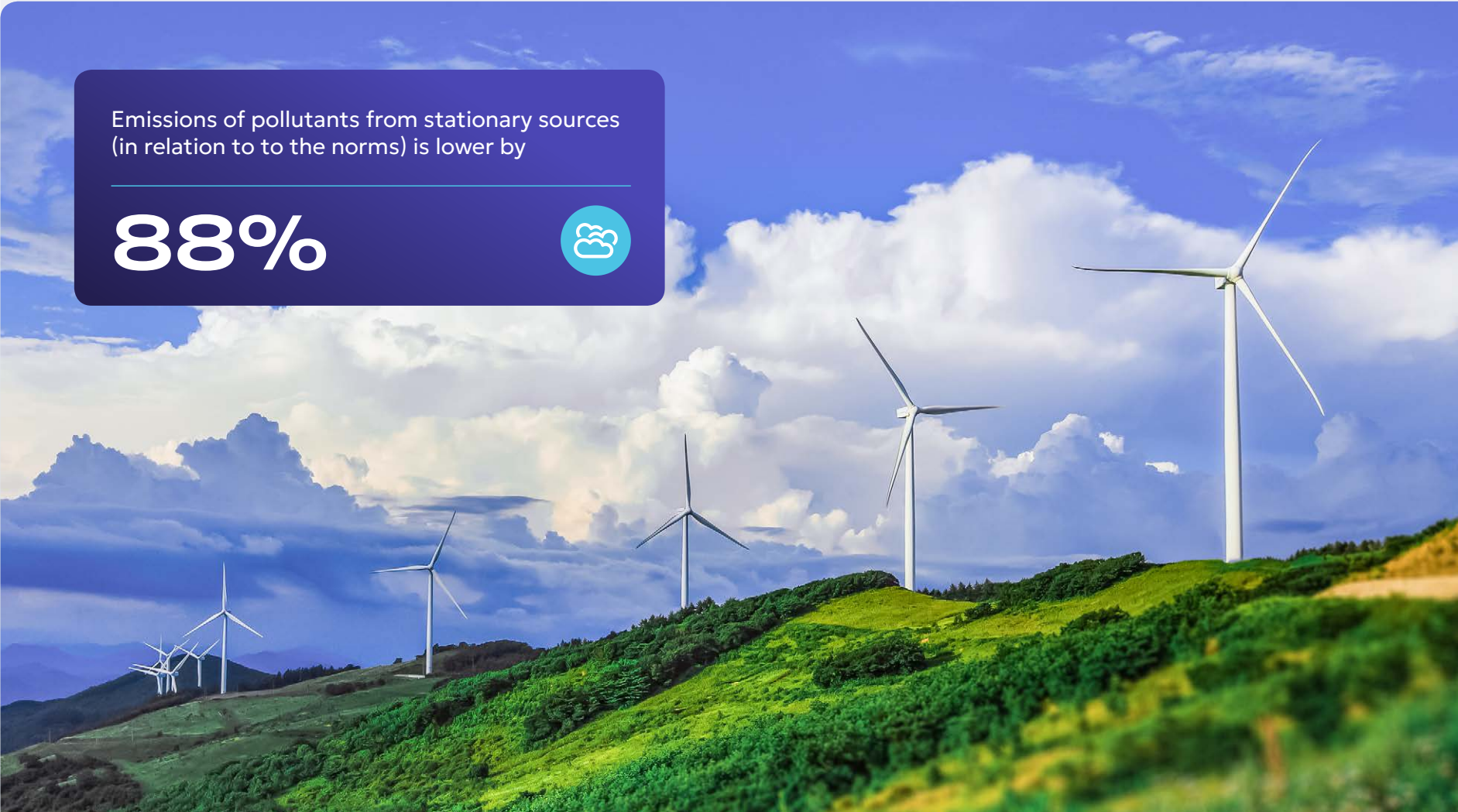
At the moment, KEGOC JSC has only one branch, designated as a Category II facility. Environmental monitoring at this branch is carried out by specialized organizations by calculation or laboratory measurements.

Calculations of pollutant emissions were carried out using the calculation method based on the number of hours of operation of each unit of equipment and material consumption, according to the methods of calculating pollutant emissions of the Republic of Kazakhstan.

In 2023, the volume of gross emissions of pollutants from stationary sources amounted to 1,366 tons (the established standard is 11.63 tons). Thus, gross emissions of pollutants from stationary sources (in relation to standards) are 88% lower. This reduction in emissions is due to the conservation of repair sites, the use of which is not required for the production activities of branches for this period.

Emissions of pollutants from stationary sources
(in relation to to the norms) is lower by

88%



Emissions of pollutants

Emissions of pollutants	2022	2023
Nitrogen oxides (NOx)	0.38787	0.40567
Sulfur dioxide (Sox)	0.05920	0.05929
Solid particles (dust)	2.68315	0.25229
Carbon monoxide (CO)	0.25625	0.29042
Others	5.82251	0.35889
TOTAL	9.209	1.366

305-7

According to the Code of the Republic of Kazakhstan ‘On Taxes and other mandatory payments to the Budget’, emissions from mobile sources are not calculated, the amount of fuel used is indicated in the reports. Vehicles were checked for toxicity and smokiness of exhaust gases emitted into the atmosphere.

In its activities, the Company does not emit ozone-depleting substances that affect climate change.

305-6

The most significant positive impact of KEGOC JSC, as an electric grid company and System Operator, on the environment is to ensure the decarbonization of the country’s economy through the integration of renewable energy into the energy system of the Republic of Kazakhstan, which is the strategic goal and objectives of the main activity.

In order to reduce the transitional climate risk in 2023, taking into account the Strategy for Achieving Carbon Neutrality of the Republic of Kazakhstan until 2060, the adopted Concept of Low-carbon Development of Samruk-Kazyna JSC and the approved Development Plan of KEGOC JSC for 2023-2032, the Company has developed a Low-carbon Development Program of KEGOC JSC until 2031 (Program) and vision to achieve carbon neutrality by 2060.

In addition, KEGOC JSC contributes to the reduction of greenhouse gas emissions. The integration of the low-carbon agenda will allow the Company not only to contribute as an electric grid company and a System Operator providing renewable energy connection, but also to increase the investment attractiveness of KEGOC JSC, competitiveness in the conditions of energy transition, as well as to declare the Company’s climate ambitions.



The purpose of the development of the Program is to systematize the main approaches and measures in the field of reducing the carbon footprint, including, including the following:

- analysis and assessment of the existing potential and opportunities to reduce the carbon footprint, taking into account the ongoing production activities;
- identification of key areas in the field of decarbonization and measures to reduce the carbon footprint;
- forecasting trends in CO₂ emissions until 2060;
- raising awareness of the Company’s staff, including about the current global trends in reducing the carbon footprint.

As part of the development of the Program, an analysis of the current situation was carried out and the main sources and indicators of direct and indirect CO₂ emissions (Scope 1 and 2) were identified, measures to reduce the Company’s carbon footprint in the course of its activities and key indicators for monitoring the reduction of the carbon footprint of KEGOC JSC were identified.

The main sources of direct greenhouse gas emissions (Scope 1) in KEGOC JSC are:

- mobile sources — vehicles used in the implementation of the main types of production activities, including maintenance and repair work;
- stationary sources — stationary and portable power plants and generators of electric energy used to ensure the reliability of power supply in emergency situations of communication facilities, as well as during maintenance and repair work;
- gas-operated circuit breakers, which are necessary equipment for the PS branches of the MES of KEGOC JSC.

Indirect sources of emissions (Scope 2) include:

- emissions generated during the production of electric energy purchased by the Company, used for technological purposes, including electric energy to compensate for the technological consumption of electricity during its transmission through the NPG of the Republic of Kazakhstan (transmission losses), as well as for the needs of heating, lighting of buildings, premises, territories, etc.;
- emissions generated during the production of thermal energy purchased by the Company, used for heating industrial and non-industrial premises.

As a System Operator and an operator of the electric grid, the Company does not have the right to set tasks for the development of its own renewable generation and the implementation of projects for the construction of renewable energy sources, as this causes a potential conflict of interest in terms of the implementation of the functions of the System Operator of the UPS of the Republic of Kazakhstan.

An important area of the Program will be the implementation of the necessary measures for resource conservation and energy efficiency improvement with appropriate potential energy conservation and energy efficiency measures. Thus, the main mechanisms for the implementation of the Program will be the conduct of energy audits, carried out both currently and in the future, the development of energy efficiency measures, as well as the implementation of energy efficiency and resource conservation programs.

It is also worth noting that the Company’s best results in the direction of resource conservation and energy efficiency improvement include the introduction of an energy efficiency improvement policy with tools to motivate the Company’s employees to make innovative proposals, the introduction of new technologies through R&D, the implementation of pilot projects and tests.

The Program contains indicators for achieving low-carbon development until 2031:

- according to **Scope 1** (direct emissions) — by gradually replacing passenger vehicles with internal combustion engines with similar types of low-carbon fuel vehicles (electric vehicles, LPG) to achieve a 2% reduction in emissions by 2030;
- according to **Scope 2** (indirect emissions) — by gradually increasing the share of generation of ‘green’ electricity from renewable energy sources and achieving it at the level of 20% by 2031.

201-2, 2-24

According to the Environmental Code of the Republic of Kazakhstan, ‘A quota-based installation is an installation whose quota-based greenhouse gas emissions exceed twenty thousand tons of carbon dioxide per year in regulated sectors of the economy.’ KEGOC JSC is not a subject of quotas. At the same time, in accordance with the terms of the UN Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement, KEGOC JSC has developed a Report on the inventory of greenhouse gas emissions by the end of 2023. The data is consolidated at the corporate level using an operational approach. The calculation limits include greenhouse gases: CO₂, CH₄, N₂O, SF₆. Greenhouse gas emissions from air conditioning systems are excluded from the calculations of direct emissions from Scope 1 due to insufficient data and their small volume. Scope 3 greenhouse gas emissions are not included in the report due to insufficient data.

2-23, 305-1, 305-2, 305-3

2022 was chosen as the base year, as the GHG Protocol GHG Emissions Inventory Report was prepared by KEGOC JSC for the first time in 2022. The base year will be recalculated if a new category is added, or a transition to a more accurate methodology is carried out.

305-1, 305-2

Emission factors are calculated according to the IPCC Guidelines for National Greenhouse Gas Inventories for Electric Power Industry Enterprises (IPCC (Intergovernmental panel on climate change), climate change coefficients were adopted according to the Report of the nineteenth session of the Meeting of the UN Working Group on Climate Change.

The specific coefficient of greenhouse gas emissions (total Scope 1 and Scope 2) is

0.009 tons of CO₂-eq / KZT thousand of revenue

Emission indicators

Emissions	TOTAL (tons of CO ₂ -eq)	CO ₂ (tons)	CH ₄ (tons of CO ₂ -eq)	N ₂ O (tons of CO ₂ -eq)	SF ₆ (tons of CO ₂ -eq)
Direct (Scope 1)	10,302	8,610.62	39.05	124.32	1,527.60
Indirect (Scope 2)	2,362,009	2,362,009	-	-	-

Emission indicators, tons of CO₂ equivalent

Emissions	2021	2022	2023
Scope 1	9,144	8,887	10,302
Scope 2	2,851,258	2,632,728	2,362,009
Scope 1 + Scope 2	2,860,402	2,641,615	2,372,311

305-1, 305-2, 305-5

Direct emissions (Scope 1) consist of emissions from passenger cars and special vehicles, from stationary and portable power plants and electric power generators used to ensure the reliability of power supply in emergency situations of communication facilities, as well as during maintenance and repair work, as well as emissions from disruptions of gas switches.

The largest share in indirect emissions (Scope 2) is emissions generated during the production of electric energy purchased by the Company to compensate for the technological consumption of electricity during its transmission through the National Grid of the Republic of Kazakhstan (transmission losses). The amount of technological consumption is related to the length of transit power lines and depends on the operating modes of the energy systems of neighboring countries (transit, export and import of electricity), climatic conditions, and cannot be prevented by the Company. However, indirect emissions of Scope 2 decreased by 270,719 tons of CO₂ (10.3%) in 2023, due to an increase in the share of electricity generated by renewable energy sources. Total greenhouse gas emissions (Scope 1+Scope 2) decreased by 10.2% compared to 2022. It is expected that as the Strategy to Achieve Carbon Neutrality of the Republic of Kazakhstan until 2060 is implemented, while making the necessary investments in the modernization and development of the network infrastructure necessary for these changes, the carbon footprint from transmission losses will continue to decrease.

305-5

The greenhouse gas emissions of Scope 1, Scope 2 for 2023 have been verified as part of the completion of this Annual Report on the basis of a reasonable level of assurance with a materiality level of 2%.

2-23

The company uses equipment with elegaz (SF₆) — elegaz switches. As part of the modernization, modern gas switches with a voltage of 110-500 kV manufactured by ABB, Siemens, GE, characterized by high quality, reliability and environmental friendliness, have been installed at substations. The operation of gas-operated switches is carried out by trained personnel in strict accordance with instructions and regulations, the use of gas is monitored and monitored, leakage in 2019-2023 averaged 0.06% per year.

Vacuum circuit breakers with a voltage of 220-500 kV are not available today, and there is no alternative to gas-operated circuit breakers in this voltage class. The use of 110 kV vacuum circuit breakers has not become widespread in the world and therefore at the moment these switches are not used in the Company.

To reduce the use of elegas during reconstruction, environmentally friendly vacuum circuit breakers with a voltage of 6-10-35 kV are used at substations.

The specific coefficient of greenhouse gas emissions (total Scope 1 and Scope 2) is 0.009 tons of CO₂-eq / KZT thousand of revenue.

305-4

KEGOC JSC contributes to the fight against climate change by developing network infrastructure, including implementing ‘green projects’, taking into account the creation of conditions for the development of renewable energy in the long term, which will indirectly prevent significant greenhouse gas emissions in the Republic of Kazakhstan.

In May 2023, in order to contribute to improving the environment and maintaining global trends in reducing the carbon footprint, the Company’s employees planted 105 tree seedlings in Astana, followed by the necessary care for them. Maple seedlings were chosen for planting, due to the fact that maple trees have a high ability to absorb carbon dioxide emissions.

Waste management

Production waste is generated during the operation, repair and modernization of SS equipment. Waste management in KEGOC JSC is carried out in accordance with the Environmental Code of the Republic of Kazakhstan and the Standard of the Waste Management Organization in KEGOC JSC, according to which all waste is divided into hazardous and non-hazardous.

306-3

The volume of waste in the divisions of KEGOC JSC

Indicator, tons	2023
Hazardous waste	462.002
Non-hazardous waste	2,883.764
Total	3,345.765

The total volume of waste transferred for disposal is **3,345.765** tons. Of these, 462.002 tons are hazardous waste, which is 14% of the total waste volume.

All waste is transferred for disposal, disposal, destruction to third-party organizations on a contractual basis.

Volume of disposed waste, tons

	2019	2020	2021	2022	2023
Waste to be disposed of	2,757.00	5,117.11	4,326.09	2,635.99	3,345.77

306-1, 306-4, 306-5

The transfer of hazardous waste to a third-party organization is carried out on the basis of a license to perform work (provide services) for the processing, neutralization, disposal and (or) destruction of hazardous waste. The list of wastes and their hazard level are updated as necessary.

Branches of the MES annually develop or adjust waste passports for each type, which include a description of waste generation processes at their place of origin, their quantitative and qualitative indicators, rules for handling them, methods of their control, types of environmental impact of these wastes, information about waste producers.

For the safe handling of production and consumption waste in the branches of the MES, places for their temporary safe and separate storage have been identified, maps and diagrams of waste disposal on the territory of facilities with explication have been prepared, timely removal for subsequent disposal is ensured.

306-2

In 2023, work continued on the identification of PCBs in the equipment of the substations of KEGOC JSC in accordance with the Law of the Republic of Kazakhstan ‘On Ratification of the Stockholm Convention on Persistent Organic Pollutants’, the Rules for the Treatment of Persistent Organic Pollutants and Waste containing them (approved by order of the Minister of Environmental Protection of the Republic of Kazakhstan). The branches of the MES updated the registers of accounting for PCB-containing equipment, the registers were submitted to the territorial environmental protection authorities on time.

In 2023, laboratory tests were planned and conducted for the presence of PCBs in the oil-filled equipment of the branches of Akmolinskiye MES, Almatinskiye MES, Sarbaiskiye MES, according to the results of which no PCBs were found.



Impact on water bodies

Water is not used in the technological process of the Company. The volume of water consumption in KEGOC JSC is insignificant, the Company’s activities do not have a significant impact on water sources. The company uses water for domestic consumption from the urban water supply system and wells, water intake from surface sources (rivers, lakes, etc.) is not carried out. There is an artesian water supply at the facilities of 7 branches of the MES, wells are operated according to the received permits for special water use. In accordance with the Water Code of the Republic of Kazakhstan, groundwater monitoring is carried out on an ongoing basis at the water intake of wells under contracts concluded with specialized organizations.

Possible sources of pollution of water bodies and soil at the Company’s facilities are transformer oil used in oil-filled equipment, as well as wastewater generated as a result of using water for household needs. When choosing the equipment of KEGOC JSC, one of the priority criteria is its environmental friendliness, oil switches are systematically replaced with gas and vacuum switches, which allows reducing the amount of transformer oil used at the SS branches of the MES. The use of oil-free equipment increases reliability, fire safety, and eliminates contamination of groundwater and soil. The oil-filled equipment is equipped with oil receiving devices or pallets, which prevents oil from entering the soil. The boning of oil collectors is checked regularly. The volume of extracted water from wells is 41,113.13 m3. There is no circulating water supply. Wastewater discharge to the terrain is not carried out.

Water consumption indicators of KEGOC JSC

Water consumption	2019	2020	2021	2022	2023
From wells	0.037	0.048	0.056	0.052	0.041
- of them, in regions with water stress*	0.009	0.008	0.008	0.008	0.009
Of the urban water supply systems	0.085	0.079	0.075	0.087	0.064
- of them, in regions with water stress*	0.011	0.009	0.009	0.010	0.196
Water consumption of all	0.122	0.127	0.131	0.140	0.105
- of them, in regions with water stress*	0.020	0.017	0.017	0.018	0.295

* the areas with water shortage include the territories of the branches of KEGOC JSC of the Yuzhnye and Zapadnye MES, according to the [Water Stress Map](#)

Impact on biodiversity

Being an electric grid Company and a system operator of KEGOC JSC, it does not have a significant impact on the animal and plant world.

When implementing projects, including investment ones, the Company takes a comprehensive approach to environmental protection and biodiversity conservation.

We pay attention to preventing threats to biodiversity by analyzing the risks in all areas of our activities. Also, at each stage of the implementation of investment projects and at the stage of post-project monitoring, an analysis of risks to biodiversity is carried out.

To manage environmental risks at the design stage of electric grid facilities, it is excluded that overhead lines and substation sites pass through lands and territories of settlements, including those intended for the prospective development of villages, towns, cities, as well as those provided for the development of agricultural production, natural reserves, forestry, water protection zones, irrigation arable lands, specially protected areas, cultural heritage sites and historical monuments. Overhead lines run mainly through steppe and semi-desert places.

KEGOC JSC carries out its activities in accordance with the principles of environmental legislation of the Republic of Kazakhstan, in particular the principle of accessibility of environmental information and the principle of public participation. When passing the stage of consideration of any construction and reconstruction projects, a mandatory stage is to hold public hearings or discussions on EIA projects.

2-26

During the EIA, all processes of possible significant environmental impacts in the implementation of the planned activities are taken into account, including:

- effect on atmospheric air,
- reservoirs and groundwater,
- terrain,
- conservation of biodiversity, wildlife.

Identification and assessment of project risks are carried out on an ongoing basis and at all stages of project implementation. To analyze the risks of project implementation, PESTEL analysis is used, including analysis of social and environmental risks. The results of the conducted EIA, including on biodiversity, are taken into account and the option that causes the least harm to the environment is adopted.

So, in September 2023, public hearings were held on the feasibility study of the project ‘Unification of the energy system of Western Kazakhstan with the UPS of the Republic of Kazakhstan. Construction of electric grid facilities’. The hearings were held based on the materials of the ‘Report on possible environmental impacts’ in full compliance with the requirements of the Environmental Code of the Republic of Kazakhstan, with the participation of local executive bodies, environmental departments, the public, representatives of interested state bodies of energy and housing and communal services in the cities of Ak-tobe and Atyrau. On October 10, 2023, KEGOC JSC received a positive conclusion to the ‘Report on possible Environmental Impacts.

The positive impact of KEGOC JSC on biodiversity is the promotion of the preservation of traditional habitats in the power transmission lines, as well as in sanitary zones around substations.

According to the results of world research, power lines with a voltage of 0.4-10 kV pose a danger to birds due to the small distances between the grounded traverse or other grounded parts of the support and the live wires. During takeoff or approach, birds can cause a fatal short circuit for them when simultaneously touching a grounded traverse and a live wire. 99.2% of overhead lines owned by KEGOC JSC are high-voltage lines with a voltage of 110 kV and higher, on which the minimum distances between the grounded parts of the supports and the live parts of the overhead lines are at least 1.5 meters. Consequently, the wingspan of birds does not allow to close the circuit ‘wire — grounded part of the line’ and these lines practically pose no danger of electric shock to birds and bats. Nevertheless, more than 11 thousand safe bird protection devices have been installed in places where birds may land on traverses and portals of KEGOC JSC, which do not allow birds to land on elements of lines and substations, including devices installed as a result of the implementation of innovation proposals in branches, such as scrolling when trying to land birds on the edge traverses of reinforced concrete overhead line supports are devices and noise devices that activate in the wind and reduce risks to birds.

The company constantly studies the market for developments in the field of biodiversity conservation, gets acquainted with the experience of similar companies and maintains contact with environmental organizations. So, in September 2023, he took part in the scientific and practical seminar ‘Birds of Prey and energy’, held within the framework of the International Scientific and Practical Conference ‘Eagles of the Palearctic; study and Protection’ organized by the Public Foundation ‘Center for the Study and Conservation of Biodiversity’ (BRCC Research&Conservation), Bird Conservation Unions of Kazakhstan, Hungary, Germany and other associations with the support of the Cooperation Fund for the Conservation of Ecosystems in Critical Condition (CEPF), the EU Nature LIFE Foundation, VGP FOUNDATION, in order to share experiences in addressing the issue of bird safety.



In places of possible landing of birds on traverses and portals of KEGOC JSC switchgears are installed

>11,000 safe bird protection



Energy efficiency

The main objectives of KEGOC JSC for energy saving and energy efficiency are to reduce the volume of consumed fuel and energy resources, including by reducing the consumption of energy resources for the own needs of KEGOC JSC facilities, reducing technological costs of electricity when transmitting it through NPG, improving energy consumption control mechanisms and equipping the Company’s facilities with electric energy metering devices and other fuel and energy resources, the organization of the information collection process based on data from metering devices.

Consumption of fuel and energy resources in 2023, GJ¹

Electricity	10,627,862.01
Heat energy	78,876.88
Fuel	118,658.82
- motor gasoline	39,611.59
- diesel fuel	75,205.83
- natural gas	3,539.62
- liquefied natural gas	301.77
TOTAL	10,825,397.71

Consumption of fuel and energy resources in 2023 increased by 450,769.59 GJ compared to 2022 due to an increase in electricity consumption due to an increase in the volume of supply to the grid, and a corresponding increase in electricity losses.

302-1, 302-3, 302-4, 302-5

Specific consumption of fuel and energy resources of KEGOC JSC, GJ/KZT thousand of revenue

	2019	2020	2021	2022	2023
Specific energy consumption	0.069	0.058	0.060	0.048	0.043

Electricity consumption of KEGOC JSC

	2020	2021	2022	2023
Energy consumption	2,796.76	3,059.92	2,824.90	2,937.02
- Including RES	162.67	32.41	14.23	111.25*

* In connection with the amendments introduced in 2023 to the Law of the Republic of Kazakhstan ‘On Electric Power Industry’, from July 1, 2023, a single electricity buyer buys electricity from all energy-producing organizations, including from renewable energy sources. In this regard, this indicator was calculated based on the share of renewable energy generated in the total volume of electric energy production.

¹ The international system of units, SI, was used to convert to Joule.

The greatest effect, in terms of reducing energy consumption, is provided by measures to reduce the technological consumption of electric energy for transmission over electric networks.

The UPS of the Republic of Kazakhstan is mainly characterized by the concentration of powerful energy sources in the Northern zone and the presence of long (about 1,000 km) transit power lines (the main directions of transit North — South of the Republic of Kazakhstan, Pavlodar region — Aktobe region) — this is due to the large territory of the country and has a significant impact on the level of technological electricity consumption (technical losses). Technical losses in the KEGOC JSC network also depend on the operating modes of the energy systems of neighboring countries (transit, export and import of electricity) and climatic conditions.

The technical losses of KEGOC JSC in 2023 amounted to 2.923 billion kWh, or 5% of the electricity supply to the grid.

EU12

At the same time, it should be borne in mind that technical losses of electricity are losses of electricity caused by physical processes in wires and electrical equipment occurring during the transmission of electricity through electric networks, and accordingly, the main purpose of planning and carrying out measures to reduce electricity losses in electric networks is to bring the actual value of technical losses of electricity to their optimal level.

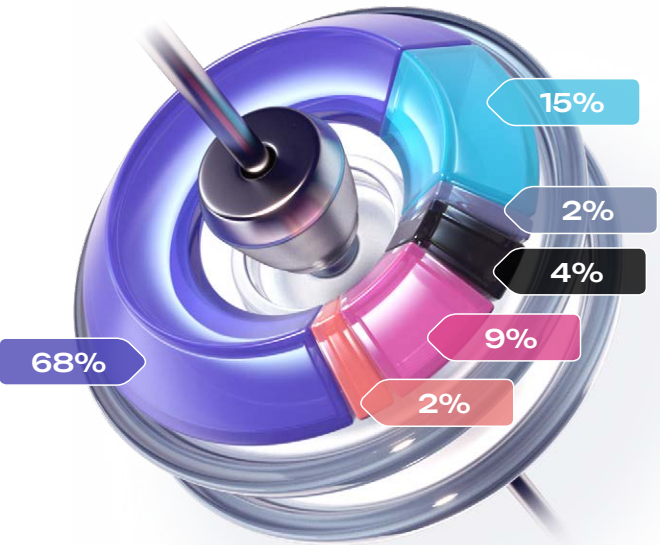
The technical losses of KEGOC JSC in 2023

2.923 billion kWh

Reduction of electricity consumption in 2023

4.058 million kWh

The structure of KEGOC’s electricity losses for 2023



- Load lines
- Load cells in transformers
- Crown
- Idling in transformers
- Reactors
- SN PS

Climate change can lead to the risk of excessive losses in the transmission of electricity. Therefore, when developing measures to mitigate this risk, as well as reduce electricity losses, the Company analyzes climatic factors and analyzes actual electricity losses in the KEGOC JSC network.

As a result of the implementation of measures to reduce electricity losses within the framework of managing the modes of the UPS of the Republic of Kazakhstan, the reduction in electricity consumption in 2023 amounted to 4,058 million kWh.

The effect of measures to reduce electricity losses

Activity	The effect of the activity	
	million kWh	GJ
Disconnecting lines in low-load mode	0.180	648
Switching off power transformers in low-load mode	3.878	13,961
Total for KEGOC JSC	4.058	14,609

201-2, 302-4, 302-5

The Personnel Policy of KEGOC JSC is a strategic document in the field of human resource management aimed at meeting the Company’s need for qualified, competent, and motivated personnel, as well as creating the necessary working conditions and a favorable environment for employees.

Effective human resource management ensures optimal resource allocation, a fair labor incentive system, transparency in employment processes, career growth, and professional development of employees.

Thus, KEGOC JSC identifies employees and the development of human potential as the primary priority of the HR Policy to ensure increased efficiency and competitiveness of the Company.

KEGOC JSC protects and respects human rights proclaimed internationally and provided for by the Constitution of the Republic of Kazakhstan, and continues to practice creating equal working conditions for all employees, excluding any form of harassment or discrimination based on gender, language, race, religion, sexual orientation, or gender identity. KEGOC JSC does not use child or forced labor in its activities. The Ombudsman and the Compliance Service are responsible for managing issues related to the observance of human rights in the Company.

2-23

Key areas of the Personnel Policy include:

- training and development;
- performance evaluation;
- remuneration;
- development of industrial relations;
- social support;
- development of corporate culture;
- improvement of HR-processes.

Issues of social well-being in teams are under the control of the Company’s top management.

SRS Index

Index name	2019	2020	2021	2022	2023
SRS index	90	91	85	86	86
% of employees who participated in the survey	18.6	15.8	16.6	32.9	58.3

In 2023, the Company implemented a process to develop industrial relations to maintain favorable working conditions. As part of this process, a screening of production facilities was conducted based on the digital platform of the Center for Social Interaction and Communications. Following this work, on August 31, 2023, an Action Plan to improve the social and living conditions at production facilities was approved. A total of 572 violations are scheduled for rectification. All level 1 violation corrective measures have been completed. In 2024, measures to eliminate level 2 non-conformities are planned.

Annual studies of employee engagement indexes (calculated based on the results of surveys and online questionnaires of administrative staff) and the level of social stability SRS, one of the key indicators of KEGOC JSC’s Personnel Policy, determined among production personnel, are conducted. The study is carried out through an online survey of production personnel, allowing for a comprehensive view of the Company’s workforce’s social well-being. The main purpose of the SRS study is to diagnose problem areas in labor relations, allowing for both corrective and preventive measures. The overall SRS value consists of three indexes:

- The Engagement Index demonstrates the level of satisfaction with working conditions and safety, relationships and communications within the Company, and employee loyalty.
- The Social Well-being Index captures the mood of employees, primarily determined by external factors and the social environment.
- The Social Calm Index reflects the level of social tension within the team, assessing the potential for protest.

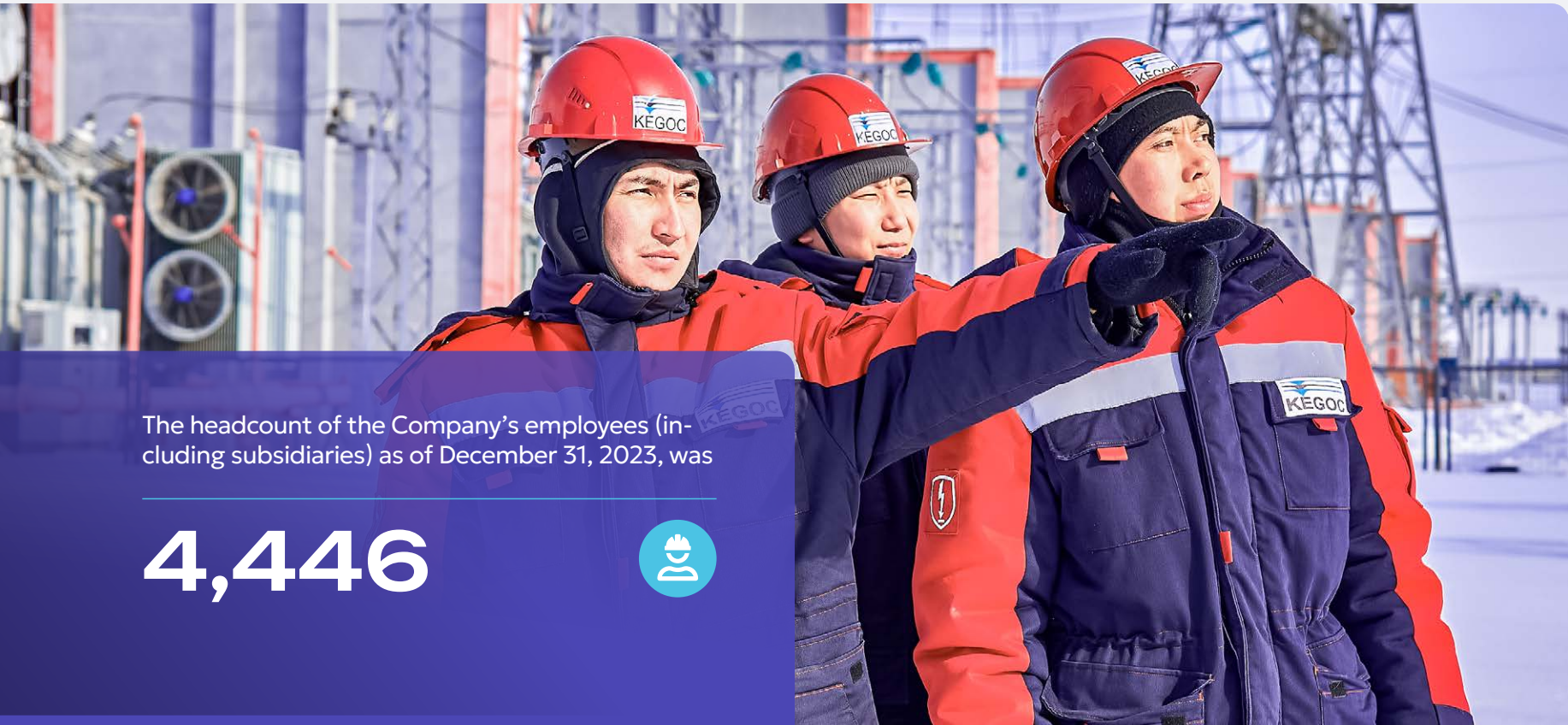
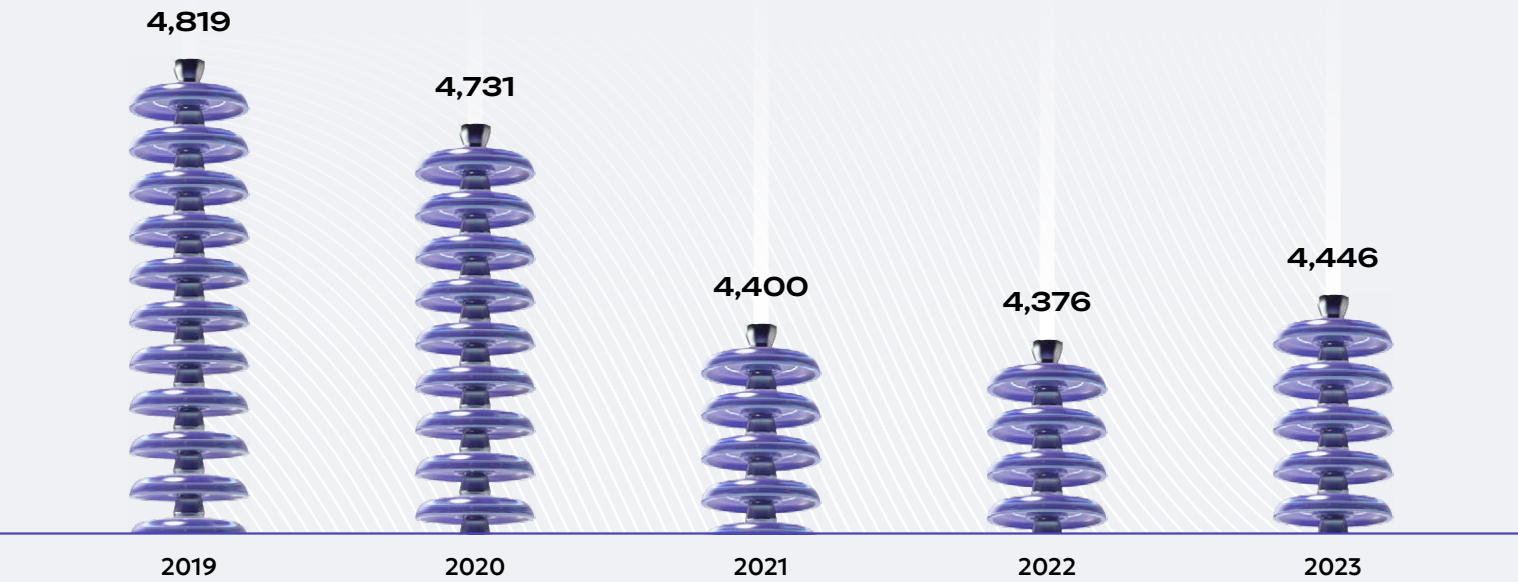
At the end of 2023, the social stability index was 86%, and the employee well-being index was 54%, indicating a generally favorable social environment and successful social policy implemented by the Company.



Personnel Structure

One of the goals of the Personnel policy is proactive human resource planning to ensure effective portfolio management. Based on the analysis of HR metrics, research results, needs assessment, the investment program, and other factors, per-sonnel numbers and expenses are planned for short-term and medium-term periods.

