«Kazakhstan Utility Systems» LLP

(a limited liability partnership incorporated in Kazakhstan)

U.S. $70,000,000 Bond Programme

«Kazakhstan Utility Systems» LLP (the "Group" or the "Issuer") has established a U.S. $70,000,000 bond Programme (the "Programme") valid until September 10, 2035, pursuant to which the Issuer may from time-to-time issue bonds (the "Securities" or the "Bonds", and each a "Bond") in accordance with the Acting Law of the Astana International Financial Centre (the "AIFC"). Each series of Bonds issued under the Programme is hereinafter referred to as "Tranche". The Programme may be comprised of one or more Tranches. This document constitutes the prospectus of the Programme (the "Prospectus") described herein and has been prepared by the Issuer pursuant to Section 1.3 of the AIFC Market Rules (AIFC Rules No. FR0003 of 2017). The Prospectus determines terms that are general to each Tranche. Terms of the Bonds not pointed out in this Prospectus will be specified in the relevant offer terms (the "Offer Terms") in accordance with the template provided in Schedule 2. Full information on the Issuer and the offer of the Bonds is only available based on this Prospectus and relevant Offer Terms. This Prospectus has been published on the website of the Astana International Exchange Ltd. (the "AIX") at https://www.aix.kz via the AIX Regulatory Announcement Services and on the website of the Issuer at https://www.kus.kz/. The Offer Terms of each Tranche will be published on the AIX and the Issuer's websites accordingly.

Application has been made for the Bonds issued under the Programme to be admitted to the Official List of the AIX and to be admitted to trading on the AIX. In order for Bonds to be admitted to the Official List of the AIX and to be admitted to trading by the AIX this Prospectus and the Offer Terms under each such Tranche will be delivered to the AIX for approval before the date of admission to the Official List of the Bonds of such Tranche.

AIX does not guarantee that the Bonds will be admitted to the Official List of the AIX. The AIX reserves the right to grant admission of the Bonds to the Official List of the AIX only where it is satisfied that such admission is in accordance with the Acting Law of the AIFC, including AIX Business Rules. The Issuer did not seek independent legal advice with respect to listing the Bonds on the AIX in accordance with this Prospectus.

AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of this Prospectus including the accuracy or completeness of any information or statements included in it. Liability for the Prospectus lies with the issuer of the Prospectus and other persons such as Experts whose opinions are included in the Prospectus with their consent. Nor has AIX, its directors, officers or employees assessed the suitability of the Securities to which the Prospectus relates for any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Securities are suitable for your individual investment objectives and circumstances, you should consult an authorized financial advisor.

No representation or warranty, expressed or implied, is made by the Lead Manager as to the accuracy or completeness of the information set forth in this Prospectus, and nothing contained in this Prospectus is, or shall be relied upon as a promise or representation, whether as to the past or the future. The Lead Manager does not assume any responsibility for the accuracy or completeness of the information contained in this Prospectus.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction outside AIFC or under any circumstances in which such offer, solicitation or sale is not authorized or would be unlawful. Recipients of this Prospectus who intend to subscribe for or purchase the Securities are reminded that any subscription or purchase may only be made because of the information contained in the Prospectus.

These Securities constitute debt instruments. An investment in the Securities involves risks. By subscribing to the Securities, investors lend money to the Issuer who undertakes to pay interest on a quarterly basis and to reimburse the principal on the Maturity Date. In case of bankruptcy or default by the Issuer, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. The Securities are intended for investors who are capable of evaluating the interest rates in light of their knowledge and financial experience. An investment decision must solely be based on the information contained in the present Prospectus. Before making any investment decision, the investors must read the Prospectus in its entirety (and, in particular, "Risk factors" section in the Prospectus). Each potential investor must investigate carefully whether it is appropriate for this type of investor to invest in the Securities, taking into account his or her knowledge and experience and must, if needed, obtain professional advice.

Lead Manager

BCC Invest JSC

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PROSPECTUS SUMMARY

1. Introduction

The Prospectus Summary should be read as an introduction to the Prospectus. Any decision to invest in the Securities should be based on a consideration of the Prospectus as a whole by the investor. These Securities (Bonds) constitute debt instruments. An investment in the Bonds involves risks. By subscribing to the Bonds, investors lend money to the Issuer who undertakes to pay interest on a quarterly basis and to reimburse the principal on the Maturity Date. In case of bankruptcy or default by the Issuer, the investors may not recover the amounts they are entitled to and risk losing all or part of their investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Securities.

Issuer	«Kazakhstan Utility Systems» LLP, business identification number 081140000288. The contact details of the Issuer are: Address: Republic of Kazakhstan, Astana, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor. Telephone: 8 (7172) 57-69-55, website: www.kus.kz E-mail: kks.priemnaya@kus.kz
Issue	U.S. $70,000,000, Programme valid until 10 September, 2035
Prospectus	This Prospectus was approved by the AIX on the 9th of September 2025. The Prospectus and Offer Terms of the first Tranche issued under the Programme were approved by a resolution of Participants of the Issuer on the 28th of July, 2025 The contact details of the AIX are: Address: 55/19 Mangilik El str., Block C 3.4, Astana, Kazakhstan, Z05T3C4 E-mail: markets@aix.kz.

2. Key Information on the Issuer

2.1. The Issuer of the Securities

Issuer	«Kazakhstan Utility Systems» LLP The Issuer was founded and registered on 3 November 2008 in the Republic of Kazakhstan as a Limited Liability Partnership. Business Identification number: 081140000288.
Principal Activities	«Kazakhstan Utility Systems» LLP is holding which incorporates a group of companies (hence thereafter – “the Group”) that facilitate its activities. The Group engages in the management and development of the infrastructure of public utilities in Kazakhstan, including production of thermal energy (heat) and electricity and electric transmission. The main goal of the Group is to ensure high—quality and sustainable provision of public and business utilities, as well as modernization and maintenance of its related networks and facilities. «Kazakhstan Utility Systems» LLP is represented in 4 of the 17 regions of the country — Karaganda, East Kazakhstan, Mangystau, Turkestan regions, as well as in the city of Shymkent.
Major Shareholders	Magda Idrissova (99% share), Appaz Zharmuhamed (1% share).
Members of the Supervisory Board	• Dinmuhamet Idrisov – Chairman of the Supervisory Board. • Vladimir Usenko – Member of the Supervisory Board. • Dinmuhamed Baizhanov – Member of the Supervisory Board. • Ergali Begimbetov - Member of the Supervisory Board. • Appaz Zharmuhamed - Member of the Supervisory Board. • Daulethan Kilybaev - Member of the Supervisory Board.
Management of the Company	• Sabyrgali Idrisov – Chief Executive Officer.

Auditors	Deloitte LLP (hence thereafter - the "Auditor"), an independent auditor located at: Al-Farabi Avenue 36, Almaty, Republic of Kazakhstan. The Auditor conducted an audit for 2022, 2023 and 2024 years. The Auditor operates under the state license on auditing in the Republic of Kazakhstan № 0000015 dated September 13th 2006, issued by the Ministry of Finance of the Republic of Kazakhstan. Email: almaty@deloitte.kz

2.2. Key financial information on the Issuer

The Group experienced significant growth in 2024 compared to 2023: total assets increased by 16.1%, total liabilities by 18%, and total equity by 14.7%. The Group's consolidated revenue saw a remarkable increase of 47.4%, while net profit increased by 10% during 2024 compared to 2023. This indicates strong revenue growth, with a moderate increase in profitability.

The key financial information

Balance sheet, thousands tenge	3M 2025 (unaudited)	2024 (audited)	3M 2024 (unaudited)	2023 (audited)	2022 (audited)
Total Assets	492,095,113	481,206,470	432,059,470	414,558,016	378,094,846
Total Liabilities	177,046,843	198,981,431	166,346,866	168,569,137	170,895,809
Total Equity	315,048,270	282,225,039	265,712,604	245,988,879	207,199,037

Income statement, thousands tenge	3M 2025 (unaudited)	2024 (audited)	3M 2024 (unaudited)	2023 (audited)	2022 (audited)
Revenue	114,278,237	328,594,688	87,603,559	222,778,623	189,436,172
Net Profit for the year	25,593,642	39,796,439	19,730,941	31,862,487	13,650,072

Cash flow statement, thousands tenge	3M 2025 (unaudited)	2024 (audited)	3M 2024 (unaudited)	2023 (audited)	2022 (audited)
Net cash generated from operating activities	27,465,785	59,946,202	20,026,058	35,528,667	33,417,175
Net cash generated used in investing activities	(31,804,089)	(72,358,961)	(14,315,027)	(34,161,773)	(28,947,649)
Net cash generated from/(used in) financing activities	16,904,034	14,187,911	(846,263)	127,764	(7,689,000)

2.3. Key risks that are specific to the Issuer

1. Financial risks. The Issuer may not meet future revenue and profit expectations due to fluctuations in fuel prices, equipment and materials, and demand for electricity.
2. Regulatory risks. The Issuer may face various regulatory risks from the government, for example, a ban on increasing the cost of tariffs or other services provided.
3. Debt risks. The Issuer may face the risk of non-repayment of loans, loan obligations, especially if the covenants are violated.
4. Changing new regulations, such as environmental requirements, which may increase the Issuer's costs.
5. Equipment failures, outdated power grids and generators may fail, which will lead to power outages and create additional costs.
6. Climate change and geography. Extreme weather conditions, especially in the sharply continental climate of Kazakhstan and the logistical remoteness of large settlements, can increase the cost of building and operating new networks.
7. Technological risks. The companies under the Group's that do not invest in operation and modernization may be inferior to competitors and face long-term difficulties in growth and expansion.
8. All of the Group's operations are conducted in Kazakhstan. Accordingly, the Group is affected to a significant degree by legal, economic and political conditions prevailing in Kazakhstan.

3. Key Information on the Securities

3.1. Terms and conditions of the Securities

The Issue	U.S. $70,000,000 Programme valid until10 September 2035
Currency	U.S. Dollars

Number and Nominal Value of the Bonds	The number and size of Tranches will depend on future needs in financing based on the market conditions. Each Final Terms will be submitted to the AIX before the issue of the Bonds under the Tranche.
Rights attached to the Securities	The Bondholders have the right to: • Receive coupon payments in the time and amount stipulated by Prospectus and relevant Offer Terms of each Tranche. • Receive nominal value upon redemption and at maturity date in the manner and terms provided for by Prospectus and relevant Offer Terms of each Tranche. • Freely transfer the Bonds. • Receive information concerning the Issuer's operations as stipulated by the Prospectus and AIFC Law. • Attend, participate in and vote at meetings of the Bondholders in accordance with the terms and conditions of the Bond specified in the Securities Note section of the Prospectus. • Require that the Bonds shall immediately become due and repayable at their Nominal Value together with accrued coupon interest if any of the events mentioned in clause 3.3 of Securities Notes occurs and continues for more than 5 (five) business days and are not remedied within 10 (ten) business days after such events occur.
Ranking	The Issuer shall ensure that at all times the claims of the Bondholders against it under the Bonds rank at least *pari passu* with the claims of all its other unsecured creditors, save those whose claims are preferred by any bankruptcy, insolvency, liquidation or similar laws of general application, as well as per applicable AIFC rules and regulations.
Restrictions on the free transferability	The Securities are freely transferable and, once admitted to the Official List of the AIX, shall be transferable only in whole in accordance with the applicable rules and procedures of the AIX CSD, as amended from time to time.
Guarantees attached to the Securities	There are no guarantees attached to the Securities.

3.2. Information on trading of the Securities

Trading information on each Tranche will be specified in the relevant Offer Terms.

3.3. Key risks specific to the Securities

1. The Bonds are subject to modification, waivers and substitution.
2. Delisting of the Bonds from the Official List of the AIX may subject gains and Coupon Payments on the Bonds to tax in the Republic of Kazakhstan.
3. The market price of the Bonds may be volatile.
4. The Bondholders may be subject to exchange rate risks and currency controls.

4. Key information on the admission to trading

4.1. Conditions and timetable for investing in the Securities

Admission to Trading	Each Tranche issued under the Programme is expected to be admitted to trading on AIX. Details for admission of each Tranche will be provided in the relevant Offer Terms. AIX is expected to be the main stock exchange for the Bonds issued under the Programme.
Plan for Distribution	Subject to applicable laws and regulations, the Securities will be offered in or from AIFC to a wide range of investors.
Offering Method	Trading methods will be specified in the Offer Terms for each Tranche.

Offer period	The offer period including opening and closing dates shall be specified in the relevant Offer Terms of each Tranche.
Selling Restrictions	The offering and sale of the Securities is subject to applicable laws and regulations and the Securities may not be sold to public in other jurisdictions outside AIFC and Kazakhstan, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Securities have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
Notification Process for Investors	Prior to the start of the trading, AIX will publish a market notice specifying the first day of trading on its website: https://aix.kz/news-announcements/aix-market-notices/ All other significant announcements will be made by the Issuer via the AIX Regulatory Announcement Service: https://aix.kz/listings/continuous-disclosure-obligations/company-disclosers-2/
Allotment of the Securities	The allotment of bonds will be executed in accordance with applicable rules and procedures of AIX CSD.
Estimated Expenses	Shall be specified in the relevant Offer Terms.

4.2. The purpose of the Prospectus

This Prospectus has been produced in connection with the application for the Securities to be admitted to the Official List of the AIX and trading on the AIX.

Reasons for the Issuance/Use of Proceeds	The issuance is being made, and the net proceeds of the issue of the Securities will be used by the Issuer for the financing of its core operations. In particular, the Issuer plans to use the net proceeds for: • General corporate needs of the Issuer; • Partial refinancing of current credit lines and debts; • Partial coverage of project costs related to the introduction of new production facilities to cover the shortage of electricity in the Republic of Kazakhstan.
Estimated Net Amount of Proceeds	Shall be specified in the relevant Offer Terms
Lead Manager	BCC Invest JSC, Almaty, Panfilov Street, building 98, 2 floor, 050022, the Republic of Kazakhstan.
Conflict of Interest	No person involved in the offering of the Securities has any interest in the offering, which is material to the offering.

