# CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Consolidated Financial Statements and
for the Year Ended 31 December 2023

# CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

## CONTENTS

**CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES**

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

Management is responsible for the preparation of the consolidated financial statements that present fairly the consolidated financial position of Central-Asian Electric Power Corporation Joint Stock Company (hereafter the "Company") and its subsidiaries (collectively - the "Group") as at 31 December 2023, the consolidated results of its operations, consolidated cash flows and consolidated changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRSs").

In preparing the consolidated financial statements, management is responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation of the Republic of Kazakhstan and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by management of the Group on 28 June 2024.

**Signed on behalf of Group management:**

| | | |
|---|---|---|
| **B.Y. Oral** | | **L. I. Miroshnichenko** |
| **Chairman of the Management Board** | Республика Казахстан г. Астана Акционерное общество «Центрально - Азиатская Электроэнергетическая Корпорация» Қазақстан Республикасы Астана қ. «Орталық - Азия Электроэнергетикалық Корпорациясы» Акционерлік қоғамы CAEPCO | **Chief Accountant** |
| 28 June 2024 | | 28 June 2024 |
| Astana, Republic of Kazakhstan | | Astana, Republic of Kazakhstan |

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**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders and Board of Directors of Central-Asian Electric Power Corporation Joint Stock Company

**Opinion**

We have audited the consolidated financial statements of Central-Asian Electric Power Corporation Joint Stock Company and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("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)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated 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 Matter**

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was 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 this matter.

| Why the matter was determined to be a key audit matter? | How the matter was addressed in the audit? |
|---|---|
| **Valuation and Impairment of Property, plant and equipment** | |
| As described in Note 7 to the consolidated financial statements, land, buildings and constructions, machinery and production equipment, vehicles and other property, plant and equipment are carried at revalued amounts after initial recognition, which is the fair value of an item of property, plant and equipment at the revaluation date, less accumulated depreciation and accumulated impairment losses.<br><br>As at 31 December 2023, the Group analysed possible changes in the fair value of property, plant and equipment and concluded that there are indications of changes in the carrying value of property, plant and equipment related to the heat and electricity production in subsidiary PAVLODARENERGO JSC. Also, the Group identified that there are indicators of impairment of property plant and equipment related to heat production, heat and electricity transmission and distribution in subsidiaries PAVLODARENERGO JSC and SEVKAZENERGO JSC. Accordingly, the revaluation and impairment testing of the Group's property, plant and equipment was performed as at 31 December 2023.<br><br>The valuation and impairment testing of the Group's property, plant and equipment was carried out by an independent qualified appraiser as at 31 December 2023. As a result of the valuation, the Group recognised gain on revaluation of 33,048,876 thousand tenge in consolidated other comprehensive income net of tax, and also loss from revaluation of 732,810 thousand tenge in consolidated profit or loss. As result of impairment testing the Group recognised impairment loss of 708,856 thousand tenge in consolidated other comprehensive income net of tax, impairment loss of 1,843,512 thousand tenge in consolidated profit or loss, as well as income from the reversal of losses from impairment of property, plant and equipment of 744,845 thousand tenge in consolidated profit or loss and 23,510 thousand tenge in consolidated other comprehensive income net of tax (Note 7).<br><br>The valuation was carried out in accordance with the International Valuation Practice and on the basis of (a) the cost method or (b) the comparative method, for assets for which market information exists. Also, the discounted cash flow method was applied to test economic depreciation of the Group's assets as cash generating units (Note 4).<br><br>This is a key matter for our audit due to the materiality of property, plant and equipment recognised by the Group at the reporting date and the subjectivity of the assumptions and methods used in the valuation of these assets. | Our procedures in respect of the revaluation and impairment of property, plant and equipment included the following:<br><br>• we assessed the competence, qualifications, experience, independence and integrity of the external independent appraiser;<br>• we reviewed the independent appraiser's report and challenged the appropriateness of the valuation methods. With the involvement of our internal valuation experts, we checked the compliance of valuation methods with the International Valuation Practice;<br>• we checked on sample basis the accuracy and completeness of the data used in the appraiser's report;<br>• with the involvement of our internal valuation experts we assessed the appropriateness of management's key assumptions, including the weighted average cost of capital, volumes and tariffs for heat and electricity generation, transmission, distribution and sale and capital investments and post-forecast long-term growth rate, and checked that these assumptions are appropriate considering historical performance, the relevant tariff calculation methodology and industry practice;<br>• we tested accounting for the results of the revaluation and impairment testing, reflected in consolidated other comprehensive income or consolidated profit or loss in accordance with IAS 16 *"Property, Plant and Equipment"* and IAS 36 *"Impairment of Assets"*;<br>• we verified the accuracy and completeness of the relevant disclosures to the consolidated financial statements. |

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after 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 identified above 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards ("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 has no realistic alternative but to do so.

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

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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.

Olzhas Ashuov
Auditor
Qualification certificate
No.MF-0000715
dated 10 January 2019
Acting General Director
Deloitte LLP

Deloitte LLP

Audit license of the Republic of Kazakhstan
No.0000015, type MFU-2, issued by the
Ministry of Finance of the
Republic of Kazakhstan
dated 13 September 2006

28 June 2024
Almaty, Republic of Kazakhstan

## CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

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

*(in thousands of tenge)*

| | Note | 31 December 2023 | 31 December 2022 (restated)* |
|---|---|---|---|
| ASSETS | | | |
| NON-CURRENT ASSETS: | | | |
| Property, plant and equipment | 7 | 382,430,604 | 352,360,609 |
| Intangible assets | 8 | 68,170,744 | 74,733,990 |
| Deferred tax assets | 31 | 3,430,003 | 5,029,235 |
| Other financial assets | 10 | 58,219 | - |
| Advances paid | 12 | 7,673,184 | 6,373,351 |
| Investments in associates | | - | 102,402 |
| Other non-current assets | 14 | 40,551 | 1,217,197 |
| **Total non-current assets** | | **461,803,305** | **439,816,784** |
| CURRENT ASSETS: | | | |
| Inventories | 11 | 7,021,485 | 6,313,843 |
| Trade accounts receivable | 13 | 23,625,032 | 17,825,145 |
| Advances paid | 12 | 1,344,627 | 2,045,098 |
| Income tax prepaid | | 1,315,527 | 1,396,782 |
| Other current assets | 14 | 3,335,234 | 2,267,659 |
| Loans issued | 9 | - | 982,480 |
| Other financial assets | 10 | 2,590,832 | 1,588,789 |
| Cash | 15 | 3,889,773 | 2,992,004 |
| **Total current assets** | | **43,122,510** | **35,411,800** |
| TOTAL ASSETS | | **504,925,815** | **475,228,584** |
| EQUITY AND LIABILITIES | | | |
| EQUITY: | | | |
| Share capital | 16 | 46,043,272 | 46,043,272 |
| Additional paid-in capital | | 1,348,105 | 1,348,105 |
| Properties revaluation reserve | | 108,776,175 | 84,294,954 |
| Retained earnings / (accumulated deficit) | | 1,027,038 | (16,365,766) |
| Non-controlling interest | | 86,963 | 110,808 |
| **Total equity** | | **157,281,553** | **115,431,373** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
## AS AT 31 DECEMBER 2023
***(in thousands of tenge)***

| | Note | 31 December 2023 | 31 December 2022 (restated)* |
|---|---|---|---|
| **LIABILITIES** | | | |
| **NON-CURRENT LIABILITIES:** | | | |
| Bonds issued | 17 | 13,612,265 | 8,221,617 |
| Non-current borrowings | 18 | 119,255,948 | - |
| Deferred income | | 1,234,107 | 1,402,896 |
| Lease liabilities | 20 | 8,534,171 | 10,527,296 |
| Deferred tax liabilities | 31 | 64,315,070 | 58,591,501 |
| Asset decommissioning and restoration obligations | 19 | 5,399,454 | 6,959,849 |
| Employee benefit obligations | | 203,507 | 168,993 |
| Other long-term accounts payable | 23 | 3,476,330 | 705,084 |
| Other liabilities and accrued expenses | | 669,811 | 790,548 |
| **Total non-current liabilities** | | **216,700,663** | **87,367,784** |
| **CURRENT LIABILITIES:** | | | |
| Current portion of bonds issued | 17 | 785,682 | 7,300,885 |
| Current borrowings and current portion of non-current borrowings | 18 | 67,698,129 | 219,809,516 |
| Deferred income, current portion | | 6,360 | 2,964 |
| Current portion of lease liabilities | 20 | 2,236,162 | 1,796,891 |
| Trade accounts payable | 21 | 42,115,447 | 30,589,669 |
| Advances received | 22 | 4,304,281 | 4,907,412 |
| Current portion of asset decommissioning and restoration obligations | 19 | 684,099 | 894,062 |
| Income tax liability | | 4,227,586 | 261,764 |
| Current portion of employee benefit obligations | | 46,303 | 31,720 |
| Payables to employees | | 3,525,313 | 2,484,531 |
| Taxes payable, other than income tax | | 4,766,686 | 3,590,950 |
| Other current liabilities and accrued expenses | | 547,551 | 759,063 |
| **Total current liabilities** | | **130,943,599** | **272,429,427** |
| **TOTAL EQUITY AND LIABILITIES** | | **504,925,815** | **475,228,584** |

*Some of the amounts stated here do not correspond to the issued consolidated financial statements for the year ended 31 December 2022, as they reflect the adjustments made, as indicated in Note 5.

**Signed on behalf of Group management:**

Республикасы Астана қ. «Орталық - Азия Электроэнергетикалық Корпорациясы» Акционерлік қоғамы * Республика Казахстан г. Астана Акционерное общество «Центрально - Азиатская Электроэнергетическая Корпорация» *
CAEPCO

**B.Y. Oral**
**Chairman of the Management Board**

**L. I. Miroshnichenko**
**Chief Accountant**

28 June 2024
Astana, Republic of Kazakhstan

The notes on pages 13-77 form an integral part of these consolidated financial statements. Independent Auditor's Report is on pages 2-7.

## CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023
***(in thousands of tenge)***

| | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue | 24 | 191,552,852 | 148,382,068 |
| Cost of sales | 25 | (159,228,096) | (120,781,997) |
| **GROSS PROFIT** | | **32,324,756** | **27,600,071** |
| General and administrative expenses | 26 | (12,532,307) | (10,428,819) |
| Selling expenses | | (2,482,121) | (2,018,700) |
| Finance costs | 27 | (35,263,359) | (36,156,210) |
| Finance income | 28 | 5,583,400 | 2,066,376 |
| Recovery / (accrual) of allowance for expected credit losses | | 3,461,014 | (940,592) |
| Foreign exchange gain / (loss), net | 29 | 23,920,832 | (11,348,785) |
| Impairment loss on property, plant and equipment | 7 | (1,831,477) | (1,018,169) |
| Other expenses | 30 | (6,450,957) | (4,479,882) |
| Other income | 30 | 1,621,467 | 2,143,064 |
| Share of results of associates | | - | 48,815 |
| Loss from disposal of subsidiaries | | (2,352) | - |
| **PROFIT /(LOSS) BEFORE TAX** | | **8,348,896** | **(34,532,831)** |
| Income tax (expense) / benefit | 31 | (3,635,288) | 4,856,000 |
| **PROFIT /(LOSS) FOR THE YEAR** | | **4,713,608** | **(29,676,831)** |
| **OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR** | | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | | |
| Gain on revaluation of property, plant and equipment, net of tax | 7 | 32,363,530 | - |
| Impairment loss on property, plant and equipment, net of income tax | 7 | | (7,652,677) |
| **TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR** | | **37,077,138** | **(37,329,508)** |
| **Income / (loss) attributable to:** | | | |
| Shareholders of the Group | | 4,737,453 | (21,002,243) |
| Non-controlling interests | | (23,845) | (8,674,588) |
| **Total comprehensive income / (loss) attributable to:** | | | |
| Shareholders of the Group | | 37,077,138 | (28,655,363) |
| Non-controlling interests | | - | (8,674,145) |
| **PROFIT / (LOSS) PER SHARE** | | | |
| **Profit / (loss) per share, basic and diluted** | 36 | **128.21** | **(568.38)** |

**Signed on behalf of Group management:**

**B.Y. Oral**
**Chairman of the Management Board**

28 June 2024
Astana, Republic of Kazakhstan

**L. I. Miroshnichenko**
**Chief Accountant**

28 June 2024
Astana, Republic of Kazakhstan

The notes on pages 13-77 form an integral part of these consolidated financial statements. Independent Auditor's Report is on pages 2-7.

## CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023
***(in thousands of tenge)***

| | Share capital | Additional paid-in capital | Properties revaluation reserve | Retained earnings / (accumulated deficit) | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|
| **At 1 January 2022** | **46,043,272** | **1,348,105** | **100,844,231** | **(21,760,117)** | **52,753,959** | **179,229,450** |
| Loss for the year | - | - | - | (21,002,243) | (8,674,588) | (29,676,831) |
| Other comprehensive loss for the year | - | - | (7,652,677) | - | - | (7,652,677) |
| **Total comprehensive loss for the period** | **-** | **-** | **(7,652,677)** | **(21,002,243)** | **(8,674,588)** | **(37,329,508)** |
| Amortisation of properties revaluation reserve | - | - | (8,896,600) | 8,896,600 | - | - |
| Effect of operations under common control | - | - | - | 694,247 | - | 694,247 |
| Acquisition of non-controlling interest | - | - | - | 16,805,747 | (43,968,563) | (27,162,816) |
| **At 31 December 2022** | **46,043,272** | **1,348,105** | **84,294,954** | **(16,365,766)** | **110,808** | **115,431,373** |
| Profit / (loss) for the year | - | - | - | 4,737,453 | (23,845) | 4,713,608 |
| Other comprehensive income for the year | - | - | 32,363,530 | - | - | 32,363,530 |
| **Total comprehensive income for the year** | **-** | **-** | **32,363,530** | **4,737,453** | **(23,845)** | **37,077,138** |
| Amortisation of properties revaluation reserve | - | - | (7,882,309) | 7,882,309 | - | - |
| Effect of operations under common control | - | - | - | 4,773,042 | - | 4,773,042 |
| **At 31 December 2023** | **46,043,272** | **1,348,105** | **108,776,175** | **1,027,038** | **86,963** | **157,281,553** |

**Signed on behalf of Group management:**

**B.Y. Oral**
**Chairman of the Management Board**

28 June 2024
Astana, Republic of Kazakhstan

**L. I. Miroshnichenko**
**Chief Accountant**

28 June 2024
Astana, Republic of Kazakhstan

The notes on pages 13-77 form an integral part of these consolidated financial statements. Independent Auditor's Report is on pages 2-7.

## CENTRAL-ASIAN ELECTRIC POWER CORPORATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023
***(in thousands of tenge)***

| | Note | 2023 | 2022 (restated)* |
|---|---|---|---|
| OPERATING ACTIVITIES: | | | |
| Profit / (loss) for the year | | 4,713,608 | (29,676,831) |
| Income tax expense / (benefit) recognised in profit or loss | 31 | 3,635,288 | (4,856,000) |
| Adjustments for: | | | |
| Depreciation and amortisation | 7, 8 | 30,415,809 | 30,279,254 |
| Finance costs | 27 | 35,263,359 | 36,156,210 |
| (Recovery) / accrual of allowance for expected credit losses | | (3,461,014) | 940,592 |
| (Recovery) / accrual of allowance for obsolete inventories | 11 | (46,868) | 120,356 |
| Loss from disposal of property, plant and equipment and intangible assets | 30 | 2,752,002 | 784,411 |
| Impairment loss on property, plant, and equipment | 7 | 1,831,477 | 1,018,169 |
| Foreign exchange (gain) / loss, net | | (23,920,832) | 11,348,785 |
| Finance income | 28 | (5,583,400) | (2,066,376) |
| Accrual of a provision for construction in progress | 30 | 1,133,832 | - |
| Loss from write-off of accounts payable | | - | (54,001) |
| Share of results of associates | | - | (48,815) |
| Income from government grants | | (146,636) | (144,142) |
| Others | | 1,166,070 | (134,808) |
| **Operating cash flow before movement in working capital** | | **47,752,695** | **43,666,804** |
| Changes in inventories | | (660,684) | 607,668 |
| Changes in trade accounts receivable | | (5,477,944) | 577,468 |
| Changes in advances paid | | 23,971 | 528,382 |
| Changes in other current assets | | (1,318,102) | (563,565) |
| Changes in trade accounts payable | | 14,402,261 | 6,847,649 |
| Changes in advances received | | (1,003,131) | 2,847,621 |
| Changes in other liabilities and accrued expenses | | 1,512,260 | (538,174) |
| **Cash generated by operations** | | **55,231,326** | **53,973,853** |
| Income tax paid | | (1,654,903) | (2,428,007) |
| Interest paid | | (30,313,588) | (33,381,963) |
| **Net cash from operating activities** | | **23,262,835** | **18,163,883** |

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
## FOR THE YEAR ENDED 31 DECEMBER 2023
*(in thousands of tenge)*

| | Note | 2023 | 2022 (restated)* |
|---|---|---|---|
| **INVESTING ACTIVITIES:** | | | |
| Disposal of property, plant and equipment | | 1,280,000 | - |
| Proceeds on disposal of investments | | 100,050 | - |
| Purchases of property, plant and equipment | | (28,623,536) | (17,350,667) |
| Purchases of intangible assets | | (52,811) | (34,816) |
| Withdrawal of cash from deposit accounts | | 1,569,970 | 9,998,472 |
| Interest received on placed deposits | | 527,067 | 617,404 |
| Interest received on loans issued | | 1,010,011 | 21,269 |
| Sale of subsidiaries | | - | 10,860 |
| Receipt of dividends | | - | 40,464 |
| Return of cash given for investments | | - | 14,780 |
| Repayment of loans issued | | 3,492,084 | 1,036,587 |
| Acquisition of a non-controlling interest in a subsidiary | 32 | - | (27,162,815) |
| Return of financial assistance issued to the Company under common control | 9 | 1,879,824 | - |
| Return of financial aid from shareholder | | 94,721 | - |
| Other investment activities | | 2,000 | (26,126) |
| **Net cash used in investing activities** | | **(18,720,620)** | **(32,834,588)** |
| **FINANCING ACTIVITIES:** | | | |
| Proceeds from bank borrowings | 18 | 45,146,729 | 169,512,519 |
| Bonds issue | | 8,609,375 | - |
| Proceeds from financial aid from shareholder (individual) | | 4,902,280 | 3,000,000 |
| Proceeds from financial aid from third parties | | 2,400,000 | - |
| Repayment of borrowings | 18 | (55,373,093) | (156,381,185) |
| Redemption of bonds | 17 | (7,079,564) | (500,000) |
| Lease payments | 20 | (2,143,785) | (2,335,330) |
| **Net cash (used in) / from financing activities** | | **(3,538,058)** | **13,296,004** |
| **NET INCREASE / (DECREASE) IN CASH** | | **1,004,157** | **(1,374,701)** |
| **CASH at the beginning of the year** | **15** | **2,992,004** | **4,598,104** |
| Effect of exchange rate changes on cash balances in foreign currencies | | 159 | 790 |
| Effect of changes in allowance for expected credit losses for cash | | (106,547) | (232,189) |
| **CASH at the end of the year** | **15** | **3,889,773** | **2,992,004** |

*Some of the amounts stated here do not correspond to the issued consolidated financial statements for the year ended 31 December 2022, as they reflect the adjustments made, as indicated in Note 5.