Number of employees, persons



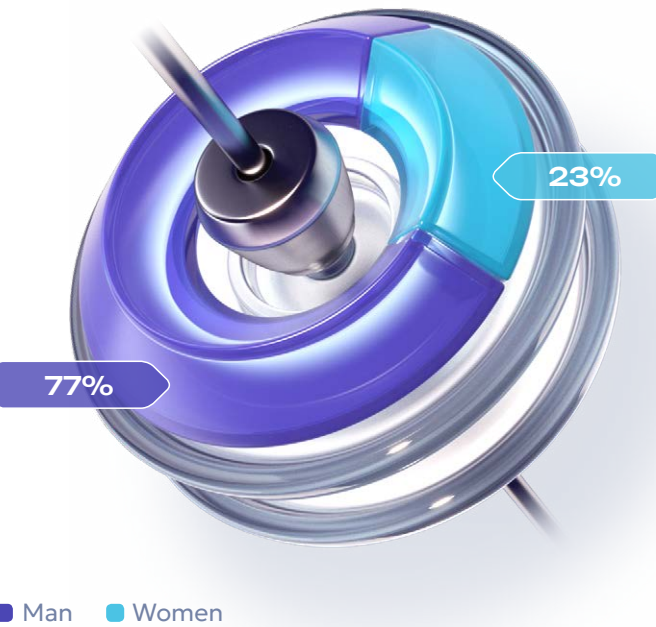
The headcount of the Company’s employees (in-cluding subsidiaries) as of December 31, 2023, was

4,446

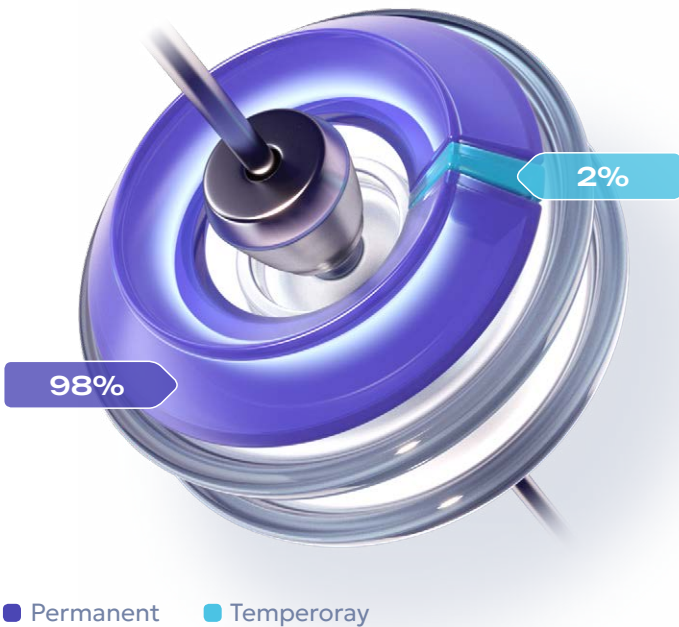


2-7

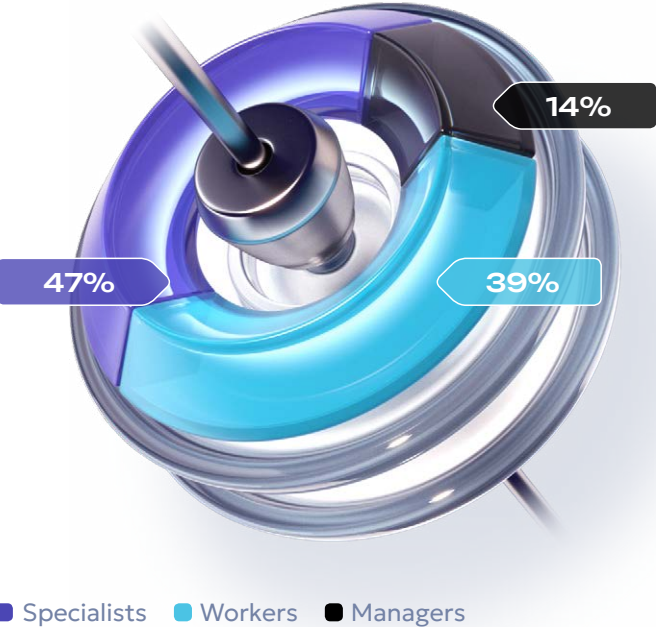
Employee structure by gender, %



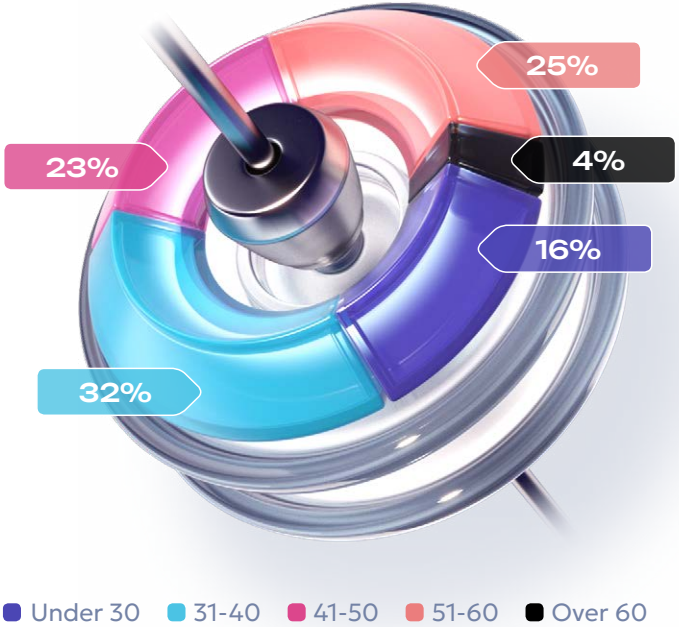
Structure of employees by type of employment, %



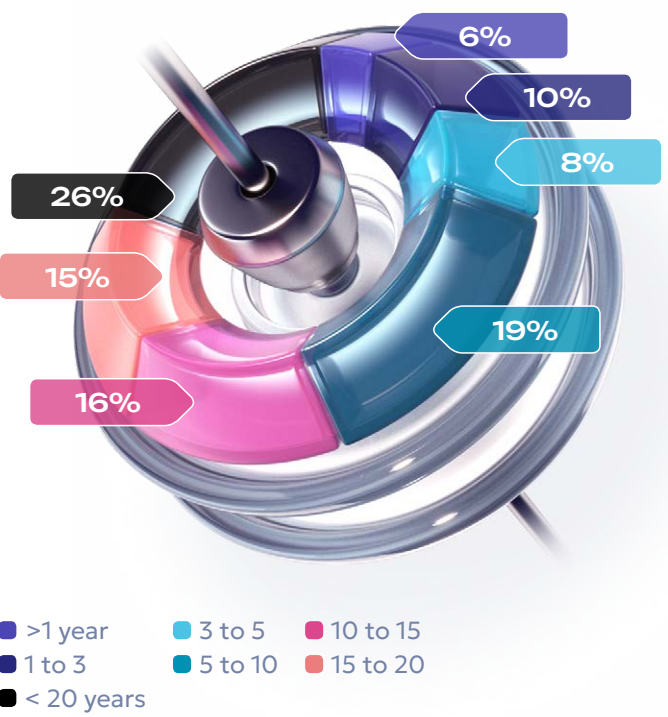
Structure of employees by category, %



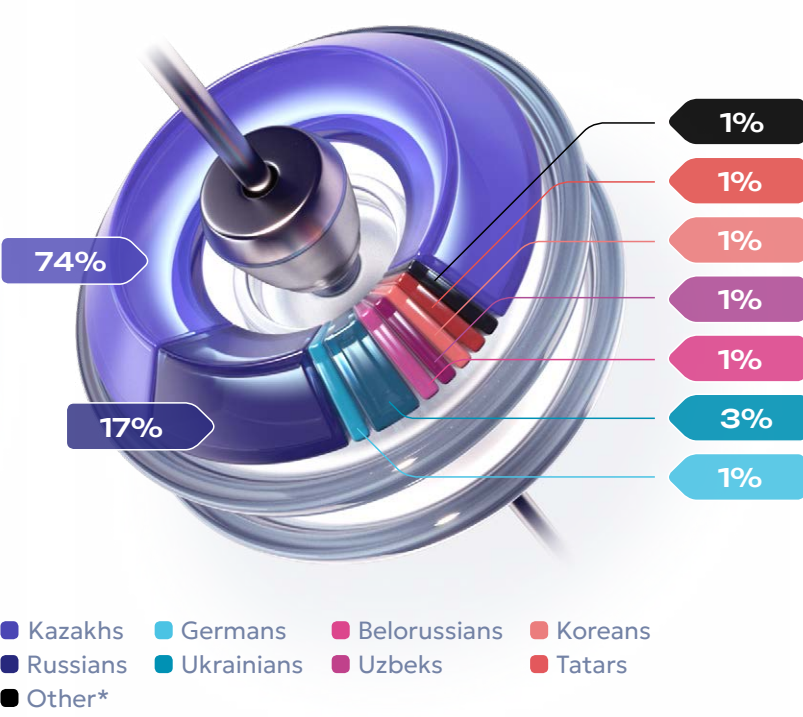
Structure of employees by age, %



Structure of employees by length of service, %



Structure of employees by nationality, %



Structure of employees, people

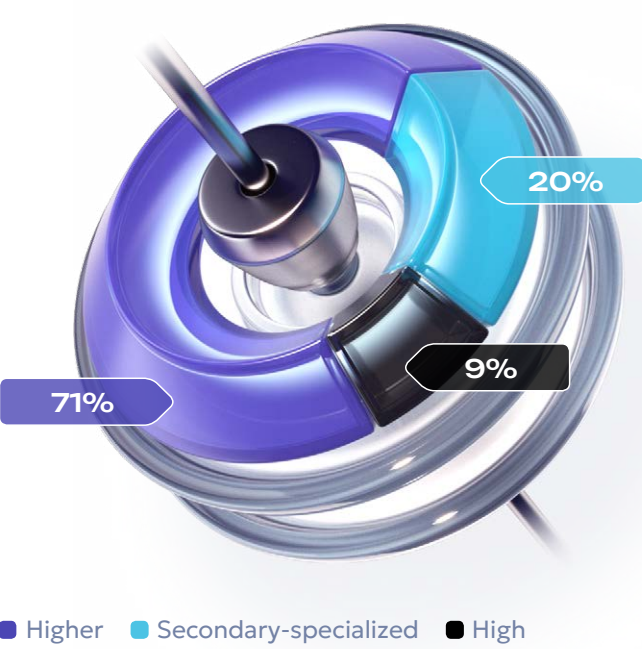
Indicator		Total	Proportion, %	Administration and management	Operational	Managers	Percentage in management, %
Number of people on the payroll		4,446	100	552	3,894	630	100.0
Gender	men	3,409	76.7	178	3,231	565	89.7
	women	1,037	23.3	374	663	65	10.3
Ethnic groups	kazakh	3,296	74.1	482	2,814	476	75.6
	russian	758	17.0	43	715	98	15.6
	ukrainian	123	2.8	4	119	20	3.2
	tatars	64	1.4	6	58	11	1.7
	germans	61	1.4	5	56	6	1.0
	other	144	3.2	12	132	19	3.0
Age groups	under 30	709	15.9	41	668	42	6.7
	30 — 50	2,459	55.3	398	2,061	389	61.7
	over 50	1,278	28.7	113	1,165	199	31.6

Gender ratio of employees by job category for 2023, people

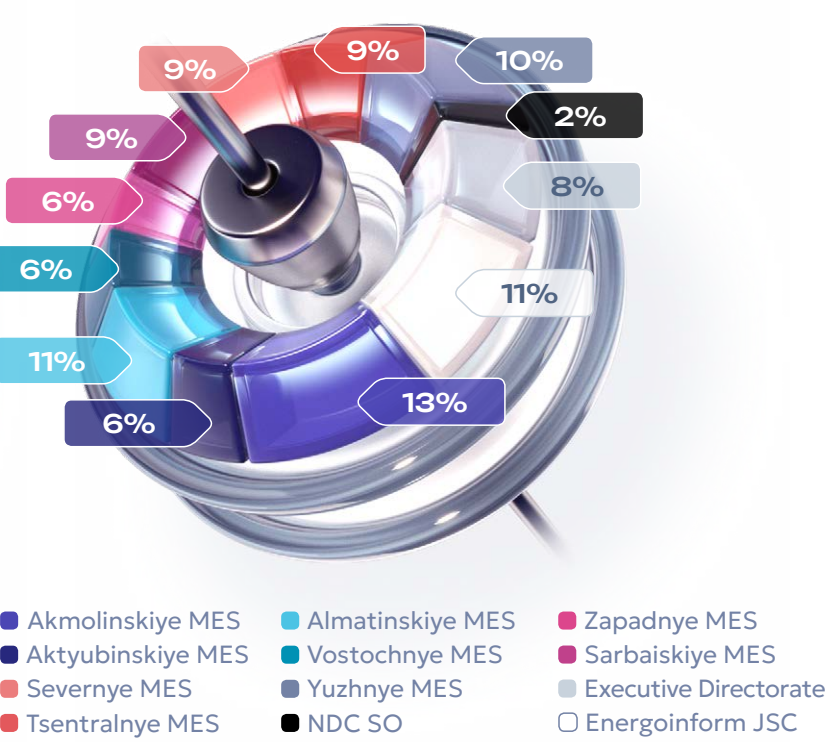
Name of job categories	Total	Male	Female
Managers at all levels	692	76.7	23.3
Junior managers (1st level of management)	618	89.7	10.3
Senior managers	26	90.5	9.5
Managers in the production staff category	554	88.5	11.5
Managers in the administrative staff category	138	61.5	38.5
STEM employees	1,893	75.8	24.2

405-1

Structure of employees by education, %



Structure of employees by region, %



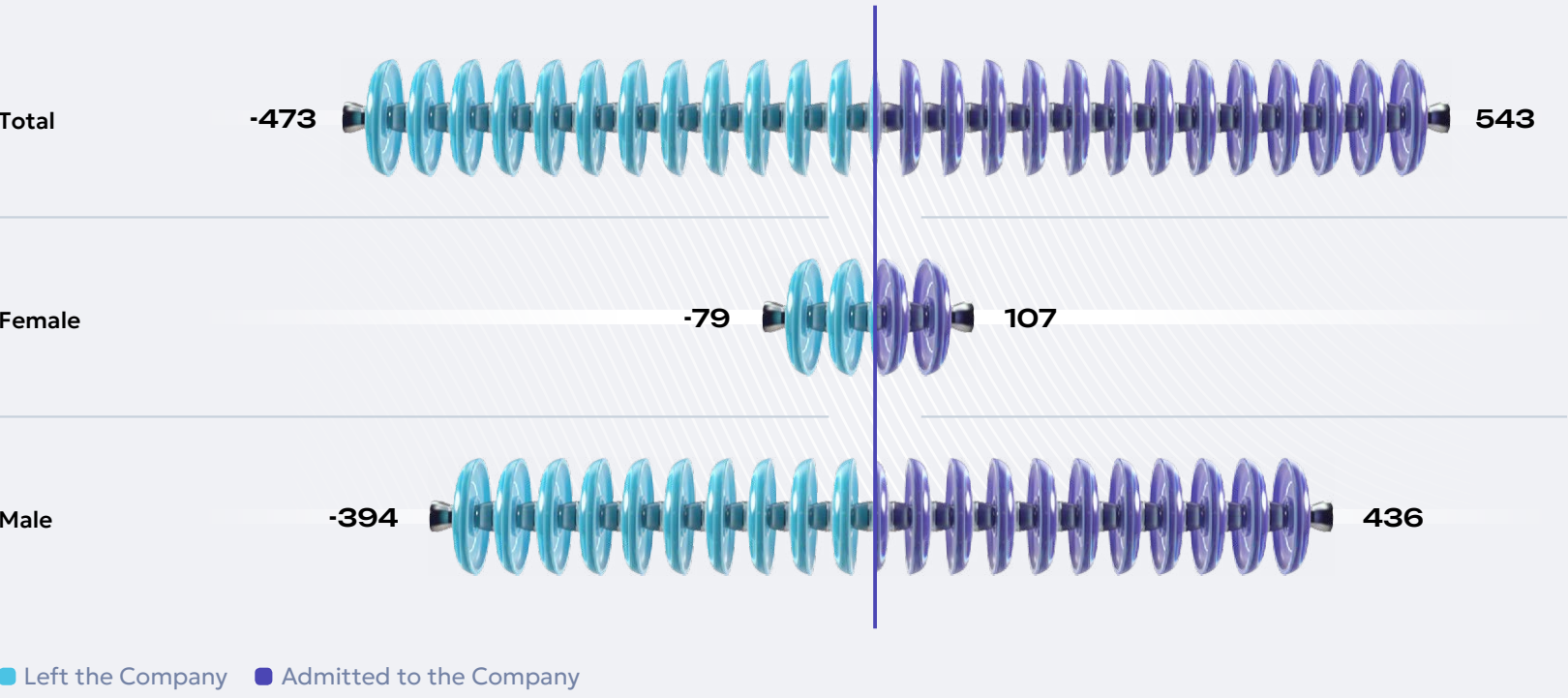
The total share of top executives (members of the Board of Directors and the Management Board of KEGOC JSC) hired from the local population (citizens of the Republic of Kazakhstan) as of December 31, 2023, is

100%

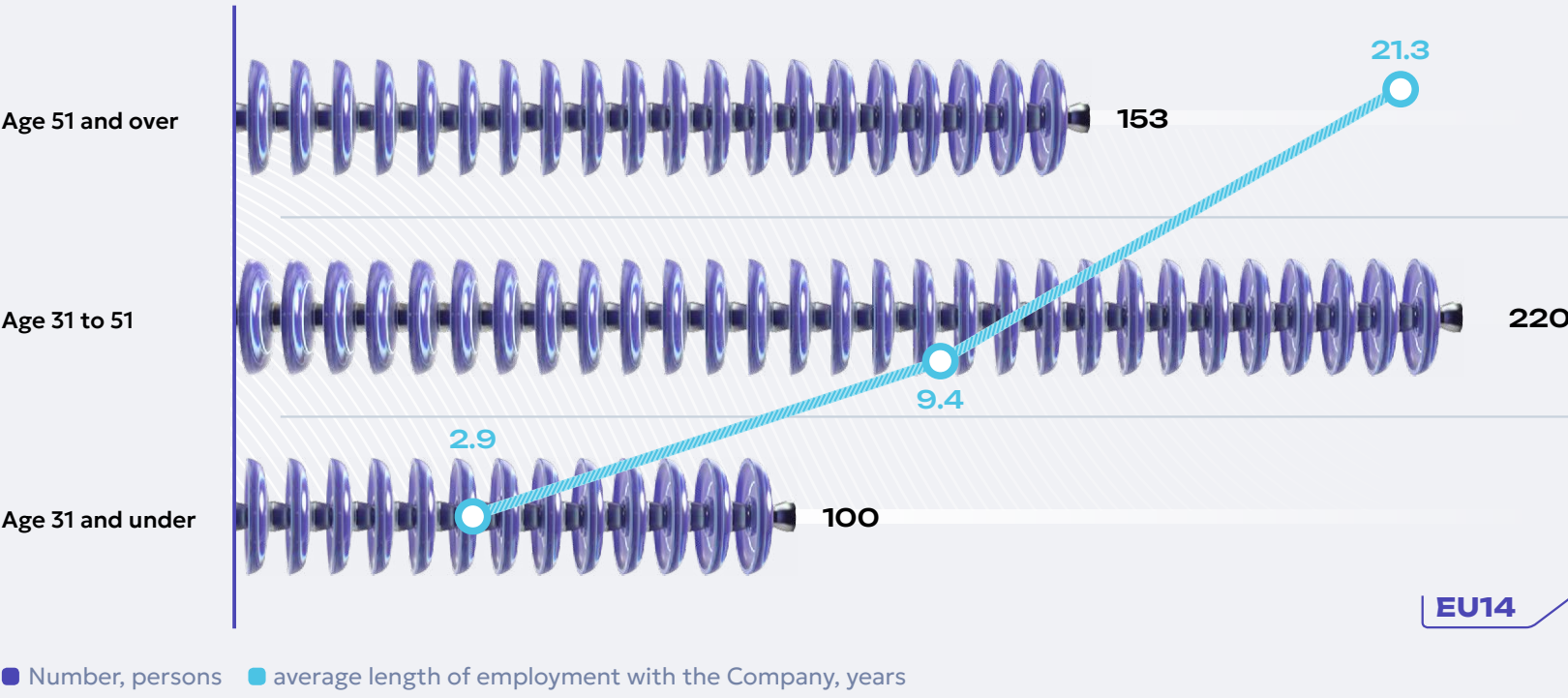


* 'other' includes: Azeris, Armenians, Kyrgyz, Turks, Uighurs and other nationalities.

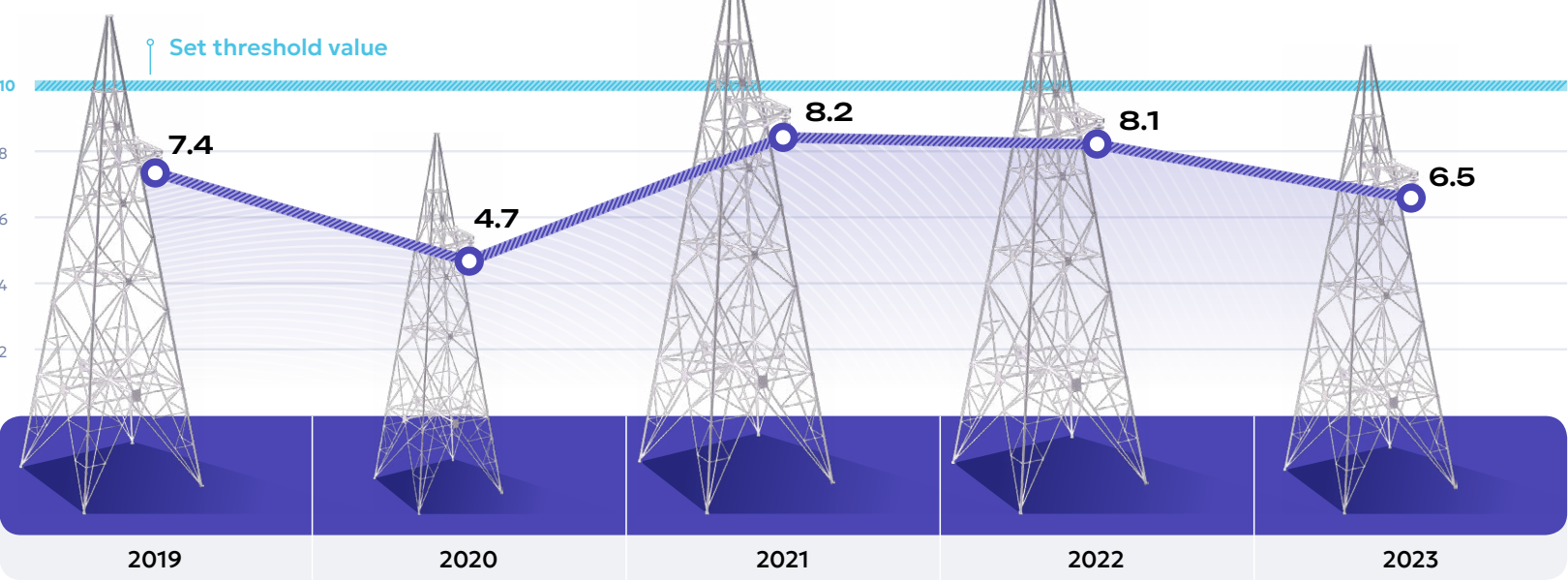
Personnel dynamics in 2023, persons



Length of employment in KEGOC JSC of employees leaving the Company in 2023



Staff turnover at KEGOC JSC , %



* The turnover rate is calculated according to the methodology of Samruk-Kazyna JSC, which only considers employees who resigned voluntarily. The calculation of turnover does not include employees who were dismissed within the Group of companies Samruk-Kazyna JSC due to circumstances beyond the control of the parties, at the employer's initiative, upon the expiration of the employment contract, due to staff reduction, termination of the employment contract, or termination of the employment contract in connection with the employee's transition to an elected position or appointment to a position.

Staff turnover in 2023

6.51%



The final employee turnover rate at KEGOC JSC for 2023 was 6.51%, with a set threshold value of 'no higher than 10%'. The turnover rate among men was 7.29%, while among women it was 4.01%. The average length of service for men who left the Company in 2023 was 13.6 years (394 employees), and for women, it was 12.2 years (79 employees).

EU14

Share of KEGOC JSC employees eligible for retirement

Indicator	Total	Administrative and management personnel	Operational personnel
May retire between 2023 and 2027 (within the next 5 years)	11.74	0.67	11.07
May retire between 2023 and 2032 (within the next 10 years)	21.59	4.25	17.34

EU15

Personnel search and recruitment

In order to attract employees with appropriate qualifications, increase their engagement, and ensure competitiveness in the labor market, the Company creates an employer’s offer consisting of the following elements:

Unique Experience

Each employee has the opportunity to gain professional experience and contribute to the Company’s development, thereby increasing their market value.

Corporate Values

The Company’s activities are based on values aimed at creating a favorable environment for productive work and employee self-fulfillment.

Competitive Working Conditions

Compensation is based on market benchmarks, with opportunities for training and development, and social benefits.

Social Significance

Every employee contributes personally to the Company’s development.



Personnel search and recruitment is aimed at appointing the most suitable candidates who meet the requirements in terms of qualifications, professional, business and personal qualities. Candidate selection is conducted through a competitive process, adhering to the principles of meritocracy, transparency, and objectivity. When conditions are equal, priority is given to internal candidates of the Company.

Sources and methods for finding and selecting qualified specialists include:

- Talent pool;
- Internal candidates (employees of the Company/subsidiaries);
- Employees of the group Samruk-Kazyna JSC;
- Electronic candidate database formed on the Unified Online Recruitment Platform ‘Samruk Qyzmet’;
- Electronic database of specialists created through the collection and analysis of candidate resumes in various professional fields;
- Electronic database of graduates from young specialist development programs/ talent management programs implemented under the aegis of Samruk-Kazyna JSC;
- Job postings on the website, industry communities, and social networks;
- Use of business contacts and recommendations;
- Engagement of recruitment companies.

Recruitment and selection for vacant positions at KEGOC JSC are conducted using the recruitment website ‘Samruk Qyzmet.’ During the review and preliminary selection of candidates by resume (screening), it is ensured that candidates meet the qualification requirements of the vacant positions. In the reporting year, 205 vacancies were announced. As a result of the competitive procedures conducted during the reporting period, 158 external candidates were hired, and 73 vacancies were filled by internal candidates.

Total number of hired employees 2023

543 people

Indicators of search and recruitment of personnel for vacant positions of KEGOC JSC

Indicator	2019	2020	2021	2022	2023
Total number of employees hired	590	343	451	551	543
Talent pool	6	14	19	21	12
Internal candidates	14	5	17	34	61
Involvement of recruiting companies, including Samruk Qyzmet electronic database of recruiting candidates	147	80	107	192	170
including the use of interviewing and assessment of competences of candidates for positions at the CEO-1 level	2	2	3	4	1
Interviewing costs per 1 person, mln tenge	0.20	0.49	0.65	0.42	0.43
Electronic database of graduates of young professionals development/talent management programmes	0	2	0	3	0
Electronic database of specialists formed by collecting and analysing CVs of candidates in various professional areas	423	242	308	301	247

Incentive system

Employee remuneration in the Company is carried out in accordance with the legislation of the Republic of Kazakhstan, the Collective Agreement, employment contracts, and internal documents on remuneration and bonuses.

The remuneration and motivation system includes fixed and variable components, social benefits, and non-material incentives.

Guided by the principles of transparency, openness, internal fairness, and external competitiveness, the Company is improving the system of recognizing employee merits, rewarding work achievements, and the remuneration system to balance the interests of the Company and its employees. The following approaches are used to implement this direction:

- regular analysis of wage levels and trends in the labor market across industries and regions;
- maintaining wage levels in accordance with the company’s goals and financial-economic capabilities;
- open and transparent communications to explain the remuneration system to employees, considering the current situation in the company and the labor market as a whole;
- maintaining a differentiated approach to determining employee wage levels. the differentiated approach to the reward system is based on the contribution of each department and employee to the company’s performance;
- reducing pay gaps between administrative-management and production personnel, and increasing wages for low-paid workers.

The Company operates a graded pay system based on the ‘Hay Group’ methodology for administrative and engineering-technical personnel. This remuneration system has enabled the development of a scheme of job levels considering qualifications, work experience, and responsibility levels, based on wage reviews and the Company’s financial-economic capabilities.

The Company ensures equal pay for men and women and applies a unified approach to determining the remuneration of men and women in KEGOC JSC branches located in all regions of the country. The salaries of KEGOC JSC employees in 2023 exceeded the minimum wage established in the Republic of Kazakhstan.

405-2



In the reporting year, KZT 26.0 million was paid according to the implemented practice of rewarding employees with bonuses for receiving awards and winning in professional and sports competitions

26 KZT million



Ratio of standard entry-level salary employees to the minimum wage established in the Republic of Kazakhstan for 2023

Minimum wage in the Republic of Kazakhstan in 2023, KZT	Minimum wage in KEGOC JSC* in 2023, KZT	Difference, %
70,000*	144,600**	106.6 %

* established from 1 January 2023 minimum wage according to the Law of the Republic of Kazakhstan dated 1 December 2022 No. 163-VII ‘On the Republican Budget for 2023-2025’

** the minimum wage level means the official salary of the technician of the subsidiary organisation of Energoinform JSC.

Indicator of average salary level in KEGOC JSC in 2023

Average salary in the industry of the Republic of Kazakhstan in 2023, KZT	Average salary level in KEGOC JSC* in 2023, KZT	Difference, %
541,313*	641,103**	18.4%

* according to the information of ‘Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan’.

** average monthly salary at KEGOC JSC for 2023.

To increase the competitiveness of salaries, work was carried out in the reporting year to increase the official salaries/tariff rates of employees by an average of 15% from January 1, 2023, using a differentiated approach to minimize the pay gap between managerial, administrative, and production personnel.

To maintain social stability and employee motivation, the quarterly bonus was increased from 0.5 to 0.75 of the official salary/tariff rates from the second quarter of 2023, and additional bonuses were paid to each employee for the ‘Nauryz Meiramy’ holiday, Republic Day (KZT 100,000), and Independence Day of the Republic of Kazakhstan (KZT 350,000), after taxes and other mandatory deductions.

For non-material incentives, 165 Company employees were awarded in honor of Republic Day, Independence Day of the Republic of Kazakhstan, and Energy Worker’s Day, including 4 KEGOC JSC employees who received state awards. In the reporting year, KZT 26.0 million was paid according to the implemented practice of rewarding employees with bonuses for receiving awards and winning in professional and sports competitions.

Social Protection of Employees

The Company’s activities on social support for employees are regulated by the following internal documents:

- Collective Agreement;
- Personnel Policy of KEGOC JSC for 2018-2028;
- Rules for Providing Social Support to Employees;
- Rules for Encouragement and Recognition of Employee Merits.

The above policies apply to all Company employees, including temporary employees and part-time workers.

2-24

In accordance with these documents, the following types of social support are provided to KEGOC JSC employees:

- Financial assistance;
- Compensation payments;
- Assistance in solving housing issues.

KEGOC JSC, aiming to create favorable conditions for effective work and increase loyalty, provides financial assistance for health improvement during paid annual leave, for anniversaries, childbirth, the death of an employee, family members, and retirees registered with KEGOC JSC, for the payment of medical treatment for employees and disabled children, and for individuals with lifelong disabilities, regardless of the disability group or age. Compensation is paid to employees of retirement age upon their retirement.

Additionally, KEGOC JSC pays maternity leave, leave for employees who adopt a newborn child (children), with the retention of average wages, minus the amount of social benefits for income loss due to maternity and adoption, in accordance with the legislation of the Republic of Kazakhstan on mandatory social insurance.

The Company provides social leave with pay for marriage registration, childbirth, funerals of close relatives, jubilees (50, 60 years), and for women, single fathers, and

guardians raising children from 6 to 9 years old on the first day of the school year, and for parents of graduating students on the ‘last bell’ day. Rest days are also provided for preventive vaccinations and for parents with disabled children under 18, with the retention of average wages. In the reporting year, social leave was granted to 156 employees.

Furthermore, in accordance with the Labor Code of the Republic of Kazakhstan, the Company grants unpaid leave for childcare until the child reaches the age of three:

- at the choice of the parents — either the mother or father;
- for a parent raising the child alone; another relative actually raising the child left without parental care, or a guardian;
- for an employee who has adopted a newborn child (children).

Employees may take childcare leave until the child reaches three years of age in full or in parts. During the leave, the employee’s position (job) is retained. If returning to work before the end of the leave period, the employee notifies the employer of their intention a month before starting work. In 2023, such leave was granted to 52 employees (2 men and 50 women). In 2023, 33 women returned from childcare leave. According to labor legislation, in 2023, 4 women with children under 1.5 years of age, or fathers raising children without a mother, were granted additional breaks for breastfeeding.

In 2023, KEGOC JSC implemented a Preferential Loan Program aimed at social support for employees to retain and attract highly qualified personnel needed by the Company. As a result, 51 employees acquired housing in 2023. Additionally, the Company assisted 129 employees in solving housing issues by partially reimbursing housing expenses amounting to KZT 155.1 million.

Thus, in 2023, the total funds allocated for social support for Company employees amounted to KZT 810.0 million.

In 2023, total employee expenses, including salaries, social support, training, etc., amounted to KZT 37.5 billion (KZT 23.2 billion in 2019, KZT 25.2 billion in 2020, KZT 26.2 billion in 2021, and KZT 31.8 billion in 2022).



In 2023, total employee expenses, including salaries, social support, training, etc., amounted to

37.5 KZT billion



Training and Development

At KEGOC JSC, investments in employee training and development align with the Company’s needs to achieve its strategic goals. Each employee is responsible for their own training and development based on the 70/20/10 principle in accordance with their individual development plan.

Knowledge systematization and the formation of a quality personnel pool occur through self-development, training events, mentoring, coaching, implemented projects, and the formation of professional communities.

Based on the collection and analysis of needs, considering individual development plans, the KEGOC JSC Personnel Training Plan for 2024 and the KEGOC JSC Personnel Professional Competence Development Program for 2024 were formed and approved.

Employee training is conducted using a wide range of modern training methods: business practicums, seminars, training sessions, internships, advanced training, professional training and retraining programs, forums, and conferences.

In the reporting year, 3,817 employees were trained, accounting for 85.8% of the total number of employees. Actual KEGOC JSC training expenses for 2023 amounted to KZT 283.5 million or 32% of the plan, which is 55.3% higher than the previous year’s expenditure.

Employees who have undergone training

3,817 people



Training costs of KEGOC JSC

283.5 KZT million

+55.3%



Number of employees trained in 2023, people

	Administrative and management personnel	Operational personnel
Men	102	3,056
Women	226	433
Total	328	3,489

The average annual number of training hours per employee in 2023 was 25.96 hours. The total number of training hours amounted to 115,410 hours.

Number of training hours for personnel in 2023

	Men	Women	Administrative and management personnel	Operational personnel
Total number of training hours	102,936	12,474	10,047	105,363
Average number of training hours per 1 employee	30.2	12	18.2	27.1

In the reporting year, employee training was conducted in accordance with the approved training plan, with total expenditures amounting to KZT 283.49 million.

Cost of personnel training in 2023 , KZT million

Subject matter	
Mandatory training in accordance with legislation	33.01
Electric power engineering	24.20
Telecommunications and Information Technology	5.26
Labour protection and industrial safety, ecology and ESG	27.37
Operational dispatch management	15.20
Project Management	10.40
Finance, economics, accounting	7.50
Other	54.26
Total (without travelling expenses)	177.2

In 2023, the institute of internal coaching was implemented. Training for internal trainers, ‘Training for Internal Trainers,’ was organized. Needs for internal training were collected from the Company’s structural divisions, and an internal training schedule for the year was approved. In 2023, five training sessions were conducted by internal trainers.

To provide a basis for internships, the Company continuously collaborates with educational institutions. Students from technical and higher education institutions annually undergo industrial and pre-diploma internships in the Company’s structural divisions. In 2023, 345 students completed industrial internships.

To build human resources in line with the Company’s needs and ensure transparency in career growth, a talent management system has been established.

The talent pool composition is updated annually based on performance evaluation results. In the reporting year, the Management and Functional Pools, consisting of 219 people, as well as a list of key positions and mentors, were approved.

The ‘Percentage of Appointments from the Functional/ Management Pool’ indicator is used to determine the effectiveness of this process, which was 75% for the reporting period.

Annual meetings between members of the KEGOC JSC Board of Directors and Company management with talent pool members are held to develop promising employees. In 2023, a two-day program included training on emotional intelligence and communication, with elements of entertainment and active games.

The Company has a mentorship system to ensure a comprehensive process of professional orientation and to help employees in their professional development. In 2023, 47 mentors were rewarded with KZT 6,326.3 thousand for training interns.

Mentors who achieve the best results in training young people participate in the annual ‘Best Mentor of the Year’ competition. The winner of the competition in the reporting year was A.B. Lemesenko, a leading engineer of the production group of relay protection and automation devices at the Balkhash TPP branch of KEGOC JSC ‘Tsentralnye MES’.





Collective Agreement and Trade Union Activities

Employees of KEGOC JSC have the right to create or join public organizations that represent their interests. Company personnel can engage in any political, educational, charitable, or social activities, provided these do not affect their job performance or harm society.

The trade union organization for workers in the energy-technical sector was established on March 27, 2003, at the trade union conference of KEGOC JSC employees. The trade union is tasked with overseeing compliance with labor legislation, preserving and implementing guarantees, compensations, and benefits.