REGISTRATION DOCUMENT

1. Information about the Issuer

1.1. General information

The Full Legal Name of the Issuer	«Kazakhstan Utility Systems» LLP.
Legal Form of the Issuer	Limited Liability Partnership.
The Country of Incorporation of the Issuer	• The Company was incorporated and registered on 3 November 2008 in the Republic of Kazakhstan as a Limited Liability Partnership and remains incorporated and registered for 17 years. The Issuer operates under the jurisdiction of the Republic of Kazakhstan. Business Identification Number: 081140000288. • The contact details of the Issuer are: Address: Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor Telephone: +7 7172 576 955 Website: www.kus.kz E-mail: kks.priemnaya@kus.kz

1.2. Investments

Investments made in the annual period ended December 31, 2024:

Karagandy Zharyk LLP:

- Reconstruction of substation 110/35/6 kV Karaganda (according to sch. 110-13 with three 2x40 MVA) continues with the rewiring of the existing 6, 35, 110 kV networks, completion is planned for 2027.
- The construction of a new 110/10 kV Novy Maikuduk substation with a 110 kV overhead line
- Plumbing substation is ongoing, scheduled for completion in 2025.
- Construction of the 110/6 kV Fedorovka substation has begun – completion is planned for 2027.
- Technical modernization of equipment of SS Novyi Gorod has been completed (replacement of the power transformer) – completed in 2024

Total investments in monitoring systems for Karagandy Zharyk LLP:

- The implementation of the SCADA monitoring and alarm system of the lower level of 6/10 kV continues to ensure reliable power supply – completion is planned for 2027.

Karaganda, Temirtau:

- Reconstruction of overhead line 110 kV GPP-1 - Saran substation has begun with calls to Karaganda substation with the following sections: – Overhead line 110 kV GPP-1 - Karaganda substation; - Overhead line 110 kV Saran substation – Karaganda substation - completion is planned for 2027.

Karaganda, Shakhtinsk, Saran, district named after Bukhara-Atyrau:

- Technical modernization of 0.4-6-10 kV electrical networks – in 2024, construction and installation work and reconstruction of 0.4 kV cable and overhead lines with a total length of 19.92 km, 6 (10) kV cables with a total length of 2.86 km and 29 TP 0.4/6 (10) kV were completed.

Investments made in the annual period ended December 31, 2023:

Karagandy Zharyk LLP:

- Work was completed on the examination of design documentation for the construction of the 110 kV Santekhnicheskaya – Novy Maykuduk overhead line, 1st, 2nd circuits. Materials for the construction of the line were purchased.
- Materials were purchased for the construction of the line for the reconstruction of the 110 kV overhead line GPP-1 – Saran.
- Reconstruction work has been completed at the 110/35/10 kV Botanicheskaya SS, 110/6 kV RTI SS, 35/10 kV Komarovskaya SS, 110 kV KarGRES-2 – Temirtauskaya TPP OL, 110 kV OL section, branch to Gorodskaya SS from support No. 113 of the 110 kV KarGRES-2 – Temirtauskaya TPP OL, Central Distribution Substation No. 15.
- Technical modernization work has been completed at the 110 kV outdoor switchgear of the 110/35/6 kV

Astakhovka SS.

- Construction and installation work has been completed at the 110/35/6 kV Karaganda SS.
- Construction and installation work and reconstruction of 0.4 kV cable and overhead lines (COL) with a total length of 12.89 km, 6 (10) kV COL with a total length of 38.79 km, and 28 TP 0.4/6 (10) kV were completed.
- The main works on the hardware and software complex for monitoring, measurements, emergency signaling and communication of the lower level 6/10 kV SCADA (Karaganda) were completed.
- 5 units of off-road vehicles were purchased.
- Fire alarms were installed at 3 substations.
- Preparatory work was completed to replace a damaged power transformer at the Novy Gorod substation.
- A major overhaul of the heating main to RPB-3 was completed.

Mangystau Regional Electricity Network Company JSC:

- Modernization (reconstruction) of the 10 kV switchgear equipment at the 110/10 kV substation GPP-3G was carried out.
- Modernization (reconstruction) of the 6 kV switchgear equipment at the 110/6 kV substation of the Uzen KS with the replacement of 2x10 MVA power transformers with 2x16 MVA.
- Modernization (reconstruction) of the 6 kV switchgear equipment at the 110/10 kV substation Recreation Facility was carried out.

2. Operational and financial overview

2.1. Actual and proposed business activities:

History and description of the main activities and business of the Issuer

The key business areas of the Group are:

- Energy and heat supply: Management and modernization of electricity networks, production and distribution of electricity energy for domestic and industrial consumers.
- Utility infrastructure management: Modernization and maintenance of facilities such as heating plants, pumping stations and other key public utilities.

The Issuer is also actively working to improve the quality of services provided, by introducing new technologies and improving its efficiency of management of utility systems.

Kazakhstan Utility Systems LLP holds a monopoly in the production of thermal power in the regions of Karaganda and East Kazakhstan, the supply of thermal power in the Karaganda region and the transmission of electrical energy in the Karaganda, Turkestan and Mangystau regions. The activities of these enterprises are regulated by the Law of the Republic of Kazakhstan "On Natural Monopolies" dated December 27, 2018, No. 204-VI, and tariffs for these services are subject to approval by the Committee for Regulation of Natural Monopolies, Protection of Competition and Consumer Rights of the Ministry of National Economy of the Republic of Kazakhstan.

History

The Issuer was founded in 2008. By 2011, it gained 100% control of Ontustik Zharyk Transit LLP and Karagandy Zharyk LLP in order to create a vertically integrated energy company. In 2010 the Group became a participant in Karaganda Energy Centre LLP, by making an additional contribution to the authorized capital and redistributing shares among the participants with that increasing its own share in the authorized capital.

In 2011, a number of key decisions were made, including the construction of a new power unit at the Karaganda CHPP with a capacity of 110 MW and 185 Gcal/h, as well as the launch of new substations and automated systems for monitoring and metering electricity. In 2012-2013, the Issuer opened a credit line for Karaganda Energy Centre LLP, began construction of new sludge dumps and substations, and established Energy Centre LLP.

In 2014, the expansion of the Karaganda CHPP continued with the installation of new turbines and boilers. New substations were commissioned and networks were upgraded in the South Kazakhstan region, and a project for the construction of a wind farm was launched.

In 2015, Vetropark Zhuzimdyk LLP was established to diversify the group's activities through the development of alternative energy, 100% of the shares belong to The Issuer. In November 2015, a joint project was implemented in the Karaganda region with the Unified Settlement Center LLP to introduce a single payment document, expand the number of cash registers and introduce an electronic queue system.
Karaganda Energy Centre LLP completed the installation of a new 110 MW power unit at Karagandinskaya CHPP-3, and a trial run of the unit was carried out at full capacity. New contact centers were opened in the Turkestan and Shymkent regions.

In 2016 the Issuer acquired an additional share of 6.54% of Mangystau Regional Electric Grid Company JSC.

During that same year, the international rating agency Fitch Ratings confirmed the long-term issuer ratings of the Issuer at BB- with a stable outlook. The Issuer held its first domestic bond programme placement on the Kazakhstan Stock Exchange (KASE). Additionally, the Issuer was recognized as the No. 1 energy company of 2016 in Kazakhstan during the international competition "Choice of the Year No. 1 in Kazakhstan".

In 2017 The Issuer was able to attract extra financing in the amount of KZT 882.4 million through the successful placement of Securities on the Kazakhstan Stock Exchange (KASE). In March 2017, a credit line was opened in Sberbank SB JSC for the acquisition of 100% shares of AES Middelzee Holding B.V. for 7.2 billion KZT with the loan maturing in March 2024. Electricity generating assets were acquired in East Kazakhstan region, which included Ust-Kamenogorsk TPP and Sogrin TPP, with a combined installed capacity of 447.5 MW. Moreover, an additional 37.5% of the shares for Mangystau Regional Electric Grid Company JSC were purchased, bringing Kazakhstan Utility Systems LLP's total stake in the company to 43.73%.

In 2018, the Issuer acquired an additional 6.77% of Mangystau Regional Electric Grid Company JSC ordinary shares, increasing the Issuer's ownership to 50.19%. by March 2018, Mangystau Regional Electric Grid Company JSC attracted financing from the European Bank for Reconstruction and Development in the amount of KZT 12.3 billion and USD 5.3 million from the special fund of the Green Climate Fund (GCF) for the implementation of the investment program.

Between 2019 and 2024, a series of projects focusing on expanding and modernizing the Group's energy system was undertaken. Ontustik Zharyk Transit LLP has begun construction of a closed substation 110/10-10 kV Iasi with a capacity of 2x40 MVA with 110 kV lines in the city of Turkestan, which was finally commissioned in 2020. Ontustik Zharyk Transit LLP implemented an automated metering system covering 12 high-voltage substations (for wholesale market participants) and a 0.4 kV network covering 3,940 subscribers in Shymkent (for the retail market).

Karaganda Zharyk LLP has completed the construction of the 110/10 kV Tikhonovka substation and the reconstruction of the 110 kV TEC-3 – Karaganda overhead line, as well as the technical modernization of 6-35-110 kV equipment at nine substations.

Mangystau Regional Electric Grid Company JSC completed the construction of a 220 kV Aktau – Karazhanbas power transmission line with a 1x150 MVA autotransformer for VAT-220/110/35/10 kV Karazhanbas. The construction of a 110 kV overhead power transmission line from Uzen-220 kV substation to 110/35/6 kV substation (length 18.7 km) has been completed with the replacement of a 1x40 MVA transformer. The 110 kV switchgear was upgraded to 220/110/10 kV Uzen substation.

Several substations (9 units) and overhead power transmission lines with a voltage of 35 kV and higher (180 km) were purchased. Work on the reconstruction of lines, modernization of substations, installation of new transformers and SCADA systems to improve the management of the energy system has been completed. The projects include the reconstruction and modernization of existing facilities, the construction of new substations and lines, as well as the introduction of digital solutions to improve energy accounting and management.

These steps lead to The Issuer becoming the main supplier of thermal power and electricity in Karaganda, Turkestan, East Kazakhstan, Mangystau regions and Shymkent. The structure of the Kazakhstan Utility Systems LLP consists of a group of companies which include: Karaganda Energy Center LLP, Ust-Kamenogorsk CHPP LLP, Ontustik Zharyk Transit LLP, Karaganda Zharyk LLP, Mangystau Regional Electric Grid Company JSC.

Current situation

The Issuer holds one of the leading positions in the list of energy market in Kazakhstan. The strategic goal of the Group is to become one of the three largest energy companies in Kazakhstan within the next 5 years. The Issuer has achieved significant results, the Group generated more than 41 billion in profit in 2024, compared to just under 36 billion in 2023. The Group was able to continue providing electricity and thermal power generation and electricity transmission in the largest regions of Kazakhstan.

The Group is vertically integrated and is present at all stages of energy production and resource redistribution:

Raw material base → Generation → Transmission → Distribution → Sales

- Raw material base (Diversification of activities from the coal mining industry)
- Generation (Development and expansion of existing generating capacities. Development of alternative and renewable energy sources)
- Transmission (State monopoly)
- Distribution (Modernization of existing electrical networks. Acquisition and development of new electric grid facilities)
- Sales (Increased sales volume. Uninterrupted supply of electricity. Improving the quality of customer service)

Current external factors such as the general economic situation of Kazakhstan are favorable for the Group to continue demonstrating stable growth in the near future, Kazakhstan's GDP showed a growth of 4.4% in 2024 and inflation decreased in 2024 to reach 8.6% compared to 9.8% in 2023.
At the moment The Issuer is ranked among the top 4 in energy installation capacity. The Group serves the regions where 6.6 million people reside in with electricity and thermal power supply services.
The Group controls 32% of the electricity transmission market in the Karaganda region, and 31% of the electricity market, 38.7% of total electricity dispatch from all power stations in the region, and 100% of the heat supply market.
In the Mangystau region, the Group controls 95% of the electricity transmission and distribution market.
In the Turkestan region and Shymkent city, the Group has 68% of the electricity transmission market and 48% of the electricity sales market.
In the East Kazakhstan region, the Group accounts for 25.5% of total electricity dispatch and 83.5% of the heat supply market in Ust-Kamenogorsk. These figures highlight the Group's significant role in Kazakhstan's energy infrastructure.

Shown below, the Group's revenue breakdown by region and activity categories:

thousand KZT	2022	2023	2024
Karaganda region			
Production of electricity	24,210,943	36,889,155	52,883,528
Production of heat energy	1,255,456	1,354,911	6,000,229
Production or sale of chemically purified water	483,674	567,946	426,673
Electrical power market	5,966,440	4,017,015	7,057,381
Transmission of electricity	11,049,700	13,406,710	15,010,989
Sale of electricity	27,779,525	33,062,438	49,295,492
Sale of heat energy	12,272,233	14,924,881	13,763,845
Mangystau region			
Transmission of electricity	16,377,630	17,091,977	24,004,502
Turkestan region and Shymkent			
Transmission of electricity	4,535,415	7,865,294	4,643,055
Sale of electricity	61,449,733	66,079,345	115,697,064
East Kazakhstan region			
Production of electricity	13,415,973	14,657,855	23,415,327
Production of heat energy	8,470,375	9,827,594	12,218,314
Electrical power market	1,888,204	2,032,904	3,771,030
Total	189,155,302	221,778,025	328,187,430

These numbers highlight a strong and consistent growth trajectory in energy production and distribution across the regions.

Future Financials

The Group's management assesses the financial situation as very stable and expects further revenue growth due to tariff increases and the development of new projects. In the near future, the Issuer plans to implement a number of large-scale measures to modernize production facilities aimed at significantly improving the efficiency and reliability of equipment. The implementation of the investment program makes it possible to reduce regulatory technical losses, as well as increase the reliability of electricity supply in the regions covered. The Group implements management innovations and international standards of corporate governance. The emphasis is on stimulating the expansion of the flow of international investments into the Group and the country's energy sector as a whole.
The Issuer also strives to support the development of human capital by building responsible relationships with employees, forming a positive image of the Group and a strong brand.
The Group is actively growing and developing, this growth is expected be reflected in revenue report for 2025.

Concession agreements

Kazakhstan Utility Systems LLP participated in a public-private partnership (PPP), where it performed the role of an operator for the management of power supply infrastructure facilities transferred to it by local executive authorities under concession agreements.