**Signed on behalf of Group management:**

**B.Y. Oral**
**Chairman of the Management Board**

**L. I. Miroshnichenko**
**Chief Accountant**

CAEPCO

28 June 2024
Astana, Republic of Kazakhstan

The notes on pages 13-77 form an integral part of these consolidated financial statements. Independent Auditor's Report is on pages 2-7.

***(in thousands of tenge, unless otherwise stated)***

## 1. GENERAL INFORMATION

Central-Asian Electric Power Corporation Joint Stock Company (hereinafter "the Company" or "CAEPCO") was incorporated on 8 August 2008 (registration certificate number 93550-1910-AO, business identification number: 080840005767).

As at 31 December 2023, the shareholders of the Company are Mr. S.V. Kan (47.10%), Mr. A.Y. Klebanov (47.10%), residents of the Republic of Kazakhstan, KIF ENERGY S.À R. L. (4.02%) and CAPEC JSC (1.78%). As at 31 December 2022, the shareholders of the Company are Mr. S.V. Kan (47.10%), Mr. A.Y. Klebanov (47.10%), residents of the Republic of Kazakhstan, KIF ENERGY S.À R. L. (4.35%) and BAITEREK VENTURE FUND JSC (1.45%). As at 31 December 2023 and 2022, the Group has no ultimate controlling party.

The Company's legal address: Republic of Kazakhstan, Astana city, Dostyk street, Business Center SAAD, 2, 5 floor.

The Company is the parent of the following subsidiaries (hereinafter collectively as "the Group"):

| Subsidiaries | Immediate Parent Company | Location | Ownership interest 31 December 2023 | Ownership interest 31 December 2022 | Principal activity |
|---|---|---|---|---|---|
| PAVLODARENERGO JSC | Central-Asian Electric Power Corporation JSC | Pavlodar city | 100% | 100% | Production of heat and electricity |
| Pavlodar Distribution Electric Grid Company JSC | PAVLODARENERGO JSC | Pavlodar city | 99.99% | 99.99% | Transmission and distribution of electricity |
| Pavlodar Heating Networks LLP | PAVLODARENERGO JSC | Pavlodar city | 100% | 100% | Transmission and distribution of heat |
| Pavlodarenergosbyt LLP | PAVLODARENERGO JSC | Pavlodar city | 100% | 100% | Sales of heat and electricity |
| Ekibastuzteploenergo LLP | PAVLODARENERGO JSC | Ekibastuz city, Pavlodar region | 100% | 100% | Production, distribution and transmission of electricity |
| CAPEC Green Energy LLP | PAVLODARENERGO JSC | Astana city | 100% | 100% | Production of power from renewable energy sources |
| SEVKAZENERGO JSC | Central-Asian Electric Power Corporation JSC | Petropavlovsk city | 100% | 100% | Production of heat and electricity |
| North-Kazakhstan Distribution Electric Grid Company JSC | SEVKAZENERGO JSC | Petropavlovsk city | 100% | 100% | Transmission and distribution of electricity |
| Petropavlovsk Heating Networks LLP | SEVKAZENERGO JSC | Petropavlovsk city | 100% | 100% | Transmission and distribution of heat |
| Sevkazenergosbyt LLP | SEVKAZENERGO JSC | Petropavlovsk city | 100% | 100% | Sales of heat and electricity |
| Akmola Distribution Electric Grid Company JSC (ADEGC) | Central-Asian Electric Power Corporation JSC | Akmola region | 100% | 100% | Transmission, distribution, and sale of electricity |
| ADEGC-ENERGOSBYT LLP | Akmola Distribution Electric Grid Company JSC | Akmola region | 100% | 100% | Sales of electricity |
| Pavlodar Vodokanal-Severniy LLP | Central-Asian Electric Power Corporation JSC | Pavlodar city | 80% | 80% | Technical water supply |

The principal activity of the Group is production, transmission, distribution and sale of the heat and electricity in Pavlodar and North-Kazakhstan regions, distribution and sale of the electricity in Akmola region.

On 1 July 2023, amendments to the Law of the Republic of Kazakhstan "On the Electric Power Industry" came into force, regulating the transition to a new target model of the electricity sales market, which involves the introduction of a single electricity buyer and a balancing electricity market (hereinafter referred to as the "BEM") in real time. According to the target model, all electricity generated by energy-producing organizations is purchased by the Single Buyer of Electricity - Settlement and Financial Center for the Support of Renewable Energy Sources LLP and then sold to wholesale market participants in accordance with the daily schedule of electricity production and consumption. In turn, any deviations from the daily schedule are financially settled by the settlement center of the balancing market - Kazakhstan Electricity and Capacity Market Operator JSC.

The Group holds all required licenses for the performance of activity on production, transmission and distribution of electricity and heat. The Group's total headcount as at 31 December 2023 and 2022 was 9,477 and 9,515 employees, respectively.

**Operating environment**

Emerging markets such as Kazakhstan are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Kazakhstan continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Kazakhstan is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Because Kazakhstan produces and exports large volumes of oil and gas, its economy is particularly sensitive to the price of oil and gas on the world market. Also, the government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

In 2023, the average price for Brent crude oil was 83 USD per barrel (2022: 101 USD per barrel). According to preliminary estimates, the Kazakhstan's gross domestic product ("GDP") grew by 4.9% per annum in 2023 (2022: 3.2%). Inflation in the country declined in 2023 to 9.8% per annum (2022: inflation was 20.3% per annum).

During 2023, the National Bank of the Republic of Kazakhstan ("NBRK") lowered the base rate from 16.75% to 15.75% per annum with a corridor of +/- 1.0 percentage points In May 2024, the base rate decreased to 14.50% per annum with a corridor of +/- 1.0 percentage points. However, the uncertainty still exists related to future development of the geopolitical risks and their impact on the economy of Kazakhstan

Management of the Group is monitoring developments in the economic, political and geopolitical situation and taking measures it considers necessary to support the sustainability and development of the Group's business for the foreseeable future. However, the consequences of these events and related future changes may have a significant impact on the Group's operations.

## 2. ADOPTION OF NEW AND REVISED STANDARDS

### New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied a number of amendments to the IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") set out below, which are mandatory for the accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or amounts reported in these consolidated financial statements, except for the application of amendments to IAS 1 *"Presentation of Financial Statements"* and IFRS Practice Statement 2 *"Making Materiality Judgments - Disclosure of Accounting Policy".*

| | |
|---|---|
| IFRS 17 *"Insurance Contracts"* (including amendments); | 1 January 2023 |
| Amendments to IAS 1 "Presentation *of Financial Statements* and IFRS Practice Statement 2 *"Making Materiality Judgements - Disclosure of Accounting Policies";* | 1 January 2023 |
| Amendments to IAS 12 *"Deferred Tax related to Assets and Liabilities Arising from a Single Transaction";* | 1 January 2023 |
| Amendments to IAS 12 *"International Tax Reform – Pillar Two Model Rules".* | 1 January 2023 |
| Amendments to IAS 8 *"Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates".* | 1 January 2023 |

This year, the Group applied the Amendments to IAS 1 for the first time. The amendments change the requirements of IAS 1 for disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The Group's management reviewed the accounting policies and brought them into line with the new definition of materiality.

***(in thousands of tenge, unless otherwise stated)***

### *New and revised IFRS Accounting Standards in issue but not yet effective*

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

| Name of the standard and interpretations | Applicable to annual reporting periods beginning on or after |
|---|---|
| Amendments to IFRS 10 and IAS 28 *"Sale or Contributions of Assets between an Investor and its Associate or Joint Venture"* | Date to be determined by IASB |
| Amendments to IAS 1 *"Classification of Liabilities as Current or Non-current"* | 1 January 2024 |
| Amendments to IAS 1 *"Non-current Liabilities with Covenants"* | 1 January 2024 |
| Amendments to IAS 7 and IFRS 7 *"Supplier Financing Arrangements"* | 1 January 2024 |
| Amendments to IFRS 16 *"Lease Liability in a Sale and Leaseback"* | 1 January 2024 |
| Amendments to IAS 21 *"Lack of Exchangeability"* | 1 January 2024 |
| Amendments to IFRS 7 and IFRS 9 *"Classification and Measurement of Financial Instruments"* | 1 January 2026 |
| IFRS 18 *"Presentation and Disclosure in Financial Statements"* | 1 January 2027 |
| IFRS 19 *"Subsidiaries Without Public Accountability: Disclosures"* | 1 January 2027 |

The Group's management does not expect that the adoption of the standards listed above will have a material impact on the Group's consolidated financial statements in future periods, with the exception of IFRS 18 and IFRS 19. The Group's management is in the process of reviewing the impact of IFRS 18 and IFRS 19 on the consolidated financial statements.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

### Basis of preparation

The Group's consolidated financial statements have been prepared on the historical cost basis except for property, plant and equipment and financial instruments that are measured at revalued amounts or fair values as at the reporting date. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account. Fair value for measurement and disclosure purposes in these consolidated financial statements is determined on such a basis, lease contracts regulated by IFRS 16, and estimates comparable but not equal to the fair value (for example, net realisable value on measurement of inventories under
IAS 2 or value in use on measurement of impairment under IAS 36).

In addition, for financial reporting purposes, fair value measurements are categorised into levels based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs are unobservable inputs for the asset or liability.

All intragroup assets and liabilities, equity, profit and loss, and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

**Functional and presentation currency**

The functional currency of the companies of the Group and the presentation currency of these consolidated financial statements is tenge. All values are rounded to the nearest thousand tenge, unless otherwise indicated.

**Segment reporting**

Based on the information contained in the reports, which are reviewed by chief operating decision maker for the purpose of allocation of resources and assessment of performance, the Group identifies the following operating and reporting segments, which are production of heat and electricity, transmission and distribution of electricity, transmission and distribution of heat, sale of heat and electricity and others.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company 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 listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to Group owners and non-controlling interests. Total comprehensive income of subsidiaries is attributed to Group owners and non-controlling interests' even if this results in a deficit balance of the non-controlling interests.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

**Going concern principle**

The consolidated financial statements of the Group have been prepared on the assumption that the Group will continue as a going concern for the foreseeable future.

As described in Note 18, as at 31 December 2023, the Group was in breach of certain terms of its loan agreements with the European Bank for Reconstruction and Development ("EBRD") in the amount of 7,211,984 thousand tenge. The Group received no waivers of its right to claim as at immediate status as at 31 December 2023, the loans received were classified as demand loans and were recognised as current liabilities in the consolidated statement of financial position at the amount of 6,470,077 thousand tenge.

As at 31 December 2023, the amount of the Group's current liabilities exceeded the amount of current assets by 87,821,089 thousand tenge (31 December 2022: 237,017,637 thousand tenge).

The following factors were also considered in assessing the Group's ability to continue as a going concern:

- The Group and its subsidiaries performed loan servicing in a timely manner, including repayment of interest, and did not receive notification from banks that loans were to be repaid immediately, despite the breach of loan agreements.
- As disclosed in Note 18, current borrowings include short-term borrowings in the amount of 35,000,000 thousand tenge under a revolving credit facility from Halyk Bank of Kazakhstan JSC with a maturity of one year from the date of receipt of the tranche. As at 31 December 2023, the entire revolving loan limit in the amount of 35,000,000 thousand tenge has been used. This revolving loan becomes available to the Group each time the existing debt under this loan is repaid;
- According to order of the Minister of Energy of the Republic of Kazakhstan dated 28 December 2023 No. 479, from 1 January 2024 approved the maximum tariffs for electricity for PAVLODARENERGO JSC – 18.25 tenge per kWh without VAT (from 1 July 2023: 14.11 tenge per kWh without VAT), for SEVKAZENERGO JSC - 18.61 tenge per kWh without VAT (from 1 July 2023: 14.50 tenge per kWh without VAT);
- In 2023, net cash generated from operating activities amounted to 23,262,835 thousand tenge (2022: 20,794,198 thousand tenge). In 2024, the Group's management expects to receive net cash from operating activities, which, if necessary, the Group can use to repay part of the short-term debt;
- In 2024, the Group's management expects to receive additional cash inflows from operating activities in the amount of up to 32 billion tenge, mainly due to an increase in tariffs;
- The Group is a monopolist in the production, transmission, distribution and sale of heat and electricity in the Pavlodar and North Kazakhstan regions, which indicates the strategic importance of the Group for the regions;
- Management has neither the intention nor the need to liquidate or significantly reduce the Group's activities.

*(in thousands of tenge, unless otherwise stated)*

Management believes that it has access to sufficient resources to continue its operating activities in the foreseeable future, and that the preparation of these consolidated financial statements based on the assumption of a going concern is appropriate and accordingly the Group will be able to realise its assets and repay its liabilities in the ordinary course of business.

Based on these factors, management believes that the Group will be able to continue as a going concern and meet its obligations as they arise. These consolidated financial statements do not include any adjustments in the carrying amount of assets and liabilities, income and expenses, and classification of the statement of financial position, which would be required in case of the inability to apply the going concern assumption.

**Foreign currency transactions**

Transactions in currencies other than the functional currency of companies of the Group are initially recorded at the rates of exchange prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currency are translated at the rates prevailing on reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses on these operations are recorded in profit or loss, except for exchange differences on borrowings in foreign currency related to objects of construction in progress, which are included in the cost of these objects.

The following table presents tenge exchange rates at the following dates:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| US Dollar | 454.56 | 462.65 |
| Russian Rouble | 5.06 | 6.43 |

Weighted-average tenge exchange rates for the years ended 31 December were as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| US Dollar | 456.24 | 460.85 |
| Russian Rouble | 5.42 | 6.92 |

**Property, plant and equipment**

Property, plant and equipment are initially recorded at acquisition cost. Cost of acquired property, plant and equipment represents cost of funds paid on acquisition of respective assets and other directly related costs incurred in delivery of assets to the facility and necessary preparation for their intended use.

After the initial recognition property, plant and equipment is recorded at revalued amount which represents the fair value at the date of revaluation less accumulated depreciation and any subsequent impairment loss. The revaluation of property, plant and equipment is conducted on a regular basis so that the possible difference between the carrying value and estimated fair value at the reporting date would be immaterial. The accumulated depreciation at the date of revaluation is eliminated against the total carrying value of the asset, after which the carrying value is recalculated to its revalued amount.

If the carrying amount is increased as a result of revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading "revaluation reserve for property, plant and equipment". However, such increase should be recognised in profit or loss to the extent that it reverses devaluation of the same asset previously recognised in profit or loss.

If the carrying amount of an asset as a result of revaluation decreases, the amount of such a decrease is included in profit or loss. Nevertheless, this decrease should be recognised in other comprehensive income in the amount of existing credit balance, if any, reflected in revaluation reserve for property, plant and equipment in respect of that asset. The decrease, as recognised in other comprehensive income, reduces the amount accumulated in equity under the heading of revaluation reserve for property, plant and equipment.

Capitalised cost includes major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures that do not meet the foregoing criteria for capitalisation are charged to profit or loss as incurred.

Depreciation on revalued property, plant and equipment is recorded in profit or loss. Depreciation of construction-in-progress commences when the assets are put into operation. Deprecation is calculated on a straight-line basis during the useful lives, which approximate the following:

| | |
|---|---|
| Buildings and constructions | 5-70 years |
| Machinery and production equipment | 3-40 years |
| Vehicles | 3-15 years |
| Others | 3-25 years |

Residual value of asset, useful life and methods are reviewed and adjusted, if needed, at the end of each financial year.

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction. Depreciation of these assets is made on the same basis as for property, plant and equipment, commences when the assets are put into operation. Construction in progress is reviewed regularly to determine whether its carrying value is fairly stated and whether appropriate allowance for impairment is required.

Gain or loss arising on disposal of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognised separately from goodwill are measured at their fair value at the acquisition date (which is treated as the cost of the acquisition).

After initial recognition, intangible assets acquired in a business combination are carried at cost less accumulated amortization and accumulated impairment losses in a manner similar to intangible assets acquired in separate transactions.

As at 31 December 2023, intangible assets include an identifiable intangible asset recognised on acquisition of a subsidiary (Note 32) with a useful life up to 24 July 2034. This identifiable intangible asset is amortised using the straight-line method.

**Impairment of property, plant and equipment and intangible assets excluding goodwill**

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. The value of corporate assets is also allocated to individual generating units or to the smallest groups of generating units for which a rational and consistent method of distribution can be found. The Group has defined each subsidiary as a separate cash generating unit.

Intangible assets with indefinite useful lives are evaluated for impairment at least once a year and for signs of impairment at the end of the reporting period.

The recoverable value is defined as the highest of the two values: the fair value of the asset minus the disposal costs and the value of use. In estimating operational value, estimated future cash flows are discounted to present value using a pre-tax discount factor reflecting the current market valuation of money over time and the risks inherent in the asset, for which the estimation of future cash flows has not been adjusted.

If the specified recoverable value of an asset (or generating unit) is lower than its carrying amount, the carrying amount of that asset (or generating unit) is reduced to its recoverable value. Impairment losses are immediately recognised as gains or losses unless the asset is subject to regular revaluation (in this case the impairment loss is recorded as a decrease in the revaluation reserve). If the impairment loss exceeds the value gain from revaluation of the asset, the additional impairment loss is recognised as part of the gain or loss.

In cases where the impairment loss is subsequently recovered, the carrying amount of the asset (cash generating unit) is increased to the amount resulting from a new valuation of its recoverable value, so that the new book value does not exceed the book value that would have been determined if the asset (or cash generating unit) had not reflected a loss on impairment in prior years. The recovery of the impairment loss shall be recognised directly as a gain or loss if it eliminates the impairment loss recognised in respect of the asset in prior years. Any increase in excess of this amount shall be considered an increase in revaluation value.

**Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost comprises direct cost of materials and, where applicable, direct labor and overheads incurred to bring inventories to their current location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**Lease**

*Group as lessee*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A lease liability Is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value.

The adjustment to fair value on non-interest bearing loans (including financial aid), loans with an interest rate below market, issued to subsidiaries or received from subsidiaries, is allocated by the Group to investments in subsidiaries.

All recognised financial assets are subsequently measured at amortised cost or fair value based on the Group's financial asset management business model and the contractual cash flow characteristics of the financial assets.

Wherein:

- debt instruments held as part of a business model whose objective is to collect contractual cash flows, and such cash flows include only payments of principal and interest, are generally subsequently measured at amortised cost;
- debt instruments held in a business model whose objectives are both to collect contractual cash flows and to sell the debt instrument, and such cash flows include only the payment of principal and interest thereon, are subsequently measured at fair value through other comprehensive income (FVTOCI); and
- all other debt and equity investments are subsequently measured at fair value through profit or loss (FVTPL).

For the years ended 31 December 2023 and 2022, the Group did not designate investments in debt instruments that qualify at amortised cost or FVTOCI as measured at FVTPL.