Today, the structure of the EnergoTekhProfSoyuz public association includes 10 primary trade union organizations. The total number of union members among KEGOC JSC employees is more than 4,000, which accounts for over 91% of the Company’s workforce.

As a member of the Republican Union of Trade Unions of the Kazakhstan Confederation of Labor, our trade union organization is a permanent member of the working commission and actively participates in the work of the Ministry of Labor and Social Relations of the Republic of Kazakhstan on the Labor Code and the Law ‘On Trade Unions’ as well as in the development of the draft General Agreement.

Union members benefit from discounted health resort vouchers to sanatoriums in the Republic of Kazakhstan. Over KZT 24.29 million was spent on the health improvement of union members and their children during the reporting year.

During the reporting period, trade union committees organized and actively participated in various organizational-mass and sports-health events. Special attention is given to energy veterans and WWII participants: financial and material support is provided, discounted health resort vouchers are offered, and they are invited to all Company events. On the International Day of Older Persons, 1,350 Company veterans were congratulated with monetary incentives.

Members participated in training sessions of the Conciliation Commission on the topic: ‘Labor Disputes. Training of Conciliation Commission members on the basics of labor legislation of the Republic of Kazakhstan and skills in negotiation and

reaching consensus in labor disputes.’ To enhance the efficiency of PPO activities and provide union activists with the necessary information on trade union organization issues, a two-day seminar was held for members of the Joint Committee of the ‘Energotekhnoprofsoyuz’ public association on the topic ‘Leadership in Trade Unions’ in Astana.

Special attention is given to occupational safety by the unions. Public inspectors conduct inspections at Company facilities, and the results are thoroughly reviewed. In 2023, contests such as ‘Best Mentor of the Year’ and ‘Best Branch for Compliance with Industrial Safety’ were organized.

KEGOC JSC supports freedom of association and recognizes employees’ right to conclude collective agreements.

The Collective Agreement, developed with input from all Company employees and concluded between KEGOC JSC and its workforce for 2021-2025, includes procedures for joining it, regulating work schedule issues, including rest periods during social leaves, remuneration, ensuring labor safety and employee health protection, providing social guarantees and compensations, and specifying measures for employee support and talent development, medical insurance, and cultural and leisure activities. New amendments have been added concerning the provision of special clothing, footwear, and other personal protective equipment at the Company’s expense. It also addresses issues related to social support for WWII veterans and equivalent persons, as well as energy veterans registered with the Company.

The Collective Agreement applies to all KEGOC JSC employees (100%), regardless of the type of employment.

2-30, 403-4

According to the Collective Agreement, the employer must notify employees in writing of any changes in working conditions at least fifteen calendar days in advance. The minimum notice period for employees in the event of termination of employment contracts due to staff reductions is one month, as stipulated by the Company’s Collective Agreement and in accordance with the Labor Code of the Republic of Kazakhstan.

2-23

Corporate Culture Development and Volunteering

To improve teamwork, loyalty, and a favorable atmosphere among the staff, Company employees regularly participate in corporate events.

In 2023, the Company organized celebrations for ‘Nauryz Meiramy,’ ‘Values Day,’ ‘Energy Workers’ Day,’ and an annual drawing contest for employees’ children. Company employees participated in the ‘Best Specialist’ competition organized by Samruk-Kazyna JSC and the talent competition dedicated to the 15th anniversary of Samruk-Kazyna JSC.

Company employees took part in the sports competitions of KEGOC JSC and Samruk-Kazyna JSC, as well as other sports events such as the ‘Samruk Marathon,’ ‘Astana Marathon 2023,’ a tournament organized by the ‘Kazakhstan League of Football Lovers’ public association, and the Astana ‘Spring-23’ mini-football championship.

As part of youth policy and the implementation of the KEGOC JSC Youth Affairs Council’s action plan, branch representatives participated in the ‘Zheti Kadam’ young leaders development modular program organized by Samruk-Kazyna JSC.

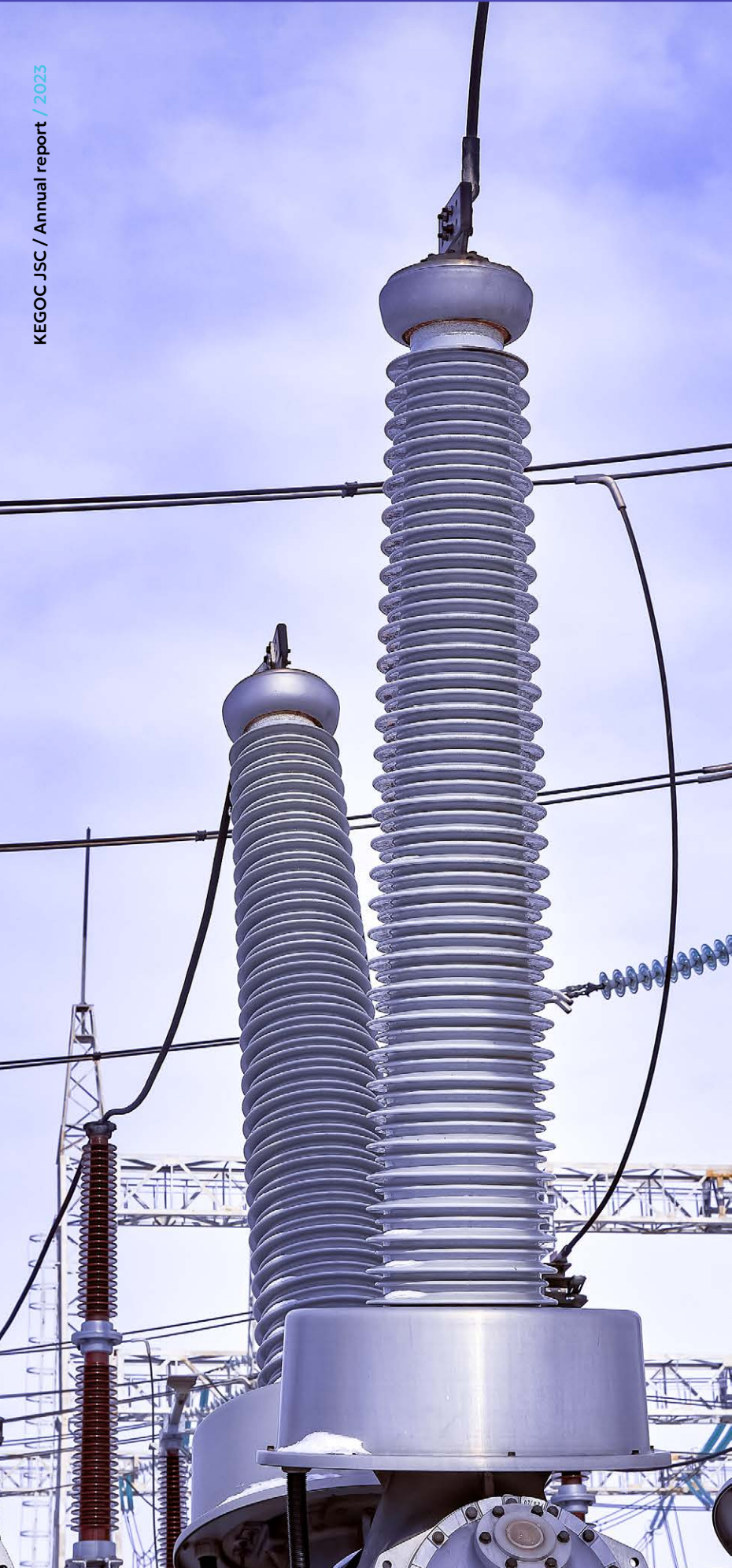
Additionally, Company employees participated in the following volunteer activities: ‘Donor Day,’ the ‘Tugan Elge Sayakhat’ excursion project involving employees’ children from remote regions, and the ‘Road to School’ project by the Social Interaction and Communications Center and the Samruk-Kazyna Trust Social Projects Development Fund.

To inform about women’s rights and opportunities, develop women’s leadership and competencies, a master class was organized in the reporting year as part of the International ‘16 Days of Activism Against Gender Violence’ campaign for Company women.

The health improvement of trade union members and their children has been spent with more than

24.29 KZT million





KEGOC JSC / Annual report / 2023

Occupational health and safety

Key indicators

LTIFR

0.15



Occupational health and safety costs

2.26 KZT billion



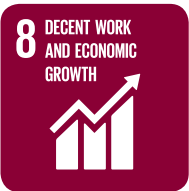
KEGOC took the first place among the portfolio companies of Samruk-Kazyna JSC for achievements in the field of industrial safety at the end of 2023

KEGOC implemented the eKAR information system to automate routine business processes in the HSE sector

Key documents

- Development Plan 2023-2032.
- Sustainability Management System Guidelines
- Occupational Health and Safety Policy
- Quality, environmental, occupational health and safety objectives
- Hazard and Risk Register
- Occupational Health and Safety Management System Manual
- Occupational Health and Safety Management System Planning Management Standard
- Behavioural Audit Standard
- Standard on safety management in contractors' work activities
- Regulations on Investigation of Accidents, Incidents and Reporting of Occupational Health and Safety Issues
- Occupational Health and Safety Regulations for Work at Height

Sustainable Development Goals



Management system

Board of Directors

determines the Company's business lines, approves Development Strategies, sets goals and objectives, and indicators of their achievement

Strategy, Corporate and Sustainability Committee

elaborates on issues in detail and provides recommendations to the BOD

Management Board

ensures the realisation of the goals and objectives set by the BOD

Coordinating Council for Sustainable Development and IMS

makes recommendations to the Board on improving SD and IMS

2-12, 2-13

Ensuring the safety and health of employees is an unconditional priority for the Company. Continuous efforts are made to create safe working conditions, reduce injuries during technological operations, improve the working and sanitary conditions for employees, and minimize the impact of harmful and adverse factors.

The Company operates a Health and Safety Management System that applies to all structural divisions, subsidiaries, and contractors, aiming to ensure effectiveness and improve health and safety performance, and manage risks associated with the Company’s activities. An annual safety and health program is developed, outlining necessary activities, costs, and deadlines. The Company has successfully implemented and certified compliance with the international standard ISO 45001:2018.

2-24, 403-1, 403-8

In accordance with the legislation of the Republic of Kazakhstan, mandatory insurance for employees against workplace accidents is carried out. Additionally, the Company insures employees’ lives and health against non-work-related accidents (24/7) and provides voluntary health insurance to improve social conditions.

Each branch has an Occupational Safety and Health Service responsible for organizational and technical safety measures, internal control over safety compliance, and ensuring employees adhere to safety regulations.

403-3

To facilitate dialogue between employees and the employer on improving safety conditions, KEGOC JSC and its branches have established Occupational Safety and Health Committees with equal representation from the employer and employees. These committees work to ensure safe working conditions and workplace health. Technical inspectors participate in workplace safety inspections. All employees have the right and obligation to stop work if unsafe conditions or actions are identified, and management guarantees full support if employees halt work they consider unsafe.

403-2, 403-3

At least once a quarter, the Occupational Safety and Health Committee reviews employees’ proposals for improving safety conditions and outlines mandatory activities for implementation by the employer and employees.

403-2, 403-4

Risk Assessment

Annual identification and risk assessments are conducted for workplaces. The results are used to create a risk registry and list significant health and safety risks, followed by the development of risk mitigation measures. Risks are analyzed based on their probability and impact, identifying key risks that could negatively affect KEGOC JSC’s operations and strategic goals. Qualitative or quantitative analysis, or their combination, is used in risk assessment. All KEGOC JSC employees are involved in identifying, assessing, and analyzing hazardous and harmful factors.

Risk assessment and analysis, along with management, are carried out to set goals in occupational safety and health management and achieve an acceptable level of impact on the environment and KEGOC JSC employees. The results serve as input for developing target and planned indicators. Assessment and analysis are based on activity types and hazard classifiers applicable to KEGOC JSC’s activities, considering geography and climate, and include:

- Hazard and risk identification based on classifiers;
- Risk assessment with existing control measures in place;
- Identification of additional necessary risk management measures;
- Assessment of whether risk management measures are sufficient to reduce risk to an acceptable level.

After identifying impact factors affecting structural division workplaces, a risk registry is completed using the FMEA method. The results form lists of significant occupational safety and health risks for KEGOC JSC. Necessary measures are determined to reduce risk levels and are documented in annual programs.

403-7

One key risk for the Company is workplace accidents. To minimize this risk, the following activities were conducted in 2023:

- Qualification checks of occupational safety and industrial safety knowledge;
- Analysis of video footage from operational switching and repair work;
- Safety Days;
- Unexpected workplace inspections in MES branches;
- Behavioral safety audits during work;

- Speed compliance monitoring for drivers using satellite systems and reviewing dashcam recordings.

403-2

Employees of the Company undergo all types of mandatory training in safety and health at least once every three years, including qualification checks of knowledge of regulatory acts in the field of energy. In 2023, additional training was conducted on the international standard ‘NEBOSH International General Certificate in Occupational Health and Safety’ and ‘Safety Culture,’ and participation in the ‘KIOSH 2023’ occupational safety and industrial safety conferences.

Before being allowed to work, employees undergo training in safe work methods, on-the-job training, initial qualification checks of knowledge, control exercises, job shadowing, and training under the supervision of a responsible person.

Training on the use of fall protection systems for individual protection against falls from heights was conducted for those authorized to ensure safe work among transmission line personnel.

403-5

Mandatory pre-shift and post-shift medical examinations are conducted for employees engaged in heavy, harmful, or hazardous work, as well as pre-trip and post-trip medical examinations for drivers. Additionally, annual medical examinations are conducted for production personnel to determine their health status, which are carried out by medical institutions in compliance with medical confidentiality, in accordance with the Health Code of the Republic of Kazakhstan.

403-2, 403-3, 403-6

No occupational diseases were identified among Company employees in 2023.

403-10

Injuries

To assess the level of organization of safe working conditions for employees at KEGOC JSC, the LTIFR (Lost Time Injury Frequency Rate) coefficient is used, including fatalities (FAR), related to work activities. In global practice, LTIFR is a key indicator of occupational safety and industrial safety performance. The indicator reflects the number of lost time injuries (LTI) relative to the total hours worked in the Company (Work Hours, WH) normalized to 1 million man-hours. The LTIFR for 2023 was 0.15 (0.45 in 2022). The value of this indicator is calculated without taking into account the data of Energoinform JSC for better objectivity, taking into account that Energoinform JSC activities are not related to the risk of injuries and fatalities and based on the analysis for the last years.

403-9

In the event of incidents, Company employees follow rules regulating the processes of incident investigation, incident and safety reporting.

403-2

The causes of work-related accidents inherent to the Company’s activities are:

- falls from heights;
- electric shock;
- road traffic accidents.

403-9

There were no work-related fatalities in 2023. One work-related accident occurred on October 3, 2023, in the ‘Severnye MES’ branch during work on the 500kV transmission line ‘Ekibastuzskaya-Semey,’ resulting in an employee’s leg injury due to a sudden tension of the pull rope caused by a wire fall due to insulator rupture. After first aid was provided (fixation of the broken leg, application of sterile bandages to the abdominal and leg wounds), the injured employee was taken to the hospital. The special investigation report identified the main causes as equipment design deficiencies, resulting in the destruction of a single suspension insulator in the overhead line suspension hardware installed by a subcontractor.

Corrective measures were developed based on the accident investigation to prevent similar incidents.

Work with Contracting Organizations

When work is performed on KEGOC JSC’s facilities by contracting organizations, the Company is responsible for ensuring the safety of their employees. KEGOC JSC’s contracts with contracting organizations include obligations to fully comply with the legislation of the Republic of Kazakhstan and KEGOC JSC’s internal documents on safety and health when performing work and providing services.

Before starting work, introductory meetings are held with representatives of the contracting organizations. Access to work is granted on-site. Prior to accessing the workplace, all employees of the contracting organizations undergo briefings. Specifically, responsible work supervisors conduct briefings on electrical installation schemes. During daily access, targeted briefings are conducted, indicating safety measures, hazardous and harmful production factors present at the Company’s facilities.

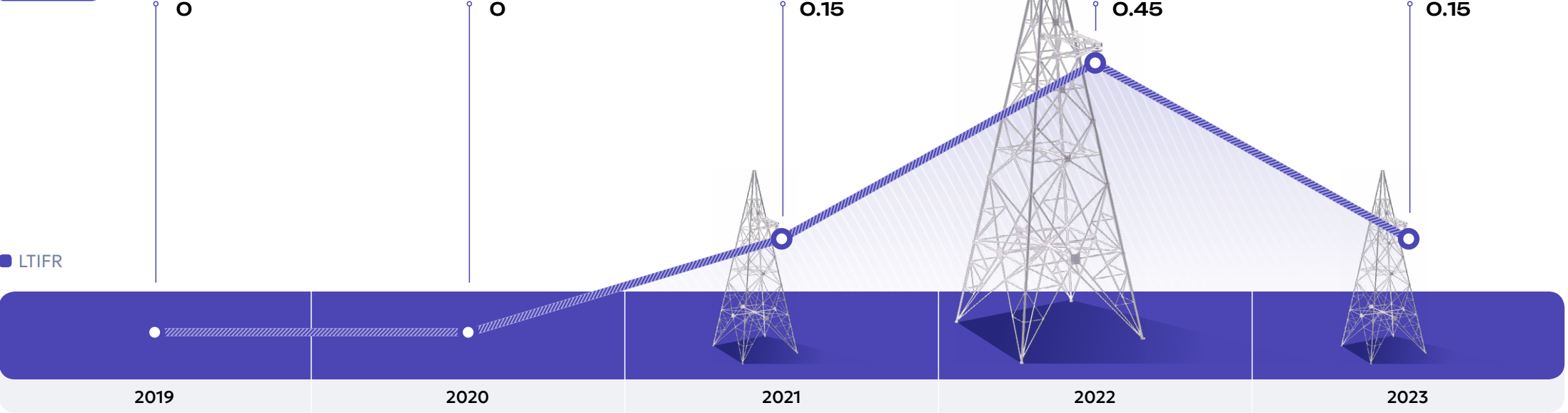
KEGOC JSC ensures internal control over the compliance of contracting organizations’ personnel with the legal acts of the Republic of Kazakhstan and KEGOC JSC’s internal documents when performing work and providing services at the Company’s production facilities. The Company also evaluates the contracting organizations’ performance in the field of safety and health. Thus, all employees of contracting organizations (100%) working at the Company’s facilities are covered by KEGOC JSC’s health and safety management system.

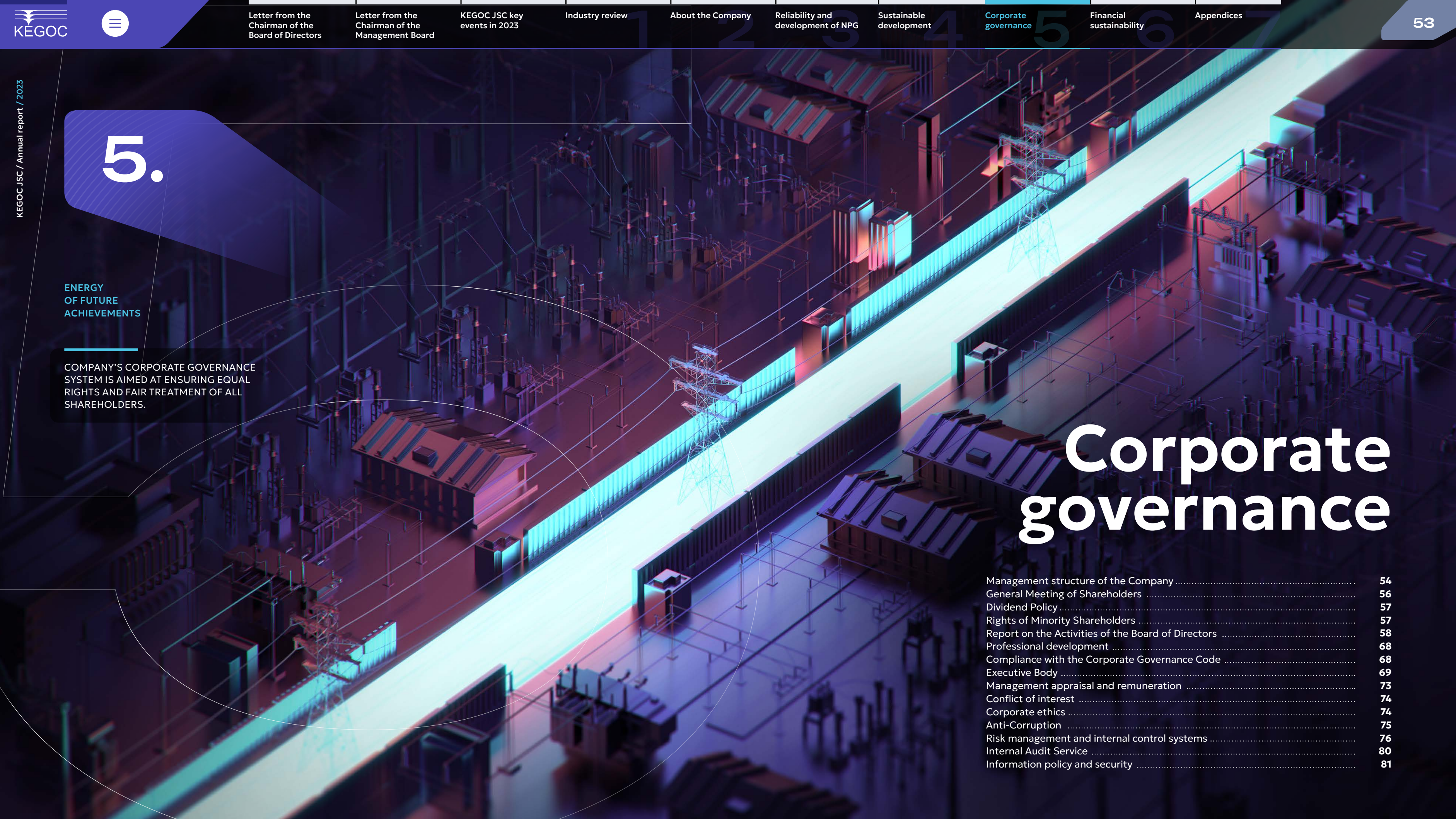
In 2023, no accidents or fatalities related to work activities were recorded among contractors at our facilities.

403-5, 403-7, 403-8, 403-9, EU18

Frequency rate of lost time injuries among employees

403-9





5.

ENERGY
OF FUTURE
ACHIEVEMENTS

COMPANY’S CORPORATE GOVERNANCE
SYSTEM IS AIMED AT ENSURING EQUAL
RIGHTS AND FAIR TREATMENT OF ALL
SHAREHOLDERS.

Corporate governance

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Management structure of the Company

The principles of corporate governance, according to the Corporate Governance Code of KEGOC JSC, are:

- An effective corporate governance system based on a clear division of responsibilities between the governing bodies;
- Protection and ensuring compliance with shareholders' rights;
- Equal conditions for shareholders;
- Sustainable development and the role of stakeholders in corporate governance;
- Information disclosure and transparency;
- Effectiveness of the Board of Directors and the Management Board of KEGOC JSC.



Management structure at KEGOC JSC

2-9



Share Capital

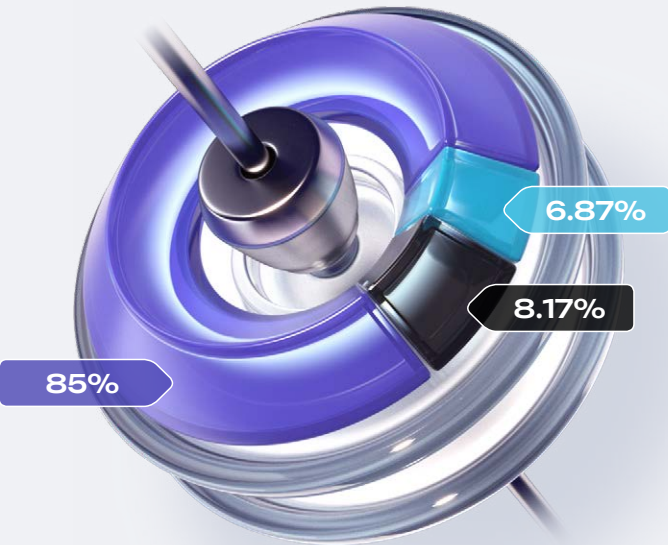
As of December 31, 2023, the number of authorized and issued common shares of the Company was 275,294,118, of which:

- The major shareholder, represented by Samruk-Kazyna JSC, holds 234,000,001 shares (85%);
- Unified Accumulative Pension Fund JSC (UAPF) holds 18,924,407 shares (6.87%);
- 22,368,320 shares (8.13%) are held by minority shareholders;
- The remaining 1,390 shares (0.0005%) are repurchased by KEGOC JSC.

2-1

There were no significant transactions or changes in shares and shareholders holding five percent or more of the Company's issued shares during 2023.

Structure of KEGOC's shareholders as of 31 December 2023

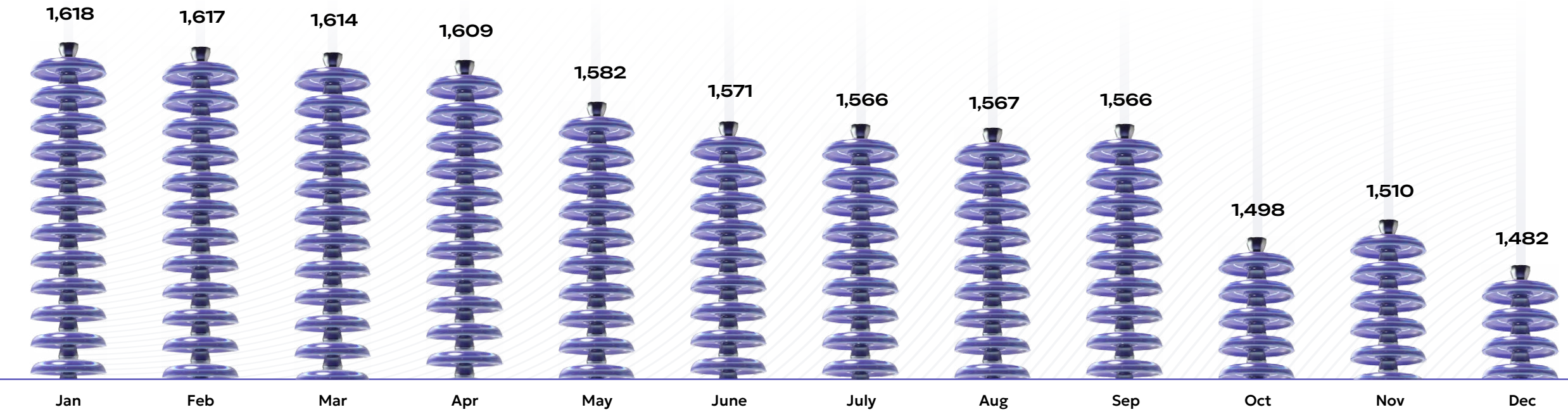


2-6

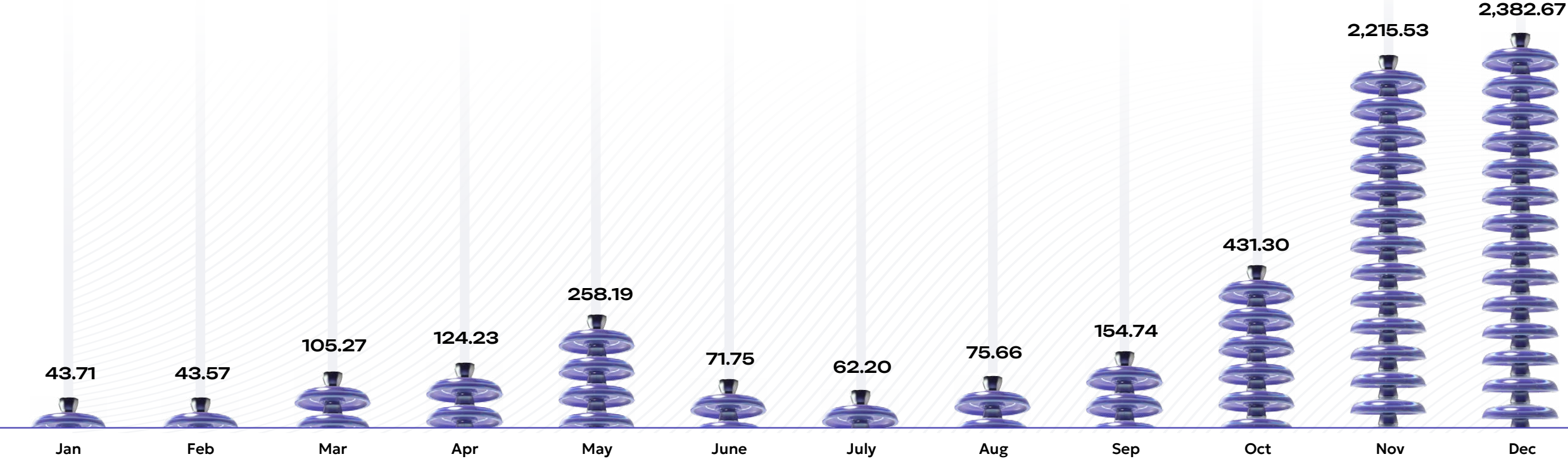
- Samruk-Kazyna Sovereign Wealth Fund JSC
- UAPF JSC
- 68,307 individuals

Value of KEGOC JSC shares in 2023 , KZT

Data source — KASE (<https://kase.kz>)



Dynamics of trading volume of KEGOC JSC shares in 2023, KZT million



General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body of KEGOC JSC.

It operates and exercises its rights in accordance with the Law of the Republic of Kazakhstan ‘On Joint Stock Companies,’ the Charter, and the Regulations on the General Meeting of Shareholders of KEGOC JSC.

In 2023, four General Meetings of Shareholders were held:

1. The Annual General Meeting of Shareholders was held on May 2, 2023, where decisions were made on the following issues:
- ‘Approval of the financial statements of KEGOC JSC for the year ended December 31, 2022, distribution of net income, decision on the payment of dividends on common shares, and approval of the dividend per common share of KEGOC JSC for the second half of 2022’;
 - ‘Approval of amendments and additions to KEGOC ID-215-19-OSA ‘Regulations on the Board of Directors of KEGOC JSC’;
 - ‘On shareholders’ appeals regarding actions of KEGOC JSC and its officials and the results of their consideration’.
2. An Extraordinary General Meeting of Shareholders was held on July 31, 2023, where decisions were made on the issue:
- ‘On certain issues of KEGOC JSC’.

3. An Extraordinary General Meeting of Shareholders was held on September 15, 2023, where decisions were made on the issue:
- ‘On increasing the number of authorized shares of KEGOC JSC’.
4. An Extraordinary General Meeting of Shareholders was held on September 26, 2023, where decisions were made on the following issues:
- ‘Approval of the financial statements of KEGOC JSC for the six months ended June 30, 2023, distribution of net income, decision on the payment of dividends on common shares, and approval of the dividend per common share of KEGOC JSC for the first half of 2023’;
 - ‘On the placement within the announced number of common shares of KEGOC JSC’;
 - ‘On amendments to the Dividend Policy of KEGOC JSC’;
 - ‘Approval of amendments and additions to the Charter of KEGOC JSC’.

All decisions of the General Meeting of Shareholders were communicated to the Board of Directors and the Management Board of KEGOC JSC, and the assignments were executed in full and within the established deadlines.

In 2023

4 general meetings shareholders



Dividend Policy

KEGOC JSC’s dividend policy is based on balancing the interests of the Company and shareholders when determining the size of dividend payments, enhancing the Company’s investment attractiveness and capitalization, and respecting and strictly observing the shareholders’ rights provided by the legislation of the Republic of Kazakhstan.

The Company strives to increase the amount of dividends paid alongside capitalization growth, based on the net income for the year and the needs for the Company’s production and investment activities development.

The main conditions for dividend payments are: the Company has net profit for the reporting period or retained earnings; there are no restrictions on dividend payments as provided by the legislation of the Republic of Kazakhstan and the Company’s Dividend Policy; and the General Meeting of Shareholders has decided to pay dividends.

The source of dividend payments to shareholders is the net income for the corresponding financial year or half-year, or retained earnings, calculated based on KEGOC JSC’s consolidated financial statements prepared in accordance with IFRS. When preparing a proposal on the distribution of net income for the financial year or half-year and the size of dividends, the Board of Directors proceeds from the principle that the amount allocated for dividend payments should be at least 60% of net income. The decision on dividend payments on KEGOC JSC’s common shares for the year is made by the Annual General Meeting of Shareholders after the Company’s annual financial statements are approved. The decision on dividend payments on KEGOC JSC’s common shares for the half-year can be made by an Extraordinary General Meeting of Shareholders within three months after the audit of the Company’s financial statements for the corresponding period. The General Meeting of Shareholders, after considering the proposals of the Board of Directors, makes the final decision on dividend payments on KEGOC JSC’s common shares, approves the amount of dividends per common share of KEGOC JSC, and sets the date for the start of dividend payments at its discretion.

Dividend payments at KEGOC JSC

Period for which dividends were accrued	2018		2019		2020		2021		2022		2023
	first half-year	year	first half-year	year	first half-year	year	first half-year	year	first half-year	year	first half-year
Amount of dividend per share, tenge	80.53	54.53	67.17	48.86	77.09	75.01	84.72	50.85	65.44	50.59	77.74
Total amount of accrued dividends, th. tenge	35,115,412		30,167,638		39,545,788		35,248,011		30,167,638, 7		20,212,291.9
Share of IFRS net profit allocated for dividend payment, %	80%	87.6%	77.3%	74.03%	70%	73.9%	80%	66.9%	100%	100%	87.8%
Name of the issuer's management body that made the decision to pay dividends	General Meeting of Shareholders										
Date of the meeting of the issuer's management body, at which the decision to pay dividends was taken, date and number of minutes	30 November 2018 No. 11	3 May 2019 N° 13	25 October 2019 No. 14	29 May 2020. N° 17	23 October 2020. N° 19	27 April 2021 N° 21	29 October 2021 N° 24	26 May 2022 N° 27	27 October 2022 N° 29	2 May 2023 N° 31	26 September 2023 No. 34
Date of compilation of the list of persons entitled to receive dividends	11 December 2018	14 May 2019	4 November 2019.	8 June 2020	29 October 2020	11 May 2021	8 November 2021	7 June 2022	15 December 2022	12 May 2023	26 September 2023

Rights of Minority Shareholders

Corporate governance in the Company is structured to ensure equal rights and fair treatment for all shareholders. The rights, duties, and competencies of shareholders are equal and determined according to applicable legislation and are enshrined in the Company’s Charter. Shareholder rights include, but are not limited to, timely receipt of information sufficient for decision-making in the manner prescribed by the legislation of the Republic of Kazakhstan, the Charter, and the Company’s internal information disclosure documents; participation in the General Meeting of Shareholders and voting on matters within their competence; participation in determining the quantitative composition and term of the Board of Directors, electing its members and terminating their powers, and determining the size and conditions of remuneration; receiving dividends in amounts and terms determined by the General Meeting of Shareholders based on a clear and transparent dividend policy; transferring voting rights when participating in the General Meeting of Shareholders by proxy, and participating in the joint sale of shares.



Report on the Activities of the Board of Directors

The Board of Directors is accountable to the General Meeting of Shareholders, provides strategic and overall management of the Company, and oversees the activities of the Management Board, except for matters within the competence of the General Meeting of Shareholders and/or the Management Board as specified by the legislation of the Republic of Kazakhstan and/or the Charter of KEGOC JSC.

2-13

According to the Company’s Charter, the Board of Directors defines the Company’s activities, approves development strategies with set goals, objectives, projects, and their achievement indicators. In developing/updating the Development Strategy, the Board of Directors holds regular meetings and consultations with key stakeholder groups to understand their expectations and concerns. The implementation of the Company’s Development Strategy, the achievement of goals and indicators, including in the area of sustainable development, is monitored quarterly by the Board of Directors through reviews of strategy implementation reports, occupational safety, health, and environmental reports, and risk reports.

2-12, 2-13

The election of Board members is carried out by the General Meeting of Shareholders based on clear and transparent procedures, taking into account the competencies, skills, achievements, business reputation, and professional experience of the candidates. When re-electing individual Board members or the entire composition for a new term, their contribution to the effectiveness of the Board’s activities is considered.

Independent directors are elected to the Board, who possess sufficient professionalism and independence to make independent and objective decisions free from the influence of individual shareholders, the Management Board, and other interested parties.

Board members are elected for a term not exceeding three (3) years.

An independent director cannot be elected to the Board for more than nine (9) consecutive years. In exceptional cases, an election for a term exceeding nine (9) years is allowed, provided that such an independent director is elected annually with a detailed explanation of the necessity for their election and the impact of this factor on their decision-making independence.

The rights and duties of Board members are defined by the Charter of KEGOC JSC.

Board members of KEGOC JSC are liable, as established by the laws of the Republic of Kazakhstan, to the Company and shareholders for harm caused by their actions

and/or inactions, and for losses incurred by the Company, in accordance with the Law of the Republic of Kazakhstan ‘On Joint Stock Companies.’