- The role of the operator: the Issuer acts as the operator of the power supply infrastructure facilities, which were transferred to it by local authorities. These facilities are managed under a concession agreement.
- Concession agreements: According to the terms of the concession agreements, the Group does not acquire ownership of the facilities, but only manages them as part of the provision of public services (electricity

transmission). Such agreements are governed by IFRIC 12 on concession agreements for the provision of services.

- Asset accounting: The Group does not recognize the transferred objects as part of its fixed assets and keeps them separately, which means that these objects remain in the ownership of local executive bodies, and the Group only manages them.
- Responsibilities of the Group: The Group is obliged to effectively manage the transferred facilities, ensure their safety and carry out operational management and maintenance for the provision of electricity on behalf of the local executive body within the prescribed period.
- Reimbursement of expenses and losses: The Group is entitled to reimbursement of necessary expenses related to the operation of facilities. It can also include technical losses on transferred facilities in the volume of regulatory technological losses.
- Revenue recognition: Revenue from the use of these infrastructure facilities is recognized in accordance with International Financial Reporting Standards (IFRS) 9, which relate to revenue from contracts with customers.

Sales companies

According to the Law of the Republic of Kazakhstan dated July 8, 2024, No. 121-VIII "On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Issues of Heat Energy, Electric Power, and Regulated Services" (as amended on December 31, 2024), changes were made to the Law of the Republic of Kazakhstan "On Electric Power Industry".

Under these amendments, the activities of electricity sales companies were terminated. As of January 1, 2025, KaragandyZhylyuSbyt LLP has been merged with Karagandy Zharyk LLP (a subsidiary of Kazakhstan Utility Systems LLP). Additionally, the licenses of Energopotok LLP and Settlement Service Center LLP have been revoked. Karagandy Zharyk LLP and Ontustik Zharyk Tranzit LLP have obtained licenses for the sale of electricity and electricity sales activities have been transferred to these companies.

Infrastructure

The Group has an extensive infrastructure, power plants including power lines, a good network of roads suitable for operation in any weather, and staff with experience in the energy and utility industries.

Transmission and distribution of electric power:

- The length of overhead lines of 0.4-220 kV is more than 33,000 km;
- The length of 0.4–110 kV cable lines is more than 2,500 km;
- The number of substations is more than 430 units.
- Installed electric capacity of power plants: 1066,5 MW;
- Installed thermal capacity of power plants: 2 683,9 Gcal/h.

Staff

As of December 31, 2024, the total number of employees of the Group's enterprises is 8,597, this is an increase in 90 employees compared to December 31, 2023 which had a total number of 8,507 employees.

Key Contracts and Procurement Overview

The Issuer’s main contracts include the purchase of equipment and the performance of repairs, such as the modernization of equipment at substations and power transmission lines, the introduction of automatic control and metering systems for electricity, as well as maintenance of high-voltage lines and repair of distribution points. The volume of purchases of goods and services by natural monopolies in 2024: Karaganda Energy Center LLP — 65.5 billion tenge, Ust-Kamenogorsk TPP LLP — 31.8 billion tenge, Ontustik Zharyk Transit LLP — 7.2 billion tenge, Karagandy Zharyk – 23.4 billion tenge.

Main customers

The main retail clients of the Kazakhstan Utility Systems consist of more than 1,261 million individuals and more than 45,000 legal entities, including industrial companies and energy organizations spread across 4 regions in Kazakhstan. Major wholesale industrial clients and energy companies include, ArcelorMittal Temirtau JSC, Kazakhmys LLP, as well as other significant consumers such as Ulba Metallurgical Plant JSC, Akmola Electric Grid Distribution Company JSC. The Group also serves governmental, quasi-governmental and regional organizations such as Kazakhstan Temir Zholy, public utilities, airports and other organizations.

Competition

The Group operates in the energy sector of Kazakhstan, which is actively developing and which is becoming more competitive each year.
The main competitive advantages of the Group are:

- Strategic importance: The Group provides electricity and heat supply to regions inhabited by 6.6 million people.
- Vertical integration: combining the processes of production, transmission and sale of electricity allows for maximum efficiency in the provision of services.
- Conclusion of long-term contracts: this attracts large industrial consumers with long-term development plans.
- Attractiveness for investors: The Group has established itself as a reliable issuer of debt obligations in the securities market of Kazakhstan.
- Generation development: increasing capacity and upgrading existing facilities.
- Renewable energy sources: Implementation of alternative solutions for sustainable development.

The main competitors of the Issuer are:

- Ekibastuz SDPS -1,
- Eurasian Energy Corporation,
- Sevkazenergo and other energy companies in Kazakhstan.

Due to the growing competition, the Group is facing various challenges, such as:

- The constant need to comply with regulatory requirements.
- Ensuring the safety of energy supply in an aging infrastructure.
- Attracting and retaining qualified personnel in a highly competitive labor market.

2.2. Risk factors

Depending on the sources of occurrence and potential impact, the Issuer identifies the following types of main risks:

- Financial Risk

Tariffs
*The*re is no certainty that the price of electricity (kWh) or water consumption will decrease, remain the same, or rise. Any, even relatively small, reduction in the price of electricity consumption in kWh can lead to a decrease in revenue and net profit, negatively affect the Issuer's ability to plan capital expenditures or incur expenses necessary to cover project costs related to the introduction of new production facilities. All of which together can significantly affect the Issuer's business, prospects, financial condition, cash flows and results of operations.

Foreign exchange rates and interest rates:
When purchasing equipment, fuel or other resources abroad, the Issuer may face risks related to currency fluctuations. For example, if purchases are made in US dollars or euros, and the Issuer's revenues are in tenge, fluctuations in exchange rates can affect the cost of purchases and profitability. High duties or taxes may be imposed on goods imported from abroad. This increases the cost of purchases and may reduce the profitability of the business. If the supplier country is subject to international sanctions or other economic restrictions, the Issuer may face problems with the procurement or transportation of goods. High interest rates can negatively affect business performance and its ability to grow and increase profitability.

Cost of Capital and Capital Expenditure:
The energy industry is a capital-intensive industry and requires capital expenditures for maintenance, modernization and development, construction of new power transmission lines and power plants, maintenance and construction of transformers and generators, construction of water intake and pumping stations, and implementation of monitoring systems. If the Issuer is unable to obtain the necessary financing from international or domestic banks or capital markets, it may have to reduce planned capital expenditures or reduce, suspend or abandon certain projects, which may negatively affect the Issuer's ability to expand its operations. If such cuts are severe enough, the Issuer may not be able to maintain its operations at the current level. The Issuer will control its capital expenditures and optimize non-essential costs for its future development.

- Regulatory Risk

The Issuer's business is subject to regulatory risks, the Issuer may face various regulatory risks from the government, for example, a ban on increasing the cost of tariffs or other services provided, or new laws may be introduced.
Although the management believes that the Issuer carries out its main activities in accordance with all applicable laws and other regulations, and there is no guarantee that new rules, laws and other regulations will not be adopted or that

current or future regulations will not be applied in a way that will lead to a reduction or restriction of activities for the construction of new power grids or will limit the Issuer's business development or otherwise will affect its operations. Changes and additions to existing rules, laws, and other regulations governing the utility sector, or stricter compliance with or interpretation of such rules, laws, and other regulations, may have a significant negative impact on the Group's business, operating results, and financial condition in the form of additional compliance costs.

- Geographical and Political Risk

All activities and assets of the Group are based in Kazakhstan. Accordingly, the Group is significantly affected by the prevailing legal, economic and political conditions in Kazakhstan.
Kazakhstan became an independent sovereign state in 1991 as a result of the collapse of the Soviet Union. Since then, significant changes have taken place in Kazakhstan, and the country has moved from a one-party political system and a centralized administrative and command economy to a market-oriented economy. The transition period was initially marked by political uncertainty and tension, an economic downturn accompanied by high inflation, instability of the national currency, and rapid but incomplete changes in the legal framework. Since 1992, Kazakhstan has been actively pursuing an economic reform program aimed at creating a free market economy through the privatization of state-owned enterprises. However, as with any economy in transition, there is no certainty that these reforms will continue or that they will achieve all or any of the goals set.
Kazakhstan's financial sector continues to experience instability and remains tense. The impact of such instability and tension is also affecting the energy sector market. This is especially true for small and medium-sized businesses, while large companies and state-owned enterprises still have access to funds from offshore investors, but in a more limited volume and on less favorable terms. Any liquidity problems may have a negative impact on the development of the Kazakh economy, which, in turn, may significantly affect the Group's prospects, business, financial condition and results of operations.

- Technological Risk:

The inability to support technological modernization and adapt to more technologically intensive energy production products can lead to a significant decline in market share.
It will be necessary to actively modernize its infrastructure in the future, upgrade equipment to increase efficiency and reduce costs. Continuously optimize your costs and keep competitive prices by reducing costs. The Issuer will need to constantly invest in innovation, introducing new technologies and developing eco-friendly solutions. This will be required in order to expand the customer base in the future, concluding long-term contracts with key consumers and expanding partnerships. Technological and innovative challenges will always be close to energy companies.

The risk associated with occupational health and safety (TB) and industrial safety (OT).
Occupational safety at enterprises in the energy sector is crucial, given the high risks associated with working at hazardous and high-voltage facilities, as well as possible accidents, accidents and violations of safety standards. Effective management of these risks is crucial to ensure the smooth operation of the Issuer and its subsidiaries, protect the lives and health of employees, and minimize legal and financial consequences. Injury and accident risks: In the electric power industry, workers face potential hazards associated with high-voltage equipment, currents, hot surfaces, heavy mechanical devices, dangerous chemicals, and potentially explosive environments. Accidents such as electric shock, burns, and injuries during equipment maintenance can have serious consequences for employees. These incidents can also lead to prolonged downtime, which will affect the Group's financial results.
Lack or insufficiency of briefings and training: Insufficient safety training for employees, late training and certification at the workplace, or lack of regular briefings can lead to improper performance of work and emergency situations.

- Environmental Risk

The Group's activities are subject to environmental risks and the Group is required to comply with environmental laws and other regulations, which may be amended.
An electric power company can create environmental risks, including greenhouse gas emissions, pollution of the atmosphere, water and soil during the operation of thermal power plants, as well as the use of natural resources such as water and fossil fuels. Thermal pollution, chemical emissions, industrial waste, and ecosystem disruption due to coal, oil, and gas extraction pose a threat to the environment. Risks are also associated with fuel spills, destruction of infrastructure, accidents at facilities, as well as the impact on public health and public discontent due to the deteriorating environmental situation. These factors can lead to legal and financial consequences, deterioration of the Group reputation and require the introduction of environmentally sound technologies, compliance with norms and standards, effective waste management and the transition to renewable energy sources.

- Legal and Operational Risk

The Issuer’s business may be damaged if the Issuer does not maintain or extend the necessary permits and contracts for its existing or future customers.
There are no guarantees regarding the terms of any such permits, licenses, and contracts for conducting its core business, and there is no assurance that existing or future permits, licenses, and contracts for core business will be renewed, or even if they are renewed, there can be no certainty about the terms under which they will be updated. It is quite possible that in case of significant non-compliance with the terms of such permits (including the obligation to constantly pay money to maintain a good reputation) the Issuer risks losing its right to obtain such permits.

2.3. Production and sales trends

The Group demonstrates stable growth, a significant part of its revenue comes from the sale of electricity, which is about 73% of total revenue, which in 2024 provided an increase of 60%, reaching 241.2 billion tenge due to favorable tariff conditions and changes in the rules on the electricity market. Electricity transmission services brought in 43.7 billion tenge, an increase of 14%, and revenues from the sale of thermal energy amounted to 31.9 billion tenge, which was also the result of a 23% increase. At the same time, revenues from ensuring the availability of electric power increased by 79%, amounting to 10.8 billion tenge. The Group’s net profit in 2024 amounted to 39.8 billion tenge, an increase of 25% compared to 2023, and gross profit increased to 82.8 billion tenge. The Group’s total revenue increased by 47%, reaching 328.6 billion tenge, which was facilitated by changes in the tariff growth and sales volume. In the future, the Group intends to continue its growth, relying on an increase in electricity sales, improved tariff conditions, the introduction of new capacities and equipment upgrades, which will increase profitability and resilience to market fluctuations.
Kazakhstan Utility Systems LLP’s management positively assesses the Group’s prospects and sees the potential for growth in electricity demand in Kazakhstan, which may become an additional point of business growth.

The Issuer confirms that there has been no material adverse change relating to the information referred to in this section since the date of last published financial statements.
For more detailed financial information about the Group please see Schedule 2 of this Prospectus.

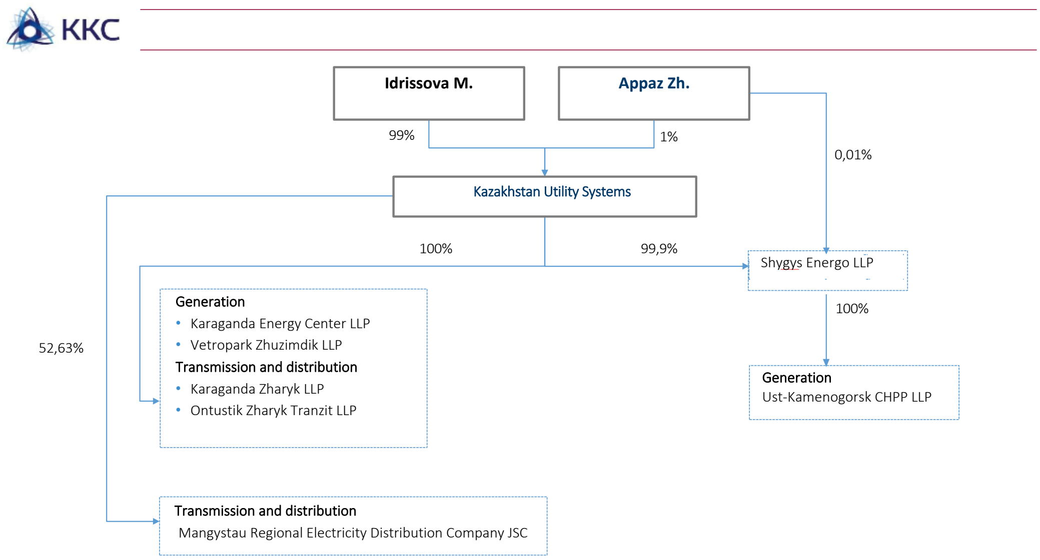
3. Articles of Association and organizational structure

3.1. Articles of Association

Objectives and purposes of the Issuer and where they can be found in the Article of Association
The Issuer's tasks and goals can be found in paragraph 4 of the Constitution, which were approved by the decision of the Issuer's Sole Member dated December 7, 2023, and mainly relate to the generation of electricity and heat, transmission and distribution of energy, and the sale of electricity.