Debt instruments that are subsequently measured at amortised cost or at FVTPL are assessed for impairment.

The Group derecognises financial assets only when the contractual rights to the cash flows from them cease or when the financial asset and associated risks and rewards are transferred to another entity. When a financial asset measured at amortised cost is derecognised, the difference between the asset's carrying amount and the amount of consideration received and receivable is recognised in profit or loss.

An exchange of debt instruments with substantially different terms between a borrower and a lender should be accounted for as an extinguishment of the original financial asset and the recognition of a new financial asset. Similarly, the Group accounts for a significant change in the terms of an existing asset or part thereof as an extinguishment of the original financial asset and the recognition of a new asset. The terms are considered to be materially different if the present value of the cash flows under the new terms, including fee payments less fees received, discounted at the original effective interest rate, differs by at least 10 percent of the discounted present value of the remaining cash flows of the original financial asset. If the change is not material, the difference between (1) the carrying amount of the asset before the change in terms and (2) the present value of the cash flows after the change in terms is recognised in profit or loss as gain or loss on a change in contractual terms in finance income.

In cases where the Group makes a sole decision to change the terms of contracts for loans with an interest rate below market issued to subsidiaries, the effect of derecognition or immaterial modification is reflected in investments in subsidiaries.

All financial liabilities after initial recognition are measured at amortised cost using the effective interest method or at FVTPL.

**Trade and other receivables**

Trade and other receivables, expected to be settled in cash and cash equivalents or other financial assets, are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Advances to suppliers are carried at cost less allowance for impairment in the consolidated financial statements.

Advances are classified as non-current when the goods or services relating to the advances are expected to be obtained after one year, or when advances relate to an asset which will itself be classified as non-current upon initial recognition.

Advances to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

Other advances are written-off to profit or loss when the goods or services relating to the advances are received. If there is an indication that the assets, goods or services relating to advances will not be received, the carrying value of the advances is written down accordingly, and a corresponding impairment loss is recognised in the profit or loss for the year.

Prepaid taxes are stated at actual amounts paid less impairment allowance.

*Loans and debt securities*

Loans and debt securities, after initial recognition, are recorded at the amortised cost using effective interest rate method.

When accounting for loans from shareholders on non-market terms, the Group records income/(loss) from initial recognition in equity as a contribution to equity/(equity allocation). The accounting reflecting the economic substance of a transaction is applied consistently to all similar transactions and is disclosed in the consolidated financial statements.

**Provisions for obligations for reclamation and liquidation of facilities**

Provisions for site restoration and decommissioning obligations are recognised when the Group has a present obligation arising from a past event; it seems likely that its settlement will require an outflow of resources embodying economic benefits; and it is possible to make a reliable estimate of the amount of the liability. The disposal provision is formed and charged to the cost of property, plant and equipment in the reporting period in which the liability arises from the relevant fact of waste generation based on the net present value of estimated future costs.

Reclamation costs include the costs of dismantling or demolition of ash dump infrastructure facilities, cleaning the environment, monitoring emissions. The costs of liquidation of facilities include the costs of liquidating the main equipment and mechanisms directly involved in the production of electrical and thermal energy and structures intended for removal of combustion products, as well as equipment for fuel oil facilities and chemical reagent storage, which really have a negative impact on the environment.

Estimation of expenses is made on the basis of the plan of reclamation and liquidation of objects. Cost estimates are calculated annually as they are operated, subject to known changes, such as updated estimates and revised lives of assets or operations, with formal reviews being carried out on a regular basis.

The exact total amount of the necessary costs is unknown, the Group estimates its costs based on a feasibility study and engineering studies in accordance with the current technical rules and regulations for the disposal of landfills. The amount of amortisation or amortisation of the discount used in determining the net present value of provisions is credited to results of operations for each reporting period. Discount amortisation is included in finance costs.

**Trade accounts payable and other liabilities**

Trade accounts payable and other liabilities are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Government grants are recognised in profit or loss on a systematic basis with the recognition in profit or loss of the costs offset by the grants. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**Lease liabilities**

Liabilities arising under lease agreements are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

Renewal and termination options are provided for in a number of lease agreements for the Group's buildings. These conditions are used to ensure maximum operational flexibility in managing the assets that the Group uses in its activities. Most of the lease renewal and termination options can only be exercised by the Group and not by the respective lessor. Renewal options (or a period of time after the term specified in the termination options) are included in the lease term only if there is reasonable certain that the lease will be renewed (or not terminated). The measurement of the liability also includes the lease payments that will be made as part of the exercise of the renewal options if it is reasonably certain that the lease will be renewed.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be easily determined, which is generally the case for leases held by the Group, the Group uses an incremental borrowing rate, which is the rate at which the Group would be able to borrow funds for a similar period and with similar collateral required to obtain an asset with a value similar to that of a right-of-use asset in a similar economic environment.

To determine the rate for raising additional borrowed funds, the Group:

- wherever possible, uses as a baseline information about the financing recently received from a third party by the Group and adjusts it to reflect changes in the terms of financing since the receipt of financing from the third party;
- uses a build-up approach in which the calculation starts at a risk-free interest rate that is adjusted for credit risk; and
- makes adjustments for the specifics of the lease, such as lease term, country, currency and collateral.

The Group is exposed to the risk of possible increase in variable lease payments, which depend on the index or rate, which is not reflected in the lease liability until it becomes effective. When changes in the lease payments, which depend on an index or rate, become effective, the lease liability is reassessed, adjusting the value of the right-of-use asset.

Lease payments are split into principal liabilities and finance charges. Finance costs are recognised in profit or loss over the lease period to provide a constant periodic rate of interest on the outstanding balance of the liability for each period.

Short-term lease payments for equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss. A short-term lease is a lease for a period not exceeding 12 months.

**Revenue recognition**

Revenue is income arising in the course of the Group's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to the buyer, excluding amounts received on behalf of third parties. Revenue is recognised net of value added tax and discounts. Revenue from sale of electricity recognises during the period.

The main share of the Group's consolidated revenue is attributed to revenue from sale and transmission of power and heat. The sale of each type of services/goods is executed by a separate, identifiable contract with an individual purchaser.

According to the terms of contracts for the sale and transmission of power and heat of the Group's subsidiaries, performance obligations are identified as at the date of the contract. Contracts for the sale and transmission of power and heat across the Group do not include accompanying and/or additional services.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

According to the terms of the contract, the contract amount, for the sale and transmission of electricity and heat, is the price for the volume sold or transferred, electricity or heat, which is an independent object of the service/goods.

*Sale of electricity and heat*

Revenue is measured based on actual volumes of sold electricity and heat. Revenue amount is determined based on tariffs approved by the authorised body.

Revenue is recognised in the reporting period when power and heat were consumed, according to the readings of metering devices.

Revenue from sales to legal entities is recognised in the reporting period when power was consumed, according to meter readings. The agreement for legal entities provides for payment within 5 working days from the date of issue of the payment document. The contract for legal entities financed from the state budget provides for payment by the 15th day following the settlement date.

The agreement for individuals provides for payment no later than the 25th day of the month following the settlement, based on a payment document issued by the Group. The billing period is one calendar month.

In cases where, during the reporting period, the actual records of metering devices for the consumer were not accounted, the revenue is estimated by calculation on the basis of historical data on energy consumption by the consumer or, in their absence, on the basis of consumption rates for this consumer category.

Accounts receivable are recognised at the time of invoicing because at that time the reimbursement is unconditional due to the fact that the due date is due only to the passage of time.

*Transmission and distribution of electricity and heat power*

The Group provides services under fixed price per 1 kWh/1gCal of transmitted and distributed power and heat based on tariffs approved by the authorised body.

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual volume of power and heat transmitted over the reporting period because the customer receives and uses the benefits simultaneously. The actual volume of transmitted and distributed heat and power for the reporting period is confirmed by reconciliation acts for the volumes of transmitted and distributed heat and power, which are executed and signed with consumers based on commercial meter readings on a monthly basis. Invoices are issued to consumers on a monthly basis as at the last date of each month, and consideration is payable after invoice issue within 5 working days.

Accounts receivable are recognised at the time of invoicing because at that time the reimbursement is unconditional due to the fact that the due date is due only to the passage of time.

*Revenues from the sale of power capacity regulation services*

The Group provides services for the regulation of power capacity. Revenues from the provision of services for the regulation of power capacity are recognised in the reporting period when these services were provided. Revenue is determined on the basis of the actual volume of services received by the buyer on the basis of monthly reports on the supply of power regulation services from the system operator of the unified electric network.

The contract provides for payment for one kW of regulated capacity per month, and revenue is recognised in the amount to which the Group has the right to invoice. Based on the act signed for the reporting month, the Group issues invoices to customers on a monthly basis.

*Revenues from power capacity readiness maintenance services*

Also, the Group provides a service to maintain the availability of power capacity. Revenues from the provision of services to maintain the availability of power capacity are recognised in the reporting period when these services were provided. The revenue is determined on the basis of the actual available power capacity, on the basis of monthly reports on the availability of power capacity from the Single Purchaser in accordance with the Rules of the capacity market.

The contract provides for payment for the readiness to provide power of the heat power plant for one kWh of supported capacity per month, and revenue is recognised in the amount for which the Group is entitled to invoice. Based on the act signed for the reporting month, the Group issues invoices to the Single Purchaser on a monthly basis.

**Taxation**

Income tax expense represents the sum of current tax due and deferred tax.

Current tax due is based on taxable profit for the year, taxable profit differs from profit before tax as reported in profit or loss because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using tax rates effective on the reporting date.

Deferred tax is the tax recognised on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the calculation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

**Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be estimated reliably. Provisions are revised at each reporting date and adjusted to reflect the best current estimate.

Where the impact of time value of money is significant, the amount of the provision is calculated as the current value of expenses which are expected to settle the obligations. Where the discounting is used, the increase in the provision reflecting the period of past time is recognised as finance cost.

**Contingent liabilities and contingent assets**

Contingent liabilities are possible liabilities that arise from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more future events. Contingent liabilities cannot be recognised because they do not meet either the definition of a liability (i.e the obligating event has not occurred) or the criteria for its recognition (not probable or the amount cannot be determined). Contingent liabilities are disclosed in the notes to the financial statements when an outflow of resources embodying economic benefits is probable.

A contingent asset is not recognised in the consolidated financial statements, but disclosed when an inflow of economic benefits related to such assets is probable.

**Related party transactions**

In preparation of these consolidated financial statements, the following parties were considered as related parties:

A party is related if:

(a) directly, or indirectly through one or more intermediaries, the party:
   (i). controls, is controlled by, or is under common control with, the Group (this includes holding companies, subsidiaries and fellow subsidiaries);
   (ii). has an interest in the Group that gives it significant influence over the Group; or
   (iii). has joint control over the Group;
(b) the party is an associate of the Group;
(c) the party is a joint venture in which the Group is a venturer;
(d) the party is a member of the key management personnel of the Group or its parent;
(e) the party is a close family member of any individual referred to in (a) or (d);
(f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
(g) the party represents a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

In considering each possible related party, attention is directed to the substance of the relationship and not merely its legal form.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in Note 3, management required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Valuation of the fair value of property, plant and equipment*

The Group accounts for property, plant and equipment at revalued amounts. The management of the Group performs revaluation sufficient frequency to provide assurance that fair value of property, plant and equipment does not differ materially from its carrying value. Determining the fair value of property, plant and equipment involves the use of judgment and is based on a wide range of factors such as changes in market expectations, changes in the availability of funding in the future and other changes in conditions. These estimates, including methodologies, can have a significant impact on the revalued amount and, ultimately, on the amount of any revaluation of property, plant and equipment.

Property, plant and equipment were revalued to fair value as at 31 December 2021 in accordance with International Valuation Standards. The revaluation of property, plant and equipment was carried out by an independent appraiser, operating in the Republic of Kazakhstan on the basis of a license, having professional qualifications and relevant experience in the field of property valuation, similar to the property being valued in terms of location and category. The fair value of the Group's property, plant and equipment as at 31 December 2021 was determined at 355,678,203 thousand tenge.

As at 31 December 2023, the Group conducted an analysis to assess the potential impact on the fair value of property, plant, and equipment associated with electricity and heat energy production in Pavlodar and Petropavlovsk cities, electricity transmission and distribution of electricity and heat energy in the Pavlodar, North Kazakhstan and Akmola regions, production and sale of electricity from a wind power plant in the Akmola region due to changes in key assumptions when applying the income method for valuation, specifically focusing on adjustments in the discount rate, projected volumes and tariffs for heat and electricity energy production, electricity transportation, and the production and sale of electricity by the wind farm at the level expected by management.

Based on the results of the analysis performed, the management of the Group concluded that the carrying value of property, plant and equipment related to the production of electricity and heat in Petropavlovsk city, the transmission and distribution of electricity and heat in Pavlodar, North Kazakhstan and Akmola regions, the production and sale of electricity from a wind power plant in the Akmola region does not differ materially from the fair value as at 31 December 2023, therefore, no revaluation of property, plant and equipment is required at the reporting date.

At the same time, the Group concluded that there are signs of a change in the carrying amount of property, plant and equipment related to the production of electricity and heat energy in Pavlodar city relative to their fair value. Accordingly, the Company's property, plant and equipment was revalued as at 31 December 2023.

***Revaluation of fixed assets***

*Production of electric and heat energy by a subsidiary of PAVLODARENERGO JSC*

Property, plant and equipment were revalued to fair value as at 31 December 2023 in accordance with International Valuation Standards. The revaluation of fixed assets was carried out by an independent appraiser KPMG Tax & Advisory LLP (the "Appraiser"), operating in the Republic of Kazakhstan on the basis of a license, having professional qualifications and relevant experience in the field of property valuation, similar to the property being valued in its location and category.

The Company's property mainly relates to specialised property, plant and equipment that is rarely sold on the open market, except as part of an operating business. In the Republic of Kazakhstan, the market for such objects is not active and does not provide an opportunity to use market methods to determine their fair value, since the number of transactions for the sale of comparable objects is insufficient. Therefore, the method to valuation was the method of replacement cost (cost method), supplemented by the income method (discounted cash flows) for the analysis of the income potential of assets and the test for economic impairment. For some assets (such as vehicles, land and buildings) for which market information exists, a comparative method has also been applied.

Property, plant and equipment, including buildings and constructions, machinery and production equipment and other properties were measured using the cost method, which is a level 3 measurement in the fair value measurement hierarchy. Vehicles, land and buildings were valued using a comparative method, which is a Level 2 assessment of the fair value hierarchy.

When using the substitution method, certain key elements are taken into account, such as:

- Understanding the specifics of the asset, its function and environment;
- Study and analysis to determine the remaining useful life (to assess physical wear and tear) and the economic useful life of the asset;
- Knowledge of the requirements of financial and economic activities (to assess functional/technical obsolescence);
- Awareness of the fixed asset group through access to available market data; and
- Knowledge of construction technologies and materials (to assess the value of a modern equivalent asset).

The forecast period until 2030 for the income method was determined in accordance with the concept of development of the fuel and energy complex of Kazakhstan until 2030 and based on the conditions for stabilising the cash flow.

Recoverable amount using the income method was determined using appropriate valuation techniques, using the following key assumptions to calculate discounted cash flows for the period 2024 to 2030:

- Tariff forecast;
- Forecast of electricity and heat production volumes;
- Capital expenditure forecast;
- The post-forecast value was determined taking into account a long-term growth rate of 5%;
- The discount rate (weighted average cost of capital WACC) is set at 18.8%.

For the income method, tariffs were predicted considering the gradual transition to the return on invested capital method.

The forecast of electricity and heat production was based on the budget for 2024–2028, in subsequent periods until 2030, the volumes are fixed at the level of 2028.

Management believes that the capital expenditures used for the income method are sufficient to maintain the current state of property, plant and equipment and to grow volumes in 2024-2030. The Company's capital expenditure forecast is based on the investment program for 2024-2028. After the end of the investment program, capital expenditure was forecast based on the average of the investment program over the period 2024-2028, adjusted to 2029 levels to account for forecast inflation over the period 2024-2028.

Comparing the results of the income method analysis with the results of the cost method, the Management concluded that the economic depreciation is 38%.

Thus, the final conclusion on the value of the Company's fixed assets was made based on the results of the valuation using the income method.

When assessing the fair value of property, plant and equipment, their current use was considered the best and most profitable form of use. As a result of the measurement, the fair value of the Company's property, plant and equipment as at 31 December 2023 was determined in the amount of 138,636,555 thousand tenge.

The Company has analysed the sensitivity of the recoverable amount of assets related to the production, transmission and distribution of heat energy and concluded that with the following reasonably possible changes in key assumptions separately and unchanged other parameters, the impact will be as follows:

- Discount rate (WACC) – if the discount rate increases or decreases by 1%, the recoverable amount of property, plant and equipment will decrease to 127,154,896 thousand tenge or increase to 152,006,184 thousand tenge, respectively;
- Heat tariffs – with a decrease or increase in growth by 5%, the recoverable cost of fixed assets will decrease to 133,285,132 thousand tenge or increase to 143,987,976 thousand tenge, respectively;
- Electricity tariffs – with a decrease or increase in growth by 5%, the recoverable cost of fixed assets will decrease to 120,152,395 thousand tenge or increase to 157,120,713 thousand tenge, respectively;
- Heat production volumes – with an increase or decrease in production volumes by 10%, the recoverable cost of fixed assets will increase to 144,078,995 thousand tenge or decrease to 133,151,768 thousand tenge, respectively;
- Electricity production volumes – with an increase or decrease in production volumes by 10%, the recoverable cost of fixed assets will increase to 175,604,872 thousand tenge or decrease to 101,668,236 thousand tenge, respectively.

***Impairment of property, plant and equipment***

*Production, transmission and distribution of heat energy in the Ekibastuz city, and transmission and distribution of electricity and heat energy in the Pavlodar city, and transmission and distribution of heat energy in the Petropavlovsk city.*

As at 31 December 2023, the Group assessed the impairment of property, plant and equipment related to the production of heat energy, transmission and distribution of electricity and heat energy due to changes in key assumptions when applying the income method of valuation, in particular, changes in the discount rate and projected volumes and tariffs for production and transmission of electricity and heat energy. The impairment assessment was carried out by an independent appraiser KPMG Valuation LLP (the "Appraiser") operating in the Republic of Kazakhstan on the basis of a license, with professional qualifications and relevant experience in the field of property valuation, similar to the property being valued in terms of location and category.

The forecast period until 2030 was determined in accordance with the concept for the development of the fuel and energy complex of Kazakhstan until 2030 and based on the conditions for stabilising the cash flow. The tariff for the transmission of electricity and heat in 2023 was adopted according to the approved tariff estimate. The tariff for electricity transmission from 2025 to 2030 is projected using the return on invested capital (RAB) method. The tariff for the transmission of thermal energy in 2025 used the approved asset base, remuneration costs and rate of return, the remaining components were recalculated according to the methodology. From 2026 to 2030, the tariff for the transmission of thermal energy was projected on the basis of a compound annual growth rate (CAGR) of 16% of the estimated tariff in 2025 with a gradual increase to the tariff calculated using the return on invested capital (RAB) method by 2030. The tariff for heat production in 2024 was adopted on the basis of the approved tariff estimate of the Company. From 2025 to 2030, the tariff was projected considering the transition to the tariff using the return on invested capital (RAB) method with a gradual increase from the level of the approved tariff in 2025.