2-14

By the decision of the Annual General Meeting of Shareholders on April 27, 2021 (protocol No. 21), the composition of the Board of Directors was elected for three years in accordance with the Rules for Forming the Composition of the Board of Directors, Determining Remuneration, and Compensating Expenses of the Members of the Board of Directors of KEGOC JSC, taking into account the candidates’ compliance with selection criteria and qualification requirements.

2-10

Composition of the Board of Directors as of 1 January 2023

- Yernat Berdigulov — Chairman of the Board of Directors, Representative of Samruk-Kazyna JSC (not the Chairman of the Management Board of KEGOC JSC);

2-11

- Nurlan Akhanzaripov — Member of the Board of Directors, Senior Independent Director;
- Ulf Wokurka — Member of the Board of Directors, Independent Director;
- Damir Suyentayev — Member of the Board of Directors, Independent Director;
- Alexey Repin — Member of the Board of Directors, Representative of Samruk-Kazyna JSC;
- Almat Jamiev — Member of the Board of Directors, Representative of Samruk-Kazyna JSC;
- Kanysh Moldabayev — Member of the Board of Directors, Chairman of the Management Board of KEGOC JSC.

On July 31, 2023 (protocol No. 32), by the decision of the Extraordinary General Meeting of Shareholders of KEGOC JSC:

- The powers of Board members Ulf Wokurka, Independent Director, Alexey Repin, Representative of Samruk-Kazyna JSC, and Kanysh Moldabayev, Chairman of the Management Board of KEGOC JSC, were terminated prematurely.
- The following individuals were elected to the Board of Directors of KEGOC JSC: Marat Dulkairov as an Independent Director, Kanysh Moldabayev as a Representative of Samruk-Kazyna JSC, and Nabi Aitzhanov as the Chairman of the Management Board of KEGOC JSC.



Information on members of the Board of Directors

(composition of the Board of Directors as of 31 December 2023)

2-9



Yernat Berdigulov

Chairman of the Board of Directors of KEGOC JSC, representative of Samruk-Kazyna JSC

2-11

Born in 1987, a citizen of the Republic of Kazakhstan.

First elected to the Board of Directors of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on November 24, 2021 (protocol No. 25) as a representative of Samruk-Kazyna JSC.

Elected Chairman of the Board of Directors of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on March 10, 2022 (protocol No. 26).

Does not own shares in KEGOC JSC or its subsidiaries.

Education:

- 2004-2007: Kazakh National University named after Al-Farabi, Faculty of International Relations, Almaty;
- 2007-2010: University of Toronto, specializing in Public Policy and International Relations (focus on International Economics);
- 2015-2018: University of Warwick, UK — Master of Business Administration;
- 2022-present: Harvard Business School — Program for Leadership Development.

Work Experience in the last five years:

- 02/2022-present: Managing Director for Strategy and Asset Management at Samruk-Kazyna JSC;
- 04/2021-02/2022: Co-Managing Director for Strategy, Sustainable Development, and Digital Transformation at Samruk-Kazyna JSC;
- 05/2019-04/2021: Project Manager at international consulting firm Whiteshield Partners (variously Senior Analyst, Consultant);
- 08/2018-04/2019: Analyst at the Asset Management Directorate at Samruk-Kazyna JSC.

Concurrent Work and Membership in Boards of Directors:

- Chairman of the Board of Directors of KazMunayGas JSC;
- Chairman of the Board of Directors of QazaqGaz JSC;
- Member of the Board of Directors of Kazatomprom NAC JSC;
- Member of the Board of Directors of Kazakhstan Temir Zholy NC JSC.



Nurlan Akhanzaripov

Senior independent director, Chairman of NRC, member of SPCGC and AC of KEGOC's Board of Directors

Born in 1965, a citizen of the Republic of Kazakhstan.

Certified Independent Director (Cert IoD) from the Institute of Directors, UK.

First elected to the Board of Directors of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on June 26, 2020 (protocol No. 18) as an independent director.

Elected as a member of the Board of Directors and an independent director of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on April 27, 2021 (protocol No. 21).

Does not own shares in KEGOC JSC or its subsidiaries.

Education:

- Shakarim Semipalatinsk State University, Accountant-Economist, Accounting and Auditing.
- KIMEP MBA, Master of Business Administration.
- Satbayev Kazakh National Technical University, Geology and Mineral Exploration.

Work Experience in the last five years:

- 2021-2023: Member of the Board of Directors, Independent Director of Kazakhstan Temir Zholy NC JSC;
- 2019-2022: Member of the Board of Directors, Independent Director of AstanaGasKMG JSC;
- 2019-2021: Deputy General Director for Production at Planet Care Management LLP;
- 2019-2020: Member of the Board of Directors at the Center for Engineering and Technology Transfer JSC and High Technology Fund 'Ariket' JSC.

Concurrent Work and Membership in Boards of Directors:

- Member of the Board of Directors, Independent Director of NC QazaqGaz JSC.

Information on members of the Board of Directors

(composition of the Board of Directors as of 31 December 2023)



Marat Dulkairov

independent director, Chairman of SPC-GC and OHSEPC, member of AC of KEGOC's Board of Directors

Born in 1947, a citizen of the Republic of Kazakhstan.

Elected to the Board of Directors of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on July 31, 2023 (protocol No. 32) as a member of the Board of Directors, Independent Director.

Does not own shares in KEGOC JSC or its subsidiaries.

Education:

- 1965-1972: Magnitogorsk Mining and Metallurgical Institute named after G.I. Nosov, specializing in Power Supply of Industrial Enterprises, Cities, and Agriculture, qualification: Electrical Engineer.

Work Experience in the last five years:

- 04/2015-present: General Director of the Union of Engineers and Power Engineers of the Republic of Kazakhstan.

Honorary Professor of the Almaty University of Power Engineering and Telecommunications, Honored Power Engineer of the Republic of Kazakhstan and CIS.



Damir Suyentayev

independent director, Chairman of AC, member of NRC of KEGOC's Board of Directors

Born in 1984, a citizen of the Republic of Kazakhstan.

Elected to the Board of Directors of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on July 18, 2022 (protocol No. 28) as a member of the Board of Directors, Independent Director.

Does not own shares in KEGOC JSC or its subsidiaries.

Education:

- 2001-2006: Kazakh State Law Academy, specialty in Jurisprudence, Almaty;
- 2006-2008: T. Ryskulov Kazakh Economic University, Bachelor of Economics, Almaty;
- 2012-2014: Russian Presidential Academy of National Economy and Public Administration, Faculty of Innovation and Technology Business, MBA in Innovation and Project Management, Moscow;
- 2018-2022: Institute of Directors, UK, IoD Chartered Director Program, London.

Member of the Association of Independent Directors of the Republic of Kazakhstan, the Russian Federation, the Institute of Internal Auditors of the Republic of Kazakhstan, and listed in the Professional Association of Corporate Governance of Ukraine.

Work Experience in the last five years:

- 08/2021-present: President of the National Center for Expertise and Certification JSC;
- 02/2016-10/2021: Chairman of the Digital Finance Union NGO.

Concurrent Work and Membership in Boards of Directors:

- Member of the Board of Directors, Independent Director of Astana Medical University NAO;
- Member of the Board of Directors, Independent Director of Passenger Transportation JSC / Kazakhstan Temir Zholy NC JSC;
- Member of the Board of Directors, Independent Director of the Kazakhstan Public-Private Partnership Center JSC of the Ministry of National Economy of the Republic of Kazakhstan.

Information on members of the Board of Directors

(composition of the Board of Directors as of 31 December 2023)



Kanysh Moldabayev

Member of the Board of Directors of KEGOC JSC, representative of Samruk-Kazyna JSC, member of SPCGC

Born in 1963, a citizen of the Republic of Kazakhstan.

First elected by the decision of the General Meeting of Shareholders of KEGOC JSC on April 27, 2021 (protocol No. 21) as Chairman of the Board of Directors of KEGOC JSC.

Elected as a member of the Board of Directors and Chairman of the Management Board of KEGOC JSC by the decision of the General Meeting of Shareholders on November 24, 2021 (protocol No. 25).

Elected as a member of the Board of Directors, representative of Samruk-Kazyna JSC by the decisions of the General Meeting of Shareholders on November 24, 2021 (protocol No. 25) and on July 31, 2023 (protocol No. 32).

Does not own shares in KEGOC JSC or its subsidiaries.

Education:

- 1981-1987: Pavlodar Industrial Institute, Electrical Engineer;
- 1999-2002: Karaganda State Technical University, Economist-Lawyer;
- 2003-2004: Academy of Public Administration under the President of the Republic of Kazakhstan, Public Service Manager;
- 2016-2020: Doctor of Business Administration (DBA), Russian Presidential Academy of National Economy and Public Administration;
- International Certification — IPMA Level B.

Work Experience in the last five years:

- 11/2021-07/2023: Chairman of the Management Board of KEGOC JSC;
- 04/2021-11/2021: Director of the Energy and Mining Assets Directorate at Samruk-Kazyna JSC;
- 04/2019-04/2021: Sector Leader ‘Energy’ at Samruk-Kazyna JSC;
- 09/2018-04/2019: Deputy General Director of Kazakhstan Nuclear Power Plants JSC.

Concurrent Work and Membership in Boards of Directors:

- Member of the Supervisory Board, Independent Director of SFCS of RES LLP;
- Member of the Board of Directors, Independent Director of Samruk-Energy JSC.



Almat Zhamiyev

Member of the Board of Directors of KEGOC JSC, representative of Samruk-Kazyna JSC, member of NRC

Born in 1979, a citizen of the Republic of Kazakhstan.

Elected to the Board of Directors of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on March 10, 2022 (protocol No. 26) as a member of the Board of Directors, representative of Samruk-Kazyna JSC.

Does not own shares in KEGOC JSC or its subsidiaries.

Education:

- 1997-2001: Al-Farabi Kazakh National University, Republic of Kazakhstan, Lawyer, Jurisprudence;
- 2001-2003: Al-Farabi Kazakh National University, Republic of Kazakhstan, Master of Jurisprudence;
- 2003-2005: Al-Farabi Kazakh National University, Republic of Kazakhstan, Postgraduate Studies;
- 2017-2019: Nazarbayev University, Graduate School of Business (joint program with Duke University, USA), Republic of Kazakhstan, Executive MBA.

Work Experience in the last five years:

- 08/2021-present: Director of the Legal Support Department at Samruk-Kazyna JSC;
- 2016-2021: Director of the Legal Support and Methodology Department at Samruk-Kazyna JSC.

Concurrent Work and Membership in Boards of Directors:

- Member of the Supervisory Board of KAES LLP;
- Member of the Supervisory Board of Samruk-Kazyna Business Service LLP;
- Member of the Board of Directors of Bolashaq Investments Ltd (company registered at AIFC).

Information on members of the Board of Directors

(composition of the Board of Directors as of 31 December 2023)



Nabi Aitzhanov

Member of the Board of Directors of KEGOC JSC, Chairman of the Management Board KEGOC JSC

Born in 1980, a citizen of the Republic of Kazakhstan.

Elected to the Board of Directors of KEGOC JSC by the decision of the General Meeting of Shareholders of KEGOC JSC on July 31, 2023 (protocol No. 32) as a member of the Board of Directors.

Does not own shares in KEGOC JSC or its subsidiaries.

Education:

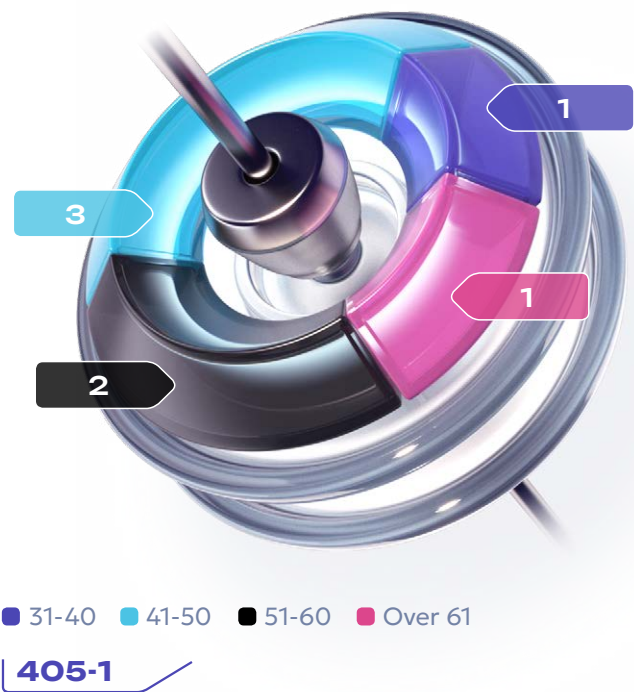
- 1997-2002: S. Seifullin Akmola Agrarian University, Economics and Management;
- 2011-2012: International Academy of Business, Master of Business Administration.

Work Experience in the last five year:

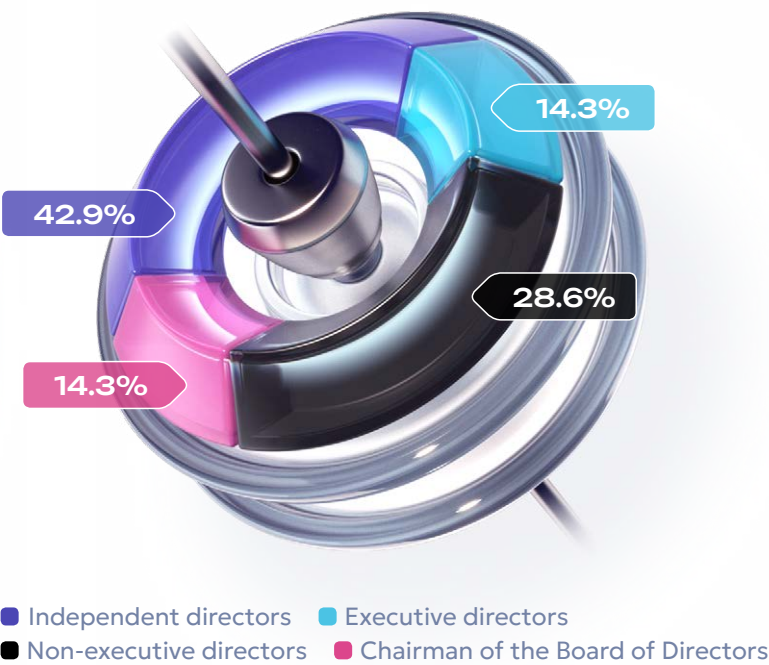
- 2010-2023: General Director of Kazakhstan Utility Systems LLP.

The term of office for each member of the Board of Directors of KEGOC JSC coincides with the term of office of the entire Board of Directors of KEGOC JSC, which expires in April 2024.

Age structure of the Board of Directors, persons



Independence of the Board of Directors, %



Competence of the members of the Board of Directors

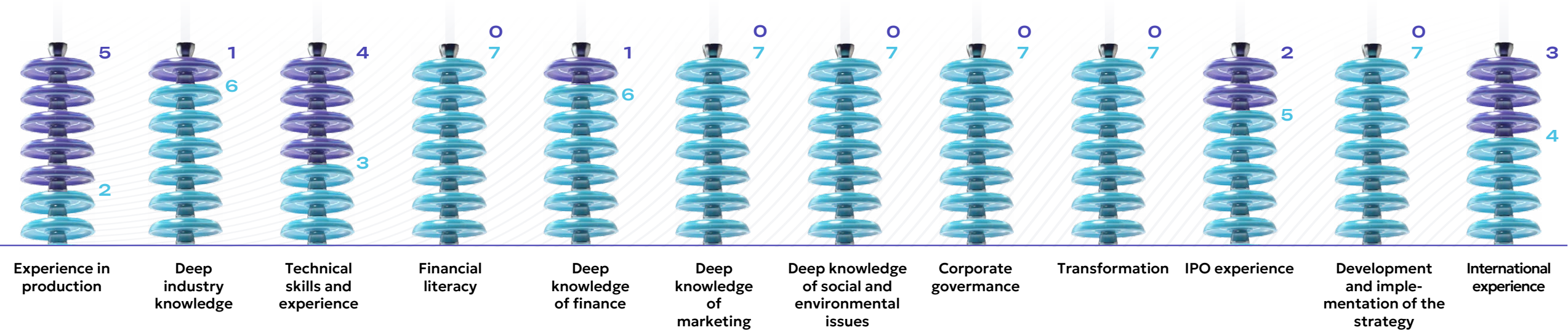
Matrix of competences of the Board of Directors*

Members of the Board of Directors	Berdigulov E.K.	Akhanzaripov N.Z.	Dulkairov M.T.	Suyentayev D.S.	Moldabayev K.T.	Zhamiyev A.K.	Aitzhanov N.E.
Length of service in the industry/general experience, years	9/12	21/30	58/58	5/17	31/36	5/27	22/22
Key competences							
Industry knowledge							
Industry experience	-	-	+	-	+	-	+
In-depth knowledge of the industry	+	+	+	+	+	-	+
Technical skills/experience	-	+	+	-	+	-	+
Specific skills and experience							
Financial literacy	+	+	+	+	+	+	+
Strong knowledge of finance	+	+	-	+	-	-	+
Strong knowledge of marketing	+	+	+	+	+	+	+
In-depth knowledge of social and environmental issues	+	+	+	+	+	+	+
Management and legal experience							
Corporate governance	+	+	-	+	+	+	+
Transformation	+	+	-	+	+	+	+
IPO experience	+	+	-	-	+	+	+
Strategy development and implementation	+	+	+	+	+	+	+
International experience	+	+	-	+	-	+	-

* The competences of the members of the Board of Directors are shaded.

2-9, 2-10

Balance of qualifications of members of the Board of Directors, persons



Criteria for Selecting Independent Directors

An independent director must possess sufficient professionalism and independence to make independent and objective decisions free from the influence of individual shareholders, the Management Board, and other interested parties.

Independent directors meet all the legal criteria for independence; their status, powers, rights, and duties are strictly regulated by the requirements of the Law of the Republic of Kazakhstan ‘On Joint Stock Companies,’ the Charter of KEGOC JSC, the Corporate Governance Code of KEGOC JSC, and the Rules for Selecting and Electing Members of the Board of Directors of KEGOC JSC.

According to global corporate governance practices and the requirements of the Law of the Republic of Kazakhstan ‘On Joint Stock Companies,’ the number of members of the Board of Directors must be at least three. At least 30% of the Board of Directors should be independent directors.

In accordance with subparagraph 20) of article 1 of the Law of the Republic of Kazakhstan ‘On Joint Stock Companies,’ independent members of the Board of Directors:

- are not affiliated persons of the company and have not been affiliated persons for three years preceding their election to the Board of Directors;
- are not affiliated persons in relation to affiliated persons of KEGOC JSC;
- are not subordinate to the officers of KEGOC JSC or its affiliated organizations and have not been subordinate to these persons for three years preceding their election to the Board of Directors;
- do not participate in the audit of KEGOC JSC as an auditor working in an audit organization and have not participated in such an audit for three years preceding their election to the Board of Directors;
- are not representatives of a shareholder at meetings of the bodies of KEGOC JSC and have not been representatives for three years preceding their election to the Board of Directors;
- are not public servants.

Upon election, independent directors sign statements confirming their independence.

2-9, 2-10

Meetings of the Board of Directors of KEGOC JSC

Participation matrix for Board meetings in 2023

Members of the Board of Directors	27.01.2023	24.02.2023	01.04.2023	28.04.2023	31.05.2023	30.06.2023	27.07.2023	15.08.2023	25.08.2023	29.09.2023	31.10.2023	24.11.2023	21.12.2023	%
Yernat Berdigulov														
Chairman of the Board of Directors	+	+	+	+	-	-	-	+	+	+	+	+	+	77 ²
Nurlan Akhanzaripov														
Senior Independent Director	+	+	+	+	+	+	+	+	+	+	+	+	+	100
Ulf Wokurka														
Independent Director	+	+	+	+	+	+	+	Terminated from 31 July 2023						100
Damir Suyentayev														
Independent Director	+	+	+	+	+	+	-	+	+	+	+	+	+	92 ³
Almat Zhamiyev														
Representative of Sam-ruk-Kazyna JSC	+	+	+	+	+	+	+	+	+	+	+	+	+	100
Alexey Repin														
Representative of Sam-ruk-Kazyna JSC	+	+	+	+	+	+	+	Terminated from 31 July 2023						100
Kanysh Moldabayev														
Chairman of the Man-agement Board, Member of the Board of Directors (from 01.08.2023)	+	+	+	+	+	+	+	+	+	+	+	+	+	100
Nabi Aitzhanov														
Chairman of the Manage-ment Board			was not a member of the BOD					+	+	+	+	+	+	100
TOTAL (%)														96

During the reporting period, the Board of Directors held **1 absentee** meetings and

12 in-person meeting

Where

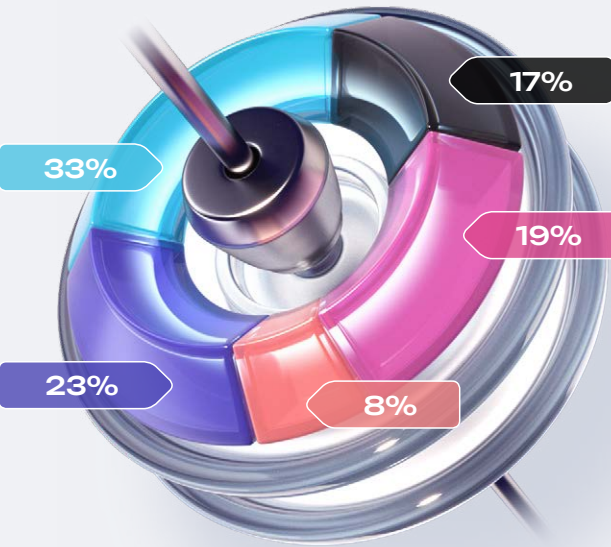
112 issues were considered

In 2023, the meetings of the Board of Directors addressed strategic, financial-economic, and investment issues, corporate governance and sustainable development, risk management, internal control and audit, personnel policy, safety, occupational health, and the activities of subsidiaries.

² Berdigulov E.K Chairman of the Board of Directors was on business trip and was absent from the meetings of the Board of Directors held on 31 May, 30 June and 27 July 2023

³ Suyentayev D.S., a member of the Board of Directors, was on leave and absent from the meeting of the Board of Directors on 27 July 2023.

Issues considered at the meetings of the Board of Directors in 2023, %



- Strategic, financial, economic and investment issues
- Corporate governance and sustainability issues
- RMS and ICS issues
- HR policy issues
- Performance of subsidiaries issues

2-13

As part of the SPO program implementation, members of the Board of Directors actively participated, including in the ‘road-shows’. Board members informed the investment community on the KASE and AIX exchange platforms about the Company’s activities and the launch of trading.

Committees of the Board of Directors

To create a platform for active discussion and detailed analysis of specific issues, three committees have been established under the Board of Directors:

- Audit Committee;
- Nominations and Remuneration Committee;
- Strategy, Corporate, and Sustainable Development Committee.

2-13

Audit committee

2-9

The activities of the Committee are regulated by the Regulations on the Audit Committee. The Committee is fully accountable to the Board of Directors. All members of the Committee have sufficient knowledge and experience, including practical experience. The Audit Committee consists of three independent directors and one expert (non-voting).

As of January 1, 2023, the Committee consisted of:

- Damir Suyentayev — Chairman of the Committee, Independent Director;
- Nurlan Akhanzaripov — Member of the Committee, Senior Independent Director;
- Ulf Wokurka — Member of the Committee, Independent Director;
- Ernar Mynzhanov — (non-voting) expert.

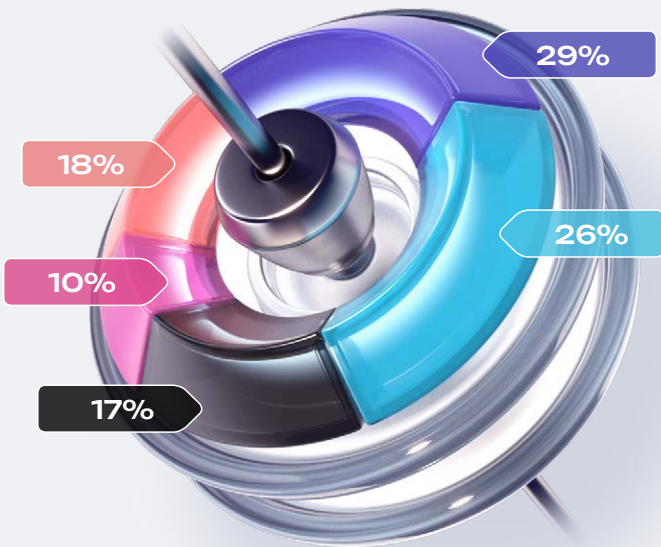
In accordance with the decisions of the Board of Directors on January 27, 2023 (protocol No. 1) and August 25, 2023 (protocol No. 9), changes were made to the composition of the Committee.

As of December 31, 2023, the Committee consisted of:

- Damir Suyentayev — Chairman of the Committee, Independent Director;
- Nurlan Akhanzaripov — Member of the Committee, Senior Independent Director;
- Marat Dulkairov — Member of the Committee, Independent Director;
- Maksat Myrzatayev — (non-voting) expert.

Two meetings were held with representatives of the external auditor, RSM Qazaqstan LLP, where reports on the audit results of the consolidated financial statements for the year ended December 31, 2022, and the audit results of the interim consolidated financial statements for the six months ended June 30, 2023, were reviewed, including issues of confirming the independence of the external auditor.

Issues considered at AC meetings in 2023, %



- Internal control issues
- Compliance issues
- RMS and ICS issues
- Financial reporting issues
- Others

In 2023, no deviations by the Board of Directors from the individual proposals/recommendations of the Committee were recorded during the consideration of issues.

Matrix of attendance at Audit Committee meetings in 2023

Members of the Audit Committee	26.01.2023	23.02.2023	01.04.2023	26.04.2023	29.05.2023	30.06.2023	26.07.2023	24.08.2023	28.09.2023	30.10.2023	23.11.2023	20.12.2023	%
Damir Suyentayev													
Chairman of the Committee, Independent Director	+	+	+	+	+	+	-	+	+	+	+	+	92
Nurlan Akhanzaripov													
Member of the Committee, Senior Independent Director	+	+	+	+	+	+	+	+	+	+	+	+	100
Ulf Wokurka													
Member of the Committee, Independent Director	+	+	+	+	+	+	+		Terminated from 31 July 2023				100
Marat Dulkairov													
Member of the Committee, Independent Director			was not a member of the Committee						+	+	+	+	100
TOTAL:													98

Suyentayev D.S., a member of the Committee, was on labour leave and absent from the meeting of the Board of Directors on 26 July 2023.

In 2023, the Committee held

12 in-person meetings

Where

58 issues were considered

The Committee provided the Board of Directors with recommendations on internal control and risk management, financial reporting, external audit, including meetings with representatives of the external auditor conducting the audit of KEGOC JSC’s financial statements, activities of the Internal Audit Service and the Compliance Service, and other issues.

2-13

Nomination and remuneration committee

2-9

The Committee’s activities are governed by the Regulations on the Nomination and Remuneration Committee. The Committee is fully accountable to the Board of Directors in its activities.

All members of the Committee have sufficient knowledge and extensive experience, including practical experience.

As of 31 December 2023, the Committee was composed of the following members:

- Nurlan Akhanzaripov — Chairman of the Committee, Senior Independent Director;
- Damir Suyentayev — Member of the Committee, Independent Director;
- Almat Zhamiev — Member of the Committee, Representative of Samruk-Kazyna JSC;
- Syrym Tyutebayev — (non-voting) expert.

Matrix of attendance at meetings of the Nomination and Remuneration Committee in 2023

Members of the Nomination and Remuneration Committee	26.01.2023	23.02.2023	01.04.2023	26.04.2023	29.05.2023	30.06.2023	26.07.2023	24.08.2023	28.09.2023	30.10.2023	23.11.2023	20.12.2023	%
Nurlan Akhanzaripov Chairman, Independent Director	+	+	+	+	+	+	+	+	+	+	+	+	100
Damir Suyentayev* Independent Director	+	+	+	+	+	+	-	+	+	+	+	+	91
Almat Zhamiev Representative Samruk-Kazyna JSC	+	+	+	+	+	+	+	+	+	+	+	+	100
TOTAL:													97

D.S. Suentaev, a member of the Committee, was on labour leave and absent from the meeting of the Board of Directors on 26 July 2023.

In 2023, the Committee held

12 in-person meetings

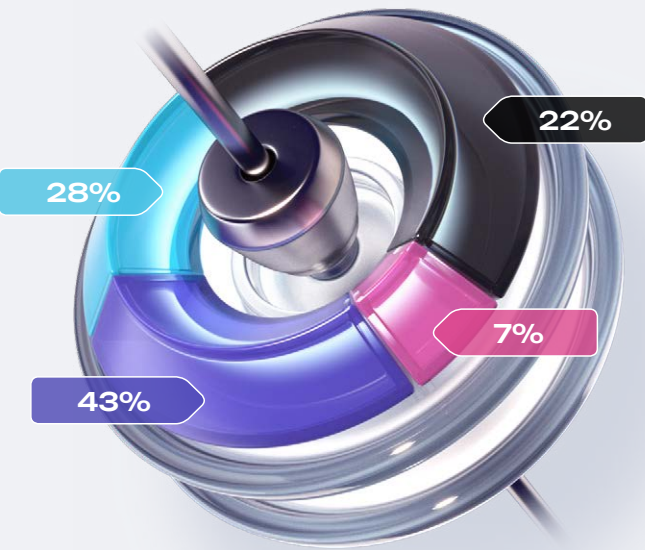
Considered

46 issues

During the reporting period, recommendations were submitted to the Board of Directors on the appointment/election of candidates to the Board of Directors, Corporate Secretary; approval of the Company’s organisational structure; execution of the Pool Management; review of key performance indicators of the Management Board members and the Corporate Secretary, Ombudsman goal map, salary scheme for the Management Board, Ombudsman and Corporate Secretary; approval of the Board of Directors’ Professional Development Plan and other issues.

2-13

Issues addressed at EIS meetings in 2023, %



- Business organization issues
- Appointment and remuneration issues
- Issues of continuity and evaluation
- Issues related to the subsidiary`s operations

2-13

No rejections of individual proposals/recommendations of the Committee by the Board of Directors during consideration of issues in 2023 were recorded.

Strategy, corporate and sustainable development committee

2-9

The Committee’s activities are governed by the Regulations on the Strategy, corporate and sustainable development committee. The Committee is fully accountable to the Board of Directors in its activities. The Committee is chaired by an independent director.

All members of the Committee have sufficient knowledge and significant experience, including practical experience.

As of 1 January 2023, the Committee was composed of the following members:

- Ulf Wokurka — Chairman of the Committee, Independent Director;
- Nurlan Akhanzaripov — Member of the Committee, Independent Director;
- Alexey Repin — Member of the Committee, Representative of Samruk-Kazyna JSC;
- Syrym Tyutebayev — (non-voting) expert.

In accordance with the decisions of the Board of Directors dated 25 August 2023 (Minutes No. 9), changes and additions were made to the composition of the Committee.

As of 31 December 2023, the Committee was composed of the following members:

- Kanysh Moldabaev — Chairman of the Committee, Representative of Samruk-Kazyna JSC;
- Nurlan Akhanzaripov — Member of the Committee, Senior Independent Director;
- Marat Dulkairov — Member of the Committee, Independent Director;
- Syrym Tyutebayev — (non-voting) expert.

Matrix of participation in meetings of the Strategy, corporate and sustainable development committee in 2023

Members of the Strategy, Corporate and Sustainable Development Committee	26.01.2023	23.02.2023	01.04.2023	26.04.2023	29.05.2023	30.06.2023	26.07.2023	28.09.2023	30.10.2023	23.11.2023	20.12.2023	%
Ulf Wokurka Chairman, Independent Director	+	+	+	+	+	+	+	Terminated from 31 July 2023				100
Nurlan Akhanzaripov independent director	+	+	+	+	+	+	+	+	+	+	+	100
Alexey Repin Representative of Samruk-Kazyna JSC	+	+	+	+	+	+	+	Terminated from 31 July 2023				100
Kanysh Moldabaev Chairman, representative of Samruk-Kazyna JSC	was not a member of the Committee							+	+	+	+	100
Marat Dulkairov Independent director	was not a member of the Committee							+	+	+	+	100
TOTAL:												100

During the reporting period, the Committee held

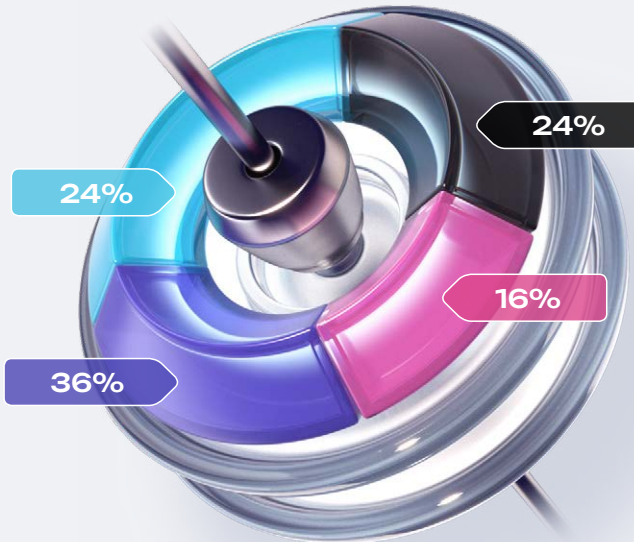
11 in-person meetings

At which

25 issues were considered

In 2023, the Committee’s meetings considered issues on strategic and economic directions, corporate and sustainable development, investment programme, industrial safety, occupational health and safety, environmental protection and other issues.

Issues considered at meetings of the Strategy, corporate and sustainable development committee in 2023, %



- Corporate development and sustainable management issues
- Issues of strategic and economic direction
- Investment projects and industrial safety issues
- Subsidiary issues

At the same time, there were no rejections by the Board of Directors of individual proposals/recommendations of the Committee when considering issues in 2023.

2-13

Professional development

On 23 February 2023, the Company held a strategic session with participation of members of the Board of Directors, members of the Management Board, managing directors of KEGOC JSC and Samruk-Kazyna covering:

- ‘Prospective development of the electric power industry of the Republic of Kazakhstan. Development of the electric power balance up to 2035’;
- ‘Key changes in electricity legislation: introduction of the Single Buyer model and real-time balancing market in the Republic of Kazakhstan’;
- ‘Updating the Company’s Development Strategy taking into account the latest changes in the electric power industry’;
- ‘Digital Development of KEGOC’;
- ‘SPO KEGOC JSC’.

On 31 March 2023, at the field meeting of the Board of Directors in Turkestan city, a strategic session was held with participation of Samruk Energy JSC, KOREM JSC and SFCS of RES LLP on the topic: ‘Key changes in the legislation

on electric power industry: introduction of the institution of the Single Purchaser and functioning of the balancing market in real time’.

On 22 September 2023, a seminar was held for the members of the Board of Directors on the topic: ‘Concept of Development of the Electric Power Industry of the Republic of Kazakhstan for 2023-2029’.

On 19 October 2023, members of the Board of Directors took part in the second annual Business Summit of Directors of the Silk Road countries, held in Tashkent, Republic of Uzbekistan, on the topic: ‘State, Business and Boards of Directors: Challenges and Opportunities in the New Economy’.

On 12 and 19 December 2023, seminars were held for members of the Board of Directors on the following topics: ‘Basics of IT Audit’ and ‘Basics of ESG’.

2-17

Compliance with the Corporate Governance Code

The Corporate Governance Code of the Company was adopted on the basis of the Corporate Governance Code of Samruk-Kazyna JSC. The objectives of the Corporate Governance Code are to improve corporate governance, ensure management transparency, and confirm a commitment to the standards of good corporate governance.

The analysis of compliance with the principles and provisions of the Corporate Governance Code in the Company has shown that the Company in the reporting year complied with all provisions of the Corporate Governance Code applicable to the Company. To familiarize yourself with the report on compliance with the principles and provisions of the Corporate Governance Code for 2023, please see the following link.



Executive Body

KEGOC JSC day-to-day operations are managed by a collegial executive body, the Management Board, which makes decisions on KEGOC’s activities that are not referred to the competence of other bodies.

The Management Board shall act in accordance with the Law of the Republic of Kazakhstan ‘On Joint Stock Companies’, the Charter of KEGOC JSC, the Corporate Governance Code and the Regulations on the Management Board of KEGOC JSC.

2-13

The appointment (election) and early termination of the powers of the Chairman of the Management Board of the Company fall within the competence of the General Meeting of Shareholders. Determination of the number of members, term of office of the Management Board, election of members of the Management Board (except for the Chairman), as well as early termination of their powers shall be within the exclusive competence of the Board of Directors of KEGOC JSC and shall be based on the principles of transparency, objective assessment of potential, professionalism and competence. The Board of Directors of KEGOC JSC has determined the composition of the Management Board of KEGOC JSC as five (5) persons, 100 percent of whom are citizens of the Republic of Kazakhstan.