3.2. Group structure

Kazakhstan Utility Systems is a Limited Liability Partnership which operates as a holding that incorporates a group of companies that facilitate its activities.



As of January 1, 2025, KaragandyZhylyuSbyt LLP has been liquidated and merged with Karagandy Zharyk LLP (a subsidiary of Kazakhstan Utility Systems LLP). Additionally, the licenses of Energopotok LLP and Settlement Service Center LLP have been revoked.

4. Material contracts

Sales and purchase agreements for future products/Major customers
The Group's main contracts include the purchase of equipment and the performance of repairs, such as equipment upgrades at substations and power transmission lines, the introduction of automatic control and metering systems for electricity, as well as maintenance of high-voltage lines and the restoration of distribution points. In 2023, the volume of purchases of monopoly organizations amounted to: Karaganda Energy Center LLP — 78.8 billion tenge, Ust-Kamenogorsk TPP LLP — 31.6 billion tenge, Ontustik Zharyk Transit LLP — 14.8 billion tenge.

The Group's current contracts:

The following major contracts of Kazakhstan Utility Systems LLP:
1) Karaganda Energy Center LLP: An agreement for the purchase by a single buyer of electric energy from energy-producing organizations with RFC LLP, the planned amount for 2025: 49.9 billion tenge; An agreement for the purchase of services to maintain the availability of electric power with existing energy-producing organizations, with RFC LLP, the planned amount for 2025: 8 billion tenge; A supply agreement thermal energy from Teplotransit Karaganda LLP, amount planned for 2025: 12.1 billion tenge;
2) Ust-Kamenogorsk CHPP LLP:
- Contract for the purchase by a single buyer of electricity from energy-producing organizations with RFC LLP;
- Contract for the provision of thermal energy production services No. 1178-KPTE with Kazzinc-TemirTrans LLP;
- Contract for the provision of thermal energy production services No. 1176-KPTE with JSC Ulba Metallurgical Plant;
- Contract for the provision of thermal energy production services No. 1175-KPTE with Kazzinc LLP;
- Contract for the provision of thermal energy production services No. 1174-KPTE with Shygys Zhylu JSC;

3) Ontustik Zharyk Transit LLP's contracts for electric power transmission service with:
- Shymkent Temir LLP
- KAS-Beton LLP
- Soyuz Metallservice LLP
- Rakhat-Shymkent LLP
- EuroCrystall LLP
- Bumprom LLP;

4) Contracts for the provision of services for the transmission of electric energy through the networks of Karaganda Zharyk LLP for 2025:

- No. 44/362-2-JUR dated December 27, 2024 with KRAK LLP;
- No. 91/362-6-jur dated December 27, 2024 with KTZ JSC;
- No. 105/353-3-JUR dated 12/19/2024 with JSC "KTZ-Freight transportation";
- No. 120/353-12-jur dated 12/19/2024 with LLP "Tengri Tyres";
- No. 124/353-8-JUR dated 12/19/2024 with Lad Komir LLP

There are no significant contracts beyond the ordinary course of the Issuer's business.

5. Share capital

As of 31 March 2025, the registered and paid charter capital of the Issuer amounted to 11,636,404 thousand tenge.

6. Management of the Issuer

6.1. Details relating to the Board of Directors and senior managers ("Key Persons")

Name, position and business address	Functions and principal activities
Dinmukhammet Idrisov, Chairman of the Supervisory Board of Kazakhstan Utility Systems LLP Republic of Kazakhstan, Astana, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor.	Organizes the work of the Supervisory Board, creating conditions for the free expression of opinions by members of the Supervisory Board and open discussion of issues on the agenda; Convenes meetings of the Supervisory Board, including preparing the agenda of meetings and chairing them, as well as organizing absentee voting of members of the Supervisory Board in cases stipulated by the Articles of Association; Ensures effective communication with the Participants; Ensures the development of optimal solutions on the issues on the agenda of meetings of the Supervisory Board; Organizes the work on the creation of committees of the Supervisory Board, the nomination of members of the Supervisory Board to the committees, and coordinates the activities of the committees with each other and with other bodies and officials of the Company;
Vladimir Usenko, Member of the Supervisory Board of Kazakhstan Utility Systems LLP Republic of Kazakhstan, Astana, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor	Group management in accordance with the constitution; Organization of work of the Supervisory Board and exercising overall control over the implementation of decisions of the Supervisory Board; Responsibility for formation of the agenda of meetings of the Supervisory Board; Convening meetings of the Supervisory Board and preside at them; Organization the development of the most effective decisions on items on the agenda; Taking all necessary measures to timely furnish information required for making decisions on the agenda to members of the Supervisory Board; Organization of minutes taking at meetings of the Supervisory Board, sign them, and be responsible for correctness and timeliness of drawing up of minutes; Performing other functions in accordance with the requirements of the existing legislation of the Republic of Kazakhstan and decisions of the Supervisory Board
Dinmuhamed Baizhanov, Member of the Supervisory Board of Kazakhstan Utility Systems LLP Republic of Kazakhstan, Astana, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor	Group management in accordance with the constitution; Organization of work of the Supervisory Board and exercising overall control over the implementation of decisions of the Supervisory Board; Responsibility for

	formation of the agenda of meetings of the Supervisory Board; Convening meetings of the Supervisory Board and preside at them; Organization the development of the most effective decisions on items on the agenda; Taking all necessary measures to timely furnish information required for making decisions on the agenda to members of the Supervisory Board; Organization of minutes taking at meetings of the Supervisory Board, sign them, and be responsible for correctness and timeliness of drawing up of minutes; Performing other functions in accordance with the requirements of the existing legislation of the Republic of Kazakhstan and decisions of the Supervisory Board
Ergali Begimbetov, Member of the Supervisory Board of Kazakhstan Utility Systems LLP Republic of Kazakhstan, Astana, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor	Group management in accordance with the constitution; Organization of work of the Supervisory Board and exercising overall control over the implementation of decisions of the Supervisory Board; Responsibility for formation of the agenda of meetings of the Supervisory Board; Convening meetings of the Supervisory Board and preside at them; Organization the development of the most effective decisions on items on the agenda; Taking all necessary measures to timely furnish information required for making decisions on the agenda to members of the Supervisory Board; Organization of minutes taking at meetings of the Supervisory Board, sign them, and be responsible for correctness and timeliness of drawing up of minutes; Performing other functions in accordance with the requirements of the existing legislation of the Republic of Kazakhstan and decisions of the Supervisory Board
Appaz Zharmukhamed, Member of the Supervisory Board of Kazakhstan Utility Systems LLP Republic of Kazakhstan, Astana, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor.	Group management in accordance with the constitution; Organization of work of the Supervisory Board and exercising overall control over the implementation of decisions of the Supervisory Board; Responsibility for formation of the agenda of meetings of the Supervisory Board; Convening meetings of the Supervisory Board and preside at them; Organization the development of the most effective decisions on items on the agenda; Taking all necessary measures to timely furnish information required for making decisions on the agenda to members of the Supervisory Board; Organization of minutes taking at meetings of the Supervisory Board, sign them, and be responsible for correctness and timeliness of drawing up of minutes; Performing other functions in accordance with the requirements of the existing legislation of the Republic of Kazakhstan and decisions of the Supervisory Board
Dauletkhan Kilybaev, Member of the Supervisory Board of Kazakhstan Utility Systems LLP Republic of Kazakhstan, Astana, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor.	Group management in accordance with the constitution; Organization of work of the Supervisory Board and exercising overall control over the implementation of decisions of the Supervisory Board; Responsibility for formation of the agenda of meetings of the Supervisory Board; Convening meetings of the Supervisory Board and

	preside at them; Organization the development of the most effective decisions on items on the agenda; Taking all necessary measures to timely furnish information required for making decisions on the agenda to members of the Supervisory Board; Organization of minutes taking at meetings of the Supervisory Board, sign them, and be responsible for correctness and timeliness of drawing up of minutes; Performing other functions in accordance with the requirements of the existing legislation of the Republic of Kazakhstan and decisions of the Supervisory Board

The shareholders of Kazakhstan Utility Systems LLP have familial relationships. Specifically, Magda Idrissova, who holds 99% of the Issuer's issued share capital, is the parent of Zharmukhamed Appaz, who holds 1% of the Issuer's issued share capital. Additionally, Dinmuhamet Idrisov who is the Chairman of the Supervisory Board, is the husband of the shareholder Magda Idrissova and the parent of Zharmukhamed Appaz.

These relationships may result in aligned decision-making on corporate matters, including governance, strategic direction, and voting at general meetings. However, the Company operates under a structured corporate governance framework designed to ensure that all decisions are made in the best interests of the Company and its stakeholders.

As of the date of this Prospectus, Dinmuhamet Idrissov, the Chairman of the Supervisory Board, is undergoing certain court proceedings. These proceedings relate to financial disputes regarding other companies he is part of. It is important to note that Dinmuhamet Idrissov and the relevant parties have agreed on a repayment schedule, and, to date, all payments have been duly made in accordance with the arbitration proceedings. The Issuer continues to monitor the status of these obligations to ensure full compliance.
In addition, as of the date of this Prospectus, the Issuer confirms that these legal proceedings do not have a material adverse impact on its financial position, operations, or ability to meet its obligations under the bonds. The Issuer maintains a robust governance framework to ensure transparency and separation between personal matters of shareholders and the company's financial stability.

None of the Key Persons mentioned above have been convicted of fraud or financial crimes in the last five years.

Dinmuhamet Idrisov – Chairman of the Supervisory Board.

Idrisov Dinmukhamet Appazovich was born on December 29, 1964. Currently, he lives in Almaty, at 313 Dostyk Avenue. Idrisov began his education in 1989, when he entered the Alma Ata branch of the Ust-Kamenogorsk Construction and Road Institute. In 1999, he completed his studies at the Kazakh State Academy of Management. In 2002, Dinmukhamet Appazovich completed postgraduate studies at the Scientific Research Institute of Building Materials and became a Doctor of Technical Sciences. In 2006, he became an academician of the Engineering Academy of the Republic of Kazakhstan. In Idrisov's professional career, the most important stages are connected with his leadership activities in various organizations. From April 1, 2010 to March 12, 2019, he served as Chairman of the Supervisory Board of Ordabasy Group LLP, and from February 2014 to the present, he has been Chairman of the Supervisory Board of Kazakhstan Utility Systems LLP. Also, from March 13, 2019 to September 2021, he headed the Board of Ordabasy Group LLP, and then returned to the post of Chairman of the Supervisory Board of the Issuer, which he still holds. In the period from 2009 to 2012, Idrissov was a member of the Board of Directors of Amanat Insurance Company, and from 2007 to 2010, he was a member of the Council of Entrepreneurs under the President of the Republic of Kazakhstan. In 1997, he became the founder and President of Alma-Oil and Ordabasy companies. From 1996 to 1997, Dinmukhamet Appazovich also held the position of director at Karaspan.

Vladimir Usenko – Member of the Supervisory Board.

Vladimir Ivanovich Usenko was born on June 7, 1960 in the Donetsk region of the Ukrainian SSR, in the village of Voikovo. In his professional life, he has significant experience in the energy industry, which began with his education at the Odessa Polytechnic Institute of the Order of the Red Banner of Labor, where he specialized in thermal power plants. He also holds a certificate for operational management of the Unified Energy System of the Republic of Kazakhstan, which confirms his high qualifications in the field of energy.

Since 2003, Vladimir Ivanovich worked as a senior dispatcher at the regional dispatch center of KEGOC JSC, responsible for coordinating the work of the Almaty interregional electric networks until March 2008. Later, his career in the energy sector continued to develop: from September 2008 to September 2008, he was the head of the Department of electric power Plants at Kazakhstan Utility Systems JSC, after which, from January 2009 to January 2010, he headed the corporate governance department at the same company. From January 2010 to June 2023, Vladimir Ivanovich held the position of

Technical Director of Kazakhstan Utility Systems LLP, where he ensured the effective functioning of the Issuer's technical processes. Since June 2023, he has been a member of the Supervisory Board of Kazakhstan Utility Systems LLP, where he continues to exert strategic influence on the development of the Group and the industry as a whole.

Dinmuhamed Baizhanov – Member of the Supervisory Board.

Bayzhanov Dinmuhamed Orynbasarovich was born on November 29, 1985 in Shymkent, Kazakh SSR. He has a higher education, having graduated from Al-Farabi Kazakh National University, where he received a bachelor's degree in Finance from the Higher School of Economics and Business. Dinmukhamed began his career in 2009, when he joined the international audit network EuraAudit International in Kazakhstan, where he worked first as head of the Department of Advanced Training and Methodology, and then as Deputy Director.
From 2011 to 2014, he held the position of Chief Internal Auditor and Head of the holding's Internal Audit Service at Ordabasy Group, where he established himself as a professional capable of organizing and ensuring effective internal auditing of processes. In 2014, he continued his career at the same company, becoming Managing Director for Development programs, and two years later, in 2016, he was appointed First Deputy Chairman of the Board of Ordabasy Group LLP. Since September 2021, Dinmukhamed Baizhanov has become chairman of the Issuer's Management Board, and continues to work as a member of the Supervisory Board of Kazakhstan Utility Systems LLP, to which he has been included since July 2021. Working in these positions, he is actively involved in the strategic management and development of the holding, as well as in solving key business issues at the industry level

Appaz Zharmukhamed - Member of the Supervisory Board.