Heat and electricity transmission and distribution level forecasts for 2024 were adopted based on the Development Plan. In subsequent periods until 2030, production is fixed at the 2024 level. Heat energy production levels in 2024–2028 were adopted based on the Development Plan, while in subsequent periods until 2030, production is fixed at the 2028 level.

The cash flow estimate incorporates many subjective factors, including operational and financial factors, using the best available evidence. Financial assumptions include significant estimates related to inflation forecasts and growth. The discount rates (WACC) used in the companies asset impairment test was 17.55%, 18.88% and 20.68%. The long-term growth rate in the post-forecast period was 5%.

Based on the results of the impairment test as 31 December 2023, the Group's management recognised an impairment loss on property, plant and equipment in the amount of 2,576,322 thousand tenge and a gain on the reversal of an impairment loss on property, plant and equipment in the amount of 744,845 thousand tenge (Note 7).

The Group has performed a sensitivity analysis of the assets recoverable amount and concluded that with the following reasonably possible changes in key assumptions individually and other parameters held constant, the impact would be as follows:

- Discount rate (WACC) - if the discount rate is increased or decreased by 1%, the recoverable amount of property, plant and equipment will decrease to 227,293,780 thousand tenge or increase to 274,209,914 thousand tenge, respectively;
- Tariffs for electricity - if growth decreases or increases by 5%, the recoverable amount of property, plant and equipment will decrease to 206,811,056 tenge or increase to 293,899,286 thousand tenge, respectively;
- Volumes of production - with an increase or decrease in volumes of production by 10%, the recoverable amount of property, plant and equipment will decrease to 226,823,849 thousand tenge or increase to 276,006,564 thousand tenge, respectively.

*Accounting for sales contracts with the Single Purchaser from 1 July 2023.*

Since 1 July 2023, amendments to the Law "On Electric Power Industry" in the Republic of Kazakhstan have come into force, regulating the mechanism of operation of the wholesale electricity market. The target market model envisages a transition to centralised purchase and sale of planned volumes of electric energy. The changes provide for the introduction of the Single Purchaser of Electric Energy, represented by the "Renewable Energy Support Calculation and Financial Centre" LLP ("Single Purchaser"), and a balancing electricity market in real-time mode.

Within the framework of the functioning of this wholesale market model, the Single Purchaser daily carries out centralised purchase of declared planned volumes of electricity for the next day from energy-producing organizations at their maximum tariff and sells electric energy at an average price for all consumers. At the same time, the new market model implies the absence of "addressing" in the distribution of electric energy (it is impossible to determine the transmission route from the producer to the consumer).

Imbalances arising from deviations of participants in the wholesale electricity market from the declared planned volume of electricity production or consumption are regulated on the balancing electricity market by the balancing market settlement centre, represented by Kazakhstan Power Market Operator JSC ("KOREM"). The purchase and sale of balancing electric energy are carried out in accordance with calculations of hourly volumes of balancing electric energy and hourly imbalances at prices determined on the balancing market.

The Group has analysed contracts for the sale of electric energy concluded with the Single Purchaser, as well as the Rules for the Organization and Functioning of the Wholesale Electricity Market in accordance with IFRS 15 *"Revenue from Contracts with Customers"* and concluded that the Single Purchaser gains control over the electric energy produced by the Group and is not limited in its ability to direct the use of it. In addition, the Single Purchaser is considered by ultimate buyers as the party primarily responsible for the performance of the electric energy sales contract. Accordingly, the Group has determined that the Single Purchaser is the principal in contracts for the purchase and sale of electric energy in accordance with IFRS 15 and recognizes revenue at the gross amount of consideration it expects to receive.

For the second half of 2023, revenue from the sale of electric energy by the Group's energy-producing enterprise, received under sales contracts, and the cost of purchased electric energy under purchase contracts with the Single Purchaser amounted to 34,385,973 thousand tenge and 21,030,625 thousand tenge, respectively.

*Provision for the elimination of the consequences of the operation of objects*

The Group's management performed an analysis of the existence and necessity of recognition obligations for the decommissioning, dismantling and reclamation of the territory of the Group's production assets.

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

As at 31 December 2023 and 2022, the Group determined the approach and method for measuring liabilities in accordance with the Group's accounting policy and recognised provisions for obligations to eliminate the consequences of the operation of assets (Note 19). The initial recognition of a provision for obligations to eliminate the consequences of the operation of assets was charged to the cost of property, plant and equipment (Note 7).

*(in thousands of tenge, unless otherwise stated)*

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

- the Group did not calculate the obligations to eliminate the consequences of the operation of administrative buildings and other structures, which in the future, with a high degree of probability, can be re-profiled, and also have a minimal negative impact on the environment;
- the Group calculated the obligations to eliminate the consequences of the operation of heat power plants belonging to category I facilities. The amount of reserves is determined on the basis of the expected costs that will be incurred by the facilities in the event of the liquidation of the main equipment and mechanisms directly involved in the production of electrical and thermal energy and facilities intended for the removal of combustion products, as well as equipment for fuel oil facilities and a chemical warehouse, which really have a negative impact on the environment. Calculation of obligations to eliminate the consequences of the operation of the facilities as at 31 December 2023 was performed by the Group based on the results of assessments carried out by internal specialists;
- deadlines for the liquidation of category I facilities at Ekibastuz CHPP, Pavlodar CHPP-2, CHPP-3 and Petropavlovsk CHPP-2, that have a negative impact on the environment are in 2042 and 2051, respectively, based on the average service life of the main production buildings. At the same time, the Group assumes that the fleet life of the main and auxiliary equipment and engineering structures of the main equipment will be maintained and extended through major repairs or reconstruction;
- the Group assesses as immaterial the obligations to eliminate the consequences of the operation of facilities of electric and heat distribution companies belonging to category IV, which is why it did not reflect them in these consolidated financial statements.

Based on the foregoing, the estimated future costs of eliminating the consequences of the operation of facilities that have a negative impact on the environment are determined at current prices, increased using the estimated average long-term inflation rate in the Republic of Kazakhstan in 3% and discounted at the reporting date. The discount rate is 10.4% and it is based on the risk-free rate, defined as the yield on government bonds with maturities that coincide with the liquidation of the properties.

| **Subsidiaries:** | **Liquidation period** | **The amount of provision for obligations to eliminate the consequences of operation of assets** | |
|---|---|---|---|
| | | **31 December 2023** | **31 December 2022** |
| PAVLODARENERGO JSC | 2051 | 1,496,759 | 1,932,588 |
| Ekibastuzteploenergo LLP | 2042 | 1,105,253 | 1,876,074 |
| SEVKAZENERGO JSC | 2050 | 896,937 | 1,096,647 |

As the actual costs for mitigating the impact caused by the operation of assets may differ from their estimates due to changes in relevant legislation, interpretations of norms, technologies, prices, and other conditions, and these costs will be incurred in the distant future, the carrying amount of provisions requires regular analysis and adjustment to account for such changes.

## 5. RECALCULATION OF COMPARATIVE INFORMATION DUE TO ERRORS CORRECTION

In preparing the Group's consolidated financial statements for the year ended 31 December 2023, the Group's management identified an error in the classification of cash flows between operating and investment activities in the cash flow statement for 2022. Payments from operating activities in amount of 2,630,315 thousand tenge were incorrectly reflected in purchases of property, plant and equipment in investment activities. In addition, the Group's management identified errors in the classification and presentation of advances paid and trade accounts payables in the statement of financial position and in the notes on trade accounts payable, respectively as at 31 December 2022. Advances paid and trade accounts payables for purchase of goods and services subject to capitalization as part of fixed assets were incorrectly recorded as advances paid and trade accounts payable for purchase of goods and services. These errors have been retrospectively corrected in these consolidated financial statements by restatement of comparative figures as follows. These errors did not have an impact on the opening balance of retained earnings for the comparable reporting period and on the financial results for 2022.

### Consolidated statement of financial position as at 31 December 2022

| *In thousands tenge* | As previously reported | Adjustment due to the error | As restated |
|---|---|---|---|
| Advances paid | 5,896,921 | 476,430 | 6,373,351 |
| **Total non-current assets** | **439,340,354** | **476,430** | **439,816,784** |
| Advances paid | 2,521,528 | (476,430) | 2,045,098 |
| **Total current assets** | **35,888,230** | **(476,430)** | **35,411,800** |

### Consolidated statement of cash flows for the year ended 31 December 2022

| *In thousands tenge* | As previously reported | Adjustment due to the error | As restated |
|---|---|---|---|
| Changes in advances paid | 51,952 | 476,430 | 528,382 |
| Changes in trade accounts payable | 9,954,394 | (3,106,745) | 6,847,649 |
| **Cash generated by operations** | **56,604,168** | **(2,630,315)** | **53,973,853** |
| **Net cash from operating activities** | **20,794,198** | **(2,630,315)** | **18,163,883** |
| Purchases of property, plant and equipment | (19,980,982) | 2,630,315 | (17,350,667) |
| **Net cash used in investing activities** | **(35,464,903)** | **2,630,315** | **(32,834,588)** |

### Note on trade accounts payable as at 31 December 2022

| *In thousands tenge* | As previously reported | Adjustment due to the error | As restated |
|---|---|---|---|
| For purchased services | 10,888,574 | (2,786,257) | 8,102,317 |
| For acquisition of property, plant and equipment | 6,943,447 | 3,106,745 | 10,050,192 |
| For purchased goods | 12,687,635 | (320,488) | 12,367,147 |
| Others | 70,013 | - | 70,013 |
| **Total** | **30,589,669** | **-** | **30,589,669** |

**Note on advances paid as at 31 December 2022**

| *In thousands tenge* | As previously reported | Adjustment due to the error | As restated |
|---|---|---|---|
| For acquisition of property, plant and equipment | 5,592,894 | 476,430 | 6,069,324 |
| For goods | 1,039,213 | (320,000) | 719,213 |
| For services | 2,386,569 | (156,430) | 2,230,139 |
| Others | 21,504 | - | 21,504 |
| | **9,040,180** | - | **9,040,180** |
| Allowance for impairment of advances paid | (621,731) | - | (621,731) |
| **Total** | **8,418,449** | **-** | **8,418,449** |
| Current | 2,521,528 | (476,430) | 2,045,098 |
| Non-current | 5,896,921 | 476,430 | 6,373,351 |
| **Total** | **8,418,449** | - | **8,418,449** |

## 6. SEGMENT REPORTING

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker and for which sep arate financial information is available. The chief operating decision maker is the person or group of persons who allocates resources and assesses the performance. The chief operating decision maker has been identified as the Chairman of the Management Board of CAEPCO JSC.

Information reported to the Chairman of the Management Board of CAEPCO JSC, the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided.

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

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

- production of heat and electricity;
- transmission and distribution of electricity;
- transmission and distribution of heat;
- sale of heat and electricity;
- wind power generation; and
- others.

### *(b) Performance of operating segments*

The chief operating decision maker monitors the multiple profitability ratios such as: profit before tax, profit for the year and gross profit in accordance with IFRS. Despite this, the profit for the year is the ratio used for the purpose of resource allocation and assessment of segment performance.

### *(c) Revenue analysis by products and services*

Analysis of the Group's revenue by products and services is presented in Note 24 (Operating revenue). The main part of sales is carried out in Kazakhstan.

### *(d) Major customers*

The group operates in Pavlodar and the Pavlodar region, in Petropavlovsk and the North Kazakhstan region, in Astana and the Akmola region of the Republic of Kazakhstan. The main consumers are residents of the above cities and regions, as well as the RFC for the Support of Renewable Energy Sources LLP.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
***(in thousands of tenge)***

| | For the year ended 31 December 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Key operating performance indicators** | **Production of heat and electricity** | **Transmission and distribution of electricity** | **Transmission and distribution of heat** | **Sale of heat and electricity** | **Electricity production by wind farms** | **Others** | **Eliminations*** | **Total** |
| **Revenue** | | | | | | | | |
| Revenue from third parties | 60,856,775 | 19,283,654 | 31,922 | 85,559,017 | 25,766,225 | 55,259 | - | 191,552,852 |
| Intersegment revenue | 31,962,126 | 18,438,994 | 9,726,466 | 645,414 | - | 299,997 | (61,072,997) | - |
| **Total revenue** | **92,818,901** | **37,722,648** | **9,758,388** | **86,204,431** | **25,766,225** | **355,256** | **(61,072,997)** | **191,552,852** |
| Cost of sales | (87,706,416) | (31,197,423) | (8,975,033) | (86,077,231) | (5,861,570) | (414,395) | 61,003,972 | (159,228,096) |
| General and administrative expenses | (6,348,233) | (2,864,469) | (688,412) | (1,094,090) | (512,968) | (1,223,023) | 198,888 | (12,532,307) |
| Selling expenses | (174,619) | - | - | (2,376,963) | - | - | 69,461 | (2,482,121) |
| Finance cost | (30,318,171) | (1,756,982) | (1,503,212) | (143,619) | (14,779,015) | (2,796,806) | 16,034,446 | (35,263,359) |
| Finance income | 4,789,927 | 152,498 | 1,252 | 243,375 | 13,815,074 | 2,954,887 | (16,373,613) | 5,583,400 |
| Recovery / (accrual) for expected credit losses | 316,042 | (395,496) | (3,137,658) | (3,944) | (189,106) | 3,333,628 | 3,537,548 | 3,461,014 |
| Foreign exchange gain, net | 13,752 | 2,007,965 | 51,415 | - | 21,847,578 | 122 | - | 23,920,832 |
| Impairment loss on property, plant and equipment | (2,226,626) | (349,696) | 744,845 | - | - | - | - | (1,831,477) |
| Other expenses | (5,878,990) | (207,622) | (174,769) | (46,291) | (530,907) | (142,944) | 530,566 | (6,450,957) |
| Other income | 687,578 | 472,594 | 228,313 | 589,086 | 90 | 78,084 | (434,278) | 1,621,467 |
| Loss from disposal of subsidiaries | - | - | - | - | - | (2,352) | - | (2,352) |
| **Profit / (loss) before taxation** | **(34,026,855)** | **3,584,017** | **(3,694,871)** | **(2,705,246)** | **39,555,401** | **2,142,457** | **3,493,993** | **8,348,896** |
| Income tax (expenses) / benefit | 3,264,526 | (777,608) | 661,870 | 155,425 | (6,557,439) | (861,612) | 479,550 | (3,635,288) |
| **Profit / (loss) for the year after tax** | **(30,762,329)** | **2,806,409** | **(3,033,001)** | **(2,549,821)** | **32,997,962** | **1,280,845** | **3,973,543** | **4,713,608** |
| **Other key segment information** | | | | | | | | |
| Capital expenditures on property, plant and equipment | 12,198,490 | 8,019,332 | 1,629,382 | 70,168 | 108,664 | 465,354 | - | 22,491,390 |
| Depreciation of property, plant and equipment | 14,958,446 | 4,546,293 | 822,201 | 101,989 | 3,226,032 | 174,502 | 6,805 | 23,836,268 |

As described in Note 4, from 1 July 2023, a new wholesale electricity market model was introduced in the Republic of Kazakhstan with the introduction of the Single Purchaser of electricity. For the year ended 31 December 2022, the Group's intra-segment revenue and cost of sales included revenue from sales of electricity by the Group's energy producing entities and cost of purchased electricity by the Group's entities in the amount of 42,518,615 thousand tenge.

*(in thousands of tenge)*

| | For the year ended 31 December 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Key operating performance indicators** | **Production of heat and electricity** | **Transmission and distribution of electricity** | **Transmission and distribution of heat** | **Sale of heat and electricity** | **Electricity production by wind farms** | **Others** | **Eliminations** | **Total** |
| **Revenue** | | | | | | | | |
| Revenue from third parties | 42,752,308 | 17,398,339 | 56,012 | 67,466,554 | 20,308,927 | 399,928 | - | 148,382,068 |
| Intersegment revenue | 31,737,824 | 14,875,778 | 9,233,973 | 5,636,165 | - | - | (61,483,740) | - |
| **Total revenue** | **74,490,132** | **32,274,117** | 9,289,985 | 73,102,719 | **20,308,927** | **399,928** | **(61,483,740)** | **148,382,068** |
| Cost of sales | (73,457,903) | (25,348,088) | (7,839,961) | (74,531,918) | (5,693,263) | (360,232) | 66,449,368 | (120,781,997) |
| General and administrative expenses | (5,237,490) | (2,243,191) | (567,469) | (662,187) | (531,015) | (1,334,674) | 147,207 | (10,428,819) |
| Selling expenses | (147,332) | - | - | (1,947,810) | - | - | 76,442 | (2,018,700) |
| Finance cost | (24,687,992) | (2,400,175) | (1,552,316) | (91,388) | (15,664,497) | (2,748,697) | 10,988,855 | (36,156,210) |
| Finance income | 39,962,095 | 901,216 | 4,291 | 193,064 | 8,162,087 | 4,413,078 | (51,569,455) | 2,066,376 |
| (Accrual) / recovery for expected credit losses | 792,501 | 361,230 | 151,135 | (231,336) | (2,134,946) | (805,402) | 926,226 | (940,592) |
| Foreign exchange (loss) / gain, net | (8,936,399) | (1,196,843) | (254,293) | - | (736,740) | (224,510) | - | (11,348,785) |
| Impairment loss on property, plant and equipment | (1,018,169) | - | - | - | - | - | - | (1,018,169) |
| Other expenses | (2,408,230) | (432,784) | (372,123) | (108,501) | (1,633,693) | (540,437) | 1,015,886 | (4,479,882) |
| Other income | 2,006,477 | 518,858 | 432,029 | 603,857 | 2,004 | 92,264 | (1,512,425) | 2,143,064 |
| Share of results of associates | - | - | - | - | - | 48,815 | - | 48,815 |
| **(Loss) / profit before taxation** | **1,357,690** | **2,434,340** | **(708,722)** | **(3,673,500)** | **2,078,864** | **(1,059,867)** | **(34,961,636)** | **(34,532,831)** |
| Income tax (benefit) / (expenses) | (2,682,361) | (892,031) | (200,249) | (238,106) | (73,413) | (339,986) | 9,282,146 | 4,856,000 |
| **(Loss) / profit for the year after tax** | **(1,324,671)** | **1,542,309** | **(908,971)** | **(3,911,606)** | **2,005,451** | **(1,399,853)** | **(25,679,490)** | **(29,676,831)** |
| **Other key segment information** | | | | | | | | |
| Capital expenditures on property, plant and equipment | 12,356,648 | 3,856,416 | 596,954 | 44,667 | 106,924 | - | (389,723) | 16,571,886 |
| Depreciation of property, plant and equipment | 15,379,560 | 4,198,274 | 759,919 | 60,093 | 3,201,357 | 78,487 | - | 23,677,690 |

* For the year ended 31 December 2022, the eliminations include an effect in the amount of 27,691,264 thousand tenge from the acquisition of the PAVLODARNERGO JSC's bonds by a subsidiary of CAPEC Green Energy LLP.