Composition of the Management Board (As at 31 December 2023)



Nabi Aitzhanov

Chairman of the Management Board of KEGOC JSC, member of the Management Board since August 2023

Born in 1980, citizen of the Republic of Kazakhstan, with 22 years of work experience in the industry.

Does not own shares of KEGOC JSC and its subsidiaries and affiliated organisations.

Education:

Akmola Agrarian University named after S. Seifulin, specialising in Economics and Management (1997-2002). S. Seyfulin Akmola Agrarian University, specialising in Economics and Management (1997-2002), International Academy of Business, Master of Business Administration (2012).

Work Experience in the last five years:

- 2010-2023. — General Director of Kazakhstan Utility Systems LLP.
- 2023 — Chairman of the Management Board of KEGOC JSC.

Composition of the Management Board

(As at 31 December 2023)



Bakytzhan Zhazykbayev

Deputy Chairman of the Management Board of KEGOC JSC, member of the Management Board since February 2017

Born in 1968, citizen of the Republic of Kazakhstan, with 21 years of work experience in the industry.

Does not own shares of KEGOC JSC and its subsidiaries and affiliated organisations.

Education:

Kazakh State Academy of Management named after T. Ryskulov, pecializing in Marketing and Commerce (1994). T. Ryskulov Kazakh State Academy of Management, speciality ‘Marketing and Commerce’ (1994), Pavlodar State University named after S. Toraigyrov, speciality ‘Electric Power Systems and Networks’ (2005). S. Torai-gyrov Pavlodar State University, speciality ‘Electric Power Systems and Networks’ (2005), ‘Narkhoz University’ JSC, Master of Business Administration (2017).

Work Experience in the last five years:

- 2017-2018. — Managing Director for Production Assets Management of KEGOC JSC.
- 2018-2021. — Managing Director for Production at KEGOC JSC.
- 2021 — Deputy Chairman of the Management Board of KEGOC JSC.

Functions in KEGOC JSC: planning of operation, re-pair, maintenance and diagnostics of production assets; de-velopment of asset management policies and procedures, including asset maintenance standards; development and implementation of the medium-term development programme of MES branches; formation and implementa-tion of the Strategy (Budget and Investment Programme); coordination of work on the management of the imple-mented strategic projects; coordination of work and control over connection of users to the electricity grid; control over the process of conclusion of contracts with the Ministry of Energy of the Republic of Kazakhstan.



Tolegen Safuani

Managing Director for Legal Support and Risks, member of the Management Board since June 2017.

Born in 1979, citizen of the Republic of Kazakhstan, with 16 years of experience in the industry.

Does not own shares of KEGOC JSC and its subsidiaries and affiliated organisations.

Education:

Kazakh State Law Academy, speciality ‘Jurisprudence’ (1996-2000), Kazakh University of Technology and Busi-ness, speciality ‘State and Local Administration’, Master of Economic Sciences (2011-2013), EE ‘Almaty Manage-ment University’, Master of Business Administration (2018).

Work Experience in the last five years:

- 2017 r. — Managing Director for Legal Support and Risks of KEGOC JSC.

Functions at KEGOC JSC: legal issues; implementation and improvement of risk management, internal control, business continuity systems; improvement of economic, technical and information security management systems; building co-operation with governmental and non-govern-mental organisations on issues of security at strategic fa-cilities and counter-terrorism; co-ordination of claims and litigation work; ensuring compliance with the rule of law in operations and protection of its legal interests.

He is a member of the Board of Directors of Energoinform JSC.

Composition of the Management Board

(As at 31 December 2023)



Elvira Konakhbayeva

Managing Director for Strategy and Sustainable Development, member of the Management Board since January 2022

Born in 1987, citizen of the Republic of Kazakhstan, with 2 years of work experience in the industry.

Does not own shares of KEGOC JSC and its subsidiaries and affiliated organisations.

Education:

Kazakhstan Institute of Management, Economics and Planning (KIMEP), specialising in Economics (2003-2007).

Work Experience in the last five years:

- 2015-2022. — Senior Manager of the Corporate Governance Department, Director of the Corporate Governance Department of Samruk-Kazyna JSC.
- 2022 — Managing Director for Strategy, Sustainable Development and Digital Transformation of KEGOC JSC.

Functions in KEGOC JSC: KEGOC JSC development strategy, sustainable development, corporate development; technological development, R&D and innovation, digitalisation and improvement of business processes.



Aigul Akimbayeva

Managing Director for Finance and Accounting, member of the Management Board since May 2022

Born in 1978, citizen of the Republic of Kazakhstan, with 15 years of work experience in the industry.

Does not own shares of KEGOC JSC and its subsidiaries and affiliated organisations.

Education:

Almaty State University named after Abay, specialising in ‘Finance and Credit, Banking’ (1999). Abai State University, speciality ‘Finance and Credit, Banking’ (1999), University of International Business of non-governmental educational institution ‘Moscow International Higher School of Business ‘Mirbis’, Master of Business Administration (2009).

Work Experience in the last five years:

- 2008-2021. — Director of the Department in Samruk-Energy JSC.
- 2021-2022. — Co-Managing Director for Economics and Finance of Samruk-Energy JSC.

Functions in KEGOC JSC: financial and economic issues, pricing, management and coordination of KEGOC JSC securities in the official list of KASE; interaction with minority shareholders and other holders of KEGOC JSC securities; coordination of activities on change, adjustment and approval of tariffs and tariff estimates for KEGOC JSC services; preparation of consolidated audited annual financial statements of KEGOC JSC, co-operation with financial institutions, audit companies, management reporting system and the process of management of KEGOC JSC shares.

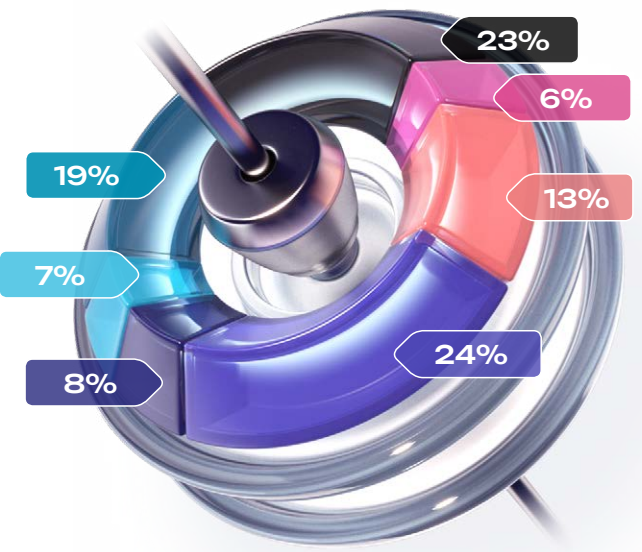
Report on the activities of the Management Board

The main principles of the Management Board’s activity are the maximum observance of shareholders’ interests, honesty, integrity, professionalism, prudence, objectivity, reasonableness and regularity.

In 2023, 31 meetings of the Management Board of KEGOC JSC were held, during which 160 issues were considered.

2-13

Structure of issues considered by the Management Board KEGOC JSC, %



- Strategic, financial, economic and investment issues
- Corporate governance and sustainable development
- Risk management, internal control and audit issues
- Personnel policy issues
- IRD
- Issues related to the activities of subsidiaries
- Other issues

2-13

Committees of the Management Board

For the purpose of preliminary consideration, collegial decision-making and preparation of recommendations to the Management Board of KEGOC JSC on supervised issues, the Company has advisory and consultative bodies:

- Investment Committee;
- Risk Committee;
- Budget Committee;
- Human Resources Development Committee;
- Debtors and Creditors Committee;
- Inventory Management Committee.

In addition, to organize and ensure work on sustainable development management, development, implementation, and operation of KEGOC JSC integrated management system and continuous improvement of management system performance, the Company has established a consultative and advisory body — the Coordination Council for Sustainable Development and IMS, headed by the Chairman of the Management Board of KEGOC JSC.

The Coordination Council includes all managing directors and heads of subsidiary organisations.

The main tasks of the Coordination Council in matters of sustainable development are as follows:

- ensuring the promotion of and compliance with the principles in the field of sustainable development;
- ensuring the implementation of planning, defining responsibilities for monitoring activities on sustainable development management issues, as well as defining the content of information on sustainable development activities provided to stakeholders.



In 2023, the Management Board held

31 meetings

The Management Board considered at its meetings

160 issues

Management appraisal and remuneration

On 24 November 2023, the Board of Directors decided to assess the performance of the Board of Directors and its Committees, the Chairman and members of the Board of Directors, and the Corporate Secretary of KEGOC JSC for 2023 by self-assessment method.

According to the results of self-assessment of the activity for 2023, conducted in accordance with the Methodological Recommendations for the assessment of the activity of the Board of Directors and its Committees, the Chairman, members of the Board of Directors and the Corporate Secretary of organizations of Samruk-Kazyna JSC, the final rating was 96%, assessed at the level of ‘AA’. This indicator confirms that the Board of Directors, its Committees and the Corporate Secretary of KEGOC JSC fulfil in all material aspects most of the established criteria, and there is sufficient evidence that they work effectively.

In accordance with the Rules of Performance Evaluation of the Board of Directors and its Committees, the Chairman, members of the Board of Directors and the Corporate Secretary of KEGOC JSC, none of the Directors were involved in the process of performance evaluation, except for participation in questionnaires.

2-15, 2-18

In accordance with the Rules of formation of the Board of Directors of KEGOC JSC, determination of remuneration and reimbursement of expenses to the members of the Board of Directors of KEGOC JSC approved by the General Meeting of Shareholders, the remuneration of directors consists of two parts: annual fixed remuneration and additional remuneration for chairing or attending in-person meetings of the committees of the Board of Directors. In accordance with the decision of the General Meeting of Shareholders dated 26 June 2020 (Minutes No. 18), payment of additional remuneration to the directors for their work in the Board of Directors of KEGOC JSC shall be made in accordance with the procedure for determining the amount of remuneration and conditions of payment of remuneration to the members of the Board of Directors.

To formulate a proposal to the General Shareholders’ Meeting, the Nomination and Remuneration Committee makes recommendations to the Board of Directors on the amount, procedure for determining and terms of remuneration to be paid to the members of the Board of Directors, taking into account relevant analyses (benchmarking). Most of the members of the Nomination and Remuneration Committee are independent directors.

The Director is reimbursed for expenses related to traveling to meetings of the Board of Directors, Board Committees and meetings held outside the place of permanent residence: travel, including transfer, accommodation, per diem, telephone communication (except for mobile communication) in the Republic of Kazakhstan, scanning, photocopying, faxing, printing, document printing, Internet access in the Republic of Kazakhstan, courier and postal services. In accordance with KEGOC JSC Corporate Governance Code, none of the members of the Board of Directors in 2023 participated in making decisions related to their own remuneration.

2-20

The labor remuneration system of the Chairman and members of the Management Board shall include a salary and remuneration based on the results of work for the year. Remuneration based on KEGOC JSC annual results shall be paid within the limits of funds provided for these purposes in KEGOC JSC budget, after approval of the results of financial and economic activities on the basis of audited financial statements. The main condition for payment of remuneration is the availability of consolidated final profit for the reporting year.

When assessing the performance of the Chairman and members of the Management Board at the end of the reporting period (short-term), motivational KPIs are applied, which are developed by cascading KEGOC JSC strategic goals into specific indicators for KEGOC JSC business processes/activities in the form of KPI Cards for each member of the Management Board of KEGOC JSC. Motivational KPIs for the short-term period are divided into corporate and functional KPIs.

Corporate KPIs and functional KPIs of the executive employees are approved by the Board of Directors of the Company. Thus, the Board of Directors of KEGOC JSC approved motivational KPIs of the Management Board members and their target values for 2023.

Key motivational KPIs

Strategic Goal 1	Strategic Goal 2	Strategic Goal 3
GA (Grid Availability, in % per year)	EBITDA margin	LTIFR
Number of technological disturbances on PTL and substations	Dividend per share	Level of social stability of KEGOC JSC
Implementation of priority investment projects	Quality of planning	Implementation of measures of KEGOC JSC ESG Principles Improvement Plan
Development of DED ‘Monitoring system based on synchrophasor WAMS technologies (2nd stage)	Achievement of target values of financial stability indicators	Implementation of measures of KEGOC JSC Corporate Governance Improvement Plan
	KEGOC JSC entry into the competitive environment by placing a stake on the stock exchange	ESG rating

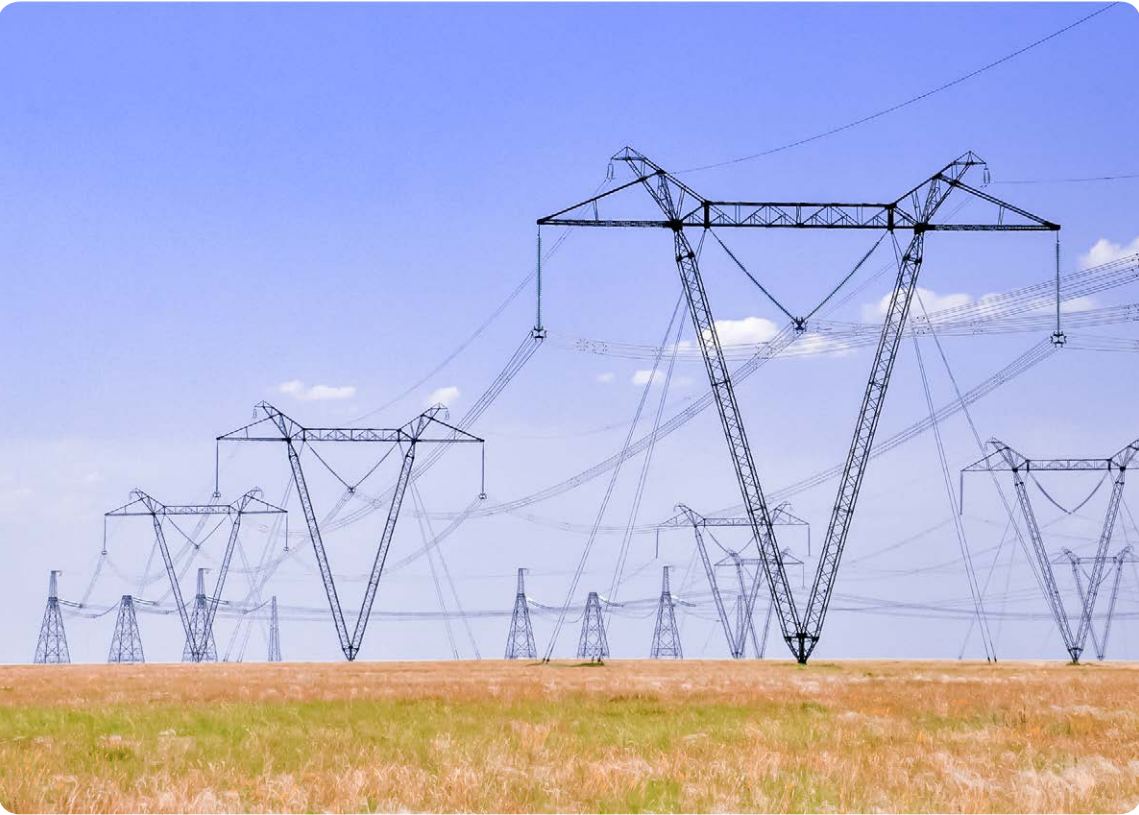
The right to receive remuneration based on the results of work for the reporting period was granted to the members of the Management Board who actually worked in the reporting period in their respective positions, except for the period of disciplinary action.

The performance of motivational KPIs of executive employees is monitored periodically throughout the year. After the end of the reporting year, the actual KPI values of all levels are calculated.

At the end of 2023, the target values of corporate KPIs were achieved.

In 2023, there were no instances of refusals or agreements to waive remuneration or future remuneration by members of the Board of Directors. Thus, remuneration of key management personnel (members of the Board of Directors and the Management Board) and all other expenses related thereto (taxes, contributions, sick leave, holiday pay, material assistance and other) included in salary expenses in the audited consolidated financial statements amounted to KZT 420.3 million for the year ended 31 December 2023.

2-19



Conflict of interest

In accordance with the Code of Business Ethics and Conflict of Interest Policy KEGOC JSC, one of the necessary conditions for an employee to perform his/her job duties effectively is the absence of contradictions between the private interests of an employee or an official and the interests of the Company, and, if any, their timely disclosure and settlement. All employees and officials of KEGOC JSC shall behave in such a way as to avoid a situation in which a conflict of interest may arise either in respect of themselves (or persons related to themselves) or others.

In 2023, the Company’s officials and employees did not report any cases of conflict of interest:

- There were no situations in which personal interest could influence the proper fulfilment of their duties;
- There were no situations with conflicts of interest that affect or could potentially affect impartial decision-making;
- Officials with an interest did not participate in the discussion and adoption of such decisions

As a preventive measure (warning), an addition was made to the Policy on Settlement of Conflict of Interest of KEGOC JSC officials and employees in 2023 and a form of declaration on disclosure of potential conflict of interest was approved. In 2023, only independent directors took part in the discussion and voting on the issues of entering into related-party transactions within the competence of the Board of Directors, which was recorded in the minutes of the Board of Directors’ meetings. In the reporting year, the Board of Directors of KEGOC JSC made decisions to enter into related-party transactions by signing three (3) contracts for organization of works on the operational and maintenance of equipment between branches of KEGOC JSC and Batys Transit JSC for the total amount of KZT 335.9 million.

No major transactions were entered into in 2023.

2-15

Corporate ethics

Corporate ethics is a key element that unites our employees.

The purpose of corporate ethics is to regulate relations between employees within the framework of a single team and is formed on the basis of generally accepted human values:

- competence and professionalism (the Company’s employees have quality education, work experience, decision-making skills, and aspiration to improve their professional level);
- honesty and impartiality (an important aspect of the organization’s activities, preserving its business reputation and avoiding conflicts between personal interests and professional activities);
- responsibility as a guarantee of the quality of our Company’s activities;
- respect for human personality (every employee of KEGOC JSC has the right to be treated fairly and honestly regardless of race, language, political and religious beliefs, gender, nationality and culture);
- safety, which is characterized by striving to preserve trade secrets and ensuring non-harmful and non-hazardous working conditions.

The Code of Conduct (business ethics), which is a set of practical rules to be followed by each employee in his or her daily activities, is binding on all employees of the Company, including senior managers. The Code of Conduct has been developed on the basis of generally accepted norms of corporate ethics and business behavior and documents defining the best practices of corporate governance. The Code of Conduct applies to all structural subdivisions, branches of the Company and subsidiaries. Familiarization with the provisions of the Code of Conduct for all employees of the Company, including officials, is carried out on a regular basis upon hiring and when changes are made to the Code of Conduct.

2-23

The Company continues to employ an Ombudsman reporting to the Board of Directors, one of whose tasks is to ensure compliance by employees and officers with the Code of Conduct and to explain its provisions. The main principles of the Ombudsman’s work are independence, neutrality and impartiality, confidentiality and informality.

To monitor the moral and psychological climate in the Company’s labor collectives and employees’ awareness of the norms and requirements of the Code of Conduct (business ethics), an anonymous survey was organized during the reporting year.

The employee survey showed the following (the survey coverage was over 1,900 people from all branches or over 50% of employees):

- the opinion of employees (97.7%) about the moral and psychological climate and the situation in the team is generally positive, employees can count on help and support from the management, and there is mutual trust;
- direct supervisors are objective in their relations with subordinates, and there is no pressure;
- employees are recognized as having the right to participate in making decisions that are important for their work; there are no requirements to perform tasks outside the scope of their job responsibilities;
- employees are informed where they can turn in case of conflicts.
- In the areas identified for improvement in labour relations and human rights, the Ombudsman developed and implemented a plan in 2023, under which the following activities were carried out:
- The Ombudsman visited 9 branches, including their territorial subdivisions.
- Meetings were held with the staff of the branches, including substations of Yuzhnye MES, Almatinskiye MES, Akmolinskiye MES, Tsentralnye MES and branches of Energoinform JSC. Employees were explained the necessity of observing of ethical norms and rules of behavior by KEGOC employees. The goals and objectives of the Code of Conduct (business ethics) were explained, communication channels (telephone numbers of the Ombudsman, HRMD, hotline operated by an independent company KPMG Tax & Advisory LLP, Nysana Call Centre) were provided, and information and explanatory work on the resolution of social and labour disputes was carried out — the provisions of ‘Basic Rights and Obligations of Employees’ and ‘Basic Rights and Obligations of Employer’ of the Labour Code of the Republic of Kazakhstan were explained, as well as the Company’s internal regulatory documents and procedures on prevention and mitigation of social and labour disputes were explained.

The work was carried out in order to assist in the formation of a corporate culture of relations that would comply with generally accepted moral and ethical norms in the team, as set out in the Code of Conduct (business ethics) among the Company’s employees and officials. In addition, workplaces were inspected in terms of labour conditions, and employee recreation areas, during visits to the above-mentioned branches with employees.

In 2023, the Ombudsman:

- took part in the Forum of trade union leaders and corporate ombudsmen on the topic ‘Social partnership and assistance in ensuring social stability and social harmony on the basis of objective consideration of the interests of the Employee and Employer’ organized by the Centre for Social Interaction and Communications of Samruk-Kazyna JSC.
- took part in the Forum on Social and Labour Communications in the Group of Companies of Samruk-Kazyna JSC ombudsmen of portfolio companies, chairmen of trade unions of PCs and affiliated subsidiaries, heads of IR PCs and subsidiaries and affiliates, and internal mediators of the Group of Companies of Samruk-Kazyna JSC;
- trained Ombudsmen of PCs and subsidiaries and affiliates of Samruk-Kazyna JSC on the topic ‘Methods and organization of negotiations in managing labour conflicts’.

The procedure for consideration of employee appeals is regulated by the Regulations on the Ombudsman of KEGOC JSC, according to which the Ombudsman has the right to request and receive information, materials and explanations from employees, officials, Head of the Internal Audit Service and Compliance Service necessary for consideration of the appeal in accordance with the established procedure. Having accepted the appeal for consideration, within 5 (five) working days, the Ombudsman shall explain the ways and means that the applicant may use to protect his/her rights and/or eliminate violations of the norms of conduct and/or decisions or actions (inaction) taken in violation of the norms of conduct. The Ombudsman is also obliged to transfer the appeal to the Company’s bodies, whose competence includes the resolution of such appeals.

In 2023, the Ombudsman of KEGOC JSC received 12 appeals, including 8 appeals via the Nysana Call Centre and in person during visits to branches. For each appeal the applicants were provided with answers in accordance with the procedure established by the Company’s internal documents and the legislation of the Republic of Kazakhstan.

At the same time, no violations of human rights were detected, and in 2023, no cases of filing lawsuits by the Company’s employees for non-compliance with labour legislation were recorded.

The Ombudsman submits a quarterly report to the Board of Directors on all appeals and measures taken on appeals of the Company’s employees and officials.

2-16, 2-24, 2-25, 2-26

Anti-Corruption

KEGOC JSC adheres to the policy of zero tolerance for corruption in any of its manifestations in cooperation with all stakeholders and to concealment of corruption offences. The Company excludes any form of bribery, including offering or receiving material remuneration, benefits, or services of property, physical or moral nature for performing work or rendering services for actions (inaction) in favour of the persons who provided them, if such actions (inaction) are within the authority of the Company’s employees. Employees of the Company do not provide and do not accept hospitality or gifts, which may further entail any obligations of the parties. Officials and employees involved in corruption cases are subject to dismissal and prosecution in accordance with the procedure stipulated by the legislation of the Republic of Kazakhstan.

As part of corruption risk management, the main factors of its occurrence have been identified:

- use of his official powers and related opportunities to obtain property benefits;
- abuse in procurement procedures of goods, works and services, as well as in relations with clients, suppliers, and contractors of KEGOC JSC;
- use of the Company’s material resources for personal benefit or enrichment;
- lack of comprehensive and targeted information work to form an anti-corruption model of behaviour among the Company’s employees and a public atmosphere of rejection of corruption;
- giving bribes or other remuneration to third parties;
- poor response to incidents of a corrupt nature.

In its day-to-day activities, KEGOC JSC complies with the requirements of anti-corruption legislation and takes maximum organisational and practical steps aimed at uncompromisingly combating corruption in any of its forms and manifestations and managing corruption risk. Contracts with the Company’s counterparties contain obligations of the parties and their employees to combat corruption — the parties undertake to ensure the implementation of procedures for conducting compliance audits to prevent risks of involvement in corrupt activities.

In 2023, a new version of the Code of Conduct (business ethics) of KEGOC JSC was approved due to changes in the administrative and criminal legislation of the Republic of Kazakhstan, as well as the implementation of the concluded framework agreement between KEGOC JSC and the European Bank for Reconstruction and Development dated 29 March 2023 in terms of ensuring prohibition of any form of harassment in the workplace, as reflected in the Social Environmental Action Plan under the bond programme.

On 30-31 March 2023, KEGOC JSC employees were tested for knowledge of the provisions of the Code of Conduct (business ethics). A total of 597 KEGOC JSC employees passed the test, scoring an average of 20.7 out of 25 points. This result indicates an excellent understanding by KEGOC JSC employees of the basic norms of the Code of Conduct (business ethics).

In 2023, work was carried out to implement the international standard ISO 37001:2016 ‘Anti-corruption management systems. Requirements and Recommendation for Application’: the Anti-Corruption Management System Manual was developed, which became the fundamental document of the anti-corruption management system and describes the anti-corruption management procedures at KEGOC JSC.

All Company employees (100%) are familiarised with anti-corruption documents. The Company’s officials accept anti-corruption restrictions by signing commitments to comply with anti-corruption legislation. Work is carried out to comply with the Action Algorithm for the implementation of the institute of resignation and prosecution of managers for corruption offences committed by their subordinates.

Within the framework of forming of KEGOC JSC anti-corruption culture and intolerance to corruption manifestations, special attention is paid to preventive and prophylactic work aimed at reducing corruption risks. Thus, in 2023, the Compliance Service conducted training on the topic ‘Formation of integrity and anti-corruption culture. Strengthening public control in corporate governance’. During the training, the main objective was to raise employees’ awareness of the compliance function, popularise the Hotline, the provisions of KEGOC JSC Anti-Corruption and Fraud Regulations, and build interaction with the management of territorial branches and substations.

In addition, all employees of the Company (100%) are periodically reminded to immediately report any concerns regarding the following:

- bribery and corruption;
- unequal employment and labour conditions;
- accounting irregularities;
- health, safety and environmental hazards;
- information leakage.

Adaptation courses were also held with newly hired employees in accordance with the Rules of HR Administration at KEGOC JSC on the provisions of the Code of Conduct (business ethics) of KEGOC JSC (55 employees). During the adaptation course, information and explanatory work on the provisions of the organization’s standards was carried out:

- Proactive reporting policies (‘Hotline’),
- Anti-fraud and corruption policy,
- Policies on conflict of interest management for officials and employees.

Samruk-Kazyna has organised a Hotline with stakeholders of the portfolio companies, including KEGOC JSC. All stakeholders of KEGOC JSC are given the opportunity to report their concerns regarding actual or suspected violations of laws, regulatory requirements, as well as internal policies and procedures on corruption and ethics. They are given the opportunity to make a report on a confidential and anonymous basis. Confidentiality and anonymity are guaranteed and 100 per cent of referrals are considered. Working hours of the Hotline are 24 hours a day, 7 days a week.

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In 2023, KEGOC JSC received 8 appeals to the hotline. All complaints were thoroughly investigated: in 5 complaints the facts of violations were not confirmed, in 3 complaints – interviews were held, explanations were given and measures were taken to eliminate violations and satisfy the complainants. The Head of the Compliance Service informed the Board of Directors about all appeals and measures taken as part of quarterly reports.

Classification of detected violations for 2023

Corruption or bribery	0
Discrimination or harassment	1
Customer privacy data	0
Conflict of interest	0
Money laundering or insider trading	0
Other	2

2-16, 2-25

Risk management and internal control systems

KEGOC JSC has successfully implemented and operates a risk management system, which is based on the generally accepted conceptual models of risk management developed by the Committee of Sponsoring Organizations of the Treadway Commission – COSO ERM ‘Organizational Risk Management. Integrated Model’ and requirements of Samruk-Kazyna JSC.

The corporate risk management system is a key component of the corporate governance system aimed at the timely identification of risks, their assessment and the development of risk management measures that may adversely affect the achievement of KEGOC JSC strategic and operational objectives.

The purpose of the current CRMS is to ensure continuity and stability of operations by limiting the degree of impact of internal and external negative factors on KEGOC JSC operations.

The main principles of the risk management system are as follows:

- involvement of the Company’s management in risk management;
- continuous improvement of the risk management system;
- continuous training and knowledge sharing in the area of risk management by the Company’s employees;
- openness and honesty in reporting and escalation of risks.

The objectives of the risk management system are as follows:

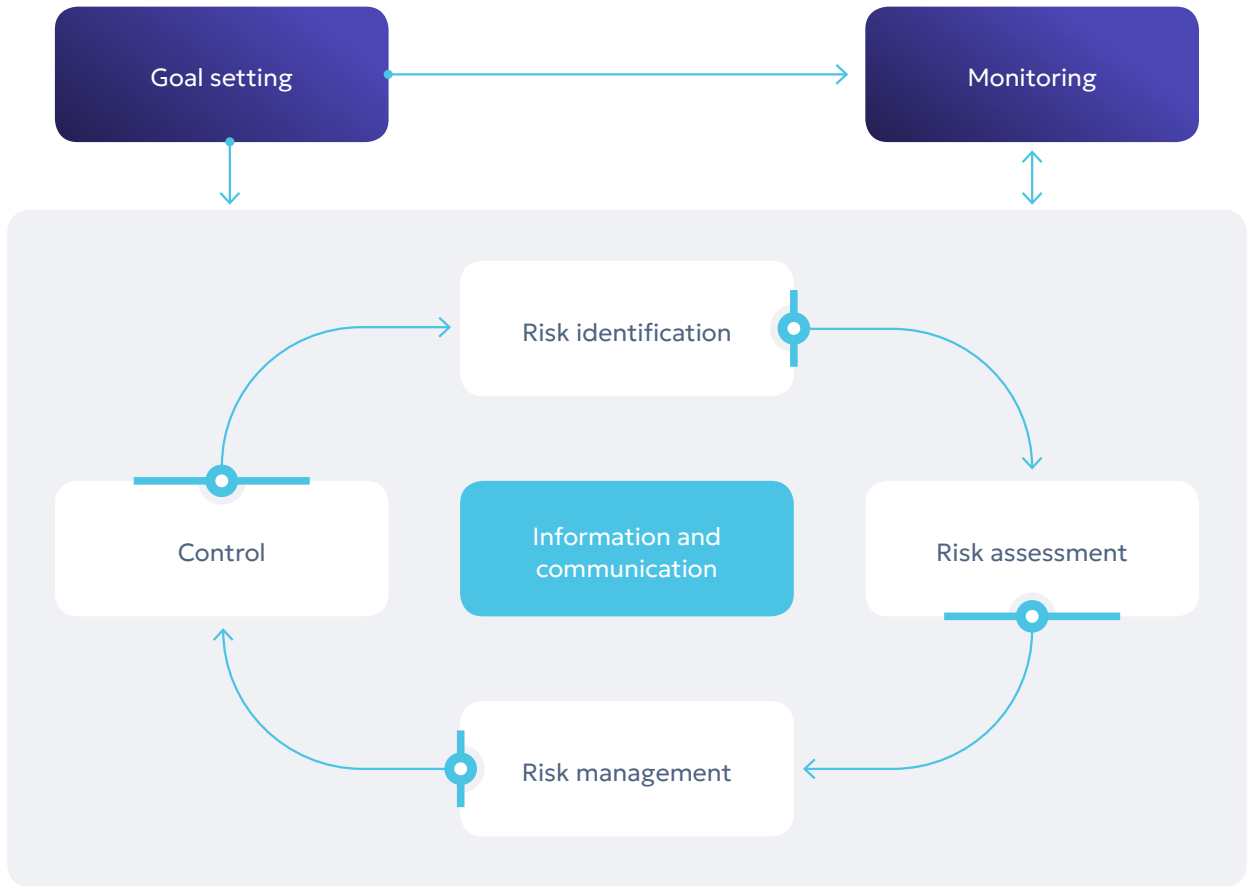
- development and application of uniform and consistent approaches to identifying, assessing and managing KEGOC JSC risks, simplification of procedures for sharing information on risks vertically (management) and horizontally (exchange of experience);
- prompt response to emerging risk events, tracking changes in the external and internal environment;
- organization of targeted risk management activities to reduce risks to an acceptable level or transfer them to third parties (outsourcing, insurance, hedging) or risk avoidance;
- systematization and further accumulation of information on risks
- systematization and further accumulation of information on KEGOC JSC risks, improvement of KEGOC JSC manageability;
- improvement of KEGOC JSC competitiveness and achievement of KEGOC JSC strategic goals by increasing the efficiency of the RMS.

The RMS serves as a tool supporting the management decision-making process and daily operational activities of KEGOC JSC.

The risk management process at KEGOC JSC is permanent, cyclical (continuous), multi-directional and consists of the following components:

- Internal Environment;
- Goal setting;
- Identifying risks;
- Risk assessment;
- Risk Management;
- Controls;
- Information and Communication;
- Monitoring.

KEGOC JSC risk management process



Implementation of the above components of the risk management process contributes to the development of risk management culture (risk culture), which is the basis of risk management. It comprises beliefs, understanding and knowledge in the field of risk management, shared and applied by all officers and employees in the performance of their duties.

Risk culture is part of the corporate culture. The level of risk culture determines how risks are identified, assessed and managed from the development of the Development Plan through to its implementation and performance monitoring.

The risk culture is based on the following principles:

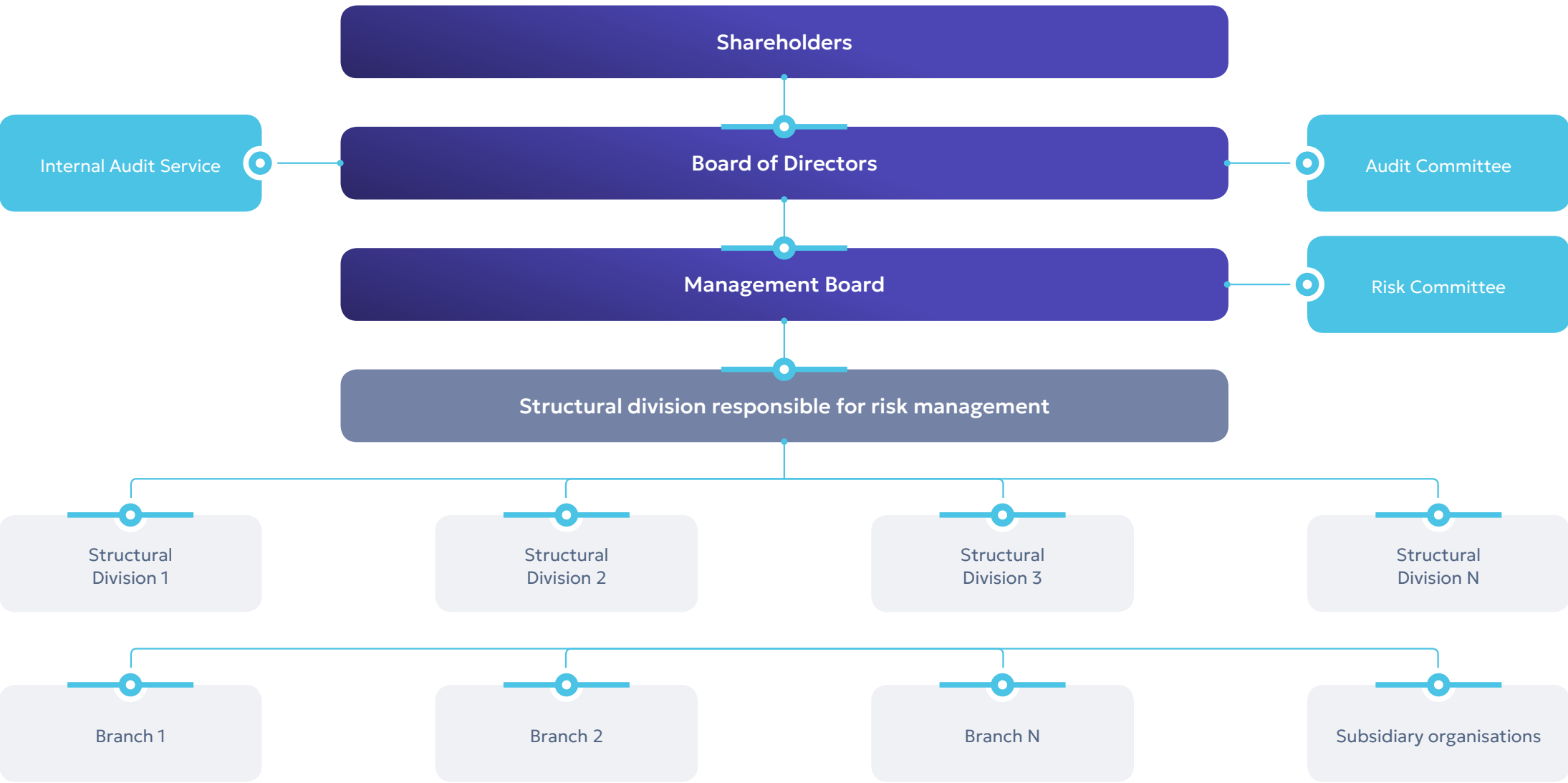
- **Tone at the top:** Decision-making is based on an optimal balance between long-term value, profitability and the risks associated with both making and not making decisions, and management encourages risk-oriented behavior in subordinates.
- **Corporate Governance:** KEGOC JSC activities are aimed at creating a control environment that ensures that employees understand that the Policy and all IRDs are binding. All officers and employees of KEGOC JSC clearly recognize their area of responsibility and authority for risk management and internal control. Risk Owners, within the scope of their competence, understand and manage risks and properly communicate risks in accordance with KEGOC JSC INEDs.
- **Decision-making:** The internal environment is characterized by open communication and transparency of risk information, which facilitates open and constructive discussion of associated risks and potential opportunities between employees and management, allowing for joint effective decision-making in response to external challenges.
- The remuneration system at all levels uses financial and non-financial incentives for management and employees to form the right attitude to risk in the process of making managerial decisions. With a well-developed risk culture, decisions are clearly defined by the Risk Appetite.
- **Competence:** KEGOC JSC organizational structure is based on the ‘three lines of defense’ model. The Risk Unit effectively fulfils the role of the second line of defense, thereby increasing Management’s confidence in achieving KEGOC JSC objectives.