Appaz, born on September 16, 1994, is a graduate of Northeastern University's D'Amore-McKim School of Business with a degree in production management. He began his career as an economist at JSC "AK Altynalmas" in 2017 before taking on a role as Director of Corporate Development at AltynEx Company JSC from 2017 to 2018. In 2020, he became Sales Director at Kazakhstan Utility Systems LLP, later advancing to the position of Member of the Supervisory Board in July 2021, where he continues to contribute to the Issuer's strategic leadership.

Dauletkhan Kilybaev - Member of the Supervisory Board.

Dauletkhan born on July 9, 1976, is a seasoned professional with extensive experience in investment banking and financial management. He earned his MBA from Vanderbilt University's Oyen Business School in 2002 and specialized in Financial Management at the Financial Academy under the Government of the Russian Federation. Kilybaev's career spans roles in prestigious financial institutions, starting as Deputy Head of the Legal Department at Astana Finance JSC from 1998 to 2001, before moving to prominent positions such as Deputy Head of Investment Banking at Renaissance Capital in Moscow and Vice President of Structured Products at Credit Suisse in London. He later served as Deputy Chairman of the Management Board at the Development Bank of Kazakhstan from 2011 to 2014, followed by a role as Chief Investment Officer at Al Falah Capital Partners. Since July 2021, he has been a Member of the Supervisory Board at Kazakhstan Utility Systems LLP, contributing to strategic oversight and governance.

Ergali Begimbetov - Member of the Supervisory Board.

Ergali born on April 23, 1972, in Alma-Ata, Kazakhstan, is an experienced leader with a background in automation engineering and financial management. He graduated from the Almaty Power Engineering Institute in 1994 and further enhanced his expertise through various professional courses, including finance and accounting for non-financial managers at ARTHUR ANDERSEN and Ernst and Young. Begimbetov has held numerous senior positions in the insurance and banking sectors, including Chairman of the Management Board at Amanat Insurance Company JSC from 2015 to 2020, and Chairman of the Management Board of JV JSC "IC London-Almaty" from 2003 to 2015. He also served as Advisor to the Chairman of JSC "Bank Turan Alem" and held leadership roles at JSC "Insurance Company 'KBS Garant'." Since July 2021, he has been a Member of the Supervisory Board at Kazakhstan Utility Systems LLP, contributing to its strategic development and governance.

Sabyrgali Idrisov – Chief Executive Officer

Sabyrgali born on March 15, 1972, has a higher education, having graduated from the Obninsk Institute of Atomic Energy in 1995 with a degree in physics and thermal power engineering. His career in the energy sector began with working in various senior positions at KaragandyZhyluSbyt LLP and Karaganda CHPP-3, where he worked his way up from Deputy Technical Director to Commercial Director. In 2007-2009, he headed KaragandyZhyluSbyt LLP, and then from 2009 to 2010 he served as Deputy Chairman of the Committee on State Energy Supervision of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan. In 2010-2012, he returned to Karaganda Energy Center as General Director, after which, from 2012 to 2014, he held the senior administrative position of Deputy Akim of the Karaganda region. In 2017-2021, Idrissov worked in senior positions in the quasi-public sector, and from March 2021 to May 2023, he was the General Director of Ust-Kamenogorsk CHPP LLP. Since June 2023, he has been the head of Kazakhstan Utility Systems LLP.

Conflict of interest

To the best of the Issuer's knowledge there are no conflict of interests between the personal interests of any Key Person mentioned above and that of the duties such persons owed to the Issuer or interests of the Issuer.

The Issuer has a policy on conflict of interest in place, which is applicable to all of the companies within the Group.

6.2. Other information relating to Key Persons

The Issuer has four committees to facilitate the active discussion and comprehensive analysis of individual issues:

1. Audit Committee
2. Committee on Finance and Investment
3. Strategy Committee
4. Committee for Digitalization

The competence of the Audit Committee;

The Audit Committee evaluates the Issuer's financial statements, internal control and risk management systems, and the independence and effectiveness of external and internal audit. It is also responsible for guaranteeing that the Issuer adheres to the legislation of the Republic of Kazakhstan.

The Finance and Investment Committee is tasked with evaluating investment projects, attracting financing, and establishing an effective assessment of the funds obtained. Additionally, it exercises control over the financial and economic activities of the Issuer. It convenes at least once every quarter.

The Strategy Committee makes recommendations on issues of determining strategic and priority areas of development of the Issuer, and also assesses the prospects of investment projects and their impact on increasing the value of the Issuer. It meets at least once every six months.

The Digitalization Committee makes recommendations on issues of formation and approval of IT budgets, acquisition and implementation of software products, telecommunications.

The Issuer has Corporate Governance Code approved by the decision of the General Director of Kazakhstan Utility Systems LLP Sabyrgali Idrissov dated Astana, 2025 which complies with applicable legislation of Republic of Kazakhstan.

7. Financial information about the Issuer

7.1. Historical financial information about the Issuer

Consolidated Statement of Financial Position

in thousands of Tenge	3M 2025 - Unaudited	31 December 2024 - Audited	3M 2024 - Unaudited	31 December 2023 - Audited	31 December 2022 - Audited (As revised*)
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	320,854,264	319,149,016	286,818,604	285,669,636	264,946,652
Intangible assets	-	1,242,929	-	1,295,443	311,657
Right-of-use assets	8,824	30,677	489,139	507,997	808,672
Advances paid	6,935,800	5,739,296	331,950	380,122	398,125
Loans given to related parties	39,746,634	48,198,833	82,280,453	80,933,523	75,531,003
Other non-current assets	1,692,050	329,363	1,615,742	339,910	399,414
Deferred tax assets	325,045	1,399,850	-	348,876	271,832
Total non-current assets	369,562,617	376,089,964	371,535,888	369,475,507	342,667,355
CURRENT ASSETS					
Trade accounts receivable	52,953,170	37,934,096	35,232,302	25,683,173	21,081,166
Inventories	10,374,813	8,935,255	7,772,098	7,845,574	5,765,609
Loans given to related parties	36,319,610	48,835,849	2,581,078	3,263,095	2,607,352
Advances paid	1,308,676	1,135,079	1,212,099	1,106,242	557,745
Prepaid corporate income tax	1,197,137	953,482	1,213,564	1,120,894	682,005
Other current assets	1,497,343	1,887,169	2,605,909	2,165,703	2,189,242

Cash and cash equivalents	18,160,605	5,435,576	8,799,307	3,897,828	2,544,372
Other taxes to be reimbursed	739,142	-	1,107,225	-	-
Total current assets	122,532,496	105,116,506	60,523,582	45,082,509	35,427,491
TOTAL ASSETS	492,095,113	481,206,470	432,059,470	414,558,016	378,094,846
EQUITY AND LIABILITIES					
EQUITY					
Charter capital	11,636,404	11,636,404	11,636,404	11,636,404	11,636,404
Additional paid-in-capital	9,239,137	9,239,137	9,239,137	9,239,137	9,239,137
Retained earnings	271,369,172	240,343,765	226,412,464	207,527,154	169,930,356
Equity attributable to owners of the Company	292,244,713	261,219,306	247,288,005	228,402,695	190,805,897
Non-controlling interests	22,803,557	21,005,733	18,424,599	17,586,184	16,393,140
Total equity	315,048,270	282,225,039	265,712,604	245,988,879	207,199,037
NON-CURRENT LIABILITIES					
Borrowings and bonds	25,051,265	3,130,529	46,217,143	9,970,265	11,939,352
Deferred tax liabilities	39,692,182	39,507,104	38,539,256	38,678,705	35,654,067
Lease liabilities	-	-	-	293,734	551,718
Other non-current liabilities	3,495,738	3,407,131	3,618,055	3,308,469	3,132,322
Total non-current liabilities	68,239,185	46,044,764	88,374,454	52,251,173	51,277,459
CURRENT LIABILITIES					
Borrowings and bonds	38,016,755	83,009,910	19,078,277	66,674,447	84,713,575
Trade accounts payable	54,120,519	50,615,276	34,445,162	40,223,416	25,700,437
Lease liabilities	-	14,148	-	320,719	349,846
Other accounts payable and accrued liabilities	10,124,933	15,374,898	19,280,803	7,094,291	6,637,359
Other taxes payable	5,995,288	2,887,701	4,872,988	1,943,970	1,869,054
Corporate income tax payable	590,163	1,034,734	295,182	61,121	348,079
Total current liabilities	108,807,658	152,936,667	77,972,412	116,317,964	119,618,350
TOTAL LIABILITIES	177,046,843	198,981,431	166,346,866	168,569,137	170,895,809
TOTAL EQUITY AND LIABILITIES	492,095,113	481,206,470	432,059,470	414,558,016	378,094,846

Consolidated Statement of Profit or Loss

In thousands of Tenge	3M 2025 – Unaudited	2024 - Audited	3M 2024 - Unaudited	2023 - Audited (As revised) *	2022 - Audited (As revised) *
Revenue	114,278,237	328,594,688	87,603,559	222,778,623	189,436,172
Cost of Sales	(81,206,278)	(245,754,063)	(62,204,553)	(173,308,364)	(142,416,330)
Gross Profit	33,071,959	82,840,625	25,399,006	49,470,259	47,019,842
General and administrative expenses	(4,967,126)	(14,985,459)	(3,900,675)	(11,691,307)	(10,512,188)
Selling expenses	(2,025,554)	(5,818,978)	(1,381,924)	(5,316,431)	(4,491,898)
Finance costs	(1,625,913)	(17,240,527)	(2,339,312)	(11,673,001)	(11,788,489)
Finance income	468,636	6,609,797	1,547,897	6,135,810	6,966,336
Other income	2,253,332	2,866,859	333,083	2,255,603	2,932,823
Other expenses	-	(3,081,512)	-	(1,374,356)	(2,251,013)
Allowances for Credit Losses	-	(2,145,675)	-	(672,619)	-
Foreign exchange gain/(loss), net	781,031	891,718	1,866,352	13,312,291	(7,519,321)
PROFIT BEFORE INCOME TAX	27,956,365	49,936,848	21,524,517	40,446,249	20,356,092
Income tax expenses	(2,362,723)	(10,140,409)	(1,793,576)	(8,583,762)	(6,706,020)
NET PROFIT FOR THE YEAR	25,593,642	39,796,439	19,730,941	31,862,487	13,650,072

Consolidated Statement of Cash Flows

in thousands of Tenge	3M 2025 (Unaudited)	2024 (Audited)	3M 2024 (Unaudited)	2023 (Audited)	2022 (Audited)
OPERATING ACTIVITIES					
Sale of goods and services	119,158,830	353,164,602	89,438,964	243,755,454	210,267,207
Other proceeds	5,389,494	2,273,147	1,183,011	1,614,520	2,108,646
Total cash inflow	124,548,324	355,437,749	90,621,975	245,369,974	212,375,853
Payments to suppliers for goods and services	(75,646,703)	(220,734,357)	(52,934,503)	(146,874,048)	(121,239,278)
Salary payments	(8,049,003)	(33,142,542)	(7,064,171)	(25,411,628)	(20,031,316)
Other payments to the budget	(7,682,640)	(21,703,007)	(5,691,335)	(20,053,300)	(17,660,431)
Charity payments	-	-	-	-	(685,339)
Other payments	(4,577,363)	(3,777,565)	(2,528,079)	(3,241,133)	(3,980,141)
Total cash outflows	(97,082,539)	(279,357,471)	(70,595,917)	(195,580,109)	(163,596,505)
Cash from operating activities before interest received and paid and corporate income tax paid	-	76,080,278	-	49,789,865	48,779,348
Interest received	-	397,028	-	280,910	286,482
Interest paid on borrowings, bonds and lease	(1,126,830)	(7,931,154)	(2,377,829)	(9,186,535)	(10,254,487)
Corporate income tax paid	-	(8,599,950)	-	(5,355,573)	(5,394,168)
Net cash generated from operating activities	27,465,785	59,946,202	20,026,058	35,528,667	33,417,175
INVESTING ACTIVITIES					
Sale of property, plant, and equipment	3,630	1,795	-	34,240	300
Restricted cash withdrawn	-	2,000	-	106,213	1,055,026
Repayment of loans issued	-	7,769,614	-	-	-
Repayment of financial aid issued	148,965	728,766	100,000	-	-
Other cash inflows	1,000	-	19,582	-	-
Total cash inflow	153,595	8,502,175	119,582	140,453	1,055,326
Purchase of property, plant, and equipment and materials for capital repairs, and advances paid for acquisition of non-current assets	(13,714,194)	(55,196,584)	(13,935,593)	(33,177,872)	(29,979,330)
Purchase of intangible assets	(150)	(18,680)	-	(9,174)	(23,645)
Issuance of financial aid	(18,243,340)	(25,644,872)	(499,016)	(650,100)	-
Other payments	-	(1,000)	-	(465,080)	-
Total cash outflow	(31,957,684)	(80,861,136)	(14,434,609)	(34,302,226)	(30,002,975)
Net cash used in investing activities	(31,804,089)	(72,358,961)	(14,315,027)	(34,161,773)	(28,947,649)
FINANCING ACTIVITIES					
Borrowings received	23,137,226	46,040,289	11,396,255	12,587,891	12,388,766
Financial aid received	101,377	-	569,000	-	-
Interest-free short-term loans received	-	21,077,030	-	4,203,000	8,214,000
Other proceeds	-	-	-	268,594	46,407
Total cash inflow	23,238,603	67,117,319	11,965,255	17,059,485	20,649,173
Repayment of borrowings	(5,272,565)	(49,262,285)	(12,296,518)	(16,159,296)	(27,214,962)
Repayment of financial aid issued	(1,062,000)	-	(515,000)	-	-
Repayment of interest-free short-term loans	-	(3,411,515)	-	(520,900)	(900,941)
Lease payments	-	(249,887)	-	(245,236)	(213,460)
Dividends payment	(4)	(5,721)	-	(6,289)	(8,810)
Total cash outflow	6,334,569	(52,929,408)	(12,811,518)	(16,931,721)	(28,338,173)
Net cash generated from/(used in) financing activities	16,904,034	14,187,911	(846,263)	127,764	(7,689,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,565,730	1,775,152	4,864,768	1,494,658	(3,219,474)
CASH AND CASH EQUIVALENTS, as at the beginning of the year	5,624,950	3,897,828	3,976,961	2,544,372	5,873,166
Effect of changes in the allowance for expected credit losses on cash and cash equivalents	-	676	-	6,700	(34)
Effect of changes in foreign exchange rates on cash balances held in foreign currencies	(30,075)	(238,080)	(42,422)	(147,902)	(109,286)
CASH AND CASH EQUIVALENTS, as at the end of the year	18,160,605	5,435,576	8,799,307	3,897,828	2,544,372

Financial statements for the years ended on 31 December 2022, 31 December 2023 and 31 December 2024, including in each case the auditor's report relating to such financial statements, and unaudited financial statements for three months ended on 31 March 2024 and 31 March 2025 are attached in Schedule 3 of this Prospectus.