*(in thousands of tenge)*

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Land, buildings and constructions | Machinery and production equipment | Vehicles | Others | Construction in progress | Total |
|---|---|---|---|---|---|---|
| **Revalued cost** | | | | | | |
| **At 1 January 2022** | **86,270,109** | **265,166,162** | **4,553,871** | **1,191,046** | **11,600,961** | **368,782,149** |
| Additions | 2,805 | 690,326 | 534,873 | 108,024 | 19,118,776 | 20,454,804 |
| Internal transfers | 3,403,370 | 10,060,275 | 57,254 | (1,638) | (13,519,261) | - |
| Change in estimates of liabilities for ash dumps restoration (Note 19) | 62,699 | - | - | - | - | 62,699 |
| Disposals | (343,813) | (241,030) | (36,477) | (6,008) | (419,741) | (1,047,069) |
| Other | 28,275 | 5,000 | (3,481) | 5,876 | (55,861) | (20,191) |
| **At 31 December 2022** | **89,423,445** | **275,680,733** | **5,106,040** | **1,297,300** | **16,724,874** | **388,232,392** |
| Additions | 68,931 | 1,105,900 | 1,142,697 | 105,176 | 20,068,686 | 22,491,390 |
| Internal transfers | 4,731,685 | 12,800,808 | 54,900 | (9,169) | (17,578,224) | - |
| Change in estimates of liability to eliminate the consequences of asset exploitation (Note 19) | (203,970) | (1,715,485) | - | - | - | (1,919,455) |
| Change in estimates of liabilities for ash dumps restoration (Note 19) | (221,528) | - | - | - | - | (221,528) |
| Disposals | (1,518,453) | (618,979) | (5,049) | (11,571) | (1,985,862) | (4,139,914) |
| Revaluation | 7,485,026 | 33,040,066 | 56,131 | (2,938) | - | 40,578,285 |
| Gain from reversing an impairment loss | 15,563 | 758,423 | 247 | - | - | 774,233 |
| Written-off on revaluation | (3,819,338) | (12,896,236) | (310,120) | (35,190) | - | (17,060,884) |
| Other | 95 | 12,907 | - | - | (1,123,019) | (1,110,017) |
| **At 31 December 2023** | **95,961,456** | **308,168,137** | **6,044,846** | **1,343,608** | **16,106,455** | **427,624,502** |

*(in thousands of tenge)*

| | Land, buildings and constructions | Machinery and production equipment | Vehicles | Others | Construction in progress | Total |
|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment** | | | | | | |
| **At 1 January 2022** | **(1,499,899)** | **(138,113)** | **(54,645)** | **(46,125)** | **(11,791)** | **(1,750,573)** |
| Depreciation charge | (4,805,187) | (17,814,839) | (887,626) | (139,203) | - | (23,646,855) |
| Disposals | 19,223 | 77,216 | 9,758 | 3,463 | - | 109,660 |
| Written-off on revaluation | (2,051,510) | (8,410,581) | (43,732) | (78,192) | - | (10,584,015) |
| **At 31 December 2022** | **(8,337,373)** | **(26,286,317)** | **(976,245)** | **(260,057)** | **(11,791)** | **(35,871,783)** |
| Depreciation charge | (4,702,678) | (18,120,897) | (864,981) | (147,712) | - | (23,836,268) |
| Disposals | 34,482 | 132,012 | 3,214 | 13,143 | - | 182,851 |
| Impairment loss | (807,497) | (1,753,495) | (154,567) | (14,023) | - | (2,729,582) |
| Written-off on revaluation | 3,819,338 | 12,896,236 | 310,120 | 35,190 | - | 17,060,884 |
| **At 31 December 2023** | **(9,993,728)** | **(33,132,461)** | **(1,682,459)** | **(373,459)** | **(11,791)** | **(45,193,898)** |
| **Carrying amount** | | | | | | |
| **At 31 December 2022** | **81,086,072** | **249,394,416** | **4,129,795** | **1,037,243** | **16,713,083** | **352,360,609** |
| **At 31 December 2023** | **85,967,728** | **275,035,676** | **4,362,387** | **970,149** | **16,094,664** | **382,430,604** |

*(in thousands of tenge, unless otherwise stated)*

The group "Machinery and production equipment" includes rights-of-use assets of Pavlodar Distribution Electric Grid Company JSC, CAPEC Green Energy LLP and Akmola Distribution Electric Grid Company JSC:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cost | 26,737,289 | 26,422,313 |
| Accumulated depreciation | (2,462,157) | (1,288,255) |
| **Total** | **24,275,132** | **25,134,058** |

In 2023 and 2022, the Group did not capitalise interest expense into property, plant and equipment.

As at 31 December 2023 and 2022, the carrying amount of property, plant and equipment pledged was 192,156,413 thousand tenge and 204,063,933 thousand tenge, respectively.

*Impairment losses recognised for the year*

Based on the results of the assessment of the recoverable amount of property, plant and equipment related to the production of heat energy, transmission and distribution of heat and electricity energy in the subsidiary of PAVLODARENERGO JSC, as indicated in Note 4, the Group's management recognised an impairment loss of 1,843,512 thousand tenge in profit or loss and 708,856 thousand tenge in other comprehensive loss, less deferred income tax of 177,214 thousand tenge. As well as income from the reversal of impairment loss on property, plant and equipment of 744,845 thousand tenge in profit or loss and 23,510 thousand tenge in other comprehensive income less deferred income tax of 5,878 thousand tenge.

*Fair value of property, plant and equipment estimation*

As a result of revaluation electricity and heat production property, plant and equipment as at 31 December 2023, the Group recognised revaluation gain of 33,048,876 thousand tenge in other comprehensive income, presented as a value increase and decrease of 46,695,884 thousand tenge and 5,384,789 thousand tenge, respectively, less total deferred income tax of 8,262,219 thousand tenge and impairment losses of 732,810 thousand tenge in profit and loss, presented as a capital gain and impairment of 888,434 thousand tenge and 1,621,244 thousand tenge, respectively.

The carrying amount of each class of property, plant and equipment that would be recognised in the consolidated financial statements if property, plant and equipment were carried at cost less accumulated depreciation and accumulated allowance for impairment losses, is presented as follows:

| | Land, buildings and constructions | Machinery and production equipment | Vehicles | Others | Construction in progress | Total |
|---|---|---|---|---|---|---|
| At 31 December 2023 | 53,509,890 | 196,866,891 | 2,856,660 | 756,179 | 16,924,051 | **270,913,671** |
| At 31 December 2022 | 58,727,390 | 198,139,797 | 1,865,581 | 707,835 | 14,482,258 | **273,922,861** |

***(in thousands of tenge, unless otherwise stated)***

The fair value of property, plant and equipment classified in Level 3 and Level 2 of the fair value hierarchy as at 31 December 2023 is 353,815,691 thousand tenge and 10,608,180 thousand tenge, respectively. The fair value of property, plant and equipment has been determined by applying the following generally accepted cost and income methods together. Management believes that the results of the measurement appropriately reflect the economic status of the Groups property, plant and equipment as at 31 December 2023.

*Depreciation expense is recognised in:*

| | Notes | 2023 | 2022 |
|---|---|---|---|
| Cost of sales | | 29,495,380 | 29,460,785 |
| General and administrative expenses | | 553,494 | 503,536 |
| Selling expenses | | 98,367 | 95,943 |
| Other expenses | | 268,568 | 218,990 |
| **Total depreciation and amortisation** | | **30,415,809** | **30,279,254** |
| Less: amortisation of intangible assets | 8 | (6,579,541) | (6,632,399) |
| **Total depreciation accrued** | | **23,836,268** | **23,646,855** |

On 19 January 2023, Ekibastuzteploenergo LLP and the "Department of Housing and Communal Services, Passenger Transport and Highways of the Akimat of Ekibastuz" entered into a gratuitous transfer (donation) agreement, within the framework of this agreement, Ekibastuzteploenergo LLP transferred property with a total carrying value of 1,841,707 million tenge (accumulated depreciation as at the date of transfer: 52,850 thousand tenge). On 1 June 2023, Ekibastuzteploenergo LLP and the State Agency "Department of Economics and Finance of the Akimat of the city of Ekibastuz" entered into a trust management agreement for state property, under which the state institution transfers the property to the trust management of Ekibastuzteploenergo LLP, including the previously transferred property under the gratuitous transfer agreement.

*(in thousands of tenge, unless otherwise stated)*

## 8. INTANGIBLE ASSETS

| | Licenses | Software | Others | Total |
|---|---|---|---|---|
| **Initial cost** | | | | |
| **At 1 January 2022** | **91,820** | **1,688,952** | **86,490,544** | **88,271,316** |
| Additions | 22,220 | 7,029 | 5,567 | 34,816 |
| Internal transfers | 701 | 1,184 | (1,885) | - |
| Disposals | - | (39,661) | - | (39,661) |
| **At 31 December 2022** | **114,741** | **1,657,504** | **86,494,226** | **88,266,471** |
| Additions | 21,734 | 29,983 | 1,865 | 53,582 |
| Internal transfers | 771 | 20,257 | (21,028) | - |
| Disposals | (1,536) | (6,783) | (31,782) | (40,101) |
| **At 31 December 2023** | **135,710** | **1,700,961** | **86,443,281** | **88,279,952** |
| **Accumulated amortisation** | | | | |
| **At 1 January 2021** | **(41,423)** | **(1,041,109)** | **(5,823,174)** | **(6,905,706)** |
| Depreciation charges | (11,537) | (204,351) | (6,416,511) | (6,632,399) |
| Disposals | - | 5,624 | - | 5,624 |
| **At 31 December 2022** | **(52,960)** | **(1,239,836)** | **(12,239,685)** | **(13,532,481)** |
| Depreciation charges | (14,685) | (142,908) | (6,421,948) | (6,579,541) |
| Disposals | 1,536 | - | 1,278 | 2,814 |
| **At 31 December 2023** | **(66,109)** | **(1,382,744)** | **(18,660,355)** | **(20,109,208)** |
| **Carrying value** | | | | |
| **At 31 December 2022** | **61,781** | **417,668** | **74,254,541** | **74,733,990** |
| **At 31 December 2023** | **69,601** | **318,217** | **67,782,926** | **68,170,744** |

As at 31 December 2023, the Group has other intangible assets with a total carrying amount of 67,782,926 thousand tenge (31 December 2022: 74,254,541 thousand tenge), which includes an identifiable intangible asset represented by a long-term agreement with Settlement and Financial centre LLP (Note 32).

## 9. LOANS ISSUED

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Loans issued to related parties | 2,190,724 | 4,509,302 |
| Loans issued to third parties | 186,199 | 3,481,869 |
| Interest receivable | 1,281,300 | 2,300,356 |
| | **3,658,223** | **10,291,527** |
| Allowance for expected credit losses | (3,658,223) | (9,309,047) |
| **Total loans issued** | **-** | **982,480** |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Non-current | - | - |
| Current | - | 982,480 |
| **Total** | - | **982,480** |

***(in thousands of tenge, unless otherwise stated)***

As a result of the liquidation of Eximbank JSC in 2018, the Group acquired rights of claim against certain borrowers of Eximbank JSC in exchange for claims against the bank in respect of funds (cash and deposits) placed with this bank. The Group has entered into agreements to borrow funds with these borrowers for a total nominal amount of 10,595,609 thousand tenge maturing in 2022-2023. The nominal interest rate on these loans was 5.47%-9.6%. Between 2018 and 2023 third parties (borrowers) repay the loan in accordance with the agreements. As at 31 December 2023, the outstanding amount was 1,467,499 thousand tenge (2022: 5,782,225 thousand tenge).

In 2019, the Group provided interest-free financial aid to CAPEC JSC, in the total amount of 10,195,820 thousand tenge, maturing in 2021.

In 2021, CAPEC JSC partially repaid the debt in the amount of 5,481,883 thousand tenge. As at 31 December 2023, the outstanding amount was 2,190,724 thousand tenge (2022: 4,414,581 thousand tenge).

In 2023, the maturities of loans issued to third parties and loans issued to CAPEC JSC were extended until 31 December 2025. Management calculated the market rate for all loans issued at 19.47%, taking into account the life of loans and credit risk. The Group recognised a loss on modification of loans to third parties and loans to CAPEC JSC in the consolidated statement of profit or loss and other comprehensive income in the amount of 208,769 thousand tenge and 935,954 thousand tenge, respectively.

For the years ended 31 December, the movement in provisions for expected credit losses is as follows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **9,309,047** | **7,982,790** |
| (Recovery) / accrued | (5,650,824) | 1,326,257 |
| **At 31 December** | **3,658,223** | **9,309,047** |

## 10. OTHER FINANCIAL ASSETS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Receivables from legal claims and accrued fines | 1,270,007 | 1,262,359 |
| Deposits | 66,803 | 1,641,220 |
| Interest receivable | 413 | 383 |
| Others trade receivables | 2,975,987 | 183,850 |
| | **4,313,210** | **3,087,812** |
| Allowance for expected credit losses | (1,664,159) | (1,499,023) |
| **Total other financial assets** | **2,649,051** | **1,588,789** |
| Current assets | 2,590,832 | 1,588,789 |
| Non-current assets | 58,219 | - |
| From them: | | |
| *Restricted cash:* | | |
| Minimum deposit balance | 3,738 | 6,926 |
| | **3,738** | **6,926** |

*(in thousands of tenge, unless otherwise stated)*

Restricted cash represents funds in the debt service account as required under the loan agreement between the Group and the EBRD and is intended to pay principal and interest on borrowings accrued during the six-month period preceding the repayment date. These funds can be used exclusively for the purposes specified in the loan agreement with the EBRD.

As disclosed in Note 28, during 2023, the Group recognised interest income totalling 726,739 thousand tenge (2022: 743,230 thousand tenge).

Deposits consist of bank deposits in tenge and US Dollars with a maturity of 3 months to 1 year in second-tier banks with an interest rate of 1.5%-14.75% per annum for tenge and 0.2% for US dollar (2022: 13.5%-14.75% per annum for tenge and 0.7% for US dollar).

Other accounts receivable are mainly represented by advance payments of a subsidiary of CAPEC Green Energy LLP, which are subject to return in connection with the termination of previously concluded contracts.

Other financial assets as at 31 December 2023 and 2022 were denominated in the following currencies:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Tenge | 4,307,302 | 1,527,359 |
| US dollars | 4,558 | 1,558,737 |
| Russian Roubles | 1,350 | 1,716 |
| | **4,313,210** | **3,087,812** |

As at 31 December 2023 and 2022, other financial assets are accounted at amortised cost.

For the years ended 31 December, movement in allowance for expected credit loss on other financial assets was as follows:

| | **2023** | **2022** |
|---|---|---|
| **At 1 January** | **1,499,023** | **1,491,975** |
| Accrued | 333,356 | 181,231 |
| Written-off | (168,220) | (174,183) |
| **At 31 December** | **1,664,159** | **1,499,023** |

## 11. INVENTORIES

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Spare parts and materials for maintenance | 5,101,199 | 5,042,994 |
| Coal and fuel oil | 2,137,370 | 1,549,252 |
| Others | 744,868 | 730,419 |
| | **7,983,437** | **7,322,665** |
| Allowance for write-off to net realisable value | (961,952) | (1,008,822) |
| **Total** | **7,021,485** | **6,313,843** |

***(in thousands of tenge, unless otherwise stated)***

For the years ended 31 December, movement in allowance for write-off to net realizable value was as follows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **1,008,822** | **897,489** |
| (Recovery) / Accrual of allowance | (46,868) | 120,356 |
| Allowance write-off | (2) | (9,023) |
| **At 31 December** | **961,952** | **1,008,822** |

## 12. ADVANCES PAID

| | 31 December 2023 | 31 December 2022 (restated)* |
|---|---|---|
| For acquisition of property, plant and equipment | 7,980,135 | 6,069,324 |
| For services | 816,153 | 1,359,245 |
| For inventories | 568,158 | 719,213 |
| For long-term services | - | 870,894 |
| Others | 20,954 | 21,504 |
| | **9,385,400** | **9,040,180** |
| Allowance for impairment of advances paid | (367,589) | (621,731) |
| **Total advances paid** | **9,017,811** | **8,418,449** |
| Current | 1,344,627 | 2,045,098 |
| Non-current | 7,673,184 | 6,373,351 |

*Retrospective restatement of items in the consolidated financial statements is disclosed in Note 5.

For the years ended 31 December, the movement in the allowance for impairment of advances paid was as follows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **621,731** | **1,023,031** |
| Recovery of allowance | (124,110) | (401,300) |
| Allowance write-off | (130,032) | - |
| **At 31 December** | **367,589** | **621,731** |

## 13. TRADE ACCOUNTS RECEIVABLE

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Sale and transmission of electricity and heat power | 26,399,935 | 20,737,312 |
| Others | 637,723 | 678,850 |
| | **27,037,658** | **21,416,162** |
| Allowance for expected credit losses | (3,412,626) | (3,591,017) |
| **Total** | **23,625,032** | **17,825,145** |

***(in thousands of tenge, unless otherwise stated)***

Major part of trade accounts receivable as at 31 December 2023 and 2022 includes receivables from consumers of heat and electricity energy. The Group's customer base includes households and industrial consumers.

The Group applies provision matrix for calculation of expected credit losses on receivables. For assessment of expected credit losses, trade accounts receivable were classified based on the general characteristics of credit risk and past due days. The Group recognises an allowance as a percentage, depending on the origination date of receivables.

The provision for credit losses in respect of trade and other receivables is determined in accordance with the reserve matrix presented in the table below. The allowance matrix is based on the number of days the asset has been recognised as at 31 December 2023:

| As % of gross value | Historical loss rate | Gross carrying amount | Expected credit losses for the whole term | Net carrying amount |
|---|---|---|---|---|
| ***Trade and other receivables*** | | | | |
| - current, less than 30 days | *2%* | 19,019,340 | (367,316) | 18,652,024 |
| - from 31 to 90 days | *3%* | 4,741,799 | (144,421) | 4,597,378 |
| - from 91 to 180 days | *21%* | 226,890 | (47,017) | 179,873 |
| - from 181 to 270 days | *39%* | 270,469 | (104,435) | 166,034 |
| - from 271 to 365 days | *93%* | 399,969 | (370,246) | 29,723 |
| - above 365 days | *100%* | 2,379,191 | (2,379,191) | - |
| **Total** | | **27,037,658** | **(3,412,626)** | **23,625,032** |

The table below shows the default levels and the calculation of the loss allowance as at 31 December 2022:

| As % of gross value | Historical loss rate | Gross carrying amount | Expected credit losses for the whole term | Net carrying amount |
|---|---|---|---|---|
| ***Trade and other receivables*** | | | | |
| - current, less than 30 days | *3%* | 14,585,908 | (373,680) | 14,212,228 |
| - from 31 to 90 days | *10%* | 3,832,190 | (399,741) | 3,432,449 |
| - from 91 to 180 days | *16%* | 181,270 | (29,854) | 151,416 |
| - from 181 to 270 days | *66%* | 67,298 | (44,409) | 22,889 |
| - from 271 to 365 days | *97%* | 212,600 | (206,437) | 6,163 |
| - above 365 days | *100%* | 2,536,896 | (2,536,896) | - |
| **Total** | | **21,416,162** | **(3,591,017)** | **17,825,145** |

For the years ended 31 December the movements in the allowance for expected credit losses were as follows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **3,591,017** | **3,681,356** |
| Written-off against allowance during the period | (102,560) | (46,171) |
| Recovery of allowance for expected credit losses | (75,831) | (44,168) |
| **At 31 December** | **3,412,626** | **3,591,017** |

*(in thousands of tenge, unless otherwise stated)*

As at 31 December 2023, approximately 31% of the balance of trade receivables (31 December 2022: 33%) is attributable to one major customer of the Group (the Single purchaser). In addition, the Group does not have a significant concentration of credit risk in one counterparty or group of counterparties with similar characteristics. Credit risk concentration in relation to any other counterparties is limited due to the variety of the Group's customer base, which includes household consumers approximately 16% and legal entities approximately 84%.