One of the sources of information on the level of risk culture for the Management Board and the Board of Directors are documents on assessment of RMS efficiency, reports on diagnostics of corporate governance in the Company.

To improve risk culture, the Company provides briefing/seminars for newly hired employees in the area of the Company’s RMS, and the Company’s senior management takes part in specialised risk management seminars and trainings aimed at senior executives.

To control the level of risk culture development in the Company, in 2023, a questionnaire (survey) of employees/testing of knowledge in the field of RMS was conducted to assess the effectiveness of risk management at the workplace. Based on the results of the survey, seminars for employees of structural divisions are planned for 2024. In addition, KEGOC JSC employees were tested on their knowledge of risk management and internal control systems, which was successfully passed by all tested employees.

Organizational structure of the RMS



Functions and responsibilities of RMS participants:

- The Board is responsible for the effective operation and development of the RMS as a whole, setting the tone for risk management, and is responsible for implementing mechanisms to ensure that this tone is reflected throughout the Company and the subsidiary organizations and approves key RMS documents;
- The Audit Committee acts in the interests of the shareholder(s) and its work is designed to assist the Board by making recommendations to monitor the robustness and effectiveness of the RMS. Documents submitted for approval by the Board of Directors are preliminarily reviewed by the Audit Committee of the Board of Directors.

The IAS is responsible for regularly auditing the RMS and providing an independent opinion to the Board of Directors/Audit Committee:

- audits and analyses the effectiveness of risk management procedures and methodology in the area of RMS, and prepares proposals to improve the effectiveness of risk management procedures;
- submits the Report on RMS efficiency to the Board of Directors;
- provides information to the structural Division responsible for risk management on realized risks identified during audits;
- fulfils other functions in accordance with the approved regulatory documents of KEGOC JSC.

The Management Board is responsible for establishing, maintaining, and applying risk identification, assessment and management procedures, organizing the effective functioning of the RMS, supporting structural units in implementing/improving risk management processes in their activities, and ensuring that employees of the structural unit responsible for risk management have professional qualifications.

KEGOC JSC structural divisions, branches and subsidiaries are risk owners and are responsible for risk identification, analysis, risk assessment, risk management, preparation of proposals for mitigation of key risks, reporting on KEGOC JSC key risks and timely informing about the realized risks.

The Compliance Service is responsible for the development and implementation of a compliance programme aimed at managing the risks of violation of the Code of Conduct, anti-corruption legislation and other regulatory requirements applicable to KEGOC JSC.

The Risk Committee, whose task is to make decisions on KEGOC JSC risk management issues and prepare recommendations to KEGOC’s Management Board on the Company’s risk management issues. In 2023, the Committee held 9 meetings.

The structural division responsible for risk management, for development of RMS, clarification of internal and external requirements, provision of consulting assistance, develops IRDs on RMS, monitoring of implementation of risk management measures and preparation of quarterly reporting on risks for the Risk Committee, Management Board and Board of Directors.

In performing their functions, the Board of Directors and the Management Board rely on the ‘Three Lines of Defence’ model, which interacts within the framework of the RMS.

The first line of defence is represented by structural divisions represented by each employee within their competence.

The second line of defence is represented by structural divisions performing monitoring functions.

The third line of defence is represented by the Internal Audit Service, which independently assesses the effectiveness of and contributes to the improvement of risk management and internal control, supports the Audit Committee and the Board of Directors by providing them with an independent assessment of the effectiveness of RMS and internal control.

On a regular basis, KEGOC JSC analyses existing risks and identifies new risks that may adversely affect the achievement of goals, objectives, indicators, and fulfilment of the KEGOC JSC Development Plan (Strategy), Action Plan (Business Plan) of KEGOC JSC.

The following methods are used for risk identification:

- analysing business processes;
- collection and analysis of statistical data;
- individual expert methods (questionnaires, interviews);
- group methods (brainstorming, business game);

- monitoring of publications and speeches.

Risks may also be identified when considering issues submitted to the meetings of the Management Board, Board of Directors, changes in the external environment, changes in KEGOC JSC processes, procedures, organisational structure, etc.

Risks are identified on the basis of existing goals (KPIs) of the Management Board members, management employees, heads of structural divisions of the current year, which are formed on the basis of strategic goals of KEGOC JSC.

In the process of risk inventory, a risk assessment is carried out in parallel with the determination of approaches to risk management.

Within the framework of risk assessment the following risk parameters are assessed:

- the impact (size) of the risk;
- probability of realisation (frequency) of risk;
- impact time.

When assessing risks, qualitative or quantitative analyses or a combination of both are used.

Assessment of risk realisation probability, impact, impact time is carried out in accordance with the risk assessment criteria established in KEGOC JSC. The results of the risk assessment process are plotted on the Risk Map, which visually reflects the relative importance of each risk. Risks are ranked into low, medium, large and critical risks.

Preventive and reactive measures are developed for all identified risks and approved by the Board of Directors. Key risk management measures are aimed at preventing risks and/or minimising the consequences in the event that risks materialise.

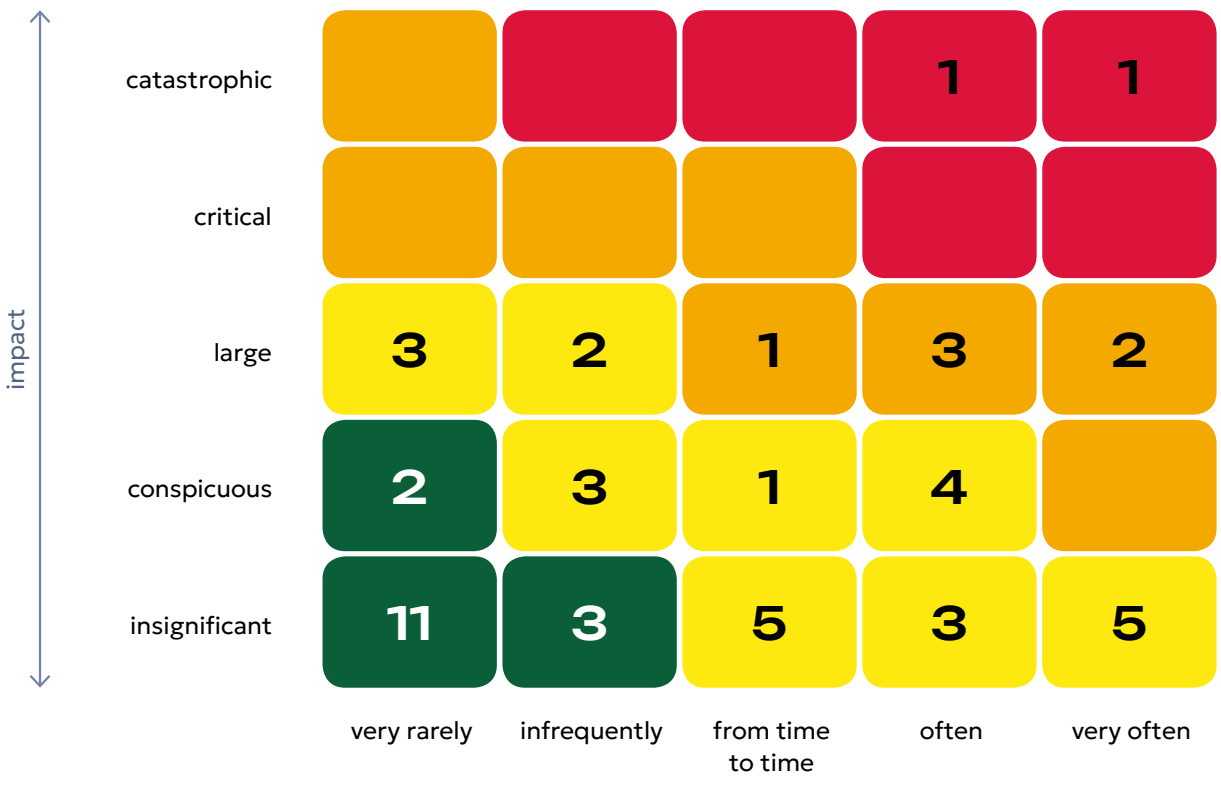
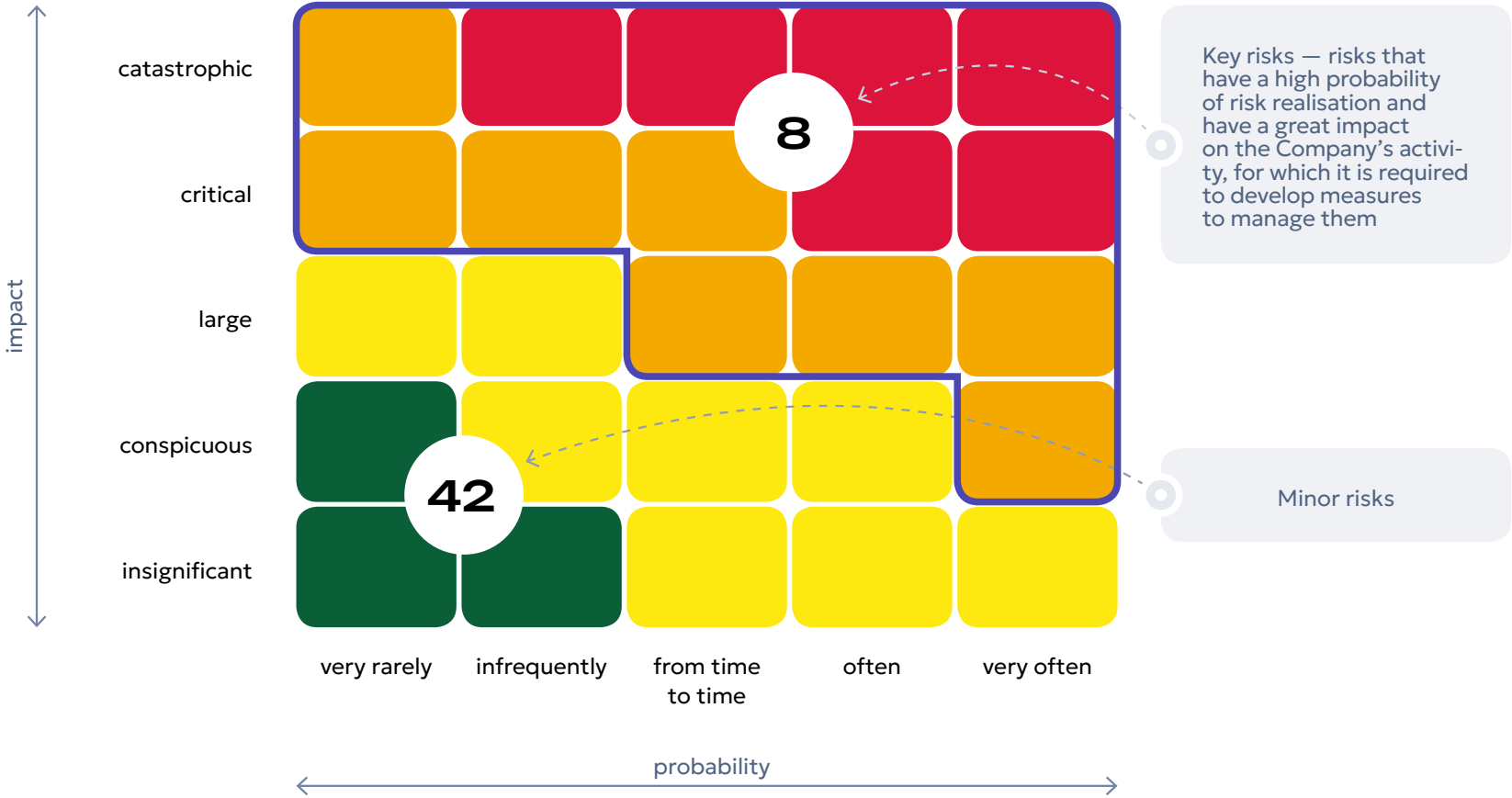
All identified risks with their assessment and measures are approved by the Board of Directors.

Classification of KEGOC JSC risks



The results of risk identification and assessment are summarized in the Company’s Risk Register for 2023, which includes 50 risks. Measures for their management have been developed for each risk, and risk owners have been identified. The Company continuously monitors the dynamics of key risks and the implementation of mitigation measures by sending quarterly risk reports to the Management Board and the Board of Directors of the Company.

Risk map of KEGOC



The most important and relevant risks of KEGOC JSC for the reporting year:

- risk of labour-related accidents;
- failure of production assets;
- risk of power shortage in the UPS of Kazakhstan;
- interest rate risk;
- the risk of growth of overdue receivables for system services rendered.

More detailed information on key risk management is disclosed in the relevant sections of this report on the areas of activity and implementation of the Company's strategic goals.

In addition to the main risks, the Company has considered emerging risks, which are at the stage of identification and/or may significantly increase in the future and may have a significant impact on the Company's operations. Currently, emerging risks include climate change; global pandemics affecting international trade or global supply disruptions; and geopolitical risks.

KEGOC JSC internal control system (ICS) uses the COSO model and includes five interrelated components: control environment, risk assessment, control procedures, information and communication, and monitoring.

KEGOC JSC Internal Control System Policy defines internal control as a process carried out by the participants of the internal control system in order to achieve the set objectives in three key areas:

- operational activities;
- preparation of financial statements;
- compliance with regulatory and legislative requirements.

The ICS provides for the Company to build a management system capable of responding quickly to process risks, controlling the main and auxiliary business processes and daily operations, and immediately informing the appropriate level of management of any significant deficiencies and areas for improvement.

In accordance with the Regulations on organising and carrying out work on KEGOC JSC internal control system, the compe-

tence of the bodies included in the ICS is delineated depending on their role in the processes of development, approval, application and assessment of ICS efficiency. The Board of Directors and the Management Board of the Company in performing their functions rely on the 'Three Lines of Defence' model. ICS participants are the Board of Directors, the Management Board, the Audit Committee, the Internal Audit Service, structural subdivisions — owners of business processes and subprocesses, executors of control procedures, structural subdivision responsible for risk management.

The IAS is responsible for the direct assessment of ICS efficiency, testing the operational efficiency of control procedures, and preparing and submitting relevant reports for the Audit Committee and the Board of Directors.

On an annual basis, based on the Company's register of business processes, the Company approves a plan for assessing the design of control procedures, within the framework of which the effectiveness of the design of control procedures is analysed. Based on the results of this analysis, recommendations for their improvement and areas for improvement are developed.

The Company has implemented a business continuity management system that identifies business processes/sub-processes that require the development of BCM plans. In 2023, work was carried out to identify critical business processes/sub-processes of the Company, for which BCM plans were developed and tested, in particular, for the provision of technical dispatching services of the system operator, for ensuring safety in the field of labour protection and reliability of equipment operation, for provision and support of ICT services, for management of information security incidents and KEGOC JSC activities in case of emergencies.

On an annual basis, the Internal Audit Service of KEGOC JSC assesses the effectiveness of the CRMS and ICS submitted to the Company's Board of Directors. According to the results of the assessment carried out by the IAS in 2023, the internal control and risk management systems are functioning in an acceptable form providing reasonable assurance of achieving the Company's objectives. Corrective action plans have been developed for all identified non-compliances based on the recommendations of the IAS, and their implementation is monitored on an ongoing basis.

Internal Audit Service

THE SERVICE’S MISSION IS TO PROVIDE THE NECESSARY ASSISTANCE TO THE BOARD OF DIRECTORS AND THE EXECUTIVE BODY IN FULFILLING THEIR DUTIES TO ACHIEVE THE COMPANY’S STRATEGIC GOALS.

The main objective of the Service’s activity is to provide the Board of Directors with independent and objective information designed to ensure effective management of the Company by bringing a systematic approach to improving risk management, internal control and corporate governance systems.

During 2023, the Service’s activities were regulated by the following documents:

- International professional standards of internal audit;
- Code of Ethics of the Institute of Internal Auditors;
- Regulations on the Internal Audit Service of KEGOC JSC approved by the Board of Directors of KEGOC JSC;
- Rules for Organisation of Internal Audit at KEGOC JSC approved by the Board of Directors of KEGOC JSC;
- Job descriptions of the Service’s employees approved by the Chairman of the Board of Directors of KEGOC JSC.

All audit assignments were planned to take into account the mission and main objective of the Service’s activity. A risk-oriented approach was applied in the planning of internal audit, i.e. priority for inclusion in the plan was given to business processes that are most susceptible to the occurrence of negative events.

The annual audit plan of the IAS for 2023 provides for the fulfilment of 17 assignments. The scope of audit assignments covered comprehensive audits of 6 branches of KEGOC JSC, audit of procurement, audit of actual KPI values of KEGOC JSC executive and managerial employees for 2022, as well

as long-term KPIs, analysis of the efficiency of IT contract execution, audit of sufficiency and efficiency of IRD requirements and other documents (Plans, orders, etc.) in relation to IT infrastructure, audit of the procurement process for waste management services to increase environmental responsibility, audit of measures on state registration of rights to immovable property of KEGOC JSC, audit of formation and monitoring of the Investment Programme implementation, audit of measures to mitigate sanctions risk, audit of KEGOC JSC risk management system and internal control system, audit of compliance with labour and social legislation, as well as internal HR regulations of KEGOC JSC and Samruk-Kazyna JSC.

Also, in 2023, the Service conducted an audit of procurement of goods, works and services according to a special procedure, in accordance with the order of Samruk-Kazyna JSC ‘On compliance with the principle of optimal and efficient spending of money used for procurement’.

In addition, in 2023, the Service carried out an audit of certain processes of modernisation of BEM.

All tasks were fulfilled. No material non-compliances capable of affecting the Company’s operations were identified.

Based on the results of the completed audit assignments in 2023, the Service provided relevant recommendations to eliminate the identified inconsistencies. The audit objects together with the Service have developed Corrective Action Plans. The Service monitors the implementation of the issued recommendations on a quarterly basis.



Information policy and security

IN 2023, KEGOC JSC CONTINUED TO IMPLEMENT ITS INFORMATION POLICY IN ORDER TO COMPLY WITH THE PRINCIPLES OF EQUITABLE, COMPLETE, RELIABLE AND PROMPT DISCLOSURE OF INFORMATION TO STAKEHOLDERS.

KEGOC JSC successfully conducted a secondary share placement (SPO) and as part of the information support of the issue, the Company actively interacted with the investment community and a wide audience of potential investors. Thus, in the reporting period, in addition to timely disclosure of information affecting the interests of shareholders and investors, the Company held a number of events for the media: briefings, interviews, ‘Issuer Day’ on the KASE platform, during which investors, professional securities market participants and media representatives familiarized themselves with the results of the Company’s activities, the implementation of strategic plans and investment projects.

In order to create a positive investment image, KEGOC JSC continued to provide information and analytical services, build trusting relations between the Company and the expert community, investors and shareholders. To ensure promptness and accessibility of information essential for users, KEGOC JSC ensured publication in mass media, as well as on the corporate website and the Company’s pages in social networks Facebook, Instagram, Telegram and Twitter of materials on production and financial activities, results and achievements over 26 years of the System Operator’s operation, including the past forum of veteran power engineers, issue of ‘green’ bonds, early repayment of credit loans, inclusion of new 220 kV lines in the project of strengthening of power grids of the Company. Interviews and speeches of top management were also organized, and public hearings were held with the participation of interested parties to widely cover investment activities, implementation of the set tasks and achievements of the Company in various areas of activity.

When disclosing information, KEGOC JSC is guided by the protection of information constituting commercial, official and other secrets protected by the legislation, as well as information of restricted circulation.

Information security

The main purpose of information security (IS) activities is to ensure and improve the security of KEGOC JSC information assets, as well as to coordinate, plan and organize information security activities, including effective strategic IS management and increasing the maturity level of IS processes.

KEGOC annually undergoes internal and external audits of the information security management system (ISMS) for compliance with the international standard ISO 27001.

The ISMS is developed and implemented on the basis of ISO/IEC 27001:2013 and is an integral part of the Company’s integrated management system.

The scope of application of the ISMS in KEGOC JSC is the information system of process management of the financial and economic block of KEGOC JSC, which ensures fulfilment of the main and auxiliary business processes.

To meet the requirements and define the Company’s context, the Information Security Policy was approved.

In accordance with the information security regulations established in KEGOC JSC, work was carried out to analyse new criteria for information assets that are of value to KEGOC JSC. In 2023, KEGOC JSC will continue to strengthen measures to ensure the security of information assets.

Key achievements

Based on the results of the external audit for 2023, KEGOC JSC received a certificate of compliance with the international standard ISO 27001, which confirms that the Company meets high standards of information security management. This is a significant step towards ensuring the security of the Company’s information systems and data.

By the end of 2023, all IS systems are working properly. The Company’s cyber-attack defence systems are continuously monitored to ensure that they remain operational. IS system policies (DLP, SIEM, CyberArk) are updated. The corporate network is checked weekly using anti-virus software. The Company’s protection system (Kaspersky) successfully detects and repels malicious software (encryption viruses). Confidential data is analysed and phishing mailings and spam are blocked using the data leakage prevention (DLP). At the moment, work is underway to customise the policies of the anti-virus software and DLP system.

The Information Security Division of the Security Department of KEGOC JSC, jointly with the employees of QazCloud LLP, carried out activities to expand the monitoring zone of ISOC. To date, the corporate network of the Company is fully connected to the UCIB (full connection to the Cyber Shield of Samruk-Kazyna JSC was made). The audit of authorised software in the Company within the framework of the approved Register of software used in KEGOC JSC was carried out.

In 2023, the Company’s protection system (Kaspersky) detected and successfully removed malicious software related to viruses, worms and illegitimate software. Due to the measures taken to detect and remove viruses, there was no need for an internal audit. Phishing emails related to cryptocurrencies were blocked.

Awareness-raising

In accordance with the ISMS requirements, the Company has adopted a unified corporate ethics in IS matters, which supports employee awareness.

KEGOC JSC ensures appropriate competence (education, training, experience) of the personnel responsible for IS provision by means of technical training, special training at advanced training courses, briefings; a system of professional training and professional development of the personnel is also implemented.

In 2023, the following trainings were conducted for the Company’s employees:

- What IS is;
- IS password protection;
- IS email;
- IS antivirus protection;
- IS Updates;
- Social Engineering.

In addition, in 2023, for self-education purposes, the Company’s portal has an Information Security section. This section contains information on current threats, digests on information security and spam mailings. In addition, a mailing was sent to all employees of the ED, branches and subsidiaries informing them of the opportunity to familiarise themselves with the IRD and IS recommendations in the above section.

A test for IS awareness raising was developed. When a newly hired employee is hired, an induction training on IS is conducted and a briefing checklist is completed as per the HR Standard. In 2023, more than 100 people were briefed.

In 2023, the following trainings were conducted for the Company’s IS employees:

- Training of key users on the Palo Alto Networks new generation firewall software and hardware complex;
- Training of key users on the PAM privileged user control system.

KEGOC JSC has developed processes to train users on protection procedures and proper handling of information resources. Processes have been developed to send and receive necessary information about KEGOC JSC rules and procedures, including requirements for security and other controls. These processes also apply to users of information systems from external organizations that have permanent or temporary access to KEGOC JSC information resources.

In order to raise awareness of KEGOC JSC employees, methodological developments on IS issues have been prepared. These materials are posted monthly on KEGOC JSC unified portal in the Information Security section.

Incident management

The Company has approved the Rules for Information Security Incident Management, which define the main measures, methods and means of preserving (maintaining) the operability of the Company’s IS in the event of various IS incidents, as well as ways and means of restoring information and its processing in the event of IS and component malfunctions. The main objectives of the IS incident management process are to minimize damage, restore the IS to its original state as soon as possible and develop a plan to prevent similar incidents in the future.

The Company’s employees and users of information systems shall promptly report through administrative channels events that potentially pose a security threat. The list and composition of such events shall be brought to the attention of users when informing them about ensuring information security in the performance of their official duties, as well as when training them on the rules of using information resources and services of information systems.

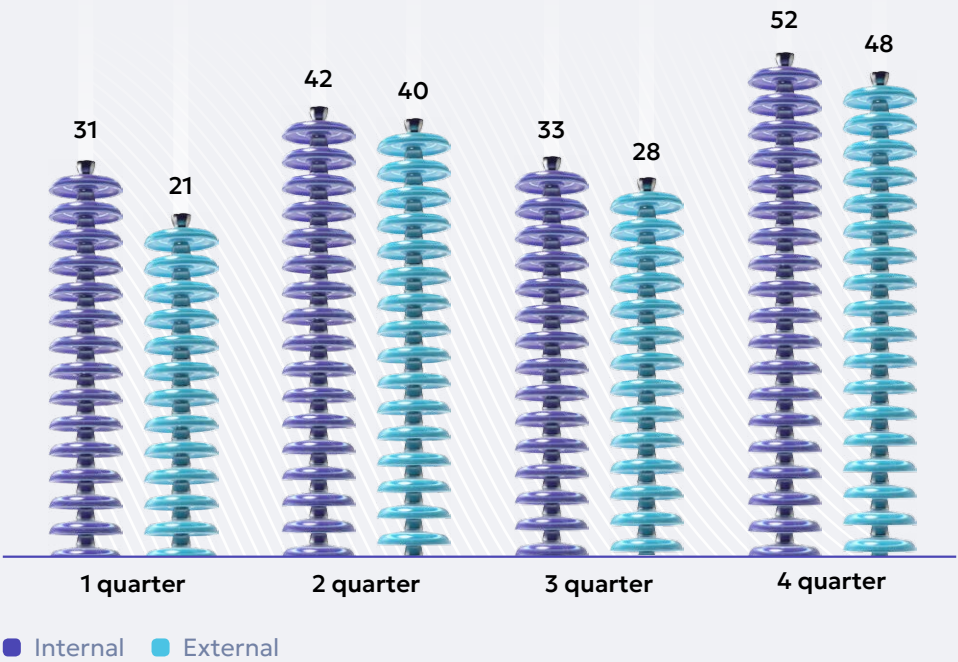
Users of KEGOC JSC information resources shall register any observed or suspected weaknesses in the security system and report them. Users shall immediately bring such incidents to the attention of authorized employees. Under no circumstances should they attempt to check suspected weaknesses in the information security system.

Users of KEGOC’s information resources shall register all cases when the functioning of the software appears to them to be incorrect, i.e. not complying with the specification, and they shall report suspicions that the failure is caused by a malicious programme, e.g. a computer virus, to authorized employees.

Users should not attempt to restore software functionality themselves by removing suspicious software.

At the end of 2023, 290 information security incidents were identified, for which appropriate measures were taken to minimize IS risks.

Distribution of incidents by quarter in 2023



The largest number of external incidents was registered in the category of ‘viruses’ detected on removable media. In accordance with KEGOC JSC Personnel Administration Rules, disciplinary penalties were imposed on employees for committing a disciplinary offence/information security incident at KEGOC JSC.



Emergency preparedness

The Company has established business continuity procedures aimed at limiting the degree of impact of internal and external negative factors on KEGOC JSC operations. In accordance with the Information Infrastructure and Information Objects Business Continuity Management, when information security incidents are detected, KEGOC JSC conducted testing and scheduled investigation of the cyber incident within the framework of the BCM. This Plan is tested every year.

The result of activities in 2023 was the prevention of information security incidents resulting in financial and reputational losses in respect of the Company’s information assets.

External and internal audit

KEGOC JSC conducts external and internal audits of the ISMS in accordance with the Audit Plan. The audit is conducted for all processes of the system, establishing a link between the process objectives, implementation and results of the process, identifying weaknesses and areas for improvement.

The Company conducts annual external penetration testing in order to comply with legal regulations. Testing is carried out using various methods and techniques that have been selected with due regard to the specifics of the Company and information systems.

Risks and actions taken

Information security risk management is an element of KEGOC JSC corporate risk management system.

Information security risk assessment is carried out for all KEGOC JSC assets, based on which an assessment report and an IS Risk Management Plan are prepared.

To manage the identified risks, KEGOC JSC has developed a Plan of control measures for the implementation of ISMS security measures, a Plan of thematic information security training for employees, as well as a plan of priority information security measures and measures aimed at improving the level of information security of production systems.

We endeavor to continuously improve our information system security measures and ensure the reliability of our entire Company. We will continue to improve our processes and security measures in line with best practices and new technologies.

Privacy Policy

Ensuring confidentiality of information is an element of KEGOC JSC corporate risk management system. From the day of employment, the Company’s employees sign a document on non-disclosure of confidential information in accordance with the requirements of internal documents and undergo appropriate training. The Company’s contracts with suppliers contain a separate section on the conditions of confidentiality of the Company’s data.

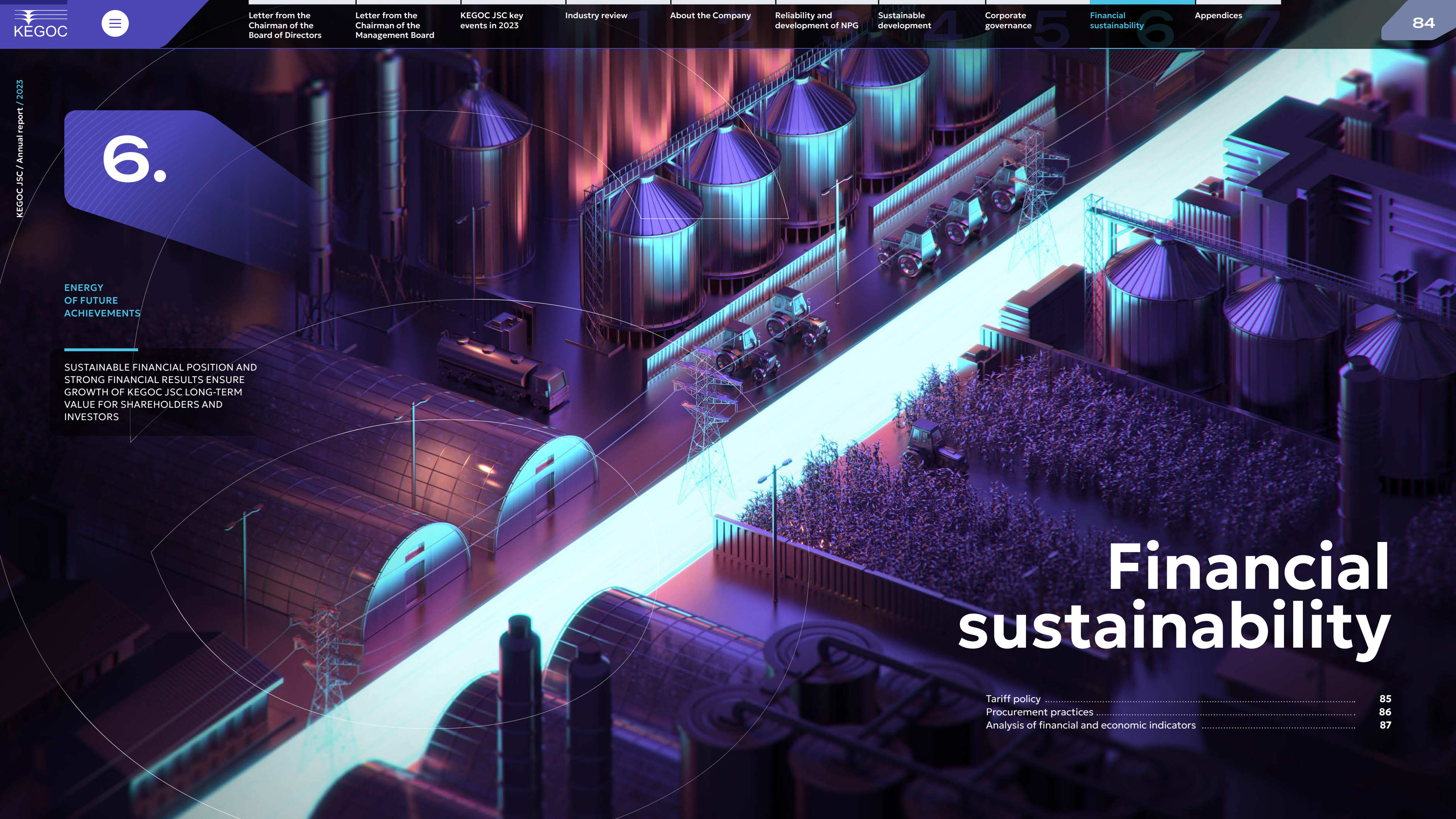
On a mechanism for informing consumers about privacy protections

In 2023, KEGOC JSC developed and adopted the Rules for ensuring information security when working with suppliers.

Indicators for the implementation of Goal 2

Name of KPI	2019 Fact	2020 Fact	2021 Fact	2022 Fact	2023 Plan	2023 Fact
LTIFR, coefficient	0	0	0.15	0.45	0.65	0.15
ESG rating	indicator is defined in 2022				30	51





6.

ENERGY
OF FUTURE
ACHIEVEMENTS

SUSTAINABLE FINANCIAL POSITION AND
STRONG FINANCIAL RESULTS ENSURE
GROWTH OF KEGOC JSC LONG-TERM
VALUE FOR SHAREHOLDERS AND
INVESTORS

Financial sustainability

Tariff policy	85
Procurement practices	86
Analysis of financial and economic indicators	87

Tariff policy

KEGOC JSC activities are regulated by the Law of the Republic of Kazakhstan ‘On Natural Monopolies’, according to which the following services provided by KEGOC JSC are considered to be natural monopolies:

- transmission of electricity through the NPG;
- utilisation of the NPG;
- technical dispatching of electricity supply to the grid and consumption;
- organisation of electricity production-consumption balancing.

Since its establishment, KEGOC JSC has been consistently working to improve the tariff policy for regulated services and has been actively participating in the work of relevant organisations to improve the tariff policy.

In accordance with the legislation of the Republic of Kazakhstan, KEGOC JSC submits applications to the Committee for Regulation of Natural Monopolies for approval (re-vision) of tariffs for regulated services related to the sphere of natural monopoly.

In 2013, KEGOC JSC switched to approval of tariff ceilings. The principles of calculation of tariff ceilings are similar to the calculation of annual tariffs, except that tariff ceilings are approved for a period of several consecutive years. Tariff ceilings allow the Company to plan its capacity for long periods, and shareholders are able to obtain more complete information about the Company.

KEGOC JSC, in accordance with the amendments to the Law of the Republic of Kazakhstan ‘On Electric Power Industry’ related to the introduction of the mechanism of the ‘Single Power Purchaser’ and balancing electricity market, from 1 July 2023 provides two services in the field of transmission: transmission of electricity via NPG and use of NPG.

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

Tariff change for regulated services of KEGOC JSC

KZT/kWh	01.10.2022- 30.06.2023	01.07.2023- 30.09.2023	01.10.2023- 30.09.2024	01.10.2024- 30.09.2025	01.10.2025- 30.09.2026
Electricity transmission service via NPG	2.848	2.935	3.381	3.492	3.564
NPG user service	-	1.651	1.943	2.002	2.056
Technical dispatching of electricity supply to the grid and consumption of electricity	0.314	0.320	0.339	0.351	0.356
Service for organising balancing of electricity production-consumption	0.102	0.057	0.060	0.064	0.066

Based on KEGOC JSC application, the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan by its Order No. 133-OD dated 22.09.2023 approved the adjustment of tariff estimates for regulated services of KEGOC JSC for the 2nd regulated period (from 1 October 2022 to 30 September 2023).

During 2023, KEGOC JSC continued legal proceedings regarding the challenge of the Order of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated 22.04.2022 N°67-OD on approval of compensatory tariffs for regulated services of KEGOC JSC with effect from 1 June 2022 to 31 May 2023.

In accordance with the provisions of the current legislation, this order has been suspended for the period of court proceedings.

In accordance with the requirements of regulatory and legal acts, it is envisaged to hold annual reporting hearings on the activities on provision of regulated services, the purpose of which is to strengthen the system of consumer protection, ensuring transparency of activities to consumers and other interested parties.

Procurement practices

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The Company has built an efficient procurement system based on the principles of information openness, transparency, equality, and development of fair competition.