8. Other information relating to the Issuer

8.1. Information about auditors

The independent auditor of the Issuer's financials for 2022, 2023 and 2024 is «Deloitte» LLP.
Address of the auditor is Al-Farabi Avenue 36, Almaty, Republic of Kazakhstan.
«Deloitte» LLP is authorized and regulated by the Ministry of Finance of Kazakhstan under the state license No. 0000015.

8.2. Connected Persons

Connected parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The Group's related parties include the companies under common control of the Ultimate Controlling Party and key management employees. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Major ultimate beneficiary owners of Issuer are M. K. Idrissova (99%) and Zh. D. Appaz (1%).

There are no arrangements known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.

8.3. Legal and other proceedings against the Issuer

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and which the Group is aware of) which may have or have had a significant effect on the Group's financial position and profitability during the last 12 months prior to the date of this Prospectus.

As for Dinmuhamet Idrisov's legal proceeding, they do not affect the Issuers business and have no effect on the company's operations or its ability to meet the obligations under the Bonds.

9. Responsibility for the Content of the Prospectus

9.1. Responsibility Statement

The Responsibility Statement is included in Schedule 1 of this Prospectus.

9.2. Expert opinions included in the Prospectus

There are no expert opinions included in this Prospectus.

10. Documents on display

Copies of the following documents may be inspected at, and are available from, the office of the Issuer at Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor, Astana, Kazakhstan during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted), so long as the Securities are listed on the AIX:

- this Prospectus
- the Articles of Association of the Issuer
- Conflict of Interest Policy
- the audited financial statements for the years ended 31 December 2022, 31 December 2023 and 31 December 2024 as well as the unaudited financial statements for 31 March 2024 and 31 March 2025.

SECURITIES NOTES

1. Key information

1.1. Risk factors material to the Securities

The Securities are subject to modification, waivers and substitution.

The terms and conditions of the Offer set out in Condition 3 ("Terms and conditions of the Offer") of this Securities Notes contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders.

Delisting of the Securities from the Official List of the AIX may subject gains and Coupon Payments on the Bonds to tax in the Republic of Kazakhstan.

In order for Coupon Payments due on the Bonds and gains realized by the Bondholders in relation to disposal, sale, exchange or transfer of the Securities to be exempt from Kazakhstan withholding tax, it will be necessary for the Securities to be admitted to the Official List of the AIX as at the Coupon Payment Date or the date of such disposal, sale, exchange or transfer of the Bonds. No assurance can be given that the Securities will remain admitted to the Official List of the AIX as at each Coupon Payment Date or during the term of the Bonds, or that there will be no material change in tax and securities laws in Kazakhstan.

The market price of the Securities may be volatile.

The market price of the Securities could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by analysts and the actual or expected sale of a large number of Securities.

1.2. Reasons for the offer

Estimated net amount of proceedings	Shall be specified in the relevant Offer Terms
Use of proceeds	The issuance is being made, and the net proceeds of the issue of the Securities will be used by the Issuer for the financing of its core operations. In particular, Issuer plans to use the net proceeds for: • General corporate needs of the Issuer; • Refinancing of current credit lines and debts; • Partial coverage of project costs related to the introduction of new production facilities to cover the shortage of electricity in the Republic of Kazakhstan

1.3. Creditworthiness of the Issuer

Statement of capitalization and indebtedness as of 30 June 2025.

Name of the Lender	Currency	Maturity date	Effective interest rate	30 June 2025
Bank CenterCredit JSC	Thousand tenge	July 2028	18.90%	18,185,412
Eurasian Development Bank	US Dollars	June 2038	7.90%	40,333,706
EBRD	Thousand tenge	October 2027	12,5%	5,708,500
EBRD	US Dollars	October 2027	1.7%	1,656,250

During 2025, the Issuer issues two separate standalone bond placements. A KZT placement due March 2025, amounting to 17,200,488 USD in equivalence, and a USD placement due May 2028, amounting to 18,000,000 USD, The Effective interest rates of these placements are 19.00% and 9.00% respectively.

The Issuer received a low interest loan from a connected party at an effective interest rate of 0% in the amount of 23,917,168,000 tenge with a maturity date of December 2025.

The Issuer's interest coverage ratio for the total financial debt as of December 31, 2024 was 10.8x.

Relevant credit ratings

The Issuer has a BB- Fitch credit ratings.

Risk factors that may affect the Issuer's ability to fulfil its obligations under the Securities to investors.

All relevant risk factors are described in the “Risk factors” section of the Registration Document of this Prospectus.

2. Information relating to the Securities offered/admitted to trading

2.1. General information relating to the Securities

Form of the Securities	The Securities will be issued in fully registered and dematerialised form under the Acting law of AIFC, including AIFC Markets Rules and AIX Markets Business Rules.
Issuance	The Bonds under the Programme are to be issued in Tranches. The Programme may be comprised of one or more Tranches issued on the same or different dates. Each Tranche will be subject to the relevant Offer Terms which, for the purposes of that Tranche only, completes this Prospectus and which must be read in conjunction with this Prospectus. For the avoidance of doubt, the terms and conditions set out in this Prospectus shall be applicable to each Tranche issued under the Programme and will be completed by the relevant Offer Terms.
Aggregate Principal Amount of the Issuance	U.S. $70,000,000 (seventy million).
Issue and Trading currency	U.S. Dollars
Number and Nominal Value of the Securities	Shall be specified in the relevant Offer Terms
Admission to Listing and Trading	This Prospectus has been produced in connection with the application for the Bonds to be admitted to the Official List of the AIX and trading on the AIX. Each Tranche issued under the Programme is expected to be admitted to trading on AIX. Details for admission of each Tranche will be provided in the relevant Offer Terms.
Registrar	AIX Registrar.
Depository	AIX CSD.
Legislation	The Securities and any non-contractual obligations arising out of, or in connection with, the Securities shall be governed by, and construed in accordance with, the laws of the AIFC. The Issuer has agreed herein the conditions in favor of the Bondholders that any claim, dispute or discrepancy of any nature arising out of, or in connection with, the Securities (including claims, disputes or discrepancies regarding the existence, termination thereof, or any non- contractual obligations arising out of, or in connection with, the Securities) shall be brought to, and finally resolved by, the Court of the AIFC in accordance with the rules thereof, currently in effect, such rules shall be deemed incorporated herein. The Issuer have irrevocably and unconditionally consented to designate the premises located at Mangilik El Avenue, 35A, «Demure» Business Center, Astana, Kazakhstan for the purpose of serving legal process in accordance with the rules of the AIFC Court. Any documentation pertaining to any legal suit, action, or proceeding arising from or related to the Securities shall be considered duly served upon delivery to this address via postal services, effective on the date of actual receipt as verified by the postal agent. A countersignature from the Issuer is not necessary for validation.

Ranking	The Securities represent direct, general and unconditional obligations of the Issuer, which will correspond to each other and, in terms of payment rights, will correspond to all other current or future uncoordinated obligations of the Issuer, with the exception of obligations that are necessarily preferred by law.
Redemption	Unless previously purchased and cancelled, the Issuer hereby irrevocably covenants in favor of each Bondholder that the Bonds will be redeemed at their Nominal Value concurrently with the final coupon interest payment no later than 5 (five) business days following (and excluding) the Maturity Date.
Open market purchases	Unless otherwise specified in the relevant Offer Terms the Issuer may at any time purchase the Bonds in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders. All Securities so redeemed or purchased will be cancelled forthwith and may not be reissued or re-sold.
Coupon Interest Rate	The Coupon Interest Rate of each Tranche shall be specified in the relevant Offer Terms. Coupon interest amount per one Bond shall be calculated using the following formula: Nominal value × Coupon Interest Rate× Day Count Fraction for the relevant Coupon period.
Coupon Payment Dates	Shall be specified in the relevant Offer Terms
Coupon period	Each period beginning on (and including) the Issue Date or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date.
Day count fraction	30/360; coupon interest payments on the Bonds shall be calculated on the basis of a year of 360 (three hundred and sixty) days consisting of 12 (twelve) months of 30 (thirty) days each.
Rights attached to the Securities	The Bondholders have the right to: • receive coupon payments; • receive nominal value upon redemption; • freely transfer the Securities; • receive information concerning the Issuer's operations; • attend, participate in and vote at meetings of Bondholders in accordance with the terms and conditions of the Bond; • If any of the events mentioned in section 3.3 of this Securities Notes occurs , the Securities shall immediately become due and repayable; • If any of the covenants mentioned in section 3.3 of this Securities Notes is breached and such breach continues, the Securities shall immediately become due and repayable.
Issue restrictions	No amendment shall be made by the Issuer to the Prospectus unless there is a decision of the Bondholder's meeting obtained in accordance with clause section 3.5. Meetings of Bondholders of the Securities Notes and authorized body of the Issuer has issued corporate approval on such amendment.

Selling restrictions	The offering and sale of the Bonds is subject to applicable laws and regulations and the Bonds may not be sold in other jurisdictions outside the AIFC and Kazakhstan, including without limitation the United Kingdom, the European Economic Area, other than in compliance with applicable laws and regulations. The Bonds have not and will not be registered under the U.S. Securities Act of 1933 or the securities laws of any state of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.
Restrictions on the free transferability	The Securities are freely transferable and, once admitted to the Official List of the AIX, each Bond shall be transferable only in whole in accordance with the rules and regulations of the AIX CSD.
Miscellaneous	For purposes of any calculation specified herein, a value shall be accurate to two decimal places.

3. Terms and conditions of the Offer

Number of Securities offered	Shall be specified in the relevant Offer Terms
Categories of Potential Investors	Subject to applicable laws and regulations, the Securities will be offered to a wide range of investors.
Conflict of Interest	No person involved in the offering of the Bonds has any interest in the offering, which is material to the offering.
Offering Method	Shall be specified in the relevant Offer Terms
Offer period	Shall be specified in the relevant Offer Terms
Allotment of the Securities	Shall be specified in the relevant Offer Terms
Lead Manager	BCC Invest JSC.
Authorizations	The Bond Programme and issue of the Securities was approved by a resolution of Participants of the Issuer dated 28th of July, 2025.
Clearing and Settlement	The payment and settlement will be made through the settlement system of the AIX CSD in accordance with the rules and regulations of the AIX CSD (the "AIX CSD Rules"), in particular delivery of the Securities through the system of the AIX CSD. The settlement of the Bond's transactions executed on the AIX during the entire period of circulation period is T+2 in accordance with AIX CSD Rules. In order to participate in the offering of the Securities, take delivery of the Securities and trade the Securities on the AIX, investors are required to have an account opened with a brokerage company admitted as an AIX Trading Member and an AIX CSD Participant. The Securities will be held on behalf of investors in the relevant AIX Trading Member's account at the AIX CSD.
Notification Process for Investors	Prior to the start of trading, AIX will publish a market notice specifying the first day of trading on its website: https://aix.kz/news-announcements/aix-market-notices/ All other significant announcements will be made by the Issuer via the AIX Regulatory Announcement Service: https://aix.kz/listings/continuous-disclosure-obligations/company-disclosures-2/
Paying agent	The Issuer did not appoint a paying agent for the Securities.
Placement agent	The placement agent is not appointed.

3.1. Payments

Coupon interest payments on the Bonds shall be paid to the Person shown in the Bond Registry at 23:59:59 (Astana time) on the last day of a period for which coupon interest payment is due (the "Record Date").

Coupon interest payments on Bonds shall be paid no later than 5 (five) business days starting from the relevant Coupon Payment Date by money transfer to current bank accounts of the Bondholders specified in the Bond Registry as at the Record Date. Coupon interest payment will be carried out by transferring money to the participant's settlement account at AIX CSD of the Bondholders, who have the right to receive the specified payment and have been registered as the Bondholders by AIX Registrar and AIX CSD at 23:59:59 (Astana time) on the relevant Record Date.

In the case of a nominee holding interest and principal debt could be paid only to the Settlement account of Bondholder's broker or custodian acting as a nominal holder of securities for the benefit of the respective Bondholder(s). The final coupon interest payment shall be made by Issuer concurrently with payment of the principal of the Bonds no later than 5 (five) business days following (and excluding) the Maturity Date. If any date for payment in respect of the Bonds is not a Business Day, the Bondholder shall not be entitled to payment until the next following Business Day nor to any coupon interest or other sum in respect of such postponed payment.

3.2. Penalty

The Issuer shall pay a penalty to the Bondholders for each day, on which any amount payable under the Bonds remains due and unpaid (the "Unpaid Amount"), at the rate equal to the Coupon Interest Rate. The amount of penalty payable per any Unpaid Amount in respect of any Bonds shall be equal to the product of the Coupon Interest Rate, the Unpaid Amount and the number of calendar days on which any such Unpaid Amount remains due and unpaid divided by 360 (three hundred and sixty), rounding the resultant figure to the nearest cent, half of any such cent being rounded upwards.