As at 31 December 2023 and 2022, trade accounts receivable were denominated in tenge.

## 14. OTHER ASSETS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Other non-current assets** | | |
| Taxes recoverable and taxes prepaid, other than income tax | 360,552 | 1,163,718 |
| Due from employees | 29,219 | 40,903 |
| Others | 11,332 | 12,576 |
| Allowance for long-term VAT | (360,552) | - |
| | **40,551** | **1,217,197** |
| **Other current assets** | | |
| Taxes recoverable and taxes prepaid, other than income tax | 3,057,941 | 1,822,555 |
| Prepaid expenses | 187,808 | 219,074 |
| Due from employees | 62,789 | 192,494 |
| Others | 26,696 | 33,536 |
| | **3,335,234** | **2,267,659** |

For the years ended 31 December, the movement in the long-term VAT allowance is as follows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | - | - |
| Accrued | 360,552 | - |
| **At 31 December** | **360,552** | **-** |

As described in Note 7, Ekibastuzteploenergo LLP transferred the property to the Akimat of Ekibastuz city, and accordingly wrote off VAT related to the transferred assets in the amount of 803,172 thousand tenge, and also recognised a provision in the amount of 360,552 thousand tenge as part of other expenses (Note 30).

*(in thousands of tenge, unless otherwise stated)*

## 15. CASH

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Demand deposits | 3,698,958 | 2,273,992 |
| Cash at bank accounts | 202,583 | 713,042 |
| Cash on hand | 21,071 | 33,748 |
| Cash in transit | 1,033 | 5,216 |
| | **3,923,645** | **3,025,998** |
| Allowance for expected credit losses | (33,872) | (33,994) |
| **Total** | **3,889,773** | **2,992,004** |

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

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Tenge | 3,923,645 | 2,632,365 |
| US dollars | - | 392,869 |
| Russian Roubles | - | 764 |
| **Total** | **3,923,645** | **3,025,998** |

For the years ended 31 December, the movement in the cash allowance is as follows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **33,994** | **34,785** |
| Recovery | (159) | (790) |
| Written-off against previously created allowance | 37 | (1) |
| **At 31 December** | **33,872** | **33,994** |

As at 31 December 2023 and 2022, cash related to Stage 1 of the expected credit loss model.

## 16. SHARE CAPITAL

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Share | Number of shares | Share | Number of shares |
| Sergey Vladimirovich Kan | 47.1% | 17,404,249 | 47.1% | 17,404,249 |
| Alexander Yakovlevich Klebanov | 47.1% | 17,404,429 | 47.1% | 17,404,429 |
| Others | 5.8% | 2,142,455 | 5.8% | 2,142,455 |
| **Total** | **100%** | **36,951,133** | **100%** | **36,951,133** |
| Shares declared but not issued | - | 13,048,867 | - | 13,048,867 |
| **Total** | **100%** | **50,000,000** | **100%** | **50,000,000** |

***(in thousands of tenge, unless otherwise stated)***

The Group's authorised share capital is 50,000,000 common shares.

As at 31 December 2023 and 2022, fully paid common shares amounted to 46,043,272 thousand tenge.

As at 31 December 2023 and 2022, the number of shares declared but not issued is 13,048,867.

In 2023 and 2022, no dividends were declared or paid.

## 17. BONDS ISSUED

| | Maturity date | Coupon rate, per annum | 31 December 2023 | 31 December 2022 |
|---|---|---|---|---|
| KZX000001664 | 29 September 2030 | 20.5% | 8,000,000 | - |
| KZ2C00006500 | 20 January 2027 | 13.75% | 3,500,000 | 4,000,000 |
| KZ2P02Y10E531 | 11 June 2025 | 6% | 3,300,000 | 3,300,000 |
| KZ2C0Y10F369 | 6 September 2026 | 12.5% | 1,935,000 | 1,935,000 |
| KZX000001029 | 25 August 2030 | 11% | 609,375 | - |
| KZ2P01Y10E533 | 6 November 2023 | 6% | - | 6,579,559 |
| Accrued interest | | | 285,682 | 380,694 |
| Discount | | | (3,232,110) | (672,751) |
| | | | **14,397,947** | **15,522,502** |
| Non-current | | | 13,612,265 | 8,221,617 |
| Current | | | 785,682 | 7,300,885 |

In 2023, long-term bonds of PAVLODARENERGO JSC in the amount of 8,000,000 thousand tenge were placed on the site of the Astana International Financial Center for corporate purposes of the Company with a fixed rate of 20.5% per annum and maturing on 29 September 2030.

The table below sets out an analysis of the amount of net debt and the movements in the Group's bonds issued from financing activities for each of the periods presented. The movement of cash within these liabilities, excluding interest paid, is presented as financing activities in the consolidated statement of cash flows:

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **15,522,502** | **15,673,887** |
| Bonds issued | 8,609,375 | - |
| Initial recognition of the discount through profit and loss (Note 28) | (2,666,868) | - |
| Initial recognition of discount through equity | (381,065) | - |
| Interest accrued (Note 27) | 1,613,340 | 1,330,637 |
| Redemption of bonds | (7,079,564) | (500,000) |
| Coupon paid | (1,670,663) | (1,354,201) |
| Others | 450,890 | 372,179 |
| **At 31 December** | **14,397,947** | **15,522,502** |
| Within a year | 785,682 | 7,300,885 |
| In the second to the fifth years inclusive | 10,446,435 | 8,221,617 |
| After five years | 3,165,830 | - |

***(in thousands of tenge, unless otherwise stated)***

## 18. BORROWINGS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Principal amount of borrowings | 182,592,049 | 216,645,396 |
| Interest payable on borrowings | 5,211,489 | 4,300,019 |
| Less: | | |
| Fair value adjustment of borrowing | (713,907) | (928,177) |
| Unamortised part of lump-sum commission | (135,554) | (207,722) |
| | **186,954,077** | **219,809,516** |
| Short-term borrowings | 67,698,129 | 219,809,516 |
| Long-term borrowings | 119,255,948 | - |

Current borrowings are represented by the current portion of long-term borrowings in the amount of 31,791,743 thousand tenge, including principal debt in the amount of 28,084,419 thousand tenge, and short-term revolving line in the amount of 3 5,906,386 thousand tenge, including principal debt in the amount of 34,992,334 thousand tenge.

According to the agreement with Halyk Bank of Kazakhstan JSC dated 2 September 2021, the Group has a limit on the revolving credit line in the amount of 34,992,334 thousand tenge. The credit line is valid until 6 September 2026. Intended use – working capital financing. Interest rate is in the amount of the base rate of the National Bank of the Republic of Kazakhstan effective on the date of loan disbursement + 3%. The repayment period of loans under the revolving credit line is one year from the date of receipt of the tranche.

The currency analysis of the undiscounted principal on bank loans is presented below:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Tenge | 98,506,228 | 102,587,054 |
| Russian roubles | 86,110,394 | 114,651,614 |
| US dollars | 3,186,916 | 3,706,747 |
| **Total** | **187,803,538** | **220,945,415** |

***(in thousands of tenge, unless otherwise stated)***

*Changes in liabilities resulting from financing activities*

The table below presents changes in liabilities resulting from financing activities, including changes due to cash flows and changes not due to cash flows. Liabilities arising from financing activities are those liabilities for which cash flows have been or will be classified as cash flows from financing activities in the statement of cash flows.

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **219,809,51** | **195,985,81** |
| **Changes in cash flows from financing activities** | | |
| Proceeds from borrowings | 45,146,729 | 169,512,519 |
| Repayment of borrowings | (55,373,093) | (156,381,185) |
| Interest paid | (27,383,505) | (30,389,423) |
| **Total changes in cash flows from financing activities** | **(37,609,869)** | **(17,258,089)** |
| **Other changes** | | |
| Accrued interest, recognised in profit or loss (Note 27) | 29,749,508 | 28,477,076 |
| Foreign exchange adjustments (Note 29) | (24,014,990) | 11,809,022 |
| Amortisation of discount | 160,004 | 176,209 |
| Others | (1,140,092) | 619,485 |
| **Total other changes related to liabilities** | **4,754,430** | **41,081,792** |
| **At 31 December** | **186,954,077** | **219,809,516** |

| **Maturity analysis** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Within 1 year | 67,698,129 | 219,809,516 |
| During second year | 30,550,206 | - |
| From two to five years inclusive | 88,705,742 | - |
| | **186,954,077** | **219,809,516** |

During 2023, proceeds from loans received were represented by receipts from Halyk Bank of Kazakhstan JSC in the total amount of 45,146,729 thousand tenge for the purpose of replenishing working capital. Loans were received in tenge at a rate equal to the base rate of the National Bank of the Republic of Kazakhstan effective on the date of loan disbursement + 3% margin. The loans are due until 30 December 2024.

Loans received from the Government of the Republic of Kazakhstan through the Clean Technology Fund at a rate below the market rate are accounted for as a government grant in the amount of the difference between the proceeds of the loan and its fair value calculated at the current market rates at the time of receipt of the loan.

Loans from the Clean Technology Fund ("CTF") and under non-revolving credit lines from Halyk Bank of Kazakhstan JSC were received at a fixed interest rate. Loans from the EBRD, VTB Group and revolving credit lines from Halyk Bank of Kazakhstan JSC were received at a floating rate: EBRD in the amount of All-in-cost + 4.5%; VTB Group in the amount of the key rate of the Central Bank of the Russian Federation + 3.5% margin; Halyk Bank of Kazakhstan JSC in the amount equal to the base rate of the National Bank of the Republic of Kazakhstan, effective on the date of issuance of the loan + 3%.

The effective rate on short-term loans in tenge, roubles and US dollars was 20.4% – 22.73%, 10.5% - 19.0% and 0.75%, respectively (2022: in tenge, roubles and US dollars, 12.6% - 21.6%, 11.25% and 23.5% and 0.75%, respectively).

As at 31 December 2023 and 2022, the loans are secured by property, plant and equipment, the carrying amount of which is disclosed in Note 7, as well as 100% of shares in the authorised capital of CAPEC Green Energy LLP and 96% + 2 of shares of CAEPCO JSC.
*Cross default*

*VTB Group*

In accordance with the terms of the loan agreement with VTB Group, ADEGC JSC, SKREK JSC and CAPEC Green Energy LLP on the basis of the consolidated data of CAEPCO JSC are required to comply with the following financial indicators (financial covenants):

- leverage ratio, no more than 5.2 (2022: 6.2);
- interest coverage ratio, no less than 1.5 (2022: 1.2);
- coverage ratio – ratio of total EBITDA of Obligated entities to consolidated EBITDA of CAEPCO JSC group, not less than 90%;
- coverage ratio – the ratio of the total revenue of the Obliged entities to the consolidated revenue of the group of CAEPCO JSC, not less than 75%;
- coverage ratio – ratio of the total value of assets of Obligated entities to consolidated assets of CAEPCO JSC Group, not less than 90%;
- coverage ratio is the ratio of the total value of fixed assets of the Obligated entities to the consolidated fixed assets of the group of CAEPCO JSC, not less than 85%.

As at 31 December 2023, CAEPCO JSC Group has fulfilled the financial indicators (financial covenants) under the terms of the loan agreement with VTB Group (as at 31 December 2022: CAEPCO JSC Group has not fulfilled the coverage ratio in respect of revenue). During 2023, CAEPCO JSC Group did not meet the interest coverage ratio as at 30 September 2023, while before the reporting date, CAEPCO JSC Group received a letter of consent from VTB Group not to require early repayment (during 2022: CAEPCO JSC group did not meet the coverage ratio in respect of revenue as at 30 September 2022).

After the reporting date, CAEPCO JSC group fulfilled its financial indicators as at 31 March 2024 (based on unaudited data).

*Halyk Bank of Kazakhstan JSC*

In accordance with the terms of the loan agreement No. KS 02-22-43 dated 20 October 2022 with Halyk Bank of Kazakhstan JSC, PAVLODARENERGO JSC, ADEGC JSC, SEVKAZENERGO JSC, PREDC JSC, CAEPCO JSC on the basis of the consolidated data of the CAEPCO JSC group are obliged to comply with the following financial indicators (financial covenants):

- debt/EBITDA ratio, no more than 5.0 (2022: 6.0);
- EBITDA/interest, not less than 1.5 (2022: 1.2);
- Gross income margin and EBITDA are at least 20% and 30%, respectively.

On 21 December 2023, the Group received a letter from Halyk Bank of Kazakhstan JSC regarding its decision not to track financial covenants for 2023, with the exception of the financial debt/EBITDA ratio.

As at 31 December 2023, CAEPCO JSC Group has fulfilled this financial indicator (financial covenant) under the terms of the loan agreement with Halyk Bank of Kazakhstan JSC.

As at 31 December 2022, CAEPCO JSC Group did not meet the initial financial indicators: debt/EBITDA – not more than 4.5; and EBITDA/interest – not less than 2. After the reporting date, during 2023, the Group signed an additional agreement with Halyk Bank of Kazakhstan JSC on the revision of these financial indicators for 2022: debt/EBITDA – not more than 6; and EBITDA/interest – not less than 1.2, which the group of JSC CAEPCO has performed.

*European Bank of Reconstruction and Development ("EBRD")*

In accordance with the terms of the loan agreements with the EBRD, the Group is required to meet the following financial indicators (financial covenants) on a quarterly basis:

- Cash available for debt service for the 12 months preceding the date of settlement of the principal and interest on all financial debts payable or accrued during this period, at least 1.25:1; and
- The total amount of financial debt to profit before deduction of interest, income tax and depreciation expenses for the 12 months preceding the date of calculation is not more than 4:1.

As at 31 December 2023 and 2022, the Group has not complied with these financial covenants. The Group's management informed the EBRD in a timely manner of the breach of the terms of the loan agreement prior to the reporting date. However, as the EBRD did not provide a letter of consent not to require early repayment in relation to this breach, the Group reclassified the loans in the consolidated financial statements from non-current to current liabilities. At the same time, the EBRD did not send a written notice demanding early repayment.

During 2023 and 2022, the Group did not comply with the financial covenants under its loan agreements with the EBRD as at each quarterly date in 2023 and 2022.

Since the reporting date, the Group has not complied with its financial covenants as at 31 March 2024 (based on unaudited data).

***(in thousands of tenge, unless otherwise stated)***

## 19. ASSET DECOMMISSIONING AND RESTORATION OBLIGATIONS

| | 31 December 2023 г. | 31 December 2022 |
|---|---|---|
| Provision for obligations to eliminate the consequences of the operation of assets | 3,498,949 | 4,905,309 |
| Provision for liabilities for the reclamation of ash dumps | 2,584,604 | 2,948,602 |
| | **6,083,553** | **7,853,911** |
| Including: | | |
| Current portion | 684,099 | 894,062 |
| Non-current portion | 5,399,454 | 6,959,849 |
| | **6,083,553** | **7,853,911** |

*Provision for obligations to eliminate the consequences of the operation of assets*

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **As at 1 January** | **4,905,309** | **4,440,801** |
| Initial recognition of a liability allocated to an increase in property, plant and equipment (Note 7) | (1,919,455) | - |
| Unwinding discount (Note 27) | 513,095 | 464,508 |
| **As at 31 December** | **3,498,949** | **4,905,309** |
| Including: | | |
| Current portion | - | - |
| Non-current portion | 3,498,949 | 4,905,309 |
| | **3,498,949** | **4,905,309** |

As at 31 December 2021, the Group recognised a provision for obligations to eliminate the consequences of the operation of assets in accordance with the requirements of the Environmental Code in the amount of 4,440,801 thousand tenge.

The amount of the provision was determined using the nominal prices in effect at the reporting date, applying the projected inflation rate for the expected period before liquidation and the discount rate at the reporting date. The discount rate is based on the risk-free rate, defined as the yield on government bonds with maturities coinciding with the liquidation dates (Note 4).

As at 31 December 2023, the liabilities to eliminate the consequences of the operation of assets were classified as long-term, as the liquidation of the consequences of the operation of assets is expected in 2042–2051.

***(in thousands of tenge, unless otherwise stated)***

*Movement in provision for ash dumps restoration is as follows:*

| | 2023 | 2022 |
|---|---|---|
| **Carrying amount at 1 January** | **2,948,602** | **2,765,242** |
| Unwinding of present value discount | 323,984 | 251,588 |
| Movements in accounting estimates allocated to increase in property, plant and equipment (Note 7) | (221,528) | 62,699 |
| Used during the year | (452,879) | - |
| Movements in estimate of existing provision for asset retirement obligations through the income statement | (13,575) | (130,927) |
| **Carrying amount at 31 December** | **2,584,604** | **2,948,602** |
| Including: | | |
| Current | 684,099 | 894,062 |
| Non-current part | 1,900,505 | 2,054,540 |
| | **2,584,604** | **2,948,602** |

As at 31 December 2023, obligations ash dumps restoration in the amount of 684,099 thousand tenge were classified as short-term, as works to restoration the first stages of ash dumps at CHPP-3 and Ekibastuz CHPP are expected within 12 months after the reporting date.

Presented below are principal assumptions used to assess ash dump restoration obligations:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Discount rate | 11.71%–14.2% | 11%-15.85% |
| Inflation rate | 4%–5% | 4% |

## 20. LEASE LIABILITIES

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| 1 year | 2,236,162 | 1,796,891 |
| 2 year | 1,986,936 | 2,185,140 |
| 3 year | 2,081,953 | 1,794,921 |
| 4 year | 1,443,338 | 2,081,953 |
| 5 year and over | 3,021,944 | 4,465,282 |
| | **10,770,333** | **12,324,187** |
| Including: | | |
| Current | 2,236,162 | 1,796,891 |
| Non-current | 8,534,171 | 10,527,296 |

***(in thousands of tenge, unless otherwise stated)***

**Movement of lease liabilities**

The table below sets out an analysis of the amount of net debt and the movements in the Group's lease liabilities from financing activities for each of the periods presented. The movement of cash within these liabilities, excluding interest paid, is presented as financing activities in the consolidated statement of cash flows.