In 2023, procurement activities in KEGOC JSC were carried out in accordance with the Procedure for procurement by Samruk-Kazyna JSC and organizations, fifty or more percent of voting shares (participatory interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management, approved by the Board of Directors of Samruk-Kazyna JSC.

The priorities of procurement activities are:

- purchase of goods from organizations of disabled persons included in the Register of Disabled Persons’, Organizations of the Group of companies of Samruk-Kazyna JSC (individuals with disabilities engaged in entrepreneurial activities) producing the purchased goods;
- purchase of goods from producers of the goods to be purchased, which are included in the Register of producers of the Group of companies of Samruk-Kazyna JSC;
- procurement among qualified potential suppliers.

In procurement, the model of pre-qualification of potential suppliers is applied, i.e. the process of evaluation of potential suppliers for compliance with the qualification requirements defined in accordance with the above-mentioned procedure, carried out through questionnaires and audits.

During pre-qualification, potential suppliers are evaluated according to the following criteria:

- legal component;
- organization of the potential suppliers contractual work;
- resources of a potential supplier;
- ensuring the quality of goods, works, and services;
- project and risk management; occupational health and safety;
- environmental protection, etc.

2-24

KEGOC JSC also took measures provided for by the procedure for supporting producers of goods purchased during procurements.

Potential suppliers may not participate in procurements conducted by the Company if:

- the potential supplier or its subcontractor (co-executor), or a consortium member is included in the register of unscrupulous participants of public procurement and (or) in the register of unscrupulous participants of procurement, and (or) in the list of unreliable potential suppliers (vendors) of Samruk-Kazyna JSC, and (or) in the list of debtors, in respect of which a court decision to declare them bankrupt has entered into legal force;
- the potential supplier and (or) the subcontractor (co-executor) engaged by it, and (or) their manager, and (or) founders (shareholders) are included in the list of organizations and persons connected with financing of terrorism and extremism, or in the list of organizations and persons connected with mass destruction proliferation, financing of weapons of mass destruction, in the order established by the Law of the Republic of Kazakhstan ‘On counteraction to legalization (laundering) of proceeds of crime and financing of terrorism’;
- the potential supplier and (or) the subcontractor (co-executor) engaged by it, and (or) their founders (shareholders) are legal entities, whose place of registration is a state or territory included in the list of states with preferential taxation approved by the authorized state body in charge of ensuring the receipt of taxes and other obligatory payments to the budget.

In this regard, when conducting procurement procedures, potential suppliers are checked for the presence or absence of restrictions established by the Procedure.

Consideration of appeals/complaints of potential suppliers against actions (inaction) of the procurement organizer, tender commission, or expert procurement commission is also conducted. Based on the results of the review, decisions are made on confirmation/non-confirmation of the arguments set out in appeals/complaints.

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For the convenience of interaction with suppliers, procurement procedures are conducted through the electronic procurement portal of Samruk-Kazyna JSC (www.zakup.sk.kz), which ensures attraction of a larger number of suppliers of goods, works and services and a competitive environment that promotes the efficiency of procurement activities.

Purchases made by KEGOC JSC in 2023, KZT million

	KEGOC JSC	Energoinform JSC	Total
Goods (excluding electricity from near abroad, including the Russian Federation and the Kyrgyz Republic)	16,770	497.38	17,267.38
Works	5,510	43.47	5,553.47
Services	6,313	463.56	6,776.56
Electricity	25,657	37.54	25,694.54
TOTAL:	54,252	1,041.95	55,291.95

To support its suppliers in conducting their activities in the spirit of compliance with the principles of sustainable development and ESG, the provisions of the UN Global Compact, and the UN Sustainable Development Goals, the Company has developed the KEGOC JSC Supplier Code of Conduct, which has become an integral part of its contracts with suppliers.

All the Company’s suppliers are obliged to comply with this Code in order to work with KEGOC JSC. In accordance with the Code, the Company’s suppliers shall comply with the following:

- do not allow corruption offences in their work;
- prohibit their employees, representatives and subcontractors under agreements with the Company from committing commercial bribery and other acts of a corrupt nature;
- exclude all forms of illegal forced labour;
- exclude child labour;
- exclude any kind of discrimination, including with regarding employment and labour activities;
- comply with regulations concerning working hours and rest of employees;

The current Annual Plan of Procurement of Goods, Works and Services and Long-term Plan of Procurement of Goods, Works and Services of KEGOC JSC are published on the procurement portal of Samruk-Kazyna JSC (www.zakup.sk.kz), as well as on the website www.kegoc.kz in the section ‘Procurement’.

- comply with regulations concerning the minimum wage;
- comply with labour legislation.

The Code contains norms for compliance by the Company’s suppliers with such principles as:

- Fair Employment Practices;
- Ethical Principles;
- Anti-corruption requirements;
- Occupational Health and Safety;
- Environmental Protection;
- Privacy and Data Security.

KEGOC JSC works on implementation of Samruk-Kazyna’s procurement category strategies (PCS) aimed at optimizing approaches to procurement of goods, works and services or short term. These strategies include conclusions drawn based on maximising of benefits in the long or short term and including conclusions drawn based on the results of analyses of past expenditures, future needs, supply market and business requirements.

In 2023, at the level of Samruk-Kazyna JSC, PCSs for the categories ‘IT Equipment’ and ‘Special Clothing’ were implemented.

Indicators of service providers in 2023

Suppliers — roster (Pre-qualification)	3
incl:	
within the PCS	3
not within the PCS	0
total contractual amount	265,833,912
Suppliers — not on the register (Pre-qualification)	0
incl:	
within the PCS	0
not within the PCS	0
total contractual amount	0

Suppliers — Registry (SV)	3
incl:	
within the PCS	3
not within the PCS	0
total contractual amount	198,803,935
Suppliers — not on the register (SV)	1
incl:	
within the PCS	1
not within the PCS	0
total contractual amount	646,685

In 2023, KEGOC JSC share of in-country value in procurement of goods, works and services was 67%, including 70% for goods (excluding electricity from near abroad) and 65% for procurement of works and services. In Energoinform JSC, the share of in-country value was 21.52% for goods and 97.3% for works and services.

Analysis of financial and economic indicators

Analysis of actual income and expenses figures for 2023, KZT million

	2023 plan	2023 actual	Deviation	Main causes of deviations
Consolidated income	255,204.8	266,496.2	104.4%	
				Over-fulfilment of the plan was due to the growth of regulated services:
				<ul style="list-style-type: none">on electric power transmission by KZT 4,438.3 million as a result of growth of actual volumes of rendered services by 1,421 million kWh;income from the sale of services on the use of NPPs by KZT 1,237.9 million as a result of an increase in actual volumes of services rendered by 367 million kWh;on dispatching by KZT 510.6 million as a result of an increase in actual volumes by 690 million kWh;on income from services on organisation of balancing of production and consumption of electric power by KZT 51.3 million;also, due to the introduction of the Single Buyer model, the plan for the sale of balancing electricity on the balancing market of the Republic of Kazakhstan was exceeded by KZT 2,075.5 million.
operating income	248,996.1	252,136.4	101.3%	
				At the same time, the decrease in revenues occurred for the following reasons:
				<ul style="list-style-type: none">on income from the sale of electricity to compensate for the interstate balance flow by KZT 3,202.9 million due to a decrease in the actual weighted average price compared to the planned one from 7.32 to 6.49 KZT/kWh (or by KZT -1,111.0 million), including. including due to decrease in weighted average ruble exchange rate, and decrease in actual volumes of electricity compared to planned by — 285.7 million kWh (or — KZT 2,091.8 million);by KZT 1,726.2 million on income from servicing activities.
Consolidated expenses	215,706.1	212,897.5	98.7%	
				The decrease of 4.0% was mainly due to the following :
				<ul style="list-style-type: none">decrease in actual expenses for purchase of balancing electricity on the balancing market of the Republic of Kazakhstan by KZT 4,012.6 million;decrease in depreciation charges by KZT 3,383.4 million as a result of revision of the service life of fixed assets;decrease in property tax expenses of the main and auxiliary production by KZT 1,333.3 million due to revision of the taxable base;reduction of expenses for capacity regulation provided by third-party organisations by KZT 1,479.5 million due to a decrease in the actual volume by 1,579 million kWh, as well as a reduction in the tariff;reduction of expenses for transit services by KZT 466.7 million due to the fact of repair works.
cost price	188,965.4	181,403.6	96.0%	
				At the same time, as compared to the planned indicators, the expenses on:
				<ul style="list-style-type: none">purchase of electricity to compensate for hourly deviations in the actual interstate balance of electricity flow by KZT 3,030.8 million due to an increase in actual electricity volumes by 416.3 million kWh;costs of technological electricity consumption (losses) by KZT 2,066.3 million due to an increase in the weighted average price from 11.05 to 11.8 KZT/kWh.
General and administrative expenses	11,906.6	13,680.3	114.9%	The excess was mainly due to an increase in the allowance for doubtful debts in operating activities
implementation expenses	504.0	491.0	97.4%	Decrease in recurrent expense as a result of savings realised
Operating profit	47,620.1	56,561.5	137.9%	

Economic value generated and distributed

The economic component of KEGOC JSC activities is of great strategic importance both for the Company itself and for the state economy, and is aimed at increasing long-term value for KEGOC JSC shareholders and investors.

The procedures for development and approval of the Business Plan and budgets (including the Capital Investment Plan for implementation of investment projects for construction, reconstruction and modernisation of the Company’s facilities) are regulated by the Rules for development, coordination, approval, adjustment, execution and monitoring of the Action Plan (Business Plan) and budgets of KEGOC JSC. The Action Plan (Business Plan) is developed on a consolidated basis, i.e. it includes plans of subsidiaries for a 5-year period on a rolling basis. An annual budget is approved for the implementation of the Action Plan (Business Plan). Implementation of the Business Plan is monitored by the Board of Directors of KEGOC JSC on a quarterly basis.

Distribution of economic value, KZT million

	2021	2022	2023
Total capitalisation	908,336.27	809,916.87	849,254.52
equity capital	737,136.82	653,565.16	685,719.13
borrowed capital	171,199.45	156,351.70	163,535.39
Funds received from the state	-	-	
Economic value created	199,424.10	227,003.95	263,910.63
operating income	186,443.14	217,255.55	252,136.38
financial income	5,368.22	5,726.12	7,576.47
other income	7,612.74	4,022.29	4,197.78
Distributed economic value	201,789.23	217,270.65	253,879.87
labour costs	23,672.49	26,755.43	33,272.86
expenses on taxes and levies to the state budget	14,047.26	18,026.52	21,610.03
payments to capital providers	53,200.01	30,309.24	47,075.04
charity and sponsorship*	-	-	
other operating expenses	99,492.06	136,625.19	148,327.37
other non-operating expenses*	11,377.43	5,554.26	3,594.57
Profit after tax for the year from discontinued operations	13,471.47	-	
Economic value to distribution	11,106.33	9,733.30	10,030.77

201-1, 201-4

Balance sheet analysis

Indicators of KEGOC JSC economic balance sheet, KZT million

Indicator	2019	2020	2021	2022	2023	2023/2022
Non-current assets	659,175.9	695,192.5	1,019,820.4	873,932.8	881,414.5	101%
Current assets	97,111.0	116,820.1	73,396.9	112,679.4	120,370.5	107%
Total assets	756,987.7	812,012.6	1,093,217.3	986,612.2	1,001,785.0	102%
Capital	481,838.0	502,556.5	737,136.8	653,565.2	685,719.1	105%
Non-current liabilities	230,808.2	239,766.9	310,396.6	273,569.6	277,539.5	101%
Current liabilities	44,341.5	69,689.2	45,683.9	59,477.4	38,526.4	65%
Total liabilities	275,149.7	309,456.1	356,080.5	333,047.0	316,065.9	95%
Total equity and liabilities	756,987.7	812,012.6	1,093,217.3	986,612.2	1,001,785.0	102%

As of 31 December 2023, the Company’s assets amounted to KZT 1,001,785.0 million, reflecting a 1.5% increase compared to 2022.

Long-term assets accounted for 88.0% of the balance sheet structure, which are mostly represented by fixed assets. In 2023, long-term assets showed a slight growth of 0.9% or by KZT 7,481.7 million and amounted to KZT 881,414.5 million.

Short-term assets accounted for 12.0% of the balance sheet. In 2023, they increased by 6.8% (or by KZT 7,691.1 million), amounted to KZT 120,370.5 million at the end of the year. The growth was driven by increased trade receivables due to legislative amendments in the energy sector related to the introduction of the Single Power Purchaser model and the launch of the balancing electricity market, as well as an increase in cash and cash equivalents. At the same time, the growth in short-term assets was partially offset by a decrease in current financial assets due to the redemption of KZT 30,000 million of coupon bonds of Samruk-Kazyna JSC.

The capital at the end of 2023 was KZT 685,719.1 million, showing growth by 4.9% or KZT 32,153.9 million compared to 2022. This was due to the secondary placement of ordinary shares within the framework of the SPO of KEGOC JSC and growth of retained earnings. The share of equity in the structure of the balance sheet was 68.4%.

Liabilities totaled KZT 316,065.9 million by year-end, decreasing by 5.1% or KZT 16,981.2 million compared to 2022. Long-term liabilities constituted 87.8%, while short-term liabilities accounted for 12.2% . The change is mainly due to a decrease in liabilities on dividends payable for the 1st half of 2022 by KZT 17,014.3 million,

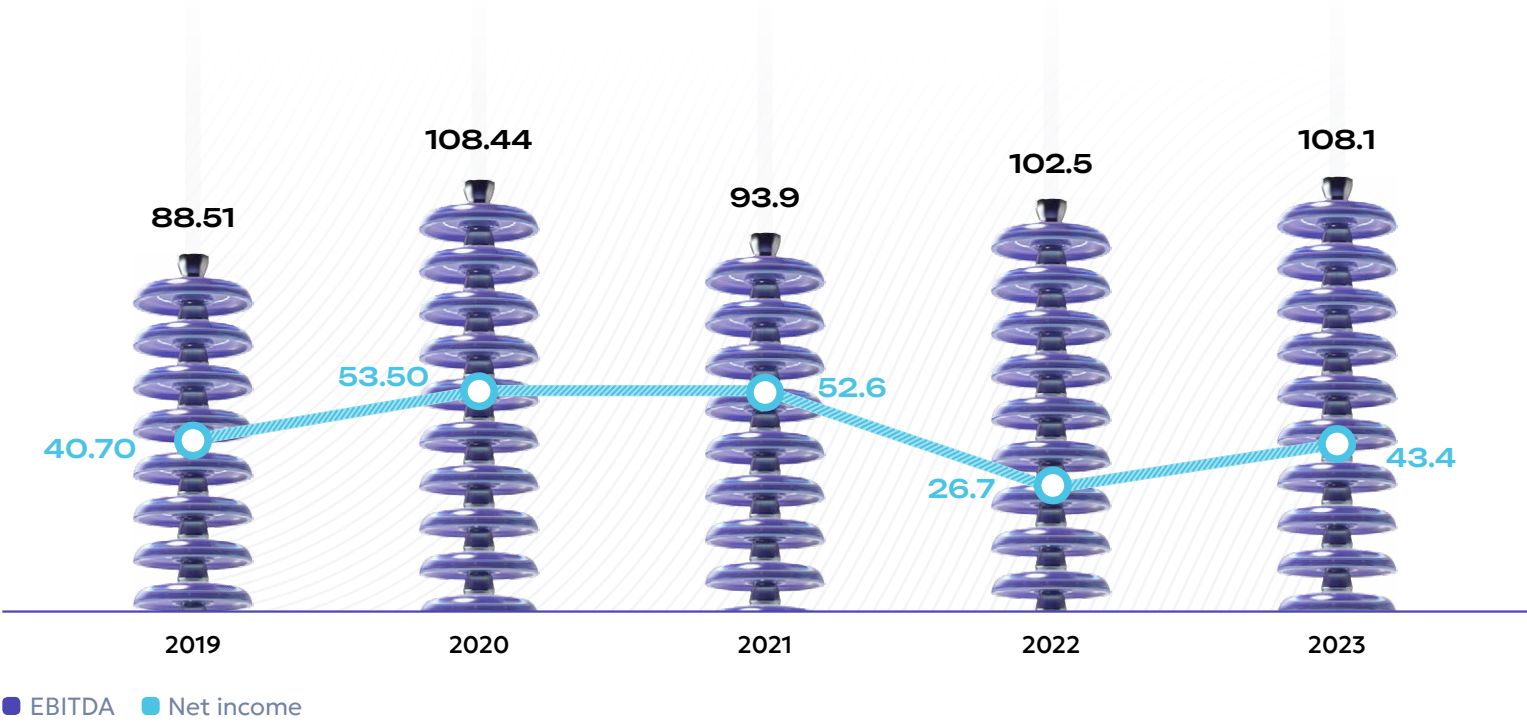
a decrease in liabilities on loans due to partial early repayment of part of the loan of the International Bank for Reconstruction and Development in the amount of USD 10,000.00 thousand, a decrease in deferred tax liability on income tax by KZT 4,328.6 million. At the same time there was an increase in long-term liabilities due to attraction of ‘green’ bonds for the amount of KZT 16,000 million on 30 March 2023.

In order to reduce currency risk, debt burden and expenses on servicing loans in foreign currency, in September 2023 KEGOC JSC made an early full repayment of the International Bank for Reconstruction and Development loan in the amount of USD 1,010.0 million. Funds under the credit line in the amount of USD 48,000 thousand were attracted in 2009 for the implementation of the investment project ‘Scheme of power output of Moynak HPP’ for a period of 25 years. The effect is a decrease in net foreign currency liabilities from USD 26,836 million to USD 14,599 million, as well as a decrease in foreign exchange loss due to changes in foreign currency positions.

Stable its financial performance allows the Company to fulfill in a timely manner and in full its obligations to the main stakeholders:

- on payment of wages to employees and provision of social support;
- on payment of dividends to shareholders;
- on implementation of investment projects and improvement of the quality and reliability of NPG functioning;
- on timely settlements with suppliers;
- on payment of taxes.

Profitability indicators of KEGOC JSC, KZT billion



Indicators for the implementation of Goal 3

Name of KPI	2019 actual	2020 actual	2021 actual	2022 actual	2023 plan*	2023 actual
TSR (total shareholder return), %	indicator is defined in December 2021			-10.7	7.06	3.44
EBITDA, KZT billion	88.5	108.4	93.9	102.5	102.6	108.1

* planned values set by the Business Plan for 2023-2027

The actual value of TSR was affected by a decrease in the Company’s share price in 2023 to KZT 1,482 per share against a target of KZT 1,552 per share, with the Company paying KZT 193.76 in dividends per share against a target of KZT 182.23 per share. EBITDA growth was influenced by the factors of transmission volume growth and an increase in tariffs for regulated services.



7. Appendices

Appendix 1. About the Report

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

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

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KEGOC JSC has prepared this Report at the general corporate level. The data in the context of sustainable development presented in this Report includes data of Energo-inform JSC, a subsidiary organisation of KEGOC JSC.

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

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

Sustainable Development Goals

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

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

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

Key highlighted SDGs worked on in 2023



Principles of the UN Global Compact

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

Principles of Report Preparation

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

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

Stakeholder engagement and materiality assessment

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

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

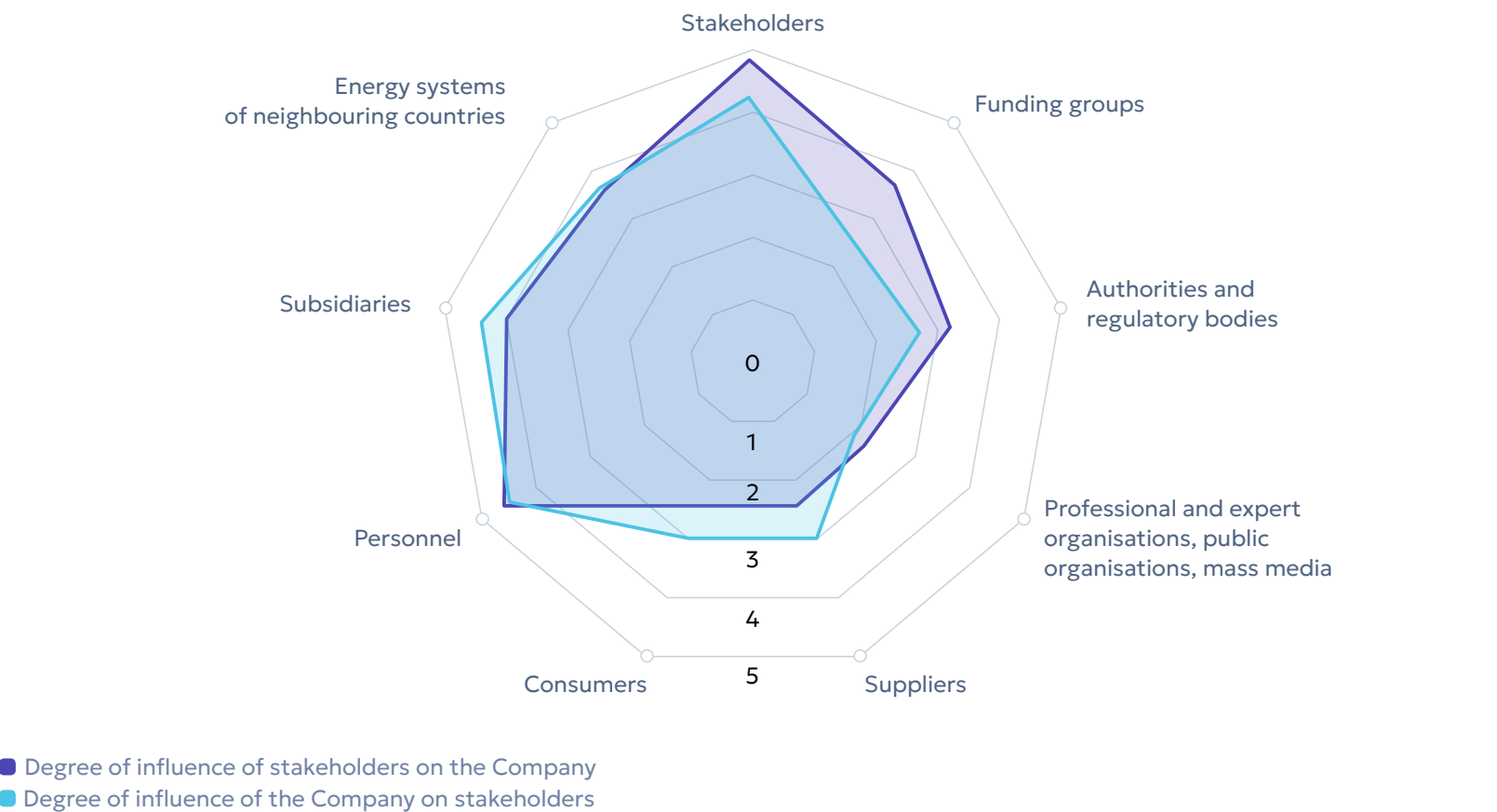
KEGOC JSC identified groups of stakeholders identified jointly with all structural units of the Company, as well as the degree

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

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

Stakeholder map of KEGOC JSC



Stakeholder engagement

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

Materiality analysis

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

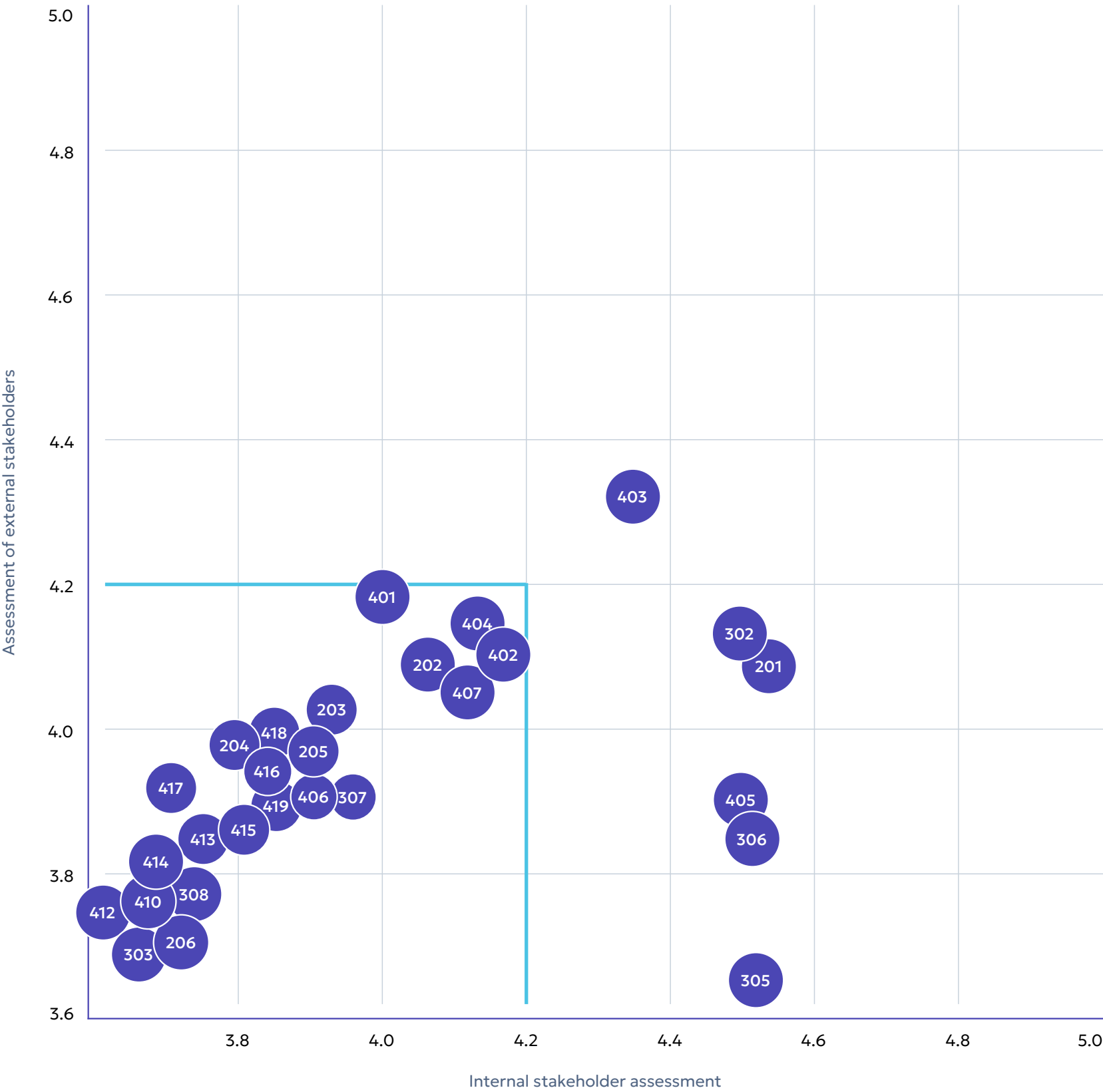
2-29

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

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

3-1

Materiality matrix



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

Economic topics:

- 201 Economic performances

Environmental topics:

- 302 Energy
- 305 Emissions
- 306 Waste

Social topics:

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

3-2

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

3-2

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

Appendix 2. Indicators

Personnel policy



405-1

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

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

2-7

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

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

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

2-7

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

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

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

2-7

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

Structure of employees by category

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

Structure of employees by work experience

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

Structure of employees by age

405-1

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

Structure of employees by education

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

Structure of voluntary staff turnover, people

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

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

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

The number of employees who are eligible to retire, people

EU15

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

Production indicators

EU1, EU3, EU4, EU28, EU29

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

Economic indicators

201-1, 201-4

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

* restated to reflect the disposal of SFCS RES LLP

Compliance with legislation and regulatory requirements

2-27

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

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

Environmental indicators



EU12, 302-1, 302-4

Indicator	Unit	2019	2020*	2021	2022	2023	2022/2023	2022/2023,%
Energy consumption								
Percentage of energy transmission losses*	%	6.4	6.0	5.6	4.9	5.0	0.1	2%
Effect of measures to reduce losses (energy saving)	GJ	17,222	15,340	15,810	14,155	14,609	454	3%
Specific energy consumption	GJ/ thousand tenge	0.069	0.058	0.060	0.048	0.043	-0.005	-10%
Energy consumption within the organisation	GJ	10,710,622	10,350,517	11,162,799	10,374,628	10,770,791.18	396,163	4%
- electricity	GJ	10,502,753	10,068,339	10,951,741	10,169,639	10,627,862.01	403,616	4%
- heat energy	GJ	87,399	81,396	87,536	84,843	78,876.88	-5,966	-7%
Fuel:	GJ	120,470	114,065	123,521	120,146	118,658.82	-1,487	-1%
- motor gasoline	GJ	53,935	44,768	41,681	40,918.42	39,611.59	-1,307	-3%
- diesel fuel	GJ	62,911	65,250	77,941	75,481.13	75,205.83	-275	0%
- natural gas	GJ	3,314	3,911	3,749	3,237.41	3,539.62	302	9%
- liquefied gas	GJ	310	135	150	508.78	301.77	-207	-69%

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

Occupational health and safety indicators

403-9

Indicator	2019	2020	2021	2022	2023
Frequency of registered occupational injuries	0	0	0.03	0	0
By region:					
Executive Directorate	0	0	0	0	0
Akmolinskiye MES	0	0	0	0	0
Aktyubinskiye MES	0	0	0.45	0	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0	0
Zapadnye MES	0	0	0	0	0
Sarbaiskiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0	0
NDC SO	0	0	0	0	0
Frequency of severe injuries (excluding fatalities)	0	0	0.03	0.05	0.03
By region:					
Executive Directorate	0	0	0	0	0
Akmolinskiye MES	0	0	0	0	0
Aktyubinskiye MES	0	0	0.45	0	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0.41	0
Zapadnye MES	0	0	0	0	0
Sarbaiskiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0.3
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0.27	0
NDC SO	0	0	0	0	0
Number of severe injuries (excluding fatalities)	0	0	0	0.2	0
Frequency of fatalities	-	0	0	0.02	0

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

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

Appendix 3. GRI Indicators Table

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

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

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

Index of the indicator	Name of indicator	Completeness of disclosure			Section and page in the Report	Comments
		Requirement excluded	Reason	Description		
3-3	Management of material topics				50	
403-1	Occupational health and safety management system				51	
403-2	Hazard identification, risk assessment and incident investigation				51 , 52	
403-3	Occupational health services				51	
403-4	Worker participation, consultation and communication on occupational health and safety at work				49 , 51	
403-5	Worker training on occupational health and safety				51 , 52	
403-6	Promotion of worker health				51	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				51 , 52	
403-8	Workers covered by an occupational health and safety management system				51 , 52	
403-9	Work-related injuries				52 , 104	EU25
403-10	Work-related ill health				51	
GRI 405: Diversity and equal opportunities						
3-3	Management of material topics				41	
405-1	Composition of governance bodies and breakdown of employees per key category according to gender and age group				42 , 62 , 95 , 97	
405-2	Ratio of basic salary and remuneration of women to men by employee category and core region of operations				45	

Appendix 4. Consolidated financial statements

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

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

- the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, are identified and assessed;
- designing and performing audit procedures in response to those risks;
- internal control systems are reviewed to design audit procedures;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluating the appropriateness of management’s use of the going concern basis of accounting;

- assesses the overall presentation of the consolidated financial statements, their structure and content, including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- sufficient appropriate audit evidence is gathered regarding the financial information of the Company to express an opinion on the consolidated financial statements.

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

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

Independent auditor’s report



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INDEPENDENT AUDITOR’S REPORT

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

Opinion

We have audited the consolidated financial statements of Kazakhstan Electricity Grid Operating Company JSC and its subsidiary (hereinafter the “Group”), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

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Key audit matter

How our audit addressed the key audit matter

Valuation of property, plant and equipment

As of 31 December 2023, the carrying value of assets of the National Electricity Grid (“NES”) amounted to 718.550.166 thousand tenge (31 December 2022: 733.464.524 thousand tenge).

The NES assets are accounted for at fair value in accordance with the Group’s accounting policy. At each reporting date, the Group analyzes to what extent the fair value of the NES assets differs significantly from their carrying value. In order to assess the possible fluctuations in the fair values Management of the Group determines the replacement cost of assets most exposed to the risk of changes in fair value.

Due to the significance of the carrying amount of the NES assets, as well as significant use of professional judgement and estimates by Management when analyzing changes in the fair value of the NES assets, this issue was one of the key audit matters.

Information on the NES assets and analysis of changes in fair value of the NES assets is presented in *Notes 4* and *6* to the consolidated financial statements.

Compliance with covenants under credit facility agreements

In accordance with terms of loan agreements and bond programs, the Group is required to comply with certain financial and not financial covenants. Breaching of these covenants may lead to the request of early repayment of loans and bonds and funding shortages.

Compliance with covenants was one of the matters of most significance in the audit, because it has major impact on the going concern assumption used in preparation of the consolidated financial statements, and on classification of loans and bonds in the consolidated statement of financial position.

Information on compliance with covenants is disclosed in *Note 28* to the consolidated financial statements.

We obtained from management of the Group an analysis of how the carrying amount of NES assets as at 31 December 2023 differs materially from their fair value.

We reviewed the analysis of the Group and the approach taken.

Thus, we reviewed the composition of the main expenses that form the value of NES assets and analyzed how much the fair value of the metal, which is the main type of cost underlying the value of NES assets, has changed compared to its value at the date of the previous assessment, which took place on December 1, 2022. We analyzed other inputs used by the Group to carry out its analysis, such as tariffs and electricity volume forecast. We compared how much the discount rate and long-term growth rate as of December 31, 2023 had changed with those at the previous valuation date.

We analyzed information, disclosed in *Notes 4* and *6* to the consolidated financial statements.

We examined the terms of credit facilities and reviewed financial and not financial covenants.

We compared data used in the calculations with the data presented in the consolidated financial statements.

We reviewed mathematical accuracy of calculations of the financial ratios.

We analyzed the management evaluation of the risk that breach of any covenants is likely within the next 12 months and the potential impact of breach on the going concern basis. We analyzed information received from creditors in relation to compliance with covenants as of 31 December 2023.

We also analyzed information disclosed in the consolidated financial statements.

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Impact of changes in legislation on the Group’s revenue

On July 1, 2023, amendments to the Law “On Electric Power Industry” (hereinafter referred to as the Law) came into force, regulating the mechanism of operation of the wholesale electricity market (WEM) with the introduction of a single purchaser of electricity and a real-time balancing market for electricity (BME).

In the WEM, all electrical energy generated by energy-producing organizations is sold to a single purchaser of electrical energy, with the exception of the purchase and sale of electrical energy between consumers and energy-producing organizations of industrial complexes and organizations belonging to the same group of persons (*the register of groups of persons is formed by the Ministry of Energy of the Republic of Kazakhstan*).

In turn, BME ensures the settlement of imbalances in the Unified Electric Power System of Kazakhstan (UEPS), allowing for targeted distribution of imbalances among market entities that have committed deviations.

In order to ensure the functioning of the new market model, in accordance with the Law “On Electric Power Industry”, on the basis of relevant agreements, from July 1, 2023, KEGOC JSC provides market entities with a new service for using the national electric grid. At the same time, the electricity transmission service for the transmission of electrical energy through the national electric network has been preserved and is provided to organizations that are part of a group of persons (when transmitting electricity through the NES from a power plant to a consumer that is part of the same group of persons. i.e., it is possible to determine the transmission route and targeting), during interstate transit of electricity (providing services to organizations of other states), during export/import and to consumers who have entered into bilateral agreements with renewable energy sources.

The BME carries out the purchase and sale of balancing electricity and negative imbalances. Purchase and sale between KEGOC JSC and the Settlement Center for the Balancing Electric Energy Market (KOREM JSC) is carried out in accordance with Sales and Purchase Agreements and Interconnection Agreements with all BME entities.

We familiarized ourselves with the changes to the Law. We studied the impact of changes in the Law on the process of generating and recognizing revenue at KEGOC JSC.

We checked the recognition of revenue from various types of services provided to market entities, including revenue from the use of the NES and revenue from the transmission of electrical energy via the NES.

We also checked the recognition of revenue from the sale of balancing electricity and the cost of purchase of negative imbalances of KOREM JSC.

We checked the registers of mutual offsets of monetary obligations, on the basis of which KOREM JSC transfers the right to claim remuneration to the entities specified in the register to KEGOC JSC.

We checked the repayment of receivables from BME entities on outstanding invoices.

We verified the accuracy of the estimated expected credit losses on trade receivables.

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Аудиторский отчёт независимого аудитора



Other information included in the Group's 2023 annual report

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free 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 have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

RSM Qazaqstan LLP

Aisulu Narbayeva
Auditor / General Director
RSM Qazaqstan LLP

Auditor qualification certificate # 0000137
dated 21 October 1994

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

27 February 2024

RSM Qazaqstan LLP is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm. The RSM network is operated by RSM International Limited, a company registered in England and Wales.

Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

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

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

Book value per ordinary share (in tenge)	14	2.479	2.500
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

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

Non-cash operations:

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company and its subsidiary are hereinafter referred as the “Group”.