3.3. Events of Default

The Bonds shall become immediately due and repayable at their principal amount, together with any accrued coupon interest and any penalty incurred as stated in section 3.2 Penalty, if any of the following events (the "Events of Default") occur and continues for more than 5 (five) business days after such events occur:

Nonpayment:

- the Issuer failed to repay any nominal value on any Bond when due; or
- the Issuer failed to pay any interest on any Bond when due; or
- the Issuer stops or suspends payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so or cease ; or
- the Issuer is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent; or

Breaches of any other obligations (covenants):

The Issuer is in default in the performance of any covenant, obligation, undertaking or other agreement under the Bonds, and such default is not remedied within 10 calendar days after notice thereof has been given to the Issuer, as the case may be, by the Bondholders. As long as the Bonds remain outstanding, other obligations include:

- Any material indebtedness of the Issuer is not paid when properly due or becomes properly due and payable or any creditor of the Issuer becomes entitled to declare any such material indebtedness properly due and payable prior to the date when it would otherwise have become properly due or any guarantee or indemnity of the Issuer in respect of indebtedness is not honored when properly due and called upon; provided that for the purposes of this provision, material indebtedness shall mean an amount exceeding 15% of net assets of the Issuer.
- introductions of any amendments into its constitutional documents, including the Issuer's Articles of Association, that would alter the Issuer's principal business activities unless such amendments aim at expansion of such activities;
- undertaking of any reorganization as a legal entity;
- failure to maintain the listing of the Securities on the Official List of AIX;
- amending or substituting any entity in place of the Issuer as the principal debtor in respect of the Securities;

The Issuer shall pay any penalty due to any Bondholder in accordance with section 3.2 of this Securities Notes.

Default Announcements

Immediate Market Announcement: Upon the imminent realization of a default event, or no later than the due date of the financial obligation, the Issuer will announce to the market on the website of the AIX at https://aix.kz/ via AIX Regulatory Announcement Services and on the internet website of the Issuer at www.kus.kz/. The announcement will:

- Indicate the expected date of the default.

- Describe the nature of the default and the amounts involved.
- Provide a detailed description of the events leading to the default.
- Outline a proposed timeline for remedying the default and handling claims in an orderly manner in the event of an actual default.
- Detail any proposed arrangements for debt restructuring, if applicable, including the process for Bondholder consent solicitation.
- Offer guidance to Bondholders on possible actions, specifying the scope, circumstances for action, responsible parties, and procedures to protect Bondholders' rights.

Clarity and Understandability: All information will be presented in clear, understandable terms to ensure market participants are fully informed. Follow-Up Announcements: The Issuer will make further announcements regarding the full or partial fulfillment and/or remedy of any defaulted obligations.

Notification to AIX: A notification will be sent to AIX at listings@aix.kz no later than 18:00 Astana time on the date of the financial obligation, i.e. Coupon Payment Dates and/or Maturity Date, as the case may be. The notification will include:

- The date of the default.
- The nature of the default and overdue amounts.
- A description of events leading to the default.
- The proposed action plan and timeline for remedying the default.
- Contact details of the person responsible for communication with AIX, if different from the Responsible Person indicated in the listing application.

Through this action plan, the Issuer pledges to uphold the highest standards of responsibility and communication in the event of a default, prioritizing the rights and interests of our Bondholders.

3.4. Early redemption

Redemption at the Option of the Issuer

The Bonds may be redeemed in whole at nominal amount as well as any coupon accrued interest to that date before their stated maturity at the option of the Issuer only if the Issuer has secured prior written consent(s) of the Bondholders in accordance with 3.5. Meetings of Bondholders.

3.5. Meetings of Bondholders

Meetings of Bondholders the Issuer may, from time to time, call meetings of Bondholders for the purpose of consultation with Bondholders or for the purpose of obtaining the consent of Bondholders on matters, which in terms of this Prospectus require the approval of a Bondholders' meeting.

A meeting of the Bondholders shall be called by the Issuer by giving all Bondholders not less than 10 business days' notice in accordance with paragraph 3.6 (Notices) of this Securities Note. Such notice shall set out the time, place and date set for the meeting and the matters to be discussed or decided thereat, including, if applicable, sufficient information on any amendment of this Prospectus that is proposed to be voted upon at the meeting and seeking the approval of the Bondholders. Following a meeting of Bondholders held in accordance with the provisions contained hereunder, the Issuer shall, acting in accordance with the resolution(s) taken at the meeting, communicate to the Bondholders whether the necessary consent to the proposal made by the Issuer has been granted or withheld. Subject to having obtained the necessary approval by the Bondholders in accordance with the provisions of this paragraph 3.5 at a meeting called for that purpose as aforesaid, any such decision shall subsequently be given effect to by the Issuer.

The amendment or waiver of any of the provisions of and/or conditions contained in this Securities Note, or in any other part of the Prospectus, may only be made with the approval of the Issuer and of the Bondholders at a meeting called and held for that purpose in accordance with the terms hereof.

In case of occurrence the Events of Default, the Issuer is obliged to call a meeting of the Bondholders, whereby the Issuer will explain the reasons of the default and proposed remedy actions. Also, the Bondholders have the right to appoint the Bondholders' representative, if they deem necessary.

A meeting of Bondholders shall only validly and properly proceed to business if there is a quorum present at the commencement of the meeting. For this purpose, at least two Bondholders present, in person or by proxy or via absentia, representing not less than 50% of the aggregate principal value of the Bonds then outstanding, shall constitute a quorum. If a quorum is not present within 30 minutes from the time scheduled for the commencement of the meeting as indicated on the notice convening same, the meeting shall stand adjourned to a place, date and time as shall be communicated by the Issuer to the Bondholders present at that meeting. The Issuer shall within 2 (two) Business Days from the date of the original meeting publish by way of a company announcement the date, time and place where the adjourned meeting is to be held. An adjourned meeting shall be held not earlier than 7 (seven) days, and not later than 15 days, following the original meeting. At an adjourned meeting: the number of Bondholders present, in person or by proxy or via absentia, shall constitute a quorum; and only the matters specified in the notice calling the original meeting shall be placed on the agenda of, and shall be discussed at, the adjourned meeting. The voting process shall be managed by the Group's representative.

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Once a quorum is declared present by the chairman of the meeting, the meeting may then proceed to business and address the matters set out in the notice convening the meeting. In the event of decisions being required at the meeting the Issuer or its representative shall present to the Bondholders the reasons why it is deemed necessary or desirable and appropriate that a particular decision is taken. The meeting shall allow reasonable and adequate time to Bondholders to present their views to the Issuer and the other Bondholders present at the meeting. The meeting shall then put the matter as proposed by the Issuer to a vote of the Bondholders present at the time at which the vote is being taken, and any Bondholders taken into account for the purpose of constituting a quorum who are no longer present for the taking of the vote shall not be taken into account for the purpose of such vote.

The voting process shall be managed by the Issuer's secretary or any other person appointed by the Issuer.

The proposal placed before a meeting of Bondholders shall only be considered approved if approved by Bondholders carrying Bonds representing at least 75% of the aggregate principal value of the Bondholders present at the meeting at the time when the vote is being taken, in person or by proxy or via absentia.

Save for the above, the rules generally applicable to proceedings at general meetings of shareholders of the Issuer shall apply to meetings of Bondholders.

3.6. Notices

To the Bondholders

All notices to the Bondholders shall be deemed to have been duly given if, so long as the Bonds are in the Official List and so long as the rules of the AIX so require, by publication (i) on the internet website of the AIX at www.aix.kz or (ii) otherwise in accordance with the regulations of the AIX. If the Bonds cease to be listed on the AIX, any notices shall be deemed to have been duly delivered by publication on the internet website of the Issuer at https://www.kus.kz/.

To the Issuer

Notices to the Issuer will be deemed to be validly given if delivered to the Issuer at Republic of Kazakhstan, Astana city, Mangilik El Avenue, 35A, «Demure» Business Center, 4 floor.; or to email address kks.priemnaya@kus.kz and will be deemed to have been validly given when delivered.

3.7. Taxation

The following is a general description of certain material tax considerations relating to the Bonds. This summary is based upon the laws, regulations, decrees, rulings, income tax conventions (treaties), published administrative practice and judicial decisions in effect at the date hereof. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set out herein. Any such changes or interpretations may be retroactive and could affect the tax consequences of ownership of the Bonds by Bondholders. This summary does not purport to be a legal opinion or contain a complete analysis of all tax considerations relating to the Bonds. Prospective investors in the Bonds should consult their tax advisers as to which countries' tax laws could be relevant to their acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/ or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries. The information and analysis contained within this section are limited to taxation issues, and prospective investors should not apply any information or analysis set out below to other areas, including (but not limited to) the legality of transactions involving the Bonds. In addition, prospective investors should note that an appointment by an investor in the Bonds, or any Person (as defined in the Conditions) through which an investor holds Bonds, of a custodian, collection agent or similar person in relation to such Bonds in any jurisdiction might have tax implications. Prospective investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

Republic of Kazakhstan Taxation

The following is a general summary of Kazakhstan tax consequences as at the date hereof in relation to payments of interest made under the Bonds and in relation to the sale or transfer of the Bonds. It is not exhaustive, and purchasers are urged to consult their professional advisers as to the tax consequences to them of holding or transferring Bonds.

Interest

Payment of interest on the Bonds to residents of Kazakhstan or to non-residents who either have a registered branch or representative office in Kazakhstan or maintain a permanent establishment in Kazakhstan (together, "Kazakhstan Holders"), other than to individuals (who are exempt) and Kazakhstan investment funds and certain other entities, will be subject to Kazakhstan withholding tax according to Tax Code of the Republic of Kazakhstan. The withholding tax on interest mentioned above would not apply if the Bonds were included, as at the date of accrual of interest, in the official list of Astana International Exchange. See "Risk Factors – Risks Relating to the Bonds - Delisting of the Bonds from the official list of the Astana International Exchange may subject interest payments on the Bonds to tax in the Republic of Kazakhstan".

Gains

Any gains realized by Kazakhstan Holders in relation to the Bonds which are included, as at the date of sale, in the official list of Astana International Exchange and sold through open trades on Astana International Exchange are not subject to Kazakhstan income tax. See "Risk Factors – Risks Relating to the Bonds - Delisting of the Bonds from the official list of the Astana International Exchange may subject interest payments on the Bonds to tax in the Republic of Kazakhstan".

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR PURCHASER. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE BONDS IN LIGHT OF THE PURCHASER'S OWN CIRCUMSTANCES.

4. Other information

The financial statements of the Issuer for 2022, 2023 and 2024 were audited by Deloitte Limited Liability Partnership. The auditors' opinion regarding the financial statements as of December 31, 2022, December 31, 2023 and December 31, 2024, is presented in the independent auditor's report. Responsibility for the preparation of the audited financial statements and for ensuring an internal control system capable of preventing material misstatements lies with the management of the Issuer, as also noted in the independent auditor's report.

5. Admission to trading

Dates of admission to listing and trading on AIX and estimate of the total expenses related to the admission to trading will be specified in respective Offer Terms of each Tranche.

GLOSSARY

"AIFC"	Astana International Financial Centre
"Acting Law of the AIFC"	Regulatory acts specified in article 4 of the Constitutional statute of the Republic of Kazakhstan №438-V of 7 December 2015 "On the Astana International Financial Centre"
"AIX"	Astana International Exchange Limited
"AIX CSD"	Astana International Exchange Central Securities Depository Limited, a private company incorporated under the Acting law of the AIFC responsible for daily cash and securities settlement and depositary activities.
"AIX Registrar"	Astana International Exchange Registrar Limited, a company incorporated in AIFC under company identification number 180840900010 with its registered office at 55/19, Mangilik El Avenue, Astana, Kazakhstan.
"Auditor"	Deloitte LLP
"Articles"	Articles of Association of the Issuer.
"Board"	The Supervisory Board of Kazakhstan Utility Systems LLP.
"Bond Registry"	The register of the Bondholders that is maintained by AIX Registrar on behalf of that Issuer.
"Bonds"	Bonds issued by the Issuer (same as "Securities").
"Bondholder"	A legal owner of the Bond, which is recorded in the register of the holders of the Bonds maintained by AIX Registrar.
"Business Day"	A day on which banks and exchange markets are open for business in the Republic of Kazakhstan.
"Coupon Interest Rate"	The annual interest rate paid on the Bonds and expressed as a percentage of the Nominal Value.
"Coupon Payment Dates"	The first day of the coupon interest payment period.
"General Meeting"	A meeting of the Group's shareholders.
"Group"	Kazakhstan Utility Systems LLP (same as "Issuer").
"Issue Date"	The issue date of the relevant Tranche from which the Bondholder is entitled to receive coupon interest.
"Issuer"	«Kazakhstan Utility Systems Energy» LLP (same as "Group").
"KZT"	The lawful currency of the Republic of Kazakhstan.
"Lead Manager"	BCC Invest JSC
"Maturity Date"	The last day of the Bond circulation period (the first day of the Bonds' redemption period).
"mln"	Million.
"Nominal Value"	Redemption price of the Bonds as per relevant Offer Terms
"Offer Terms"	Offer terms of each Tranche issued under the Programme
Programme	U.S. $70,000,000 bond Programme established by the Issuer
"Prospectus"	This document, which has been prepared in accordance with the MAR Rules regarding the issuance.
"Record Date"	The last day of a period for which coupon interest payment is due.
"Securities"	Bonds issued by the Issuer (same as "Bonds").

SCHEDULE 1
RESPONCIBILTY STATEMENT

SCHEDULE 1

RESPONCIBILITY STATEMENT

a) The Issuer, having made all the reasonable enquiries, accept responsibility for this Prospectus and confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules.

Most of the information reflected in this Prospectus has been received by the Issuer from the Auditor's reports, constituent documents, public data placed on the website of the authorized state bodies. The Issuer confirms that such information has been accurately reproduced and is able to ascertain from information published by such third parties that no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances create any implications that there has been no adverse change, or any event reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

On behalf of the Issuer, the General Director of the Issuer confirms that this Prospectus complies with the requirements set out in Section 69 of the AIFC Framework Regulations №18 of 2018 and Part 1 of the AIFC Market Rules and contains all information which is material in the context of the issue and offering of the Bonds, that the information contained in this Prospectus is correct to the best of his knowledge and that no material facts or circumstances have been omitted.

b) The Issuer's Supervisory Board is responsible for the information contained in the Prospectus, which to any extent relates to the Issuer's financial activity and financial statements.

c) The persons responsible for the content of this Prospectus are those responsible for the content of this Prospectus in accordance with clauses (a) and (b) of this Schedule and MAR 1.9.1.