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **12,324,187** | **14,527,557** |
| New lease agreements | 363,408 | - |
| Interest accrued (Note 27) | 1,273,977 | 1,593,885 |
| Amortisation of lease discount | 159,217 | 122,306 |
| Lease liability repayments | (2,143,785) | (2,335,330) |
| Interest repaid | (1,259,420) | (1,638,339) |
| Others | 52,749 | 54,108 |
| **At 31 December** | **10,770,333** | **12,324,187** |

On 18 September 2017, the Group and the Pavlodar City Finance Department signed an agreement on trust management of the Usolskaya substation and a 110 kV transmission line for the total amount of 1,811,730 thousand tenge, valid until 18 September 2024. The Company classified this agreement into as a lease and recognised the substation and transmission line on the balance sheet at the present value of the minimum lease payments. The effective discount rate was 11.9% per annum (2022: 11.9%). From 1 January 2019, lease liabilities are secured by right-of-use assets in the amount of 933,330 thousand tenge as at 31 December 2023. (31 December 2022: 1,032,290 thousand tenge) in the Machinery and production equipment group, reflecting the corresponding lease liability.

On 4 September 2019, a subsidiary of CAPEC Green Energy LLP entered into a lease contract with Industrial Development Fund JSC of 17,009,905 thousand tenge with an interest rate of 10% per annum. From 26 February 2020, CAPEC Green Energy LLP began to accept parts of 14 units of wind turbines of the Astana EXPO-2017 Wind Farm as a right-of-use asset until 4 September 2029 in the amount of 16,456,944 thousand tenge, of which a part was classified from advances paid in the amount of 5,102,971 thousand tenge and the remainder was recognised as a lease liability in the amount of 11,353,973 thousand tenge.

*(in thousands of tenge, unless otherwise stated)*

## 21. TRADE ACCOUNTS PAYABLE

| | 31 December 2023 | 31 December 2022 (restated)* |
|---|---|---|
| For purchased goods | 22,563,118 | 12,367,147 |
| For purchased services | 12,977,240 | 8,102,317 |
| For property, plant and equipment | 6,496,670 | 10,050,192 |
| Others | 78,419 | 70,013 |
| **Total** | **42,115,447** | **30,589,669** |

*[1] *Retrospective restatement of items in the consolidated financial statements is disclosed in Note 5.*

*[2] *In preparing the consolidated financial statements for the year ended 31 December 2023, the Group's management identified an error in the presentation of trade accounts payable for purchase of goods and services in the note on trade accounts payable in issued consolidated financial statements for the year ended, 31 December 2022, related to the electricity purchase presentation, which was corrected by restating the comparative figures in this note. Accordingly, trade accounts payable for purchased goods for 2022 increased, and trade accounts payable for services decreased by 1,677,418 thousand tenge.*

As at 31 December 2023 and 2022, trade accounts payable were denominated in the following currencies:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Tenge | 42,113,989 | 30,381,919 |
| Russian roubles | 1,458 | 207,750 |
| **Total** | **42,115,447** | **30,589,669** |

The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 22. LIABILITIES UNDER CONTRACTS WITH CUSTOMERS

As at 31 December 2023 and 2022, liabilities under contracts with buyers are represented by advances received for the supply of electricity and heat in the amount of 3,004,281 thousand tenge (31 December 2022: 3,607,412 thousand tenge) and under the contract of sale of a residential complex in the amount of 1,300,000 thousand tenge (31 December 2022: 1,300,000 thousand tenge).

***(in thousands of tenge, unless otherwise stated)***

In the current reporting period, revenue was recognised in the amount of 2,307,412 thousand tenge in respect of contract liabilities as at 1 January 2023 which was fully related to advances received.

During 2024, the Group expects to recognise revenue in respect of liabilities under contracts with customers at 31 December 2023 in the amount of 1,704,281 thousand tenge.

## 23. OTHER LONG-TERM PAYABLES

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Loans from the shareholder | 2,299,870 | 705,084 |
| Loans from related parties | 840,428 | - |
| Other | 336,032 | - |
| **Total** | **3,476,330** | **705,084** |

Loans from the shareholder are represented by agreements between a subsidiary Ekibastuzteploenergo LLP in the amount of 4,902,280 thousand tenge until 31 December 2030 and CAEPCO JSC in the amount of 3,000,000 thousand tenge until 31 December 2030. Loans from related parties are represented by agreements between a subsidiary Ekibastuzteploenergo LLP and Solis LTD LLP in amount of 400,000 thousand tenge until 2026 and between CAEPCO JSC and H2Technologies LLP in amount of 2,000,000 thousand tenge until 31 December 2030.

During 2023, management determined the fair value of loans at the dates of initial recognitions at the average market rate of 16.18%-20.78% and reflected an adjustment to fair value in equity in the amount of 5,193,042 thousand tenge.

Movement of loans from related parties and shareholder:

| | **2023** | **2022** |
|---|---|---|
| **On 1 January** | **705,084** | - |
| Proceeds from a shareholder, related party | 7,302,280 | 3,000,000 |
| Initial recognition of discount through equity | (5,193,042) | (2,299,197) |
| Discount amortization | 325,976 | 4,281 |
| **As at 31 December** | **3,140,298** | **705,084** |

*(in thousands of tenge, unless otherwise stated)*

## 24. REVENUE

| | 2023 | 2022 (restated)* |
|---|---|---|
| Sale of electricity | 139,223,605 | 101,522,153 |
| Sale of heat | 26,834,937 | 24,963,071 |
| Transmission of electricity | 19,148,506 | 16,383,024 |
| Electricity power maintenance | 5,630,519 | 4,764,602 |
| Transmission of heat | 31,922 | 56,012 |
| Others | 683,363 | 693,206 |
| | **191,552,852** | **148,382,068** |

From 1 January 2019, by order of the Ministry of Energy of the Republic of Kazakhstan, the power market was introduced, the main purpose of which is to ensure the balance reliability of the country's energy system. The capacity tariff is determined at a centralised auctions by a single operator and is a permanent part of revenue, valid for a calendar year. In 2023 and 2022, the capacity tariff amounted to 590 thousand tenge per MWh per month. At the same time, in 2023 and 2022, SEVKAZENERGO JSC has an individual tariff for the service of maintaining the readiness of electric power in the amount of 434 thousand tenge per MWh per month.

** In the course of preparing the financial statements for the year ended 31 December 2023, in the released consolidated financial statements for the year ended 31 December 2022, in the revenue note, the Group identified an error in the presentation of revenue related to the elimination of intra-group turnover for the sale of heat and electricity and for the transmission of heat and electricity, which was corrected retrospectively by restating the comparative figures in this year Note. Accordingly, revenue from the sale of electricity for 2022 increased, and revenue from electricity transmission decreased by 15,763,812 thousand tenge. Revenue from the sale of heat energy for 2022 increased, and revenue from the transmission of heat energy decreased by 9,201,861 thousand tenge.*

## 25. COST OF SALES

| | 2023 | 2022 |
|---|---|---|
| Coal and fuel oil | 29,784,443 | 20,534,896 |
| Depreciation and amortisation | 29,495,380 | 29,460,785 |
| Electricity and heat power, purchased for resale | 27,296,190 | 14,391,114 |
| Services received | 26,229,461 | 21,455,676 |
| Payroll expenses and related taxes | 25,509,647 | 19,898,519 |
| Transmission of electricity and heat power | 6,474,900 | 5,855,765 |
| Inventories | 6,446,326 | 5,075,049 |
| Technical losses | 4,390,735 | 1,167,215 |
| Others | 3,601,014 | 2,942,978 |
| | **159,228,096** | **120,781,997** |

*(in thousands of tenge, unless otherwise stated)*

## 26. GENERAL AND ADMINISTRATIVE EXPENSES

| | 2023 | 2022 |
|---|---|---|
| Payroll expenses and related taxes | 5,215,281 | 4,165,502 |
| Services received | 1,999,179 | 1,876,625 |
| Taxes, except income tax | 1,525,917 | 1,605,673 |
| Fines and forfeits under economic contracts | 1,236,819 | 176,980 |
| Depreciation and amortisation | 553,494 | 503,536 |
| Inventories | 408,524 | 479,391 |
| Compensation of members of the Board of Directors | 374,031 | 280,828 |
| Fines and penalties to the budget | 291,924 | 207,686 |
| Others | 927,138 | 1,132,598 |
| | **12,532,307** | **10,428,819** |

## 27. FINANCE COSTS

| | 2023 | 2022 |
|---|---|---|
| Interest expenses on bank borrowings | 29,749,508 | 28,477,076 |
| Interest expenses on bonds issued (Note 17) | 1,613,340 | 1,330,637 |
| Finance lease fee (Note 20) | 1,273,977 | 1,593,885 |
| Others | 2,626,534 | 4,754,612 |
| | **35,263,359** | **36,156,210** |

## 28. FINANCE INCOME

| | 2023 | 2022 |
|---|---|---|
| Income from the initial recognition of the discount on the bonds issued (Note 17) | 2,666,868 | - |
| Interest income from deposits | 726,739 | 743,230 |
| Income from the initial recognition of an assignment agreement with a third party | 651,913 | - |
| Income from amortisation of discount on loans issued | 591,922 | 521,938 |
| Income from amortisation of discount on loans issued to third parties | 520,155 | 426,015 |
| Income from interest accrued on loans issued to third parties | 168,868 | 329,518 |
| Others | 256,935 | 45,675 |
| | **5,583,400** | **2,066,376** |

## 29. FOREIGN EXCHANGE GAIN / (LOSS), NET

| | 2023 | 2022 |
|---|---|---|
| Foreign exchange gain/(loss), net loans (Note 18) | 24,014,990 | (11,809,022) |
| Foreign exchange loss, net cash | (106,547) | (232,189) |
| (Loss)/foreign exchange gain, net on current financial assets | (3,681) | 629,879 |
| Foreign exchange gain, net from other operations | 16,070 | 62,547 |
| | **23,920,832** | **(11,348,785)** |

*(in thousands of tenge, unless otherwise stated)*

## 30. OTHER INCOME AND EXPENSES

| | 2023 | 2022 |
|---|---|---|
| **Other income** | | |
| Income from other services | 1,219,425 | 1,425,458 |
| Gain from operations with inventories | 236,076 | 518,696 |
| Income from government grants | 146,636 | 144,142 |
| Gain on write-off of accounts payable | 18,140 | 54,084 |
| Gain on disposal of property, plant and equipment | 1,190 | 684 |
| | **1,621,467** | **2,143,064** |
| **Other expenses** | | |
| Loss on disposal of property, plant and equipment and intangible assets | (2,752,002) | (785,095) |
| Accrual of provision for construction in progress | (1,133,832) | - |
| Expenses for writing off long-term VAT (Note 14) | (803,172) | - |
| Expenses for accrual of a provision for long-term VAT (Note 14) | (360,552) | (86) |
| Expenses for depreciation of leased fixed assets | (268,568) | (218,990) |
| Loss on currency exchange | (248,138) | (1,382,838) |
| Inventory loss | (26,217) | (24,523) |
| Charity expenses | (2,133) | (500,000) |
| Expenses for eliminating the consequences of emergencies in the city of Ekibastuz | - | (930,396) |
| Other expenses | (856,343) | (637,954) |
| | **(6,450,957)** | **(4,479,882)** |

## 31. INCOME TAX

Entities incorporated in Kazakhstan pay income tax from the taxable profit according to the legislation of Kazakhstan.

In 2023 and 2022, income tax rate was 20%.

Income tax expenses for the years ended 31 December were as follows:

| | 2023 | 2022 |
|---|---|---|
| Current income tax expenses | 5,414,528 | 430,804 |
| Prior year adjustments | - | 687,832 |
| Deferred income tax benefit | (1,779,240) | (5,974,636) |
| **Income tax expense / (benefit)** | **3,635,288** | **(4,856,000)** |

*(in thousands of tenge, unless otherwise stated)*

As at 31 December 2023 and 2022, deferred tax assets and liabilities were as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Deferred tax asset as a result of:** | | |
| Tax losses carry-forward | 4,652,084 | 4,526,670 |
| Carrying amount of property, plant and equipment | 2,906,219 | 2,579,756 |
| Asset decommissioning and restoration obligations | 1,216,710 | 1,570,781 |
| Allowance for expected credit losses | 963,549 | 1,052,877 |
| Loans issued | 652,717 | 1,842,865 |
| Provisions for unused vacation reserve | 290,603 | 248,259 |
| Borrowings | 251,887 | 289,006 |
| Government grants received | 215,901 | 244,101 |
| Taxes accrued, unpaid | 176,500 | 150,954 |
| Other temporary differences | 1,068,932 | 412,941 |
| **Total deferred tax assets** | **12,395,102** | **12,918,210** |
| Less: deferred tax assets offset against deferred tax liabilities | (8,965,099) | (7,888,975) |
| **Deferred tax assets** | **3,430,003** | **5,029,235** |
| **Deferred tax liabilities as a result of:** | | |
| Property, plant and equipment | (70,930,618) | (65,693,832) |
| Borrowings | (863,535) | (193,063) |
| Financial aid from the shareholder | (431,024) | (458,983) |
| Bond issued | (654,268) | (91,964) |
| Other temporary differences | (400,724) | (42,634) |
| **Total deferred tax liabilities** | **(73,280,169)** | **(66,480,476)** |
| Less: deferred tax assets offset against deferred tax liabilities | 8,965,099 | 7,888,975 |
| **Deferred tax liabilities** | **(64,315,070)** | **(58,591,501)** |
| **Deferred tax liabilities, net, including:** | **(60,885,067)** | **(53,562,266)** |
| Deferred tax liabilities | (64,315,070) | (58,591,501) |
| Deferred tax assets | 3,430,003 | 5,029,235 |

The movement in deferred taxes for the years ended 31 December, was as follows:

| | 2023 | 2022 |
|---|---|---|
| **Balance at 1 January** | **(53,562,266)** | **(61,095,474)** |
| (Increase) / decrease in deferred tax liabilities | (7,322,801) | 7,533,208 |
| **Balance at 31 December** | **(60,885,067)** | **(53,562,266)** |
| **Recorded:** | | |
| in profit or loss | 1,779,240 | 5,974,636 |
| in equity | (9,102,041) | 1,558,572 |
| | **(7,322,801)** | **7,533,208** |

***(in thousands of tenge, unless otherwise stated)***

Below is a reconciliation of income tax expense for the years ended 31 December, to profit before tax in the consolidated statement of profit or loss and other comprehensive income:

| | 2023 | 2022 |
|---|---|---|
| **Profit / (loss) before taxation** | **8,348,896** | **(34,532,831)** |
| Theoretical income tax expense / (benefit) at statutory average rate of 20% (2022: 20%) | 1,669,779 | (6,906,566) |
| Adjustments for: | | |
| Write-off of previously recognised deferred tax asset | - | 231,773 |
| Recognition of previously unrecognised deferred tax asset | (32,117) | - |
| Change in unrecognised taxes for current year | - | 254,183 |
| Income tax adjustment for previous years | - | 687,831 |
| Tax losses of subsidiaries in the current year not recognised as deferred tax assets in the reporting year | 1,650,004 | 839,957 |
| Tax effect of non-deductible expenses | 347,622 | 36,822 |
| **Income tax expense / (benefit)** | **3,635,288** | **(4,856,000)** |

As at 31 December 2023, the Group has unrecognised tax assets in the amount of 1,978,222 thousand tenge (31 December 2022: 1,133,791 thousand tenge).

According to tax legislation Republic of Kazakhstan, tax losses may be offset against taxable income during 10 years from the date of occurrence. The Group's management estimated expected amount of tax losses, which can be offset against future taxable income during 2024-2033.

## 32. ACQUISITION OF NON-CONTROLLING INTEREST IN SUBSIDIARY

As at 1 January 2022, the Group owned 51% of the shared capital of CAPEC Green Energy LLP. On 3 November 2022, the Group acquired a 19.39% share from AOM Metal B.V. for 7,162,816 thousand tenge and on 4 November 2022, the Group acquired a 29.61% share from EcoAlternativa LLP for 20,000,000 thousand tenge. As a result, the Group increased its share in CAPEC Green Energy LLP from 51% to 100% and as at the date of receipt of a 100% interest in CAPEC Green Energy LLP the Group recognised the difference between the carrying amount of the non-controlling interest in the amount of 43,968,563 thousand tenge and cash consideration, paid in the amount of 27,162,815 thousand tenge in the equity in the amount of 16,805,747 thousand tenge.

## 33. RELATED PARTY TRANSACTIONS

Group related parties include shareholders, subsidiaries and associates or companies over which the Group or its shareholders exercise control, and key management personnel.

Related party transactions are performed on terms that would not necessarily be available to third parties.

Transactions between the Company and its subsidiaries and jointly controlled companies are excluded on consolidation and not presented in this note.

*(in thousands of tenge, unless otherwise stated)*

For the year ended 31 December 2023, the Group had the following operations with related parties:

| Company name | CAPEC JSC | Subsidiaries of CAPEC JSC |
|---|---|---|
| Unwinding of discount, interest income and other finance income | 591,922 | - |

For the year ended 31 December 2022, the Group had the following operations with related parties:

| Company name | CAPEC JSC | Subsidiaries of CAPEC JSC |
|---|---|---|
| Unwinding of discount, interest income and other finance income | 521,938 | - |

Balances between the Group and related parties as at 31 December 2023 are presented below.

| Company name | CAPEC JSC |
|---|---|
| Trade accounts receivable including financial aid | 2,482,137 |

Balances between the Group and related parties as at 31 December 2022 are presented below:

| Company name | CAPEC JSC |
|---|---|
| Trade accounts receivable including financial aid | 4,414,581 |

The Group entered into transactions with related parties such as obtaining loans, placing cash on deposits and acquiring subsidiaries.

***Key personnel of the Group***

In 2023, compensation to the Board of Directors and other key management personnel in the form of salary and bonuses amounted to 350,456 thousand tenge (2022: 352,182 thousand tenge) – current remuneration. As at 31 December 2023 and 2022, the key management personnel and the Board of Directors of the Group consisted of 22 and 21 employees, respectively.

## 34. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include other financial assets, cash, borrowings, bonds, lease, as well as trade receivable and accounts payable. The main risks attributable to the Group's financial instruments are liquidity risk and credit risk. The Group also monitors the market risk, including currency risk and interest rate risk.

*(in thousands of tenge, unless otherwise stated)*

**Categories of financial instruments**

As at 31 December 2023 and 2022, financial instruments were as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| *Financial assets* | | |
| Trade receivables (Note 13) | 23,625,032 | 17,825,145 |
| Cash (Note 15) | 3,889,773 | 2,992,004 |
| Other financial assets (Note 10) | 2,649,051 | 1,588,789 |
| Loans issued (Note 9) | - | 982,480 |
| *Financial liabilities* | | |
| Borrowings (Note 18) | 186,954,077 | 219,809,516 |
| Trade accounts payable (Note 21) | 42,115,447 | 30,589,669 |
| Bonds issued (Note 17) | 14,397,947 | 15,522,502 |
| Lease liabilities (Note 20) | 10,770,333 | 12,324,187 |
| Other liabilities and accrued expenses | 4,742,675 | 4,034,142 |
| Other long-term accounts payable | 3,476,330 | 705,084 |

***Capital risk management***

The Group manages the risks associated with capital to ensure that the Group will be able to continue as a going concern while increasing the tariffs and optimising the debt and equity balance.

The equity structure of the Group comprises share capital, additional paid-in capital, revaluation reserve for property, plant and equipment and retained earnings as presented in the consolidated statement of changes in equity.