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

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

2. BASIS OF PREPARATION

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

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

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

Basis of consolidation

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

IFRS 17 Insurance Contracts

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

Definition of Accounting Estimates — Amendments to IAS 8

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

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

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

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

Foreign currency transactions

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

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

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

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

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

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

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

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

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

Property, plant and equipment

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

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

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

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

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

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

Land is not depreciated.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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

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

Intangible assets

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

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

Non-current assets held for sale and discontinued operations

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

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

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

Impairment losses of continuing operations (including impairment on inventories) are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for NPG assets previ-

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

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

Investments in an associate

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments — initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition

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

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

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

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

Recognition of expected credit losses

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments — initial recognition and subsequent measurement (continued)

Financial assets (continued)

Recognition of expected credit losses (continued)

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Borrowings and bonds- issued

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

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

Trade and other payables

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

Derecognition

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

Offsetting of financial instruments

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

Inventory

Inventories are accounted for on a FIFO basis.

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

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

Cash and cash equivalents

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted cash

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

Provisions

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

Revenue recognition

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

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

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

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

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

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

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

Trade account receivables

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

Contract liabilities

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

Interest income

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

Borrowing costs

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

Lease

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

Short-term lease and lease of low-value assets

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease (continued)

Group as a lessor

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

Pension obligations

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

Current corporate income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

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

Dividends

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

Contingent liabilities and contingent assets

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

Fair value of property, plant and equipment

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

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

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

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

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

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

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

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

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

Useful life of property, plant and equipment

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

Taxes

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

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

Fair value of financial instruments

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

Bonds DSFK

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

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

Fair value of financial instruments (continued)

Bonds DSFK (continued)

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

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

Estimated allowance for expected credit losses on receivables

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

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

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

5. OPERATING SEGMENTS INFORMATION

Geographic information

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

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

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

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

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

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

In thousands of tenge	Land	Building	NPG assets	Vehicles and other property, plant and equipment	Construc- tion-in-progress	TOTAL
Cost						
As at 1 January 2022	1.965.212	19.110.271	1.874.498.349	47.969.510	59.430.985	2.002.974.327
Additions	8.013	866.801	5.412	2.127.904	44.884.834	47.892.964
Transfers	–	530.713	13.996.038	2.139.303	(16.666.054)	–
Gain on revaluation (OCI)	–	–	(310.481.158)	–	–	(310.481.158)
Revaluation (through profit or loss)	–	–	(5.013.211)	–	–	(5.013.211)
Transfers to intangible assets	–	–	–	–	(444.355)	(444.355)
Disposals	–	(27.016)	(1.399.907)	(707.598)	(50.264)	(2.184.785)
As at 31 December 2022	1.973.225	20.480.769	1.571.605.523	51.529.119	87.155.146	1.732.743.782

Additions	219	48.760	17.480	3.592.853	58.727.568	62.386.880
Transfers	–	364.580	32.121.877	1.189.905	(33.676.362)	–
Transfers to intangible assets	–	–	–	–	(7.808)	(7.808)
Disposals	(590)	(5.989)	(2.105.439)	(681.852)	(54.090)	(2.847.960)
As at 31 December 2023	1.972.854	20.888.120	1.601.639.441	55.630.025	112.144.454	1.792.274.894

Accumulated depreciation and impairment						
As at 1 January 2022	–	(4.935.891)	(994.516.999)	(27.234.670)	(285.451)	(1.026.973.011)
Charge for the period	–	(476.778)	(56.659.373)	(3.229.783)	–	(60.365.934)
Transfers	–	1.022	28.559	(29.581)	–	–
Gain on revaluation (OCI)	–	–	210.376.129	–	–	210.376.129
Revaluation (through profit or loss)	–	–	1.414.851	–	–	1.414.851
Reversal of impairment	–	–	–	–	23.385	23.385
Disposals	–	17.612	1.215.834	675.429	1.840	1.910.715
As at 31 December 2022	–	(5.394.035)	(838.140.999)	(29.818.605)	(260.226)	(873.613.865)
Charge for the period	–	(509.108)	(46.523.132)	(3.482.128)	–	(50.514.368)
Transfers	–	464	2.708	(3.172)	–	–
Impairment	–	–	(151.117)	–	(311.399)	(462.516)
Disposals	–	3.775	1.723.265	658.608	52.891	2.438.539
As at 31 December 2023	–	(5.898.904)	(883.089.275)	(32.645.297)	(518.734)	(922.152.210)

Net book value						
As at 1 January 2022	1.965.212	14.174.380	879.981.350	20.734.840	59.145.534	976.001.316
As at 31 December 2022	1.973.225	15.086.734	733.464.524	21.710.514	86.894.920	859.129.917
As at 31 December 2023	1.972.854	14.989.216	718.550.166	22.984.728	111.625.720	870.122.684

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

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

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

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

Capitalized costs on issued bonds

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

Construction in progress

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

Advances paid for non-current asset

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

7. INVERSTMENTS IN ASSOCIATE

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

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

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

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

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

8. INVENTORIES

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

Movement in the allowance for obsolete inventories was as follows:

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

9. TRADE ACCOUNTS RECEIVABLE

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

9. TRADE ACCOUNTS RECEIVABLE (CONTINUED)

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

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

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

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

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

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

Trade accounts receivable were denominated in the following currencies:

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

10. OTHER CURRENT ASSETS

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

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

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

11. OTHER FINANCIAL ASSETS

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

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

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

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

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

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

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

Bonds of Development Bank of Kazakhstan (hereinafter — BRK)

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

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

Bonds of NC KazMunayGas JSC (hereinafter — KazMunayGas)

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

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

Notes of the National Bank of the Republic of Kazakhstan

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

Bank deposits

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

Eurobonds of the Ministry of Finance of the Republic of Kazakhstan

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

11. OTHER FINANCIAL ASSETS (CONTINUED)

Placements with Eximbank Kazakhstan JSC (hereinafter — Eximbank Kazakhstan)

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

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

Kazinvestbank

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

No payments were made during 12 months of 2022.

Bonds of Special Financial Company DSFK LLP

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

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

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

Other financial assets were represented in the following currencies:

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

12. RESTRICTED CASH

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

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

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

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

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

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

13. CASH AND CASH EQUIVALENTS

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

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

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

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

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

13. CASH AND CASH EQUIVALENTS (CONTINUED)

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

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

14. EQUITY

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

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

Treasury shares

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

Asset revaluation reserve

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

Dividends

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

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

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

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

Earnings per share

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

Book value per share

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

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

15. BORROWINGS

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

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

15. BORROWINGS (CONTINUED)

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

Loans were denominated in the following currencies:

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

Kazakhstan National Electricity Transmission Rehabilitation Project, Phase 2

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

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

Moinak Electricity Transmission Project

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

16. BONDS PAYABLE

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

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

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

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

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

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

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

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

17. TRADE AND OTHER ACCOUNTS PAYABLE

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

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

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

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

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

18. TAXES PAYABLE OTHER THAN CORPORATE INCOME TAX

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

19. OTHER CURRENT LIABILITIES

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

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

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

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

21. COST OF SALES

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

22. GENERAL AND ADMINISTRATIVE EXPENSES

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

23. FINANCE INCOME/(EXPENSE)

In thousands of tenge	2023	2022
Finance income		
Interest income on deposits, current accounts and quoted bonds	6.439.423	5.620.959
Income from the National Bank notes (Note 11)	1.721.571	600.395
Income from reverse REPO transactions	926.356	–
Income from revaluation of DSFK financial instruments (Note 11)	65.238	75.986
Amortization of discount on accounts receivable (Note 26)	64.526	76.925
Amortization of discount on other financial assets	4.905	–
Others	18.998	–
	9.241.017	6.374.265
Less: interest capitalized into cost of qualifying asset (Note 6)	(1.664.543)	(648.150)
	7.576.474	5.726.115

Finance costs		
Bond coupon (Note 27)	21.942.670	14.222.906
Interest on loans (Note 27)	625.214	937.558
Discount costs	539.017	695.916
Commission on bank guarantees	123.284	703.746
Amortization of premium on other financial assets	92.728	85.561
Amortization of commission for arranging a loan (Note 27)	10.740	680.494
Other expenses on issued bonds	53.670	18.305
	23.387.323	17.344.486
Less: interest capitalized into cost of qualifying assets (Note 6)	(9.677.909)	(4.049.552)
	13.709.414	13.294.934

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

24. FOREIGN EXCHANGE GAIN, NET

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

25. CORPORATE INCOME TAX EXPENSE

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

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

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

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

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

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

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

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

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

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

26. TRANSACTIONS WITH RELATED PARTIES

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

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

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

26. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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

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

Revenue and cost of sales, trade accounts receivable and payable

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

Other accounts receivable

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

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

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

Accounts payables for property complex

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

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

Other

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

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

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

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

* 1 basis point = 0,01%.

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

Foreign currency risk

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

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

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

Credit risk

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

Trade accounts receivable

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

Financial instruments and cash deposits

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

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

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

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

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

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

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

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

Capital management

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

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

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

Fair value hierarchy

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

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

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

Assets measured at fair value

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

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

Assets for which fair values are disclosed

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

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed

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

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

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

Fair values of financial instruments

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

Change in liabilities arising from financing activities

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

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

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

28. COMMITMENTS AND CONTINGENCIES

Operating environment

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

Taxation

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

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

Terms of loan agreements

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

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

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

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

Insurance

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

28. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Contractual commitments

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

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

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

Activity regulation and litigation

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

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

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

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

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

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

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

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

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

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

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

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

29. SUBSEQUENT EVENTS

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

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

AS OF AND FOR A YEAR ENDED ON 31 DECEMBER 2023

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

BUSINESS OVERVIEW

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

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

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

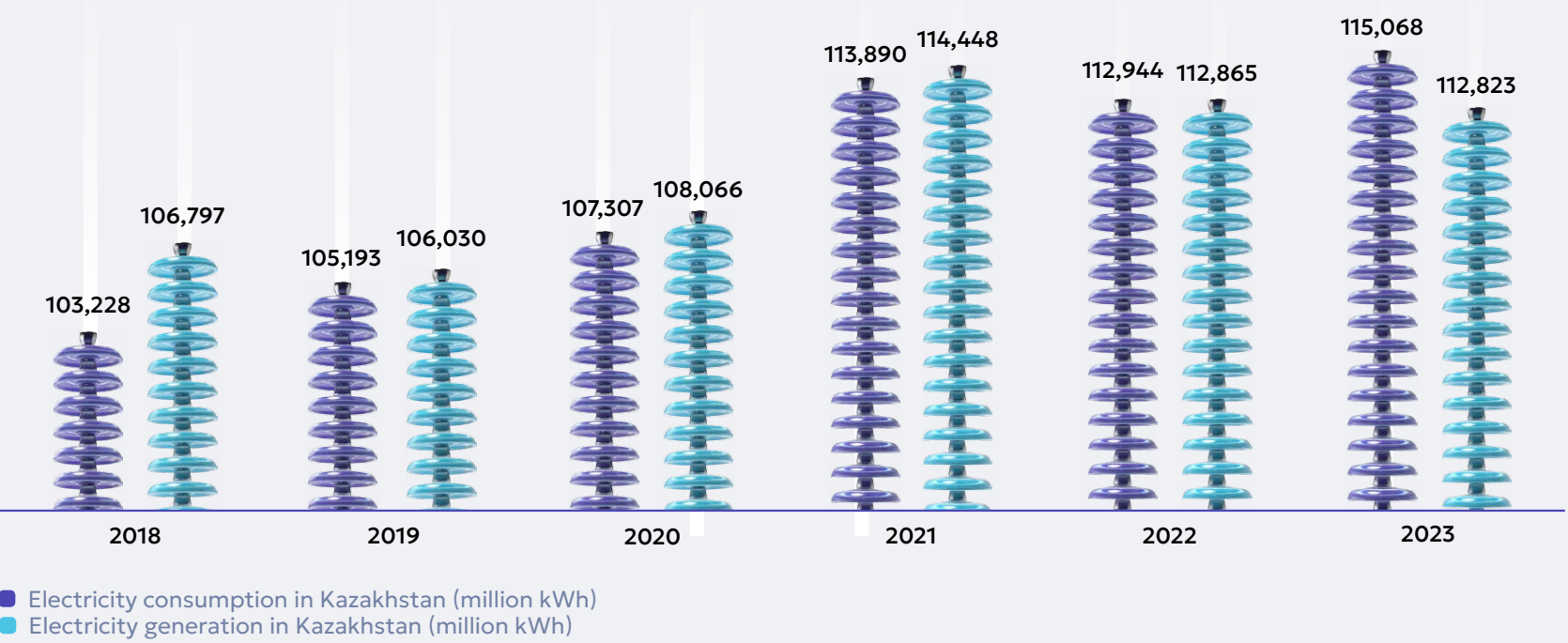
The Company’s headcount as at 31 December 2023 was 4,446 employees.

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

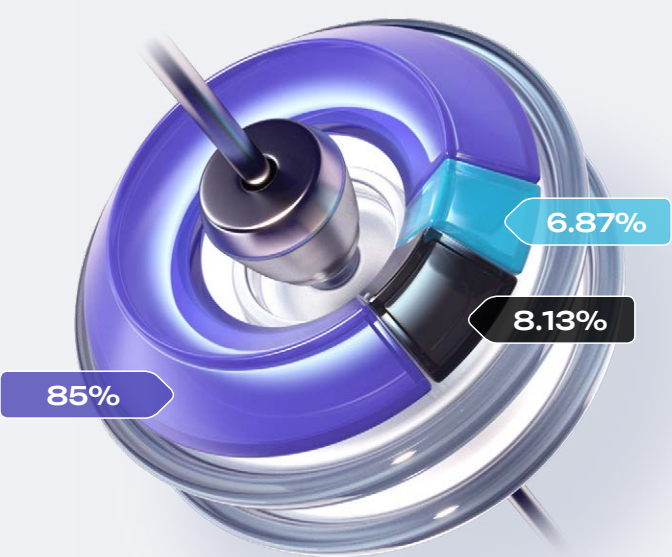
- national power grid (NPG);
- 207 power plants of national, industrial and regional importance
- 19 regional energy companies and 126 small companies transmitting electricity through 0.4 — 220 kilovolt power grids to retail (end-user) consumers;
- 551 wholesale market entities that have entered into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

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

Electricity consumption and generation in Kazakhstan, 2018 to 2023



KEGOC JSC shareholder structure as on 31 December 2023



■ Samruk Kazyna ■ UAPF (national pension fund) ■ 68,307 other shareholders

CHARACTERISTICS OF THE GRID

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

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

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

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

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

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

Development Plan (Strategy) of KEGOC JSC

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

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

Mission of the Company:

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

Vision of the Company:

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

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

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

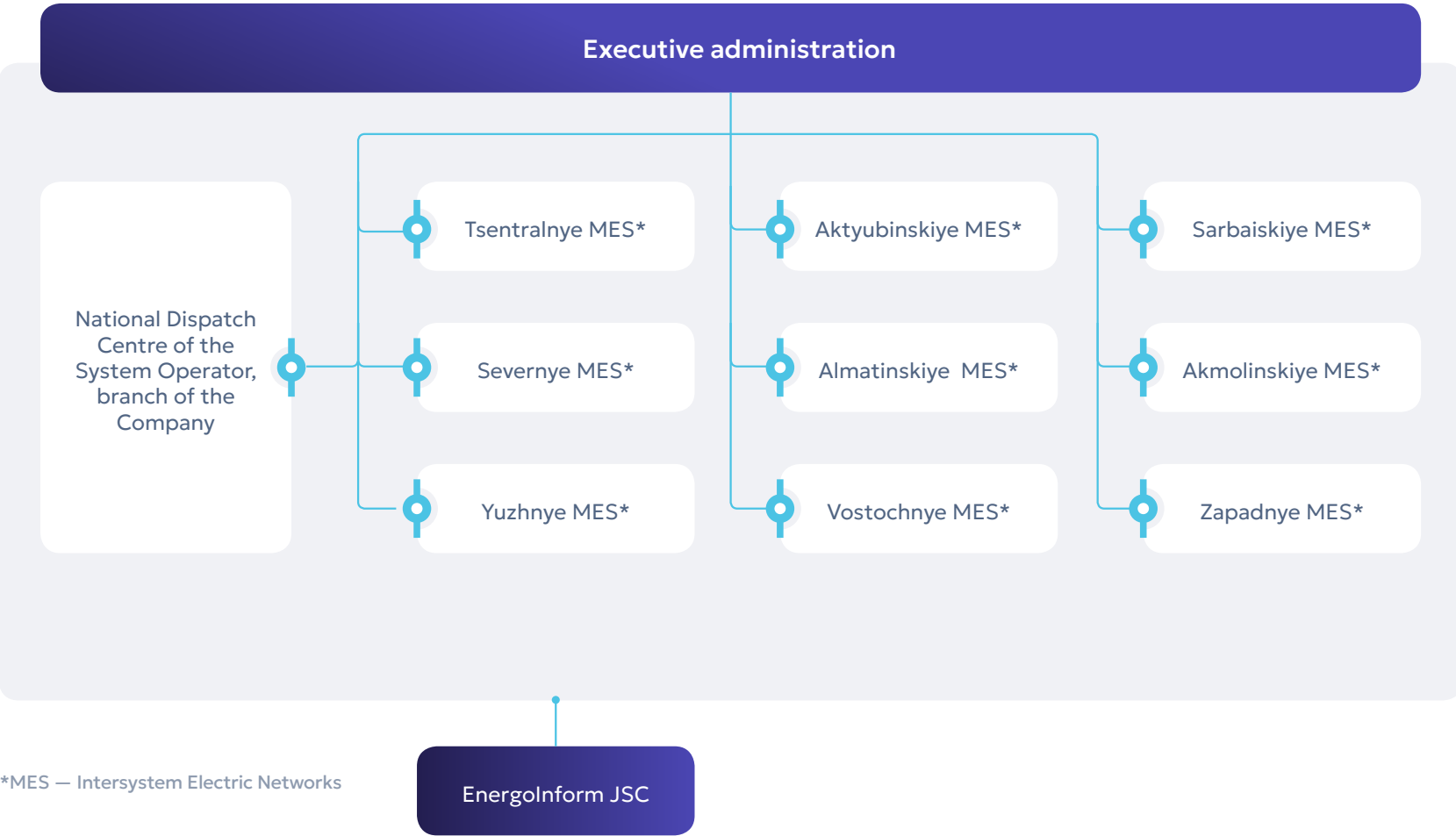
The Vision and the Mission will be achieved through strategic goals and objectives set for each goal:

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

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

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

OPERATING STRUCTURE OF KEGOC JSC



INFORMATION ON SUBSIDIARIES

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

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

Energoinform JSC

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

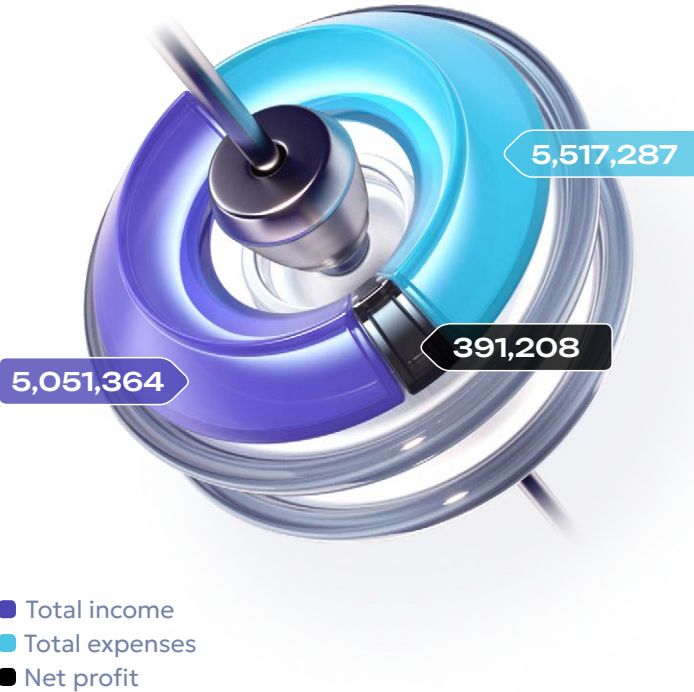
Mission: to ensure the reliable operation and effective development of the information and telecommunication complex of Kazakhstan UPS using the world’s best practices and innovative technologies.

Strategic goals of Energoinform:

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

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

The total income of Energoinform in 2023, KZT thousand



OUR OPERATION SEGMENTS

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

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

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

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

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

THE NATURE OF RELATIONS BETWEEN THE GOVERNMENT AND MAJOR SHAREHOLDER

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

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

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

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

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

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

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

TARIFF POLICY

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

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

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

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

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

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

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

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

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

TARIFF POLICY (CONTINUED)

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

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

Aallowable rate of return = RAB*RAI*Rate of Return

where:

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

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

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

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

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

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

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

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

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

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

Amount of electricity transmission

Information on the volume of system services provided in 2023:

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

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

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

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

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

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

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

Amount of electricity transmission (continued)

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

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

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

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

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

Non-contractual power flows

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

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

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

Macroeconomic indicators of Kazakhstan

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

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

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

Seasonality

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

Inflation

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

Key performance indicators (KPIs)

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

Financial KPIs

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

Financial KPIs (continued)

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

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

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

NAV, KZT billion

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

TSR, %

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

Debt/EBITDA

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

Net income, KZT billion

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

(+) positive factors:

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

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

(-) negative factors:

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

ROACE, %

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

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

Free cash flow (FCF), KZT billion

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

(-) negative factors:

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

EBITDA, KZT billion

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

(+) positive factors:

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

(-) negative factors:

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

Financial KPIs (continued)

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

NAV, KZT billion

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

TSR, %

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

Debt/EBITDA

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

Net income, KZT billion

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

(+) positive factors:

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

(-) negative factors:

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

ROACE, %

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

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

Free cash flow (FCF), KZT billion

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

(-) negative factors:

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

EBITDA, KZT billion

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

(+) positive factors:

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

(-) negative factors:

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

Non-financial corporate KPIs

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

Non-financial corporate KPIs (continued)

LTIFR

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

GA (Grid Availability, % per year)

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

Level of social stability of KEGOC JSC

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

Implementation of priority investment projects

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

OPERATION RESULTS

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

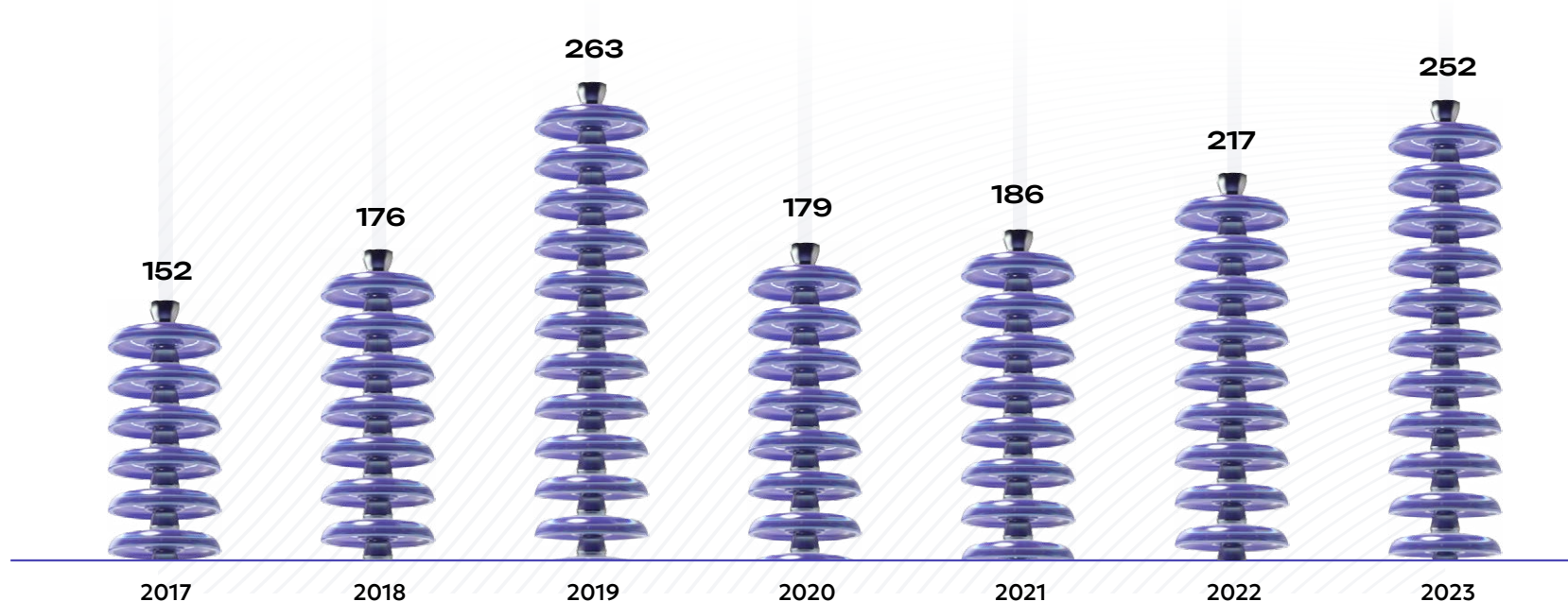
In thousands of tenge	Per year ended 31 December		Change	
	2023	2022	absolute value	%
Income	252.136.383	217.255.548	34.880.835	16
Cost of services	(181.403.604)	(166.355.885)	(15.047.719)	9
Gross profit	70.732.779	50.899.663	19.833.116	(39)
General and administrative expenses	(11.113.427)	(9.020.431)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

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

Revenues of KEGOC JSC (KZT thousand)

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

Operating income, KZT billion



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

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

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

Electricity transmission and use of NPG

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

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

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

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

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

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

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

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

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

Income from technical dispatching services

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

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

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

Income from electricity generation and consumption balancing service

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

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

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

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

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

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

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

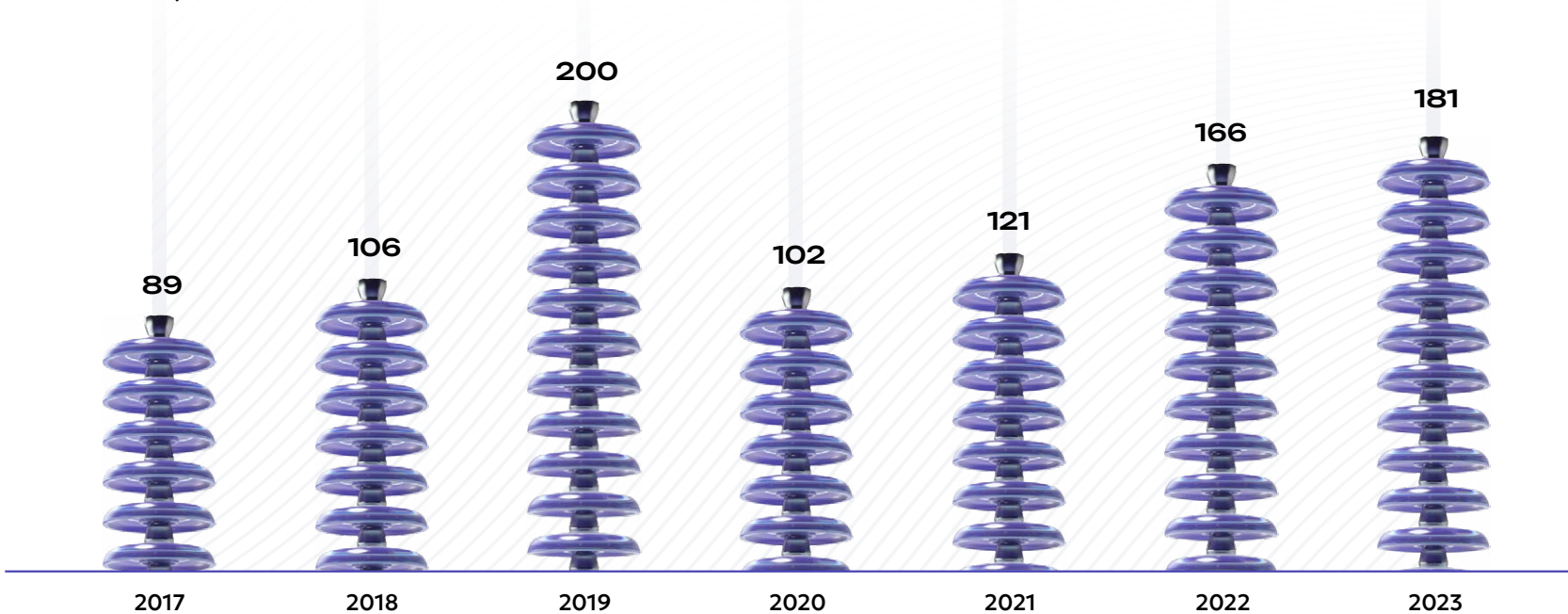
Income from sale of power control services

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

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

Cost of sales

Cost of sales, KZT billion



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

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

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

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

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

Depreciation and amortisation

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

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

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

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

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

Payroll expenses and other deductions associated with payroll

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

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

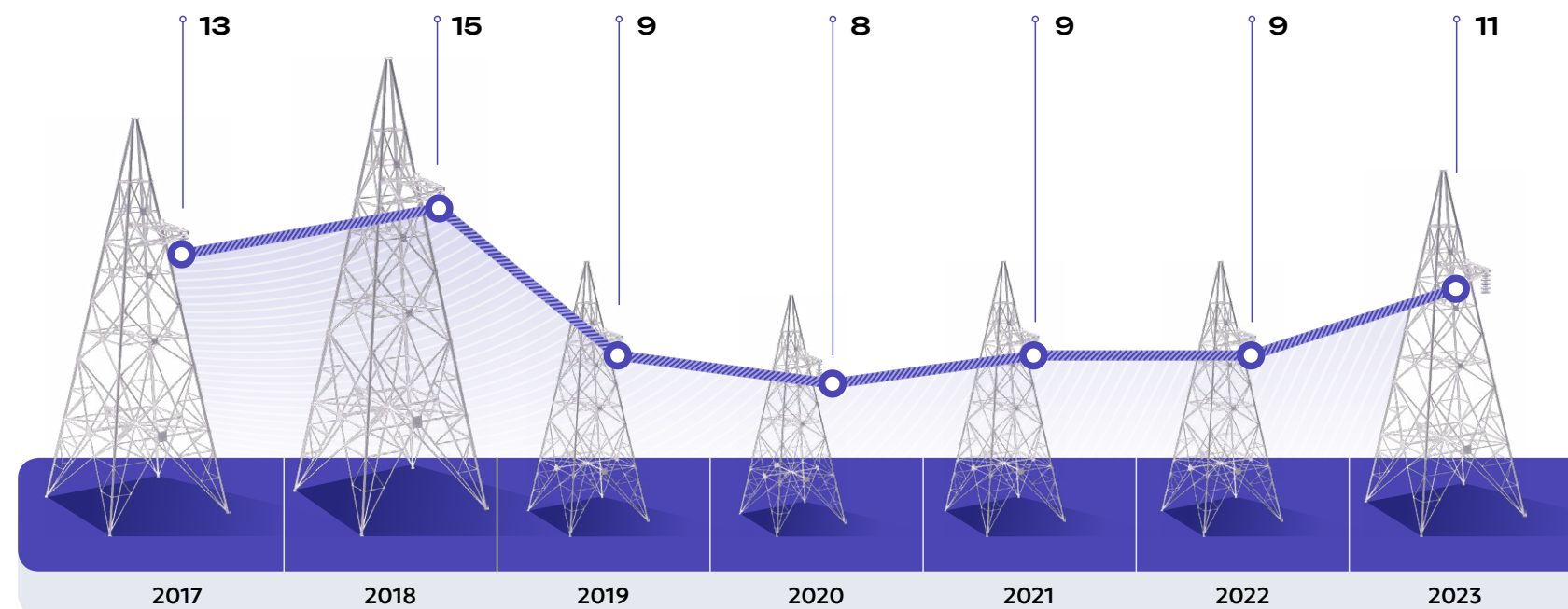
Technical losses of electric energy

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

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

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

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



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

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

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

Payroll expenses and other deductions associated with payroll

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

The deviation is due to the following factors:

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

Technical support costs

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

Depreciation and amortization of administrative expenses

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

Third-party services

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

Insurance expenses

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

Cash flows

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

In thousands of tenge	Year ended 31 December	
	2023	2022
Net cash from operations	67.264.547	80.678.722
Net cash from investment activities	(28.085.886)	(31.208.604)
Net cash from financing activities	(21.363.120)	(33.057.639)
Net change in cash and cash equivalents	17.815.541	16.412.479
Effect of FX changes on foreign currencies cash balance	(9.059)	(600.425)
Effect of the accrual of an allowance for expected credit losses on cash and cash equivalents	158.949	(182.790)
Cash and cash equivalents as of the beginning of the period	27.563.092	11.933.828
Cash and cash equivalents as of the end of the period	45.528.523	27.563.092

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

Net cash from operating activities

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

Net cash from investments

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

Net cash from financing activities

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

Liquidity

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

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

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

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

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

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

Cash at the deposits by currency:

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

Outstanding loan and bond liabilities

Loans

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

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

Loan agreement	Bank	Outstanding amount for the loan as on 31 December			Maturity date	Loan security
		KZT thousand	USD thousand	euro thousand		
KC 7738-KZ dated 12 November 2009	IBRD	6,735,812	14,599	-	2 times a year until 15 September 2034	No. 11CГГ004 dated 12 November 2009
Total		6,735,812	14,599			

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

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

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

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

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

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

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

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

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

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

Bonds

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

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

Bonds (continued)

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

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

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

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

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

Main parameters of the bond issues (second issue):

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

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

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

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

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

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

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

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

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

Main parameters of the bond issues (second issue):

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

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

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

CURRENT LOAN AGREEMENTS

Kazakhstan Electricity Transmission Rehabilitation Project, Phase II

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

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

Moinak Electricity Transmission Project

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

CAPEX

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

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

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

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

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

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

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

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

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

Currency Risk

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

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

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

Interest rate risk

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

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

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

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

Dividends to shareholders

About KZT 33.4 billion of dividends were paid in 2023:

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

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

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



Glossary

AC	Audit Committee of the Board of Directors of KEGOC JSC
AIX	Astana International Exchange
ALE	Association of Legal Entities
AMP	Administrative and management personnel
BioPP	bioelectric power plants
Branches	KEGOC branches MES and NDC SO
CIW	Construction and installation works
CEO	Chief Executive Officer
CHPP	Combined heat and power plant
CIS	Commonwealth of Independent States
Company	KEGOC JSC
COSO ERM	COSO Enterprise Risk Management
CRMS	Corporate risk management system
DED	Design and estimate documentation
DP	Distribution point
EBITDA	Earning before interest, taxes, depreciation and amortization
EIA	Environmental impact assessment
ERP	Emergency response plan
ES	Emergency situation
FAR	Fatality rate
FOCL	Fiber-optic communication line
FS	Feasibility study
GTP	Gas turbine plant
GRI	Global Reporting Initiative
GTPP	Gas-turbine power plant
HPP	Hydro power plant
IAS	Internal Audit Services
IIA	Innovation and inventive activities

ICS	Internal control system
IFRS	International financial reporting standards
IFI	International financial institutions
IMS	Integrated management system
IPO	Initial Public Offering
IRD	Internal regulatory document
IS	Information Security
ISMS	Information security management system
ISO	International Organization for Standardization
ISF	Intermediate support flexible
HCM	Human Capital Management
JSC	Joint Stock Company
KASE	Kazakhstan Stock Exchange
KEGOC JSC	KEGOC (Kazakhstan Electricity Grid Operating Company) Joint Stock Company
KPI	Key performance indicators
kV	kiloVolt
kWh	Kilowatt-hour
LLP	Limited liability partnership
LTIFR	Lost Time Injury Frequency Rate
Mass media	Mass media
MES	Interconnection Electric Networks, KEGOC Branches
MVA	Megavolt-ampere
MW	Megawatt
NAV	Net asset value
NDC SO	National Dispatch Centre of the System Operator
NPG	National power grid
NRC	Nomination and Remuneration Committee
OHTL	Overhead transmission lines

OP	Operational personnel
OPGW	Optical ground wire
PCB	Polychlorinated biphenyl
PTL	Power transmission line
R&D	Research and development
RDC	Reginal dispatch centre
RES	Renewable energy sources
RMS	Risk management system
ROACE	Return on Average Capital Employed
RPA	Relay protection and automation
SAIDI	System Average Interruption Duration Index — average duration of shut-down
SAIFI	System Average Interruption Frequency Index – the average frequency of damage in the system
Samruk-Kazyna JSC	Sovereign Wealth Fund Samruk Kazyna Joint Stock Company
SAP	System applications and products
SFCS of RES LLP	Settlement and Financial Center for Support of Renewable Energy Sources
SCADA	Supervisory Control and Data Acquisition
SCSDC	Strategy, Corporate and Sustainable Development Committee
SPO	Secondary Public Offering
SPP	Solar power plant
TPP	Thermal power plant
TSR	Total shareholder return
UAPF	Unified Accumulative Pension Fund JSC
UN	United Nations
UPS	Unified power system
VAT	Value added tax
WAMS/WACS	Wide Area Management System and Control
WPP	Wind power plant