**Summary of significant accounting policies**

The information on significant accounting policies and accepted methods, including criteria of recognition, basis for measurement and basis on which revenue and expenses are recognised, with respect to each class of financial assets, financial liabilities and equity instruments is disclosed in Note 3 to the consolidated financial statements.

**Objectives of financial risk management**

Risk management is an essential element of the Group's operations. The Group controls and manages financial risks related to operations of the Group by analysing the risk exposure by degree and amount of risk. These risks include credit risk, liquidity risk and market risk, including currency risk and interest rate risk in relation to cash flows. The description of the Group's risk management policies is provided below.

**Fair value**

In the opinion of the Group's management, the carrying amounts of financial assets and liabilities carried in the consolidated financial statements at amortised cost are approximately equal to their fair values.

**Credit risk**

Credit risk arising from the failure of counterparties to comply with the terms of the Group's financial instruments is generally limited to amounts, if any, by which the counterparties' liabilities exceed the Group's liabilities to those counterparties. The Group's policy provides for transactions with financial instruments with a number of creditworthy counterparties. The Group's management believes that its maximum exposure is equal to the amount of trade account receivables (Note 13), cash (Note 15), loans issued (Note 9), other financial assets (Note 10) and other assets (Note 14), less allowances for expected credit losses recorded at the reporting date. Trade receivables are represented by a large number of buyers. The Group conducts regular assessment of creditworthiness. The Group has a policy of ongoing monitoring to ensure that transactions are concluded with customers with adequate credit history and do not exceed the established credit limits.

With regard to credit risk related to cash and other financial assets, the Group's risk is associated with the possibility of default of credit institutions in which cash and deposits are placed, with the maximum risk being equal to the present value of these assets.

Assessing credit risk for risk management purposes is a complex process and requires the use of models, as risk varies with market conditions, expected cash flows and over time. Assessment of credit risk for a portfolio of assets requires additional assessments in relation to the probability of a default, the corresponding loss ratios and the correlation of defaults between counterparties.

*Credit risk classification system.* In order to assess credit risk and classify financial instruments by the level of credit risk, the Group uses two approaches: an internal rating system based on risks or an assessment of risk levels assessed by external international rating agencies (Standard & Poor's [S&P], Fitch, Moody's). Internal and external credit ratings are compared on a single internal scale with a certain range of default probabilities.

The internal risk-based rating system is developed internally and ratings are assessed by management. The Group uses different methods of credit risk assessment depending on the asset class.

The Group uses internal risk-based rating systems to assess credit risk for the following financial assets: trade account receivables and other assets.

To estimate expected credit losses, the Group uses supported forward-looking information, including forecasts of macroeconomic indicators. However, as with all economic forecasts, assumptions and the likelihood of their realisation are inevitably associated with a high level of uncertainty, and, therefore, actual results may differ materially from those projected.

Rating models are regularly reviewed based on actual default data and updated as necessary. Regardless of the method used, the Group regularly confirms the accuracy of the ratings, calculates and evaluates the predictive capabilities of the models.

External ratings are assigned to counterparties by independent international rating agencies such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and corresponding ranges of default probabilities apply to cash and other financial assets.

***(in thousands of tenge, unless otherwise stated)***

The table below presents external credit ratings (if any) as at the end of respective reporting period:

| **31 December 2023** | **Cash** | **Other financial assets** | **Loans issued** | **Total** |
|---|---|---|---|---|
| From A- till AAA+ | 1,969 | - | - | 1,969 |
| From B- till BBB+ | 3,865,847 | 66,803 | - | 3,932,650 |
| Below B- | - | - | 3,658,223 | 3,658,223 |
| Not identified | 55,829 | 4,246,407 | - | 4,302,236 |
| **Total financial assets** | **3,923,645** | **4,313,210** | **3,658,223** | **11,895,078** |

| **31 December 2022** | **Cash** | **Other financial assets** | **Loans issued** | **Total** |
|---|---|---|---|---|
| From A+ to AAA+ | 11,692 | - | - | 11,692 |
| From B- to BBB+ | 2,975,342 | 3,087,812 | - | 6,063,154 |
| Below B- | - | - | 10,291,527 | 10,291,527 |
| Not identified | 38,964 | - | - | 38,964 |
| **Total financial assets** | **3,025,998** | **3,087,812** | **10,291,527** | **16,405,337** |

### *Market risk*

The Group takes on exposure to market risk arising from open positions in (a) currency and (b) interest rate instruments, all of which are exposed to general and specific market movements.

### *Currency risk*

The Group has borrowings denominated in foreign currency, and imports major spare parts for investment program. As a result, the Group has assets and liabilities denominated in foreign currencies. The Group minimises the currency risk by monitoring changes in exchange rates in which the liabilities are denominated.

The carrying value of monetary assets and liabilities of the Group denominated in foreign currencies as at 31 December 2023 and 2022, was as follows:

| | **Assets** | | **Liabilities** | |
|---|---|---|---|---|
| | **31 December 2023** | **31 December 2022** | **31 December 2023** | **31 December 2022** |
| US dollars | 4,558 | 1,951,606 | (3,186,916) | (3,706,747) |
| Russian roubles | 1,350 | 2,480 | (86,111,852) | (114,859,364) |

*(in thousands of tenge, unless otherwise stated)*

***Foreign currency sensitivity analysis***

The following table reflects the Group's sensitivity to 20% increase or decrease in value of tenge against foreign currencies. The sensitivity level of 20% is used in preparation of internal reports on currency risk for key management and represents the management's estimate of justifiably possible changes in exchange rates. The sensitivity analysis includes all financial assets of the Group denominated in the currency different from the currency of the creditor or borrower. The positive figure indicated below reflects the decrease in loss and increase in equity when the tenge rate against a respective currency strengthens by 20%. In case of weakening of the tenge rate against a respective currency by 20%, there will be an equal and opposite effect on loss and equity, and the amounts indicated below will be opposite value.

| | Effect of US Dollar | | Effect of Russian rouble | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| Financial assets | 912 | 390,321 | 270 | 496 |
| Financial liabilities | 637,383 | 741,349 | 17,222,370 | 22,971,873 |

**Interest rate risk**

The Group's operations are exposed to interest rate risk as it has borrowings with fixed and floating interest rates. The Group manages interest rate risk by retaining balanced ratio of loans and borrowings with fixed and floating interest rates.

**Interest rate sensitivity analysis**

The following interest rate sensitivity analysis was made regarding the exposure to interest rate risk on non-derivative instruments at the reporting date. For liabilities with floating rates an analysis was made assuming that the outstanding liability was not changed during the entire year. When preparing the management reports on interest rate risk for the Group management an assumption is used on a change in the interest rate by 1%, which meets the expectations of the management regarding the reasonably possible fluctuation of interest rates.

If interest rates on liabilities were 1% higher/lower and all other variables remained constant, then the Group's loss for the year ended 31 December 2023 would increase/decrease by 942,552 thousand tenge (2022: 1,250,337 thousand tenge) and retained earnings as at 31 December 2023 would have increased/decreased by 923,202 thousand tenge (2022: 1,250,337 thousand tenge).

**Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Group's shareholders, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risks by maintaining sufficient reserves, borrowings and available credit lines by constant monitoring of projected and actual cash flow and comparing maturity dates of its financial assets and liabilities.

*(in thousands of tenge, unless otherwise stated)*

*Liquidity risk tables*

The following tables demonstrate the Group's contract dates for its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes cash flows on both interest and principal.

The table on liquidity risk and interest rate risk as at 31 December 2023 and 2022, is presented as follows:

| | Effective interest rate | Up to 1 year | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **31 December 2023** | | | | | |
| *Non-interest bearing:* | | | | | |
| Trade accounts payable | - | 42,115,447 | - | - | 42,115,447 |
| Other long-term accounts payable | - | - | 860,552 | 10,348,280 | 11,208,832 |
| Other current liabilities and accrued expenses | - | 4,026,817 | 228,282 | 128,759 | 4,383,858 |
| *Interest-bearing:* | | | | | |
| Bonds issued | 6%-20.5% | 1,333,429 | 9,044,676 | 20,113,532 | 30,491,637 |
| Borrowings | 0.75%-22.73% | 89,102,576 | 142,450,054 | - | 231,552,630 |
| Lease liabilities | 5%-12.5% | 3,494,402 | 9,489,086 | 1,620,956 | 14,604,444 |
| **Total** | | **140,072,671** | **162,072,650** | **32,211,527** | **334,356,848** |

| | Effective interest rate | Up to 1 year | 1-5 years | Over 5 years | Total |
|---|---|---|---|---|---|
| **31 December 2022** | | | | | |
| *Non-interest bearing:* | | | | | |
| Trade accounts payable | - | 30,589,669 | - | - | 30,589,669 |
| Other long-term accounts payable | - | - | 705,084 | - | 705,084 |
| Other current liabilities and accrued expenses | - | 3,243,594 | 790,548 | - | 4,034,142 |
| *Interest-bearing:* | | | | | |
| Bonds issued | 6%-13.75% | 7,300,885 | 8,221,617 | - | 15,522,502 |
| Borrowings | 0.75%-23.5% | 219,809,516 | - | - | 219,809,516 |
| Lease liabilities | 5%-12.5% | 1,796,891 | 8,130,824 | 2,396,472 | 12,324,187 |
| **Total** | | **262,740,555** | **17,848,073** | **2,396,472** | **282,985,100** |

## 35. COMMITMENTS AND CONTINGENCIES

### Taxation

Tax conditions in the Republic of Kazakhstan are subject to changes and inconsistent application and interpretation. Discrepancies in interpretation of Kazakhstan laws and regulations by the Group and Kazakhstani authorities may lead to accrual of additional taxes, penalties and interest.

Kazakhstan tax legislation and practice are in a state of continuous development and therefore are subject to varying interpretations and frequent changes, which may be retroactive. In some cases, for the purpose of determining the tax base, the tax legislation refers to IFRS provisions, at that the interpretation of relevant IFRS provisions by Kazakhstan tax authorities may differ from the accounting policies, judgements and estimates applied by management in preparation of these financial statements, which could lead to additional tax liabilities of the Group. Tax periods remain open to retroactive review by the tax authorities for five years.

The Group's management believes that its interpretation of the relevant legislation is appropriate and the Group's tax position is justified. In the opinion of the Group's management, the Group will not incur significant losses on current and potential tax claims exceeding provisions formed in these financial statements.

**Litigation**

The Group may be subject to legal proceedings and court decisions that, individually or in the aggregate, did not have a significant effect on the Group.

**Environmental issues**

The Group's management believes that at the moment the Group follows the current environmental, health and safety laws and regulatory acts of the Republic of Kazakhstan. However, these laws and regulatory acts may change in future. The Group is unable to foresee the timing and degree of changes in the environmental, health and safety laws. In case of such changes the Group might be required to upgrade its technological equipment in order to meet more rigid requirements.

At each reporting date, the Group's management evaluates future liabilities and creates a provision for restoration of used ash dumps according to the legislation of the Republic of Kazakhstan. As at 31 December 2023 and 2022, the provision for ash dumps restoration amounted to 2,584,604 thousand tenge and 2,948,602 thousand tenge, respectively (Note 19).

On 1 July 2021, the new Environmental Code of the Republic of Kazakhstan (hereinafter referred to as the "Code") has come into effect. This Code contains a number of principles aimed at minimising the consequences of environmental damage caused by the activities of enterprises and/or achieving complete restoration of the environment to its original state. Depending on the level and risk of negative impact on the environment, objects are classified into four categories, where objects that have a significant negative impact on the environment belong to the first category. The Group's management has analysed the presence and requirement for recognising obligations related to decommissioning, dismantling, and reclamation of the Group's production assets and has established a provision as at 31 December 2023 in the amount of 3,498,949 thousand tenge (31 December 2022: 4,905,309 thousand tenge) (Note 19).

*(in thousands of tenge, unless otherwise stated)*

**Insurance**

As at 31 December 2023 and 2022, the Group insured energy generation assets of Heat and Power CHPP-2 and CHPP-3 and oxygen workshop in Pavlodar and Heat and Power Plant 2 in Petropavlovsk. The Group did not insure other property, plant and equipment. Since the lack of insurance does not represent the decrease in the value of assets or occurrence of liabilities, no provision for unforeseen expenses related to damage or loss of such assets is required.

**Capital commitments**

The Group has developed and agreed with the Department of the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan a capital investment plan, according to which, during 2021-2025, the Group is to invest 68,478,968 thousand tenge in production assets, excluding VAT. In 2023, the Group invested 23,989,734 thousand tenge in production assets, excluding VAT. For 2024, the Group is required to invest in production assets 25,905,131 thousand tenge, excluding VAT.

As at 31 December 2023, the Group had contractual obligations to purchase property, plant and equipment for the total amount of 15,149,673 thousand tenge. (2022: 8,752,640 thousand tenge)

## 36. PROFIT / (LOSS) PER SHARE

Profit / (loss) per share in the calculation of basic earnings per share is calculated based on the weighted average number of issued ordinary shares for the years ended 31 December 2023 and 2022, the amounts of common shares and common shares with diluted effect are equal due to the fact that there is no dilution.

| | 2023 | 2022 |
|---|---|---|
| Profit / (loss) for the year | **4,737,453** | **(21,002,243)** |
| Weighted average number of common shares | 36,951,133 | 36,951,133 |
| **Profit / (loss) per share, tenge** | **128.21** | **(568.38)** |

The carrying value of one common share as at 31 December 2023 and 2022 is presented below.

| Ordinary shares as at | Number of shares in circulation | Net assets, net of intangible assets | Carrying value of one share, tenge |
|---|---|---|---|
| 31 December 2023 | 36,951,133 | 89,110,809 | 2,411.59 |
| 31 December 2022 | 36,951,133 | 40,697,383 | 1,101.38 |

The carrying value of one common share was obtained by dividing the amount of net assets by the number of ordinary shares placed as at 31 December 2023 and 2022.

Net assets represent all assets minus intangible assets in the consolidated statement of financial position as at 31 December 2023 and 2022.

The Groups management believes that it is in full compliance with the requirements of the Kazakhstan Stock Exchange as at the reporting date.

## 37. EVENTS AFTER THE REPORTING DATE

**Loans**

On 31 January 2024, an agreement on the provision of a credit line No. KS 02-24-43 was signed between Halyk Bank of Kazakhstan JSC and AREK-Energosbyt LLP. Within the framework of the credit line, Halyk Bank of Kazakhstan JSC will provide financing by opening a Limit in the amount of 1,000,000 thousand tenge, with a tranche repayment period of no more than 6 months, a period of availability of the credit line for a period of 36 months from the date of the start of financing and an interest rate equal to the base rate of the National Bank of the Republic of Kazakhstan + "3% margin".

On 4 March 2024 an agreement was signed on the provision of a credit line No KS 02-24-03, concluded between Halyk Bank of Kazakhstan JSC and Sevkazenergosbyt LLP. Within the framework of the credit line, Halyk Bank of Kazakhstan JSC will provide financing by opening a Limit in the amount of 1,500,000 thousand tenge, with a tranche repayment period of no more than 6 months, a period of availability of the credit line for a period of 36 months from the date of the start of financing and an interest rate equal to the base rate of the National Bank of Kazakhstan of the Bank of the Republic of Kazakhstan + "3% margin".

On 12 March 2024, an additional agreement No. 4 was signed to the agreement on the provision of a credit line #KS 02-22-43 dated 20 October 2022, concluded between Halyk Bank of Kazakhstan JSC and CAEPCO JSC Group. Within the framework of the additional agreement, subject to partial early repayment in the amount of 3,375,000 thousand tenge by CAEPCO Group, Halyk Bank of Kazakhstan JSC will provide additional financing by reducing the amount of Limit-1 and allocating from it a new Limit-2 in the amount of 3,375,000 thousand tenge with a maturity of more than 12 months, the period of availability until 1 April 2025 and an interest rate equal to the base rate of the National Bank of Kazakhstan of the Bank of the Republic of Kazakhstan + "3% margin".

On 11 April 2024, an additional agreement No. 2 to the syndicated loan agreement dated 9 November 2022, concluded between VTB Group and CAEPCO JSC Group, was signed. As part of the additional agreement, CAPEC Green Energy LLP implies the opening of a revolving limit for the purpose of repayment of outstanding debt under previously issued tranches K, M, N in the amount of up to 2 billion roubles (equivalent to 9.6 billion tenge at the exchange rate of the Russian rouble as at 11 April 2024), with a maturity of no more than 12 months, an availability period of up to 24 months and a key rate of the Central Bank of the Russian Federation + "5% margin".

**Tariffs of PAVLODARENERGO Group**

By the Order of DKREM No 41-OD dated 28 May 2024, from 2 June 2024, the tariff for the production of heat energy for PAVLODARENERGO JSC was approved in the amount of 4,476.19 tenge/Gcal (average sale) without VAT (2023: from 1 January 2023 - 3,130.30 tenge/Gcal (average sale) without VAT, from 1 March 2023 - 3,200.84 tenge/Gcal (average sale) without VAT, from 1 August 2023 - 3,397.91 tenge/Gcal (average sale) without VAT).

According to the Reasoned conclusion of the DKREM No. 55-03-09/151 dated 2 February 2024. From 10 February 2024, the tariff for the supply of electricity was approved for Pavlodarenergosbyt LLP in the amount of 27.56 tenge/kWh (average sale) excluding VAT (from 1 January 2024: 23.10 tenge/kWh (average sale) excluding VAT).

**Tariffs of SEVKAZENERGO group**

By the Order of DCREM No 16-OD dated 9 February 2024, from 16 February 2024, the tariff for the production of heat energy for SEVKAZENERGO JSC in the amount of 4,278.1 tenge/Gcal without VAT was approved (from 1 January 2023 - 3,037.78 tenge/Gcal without VAT, from 1 July 2023 - 3,344.51 tenge/Gcal without VAT).

According to the Reasoned conclusion of the DKREM No 59-03-09/239 dated 9 February 2024, from 16 February 2024, the tariff for the supply of electricity to Sevkazenergosbyt LLP was approved in the amount of 24.57 tenge/kWh (average sale) without VAT (from 1 January 2023: 19.04 tenge/kWh (average sale) without VAT, from 11 September 2023: 21.13 tenge/kWh (average sale) without VAT).

**Tariffs of ADEGC group**

According to the Reasoned Conclusion of the DKREM No. 11-03-07/474 dated 22 May 2024, from 1 June 2024, the tariff for the supply of electricity to AREK-Energosbyt LLP was approved in the amount of 31.141 tenge/kWh (average sale) without VAT (from 1 January 2023: 23.735 tenge/kWh (average sale) without VAT, from 10 July 2023: 29.952 tenge/kWh (average sale) without VAT).

**Situation in Ekibastuz**

In May 2024, the Management transferred production and administrative buildings and structures, main and auxiliary boiler equipment to the ownership of the Akimat of Ekibastuz city with a total value of 3,744,821 thousand tenge. As at the date of issue of these consolidated financial statements, the Group continues its main activities for the production and sale of heat energy in Ekibastuz, until the trustee of the transferred assets is determined.

## 38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by management of the Group on 28 June 2024.