In accordance with MAR 1.9.1 (c) (i)	Sabyrgali Idrissov as the Chief Executive Officer of the Issuer

SCHEDULE 2
FORM OF OFFER TERMS TEMPLATE

«Kazakhstan Utility Systems» LLP

(Incorporated as a limited liability partnership in the Republic of Kazakhstan)

OFFER TERMS

OF THE ___ TRANCHE of the U.S. $ ___ BONDS DUE ___ (ISIN:_______)

ISSUED UNDER U.S.$70,000,000 BOND PROGRAMME

The Bonds will be constituted by and have the benefit of a U.S.$70,000,000 Programme established by «Kazakhstan Utility Systems» LLP valid until September 10, 2035. This document is the Offer Terms of the ____ Tranche issued under the Programme. The Bonds of this Tranche have been issued under the Programme and in accordance with the Acting Law of the Astana International Financial Centre. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Prospectus approved by AIX on the 9th of September 2025. This document constitutes the Offer Terms of the Bonds described herein. This document is prepared for the purposes of the AIFC rules and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Bonds is only available on the basis of the combination of these Offer Terms and the Prospectus. The Offer Terms and the Prospectus have been published on the website of the Astana International Exchange at https://www.aix.kz and on the website of the Issuer at www.kus.kz.

AIX and its related companies and their respective directors, officers and employees do not accept responsibility for the content of the information included in this document including the accuracy or completeness of any information or statements included in it. Liability for this document lies with the issuer of this document and other persons such as Experts whose opinions are included in this document with their consent. Nor has the AIX, its directors, officers or employees assessed the suitability of the securities to which this document relates for any particular investor or type of investor. If you do not understand the contents of this document or are unsure whether the securities are suitable for your individual investment objectives and circumstances, you should consult an authorised financial advisor.

In the case of bankruptcy or default by the Issuer the investors may not recover the amounts they are entitled to and risk losing all or part of their investment, and the investors' liability might not be limited to the amount of the investment. Civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.

Terms defined in the Prospectus have the same meanings in these Offer Terms unless they are expressly defined herein.

Type of Securities	
Issue and trading currency	
Aggregate principal amount	
Nominal Value	
Number of Bonds offered	
ISIN	
Issue Date	
Maturity Date	
Admission to listing and trading	
Payments	

Coupon Payment Dates	
Coupon Interest Rate	
Offering method	
Offer period opening and closing date	
Allotment of the Bonds	
Estimated expenses	
Estimated net amount of proceeds	
Relevant credit ratings (if any)	
Guarantee	
Other	

COUPON CALENDAR

Coupon period	Coupon commencement date	Coupon expiry date and Record Date (23:59:59 Astana time)	Coupon Payment Commencement Dates (The first day of the coupon interest payment period)	Coupon payment expiry date (The last day of the coupon interest payment period)	Coupon Interest Rate (per annum)
1					
2					
3					
4					
5					
6					
7					
8					
9					

If any date for payment in respect of the Bonds is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any coupon interest or other sum in respect of such postponed payment.

For detailed information please see clause 3.1. “Payments” of the Securities Notes section of the Prospectus.

«Kazakhstan Utility Systems» LLP, as the Issuer

By: _______

Title: ________

SCHEDULE 3

AUDITED FINANCIAL STATEMENTS FOR 2022, 2023, 2024, UNAUDITED FOR 3M 2024 AND 3M 2025

KAZAKHSTAN UTILITY SYSTEMS

LIMITED LIABILITY PARTNERSHIP

AND ITS SUBSIDIARIES

Consolidated Financial Statements

for the Year Ended 31 December 2022

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

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KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES
FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Management is responsible for the preparation of consolidated financial statements that present fairly the consolidated financial position of Kazakhstan Utility Systems Limited Liability Partnership and its subsidiaries (the "Group") as at 31 December 2022, and 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 consolidated financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management of the Group is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal control 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 IFRSs;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2022 were approved by management and authorised for issue on 2 June 2023.

On behalf of management of the Group:

N.Y. Aitzhanov
General Director

A. Shapagatkyzy
Financial Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

Deloitte.

Deloitte LLP
36 Al Farabi Avenue
Almaty, 050059
Republic of Kazakhstan

Tel.: +7 (727) 258 13 40
Fax: +7 (727) 258 13 41
deloitte.kz

INDEPENDENT AUDITOR'S REPORT

To the Participants of Kazakhstan Utility Systems Limited Liability Partnership

Qualified opinion

We have audited the consolidated financial statements of Kazakhstan Utility Systems Limited Liability Partnership and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 a summary of significant accounting policies.

In our opinion, except for the effect and possible effect of the matters described in the *Basis for qualified opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, 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 qualified opinion

As at 31 December 2022, loans given to related parties were recognised in the Group's consolidated statement of financial position in the amount of 78,138,355 thousand tenge (31 December 2021: 72,513,542 thousand tenge), the related interest income in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 related to these loans amounted to 5,454,131 thousand tenge (2021: 5,445,834 thousand tenge). The Group did not assess the fair value of these loans as at the date of their initial recognition and did not recognise expected credit losses as at 31 December 2022 and 2021, which is a departure from IFRS 9 *Financial Instruments*. According to our estimates, the effect of this error on the carrying amount of loans given to related parties as at 31 December 2022 and 2021 is 78,138,355 thousand tenge and 70,128,483 thousand tenge, respectively. As such as at 31 December 2022 and 2021, retained earnings is overstated by 78,138,355 thousand tenge and 70,128,483 thousand tenge, respectively. The effect of this error on the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2022 and 2021 is an overstatement of the net income by 5,454,131 thousand tenge and 5,445,834 thousand tenge respectively.

As disclosed in Note 30, in accordance with the new Kazakhstan Ecological Code (the "Code") enacted on 1 July 2021, the Group should estimate the future costs of liquidation works on category one objects. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the restoration reserves as part of non-current liabilities and related asset as part of property, plant and equipment to be recognised in the consolidated statement of financial position as at 31 December 2022 and 2021, because the Group did not estimate the future costs of liquidation of category one objects, with the exception of the ash dump. Consequently, we were unable to determine whether any adjustments were required to the restoration reserves, related asset and deferred tax liabilities, as at 31 December 2022 and 2021, as well as the related effects in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2022 and 2021 and notes to the consolidated financial statements.

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' Code of Ethics for Professional Accountants* (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 qualified opinion.

Emphasis of matter

We draw attention to Note 4.1 to the consolidated financial statements which describes that as at 31 December 2021 the Group restated the classification of long-term loans of 52,352,612 thousand tenge to short-term loans in accordance with IAS 1 *Presentation of Financial Statements*. Our opinion is not modified in respect of this matter.

Material uncertainty related to going concern

The accompanying consolidated financial statements have been prepared assuming that the Group will continue as going concern. As discussed in Note 3 to the consolidated financial statements, as at 31 December 2022 the Group had not complied with certain covenants stipulated by the loan agreements with the banks. These events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as going concern. Management's plans in regard to these matters are also discussed in Note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the 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 consolidated financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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.

Olzhas Ashuov
Auditor
Qualification Certificate
No. MF-0000715
dated 10 January 2019

Zhangir Zhilysbayev
General Director
Deloitte LLP
State license to perform audit activities in the Republic of Kazakhstan No.0000015,
type MFU-2, issued by the Ministry of Finance of the Republic of Kazakhstan on 13 September 2006

Alua Yessimbekova
Engagement Partner

2 June 2023
Almaty, Republic of Kazakhstan

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022
(thousands of tenge)

	Notes	2022	2021 (restated)*
Revenue	6	189,436,172	175,468,226
Cost of sales	7	(142,416,330)	(127,908,746)
Gross profit		**47,019,842**	**47,559,480**
General and administrative expenses	8	(10,512,188)	(8,339,324)
Selling expenses	9	(4,491,898)	(3,768,245)
Finance costs	10	(11,788,489)	(11,664,244)
Finance income	11	6,966,336	6,042,308
Other income, net		681,810	297,772
Foreign exchange loss, net	29	(7,519,321)	(1,551,759)
PROFIT BEFORE INCOME TAX		**20,356,092**	**28,575,988**
Income tax expenses	13	(6,706,020)	(7,241,796)
NET PROFIT FOR THE YEAR		**13,650,072**	**21,334,192**
Other comprehensive income for the year			
Items that will not be subsequently reclassified to profit or loss:			
Foreign exchange differences on translation of foreign operations		(800,582)	178,671
OTHER COMPREHENSIVE INCOME FOR THE YEAR		**(800,582)**	**178,671**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**12,849,490**	**21,512,863**
Profit attributable to:			
Company owners		12,711,322	19,864,918
Non-controlling interests	21	938,750	1,469,274
		13,650,072	**21,334,192**
Total comprehensive income attributable to:			
Company owners		11,910,740	20,043,589
Non-controlling interests	21	938,750	1,469,274
		12,849,490	**21,512,863**

*As restated, please see Note 4.1.

On behalf of management of the Group:

N.Y. Aitzhanov
General Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

A. Shapagatkyzy
Financial Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(thousands of tenge)

	Notes	31 December 2022	31 December 2021 *
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	14	264,946,652	246,029,026
Right-of-use assets	15	808,672	1,063,509
Advances paid		398,125	1,237,599
Loans given to related parties	28	75,531,003	70,128,483
Other non-current assets		711,071	767,416
Deferred tax assets	13	271,832	282,825
Total non-current assets		**342,667,355**	**319,508,858**
CURRENT ASSETS:			
Trade accounts receivable	16	21,081,166	19,445,596
Inventories	17	5,765,609	3,997,156
Loans given to related parties	28	2,607,352	2,385,059
Advances paid		557,745	1,073,930
Prepaid corporate income tax		682,005	324,405
Other current assets	18	2,189,242	2,753,413
Cash and cash equivalents	19	2,544,372	5,873,166
Total current assets		**35,427,491**	**35,852,725**
TOTAL ASSETS		**378,094,846**	**355,361,583**
EQUITY AND LIABILITIES			
EQUITY:			
Charter capital	20	11,636,404	11,636,404
Additional paid-in capital	20	9,239,137	9,239,137
Foreign currency translation reserve		-	800,582
Retained earnings		169,930,356	156,682,000
Equity attributable to owners of the Company		190,805,897	178,358,123
Non-controlling interests	21	16,393,140	15,454,390
Total equity		**207,199,037**	**193,812,513**
NON-CURRENT LIABILITIES			
Borrowings	22	11,939,352	14,739,104
Deferred tax liabilities	13	35,654,067	33,159,272
Lease liabilities	15	551,718	768,393
Other non-current liabilities	23	3,132,322	3,090,003
Total non-current liabilities		**51,277,459**	**51,756,772**
CURRENT LIABILITIES:			
Borrowings	22	73,008,095	76,766,294
Trade accounts payable	24	25,700,437	16,392,948
Lease liabilities	15	349,846	346,631
Other accounts payable and accrued liabilities	25	18,342,839	13,146,164
Other taxes payable	26	1,869,054	2,264,840
Corporate income tax payable		348,079	875,421
Total current liabilities		**119,618,350**	**109,792,298**
TOTAL LIABILITIES		**170,895,809**	**161,549,070**
TOTAL EQUITY AND LIABILITIES		**378,094,846**	**355,361,583**

*As restated, please see Note 4.1.

On behalf of management of the Group:

N.Y. Altzhanov
General Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

A. Shapagatkyzy
Financial Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

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KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(thousands of tenge)

	Charter capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
As at 31 December 2020	**11,636,404**	**9,239,137**	**621,911**	**136,817,082**	**158,314,534**	**13,985,116**	**172,299,650**
Net profit for the year	-	-	-	19,864,918	19,864,918	1,469,274	21,334,192
Other comprehensive income for the year	-	-	178,671	-	178,671	-	178,671
Total comprehensive income for the year	-	-	178,671	19,864,918	20,043,589	1,469,274	21,512,863
As at 31 December 2021	**11,636,404**	**9,239,137**	**800,582**	**156,682,000**	**178,358,123**	**15,454,390**	**193,812,513**
Net profit for the year	-	-	-	12,711,322	12,711,322	938,750	13,650,072
Other comprehensive income for the year	-	-	(800,582)	-	(800,582)	-	(800,582)
Total comprehensive income for the year	-	-	(800,582)	12,711,322	11,910,740	938,750	12,849,490
Fair value adjustment on short-term loans received, net of deferred income tax of 134,259 thousand tenge (Note 25)	-	-	-	537,034	537,034	-	537,034
As at 31 December 2022	**11,636,404**	**9,239,137**	-	**169,930,356**	**190,805,897**	**16,393,140**	**207,199,037**

On behalf of management of the Group:

N.Y. Aitzhanov
General Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

A. Shapagatkyzy
Financial Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022
(thousands of tenge)

	Notes	2022	2021
OPERATING ACTVITIES:			
Sales of goods and services		210,267,207	193,887,222
Other proceeds		2,108,646	2,403,004
Total cash inflow		**212,375,853**	**196,290,226**
Payments to suppliers for goods and services		(121,239,278)	(110,967,491)
Salary payments		(20,031,316)	(16,162,467)
Other payments to the budget		(17,660,431)	(16,579,504)
Charity payments		(685,339)	(3,728)
Other payments		(3,980,141)	(2,764,629)
Total cash outflows		**(163,596,505)**	**(146,477,819)**
Cash from operating activities before interest received and paid and corporate income tax paid		48,779,348	49,812,407
Interest received		286,482	245,778
Interest paid on borrowings and lease		(10,254,487)	(10,029,831)
Corporate income tax paid		(5,394,168)	(5,153,454)
Net cash generated from operating activities		**33,417,175**	**34,874,900**
INVESTING ACTIVITIES:			
Sale of property, plant, and equipment		300	42,088
Repayment of financial aid given	28	-	3,481,486
Restricted cash withdrawn	18	1,055,026	-
Total cash inflow		**1,055,326**	**3,523,574**
Purchase of property, plant, and equipment and materials for capital repairs, and advances paid for acquisition of non-current assets		(29,979,330)	(23,593,823)
Purchase of intangible assets		(23,645)	(14,977)
Contribution to restricted cash		-	(833,000)
Total cash outflow		**(30,002,975)**	**(24,441,800)**
Net cash used in investing activities		**(28,947,649)**	**(20,918,226)**

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)
(thousands of tenge)

	Notes	2022	2021
FINANCING ACTIVITIES:			
Borrowings received	22	12,388,766	31,201,374
Interest-free short-term loans received	22	8,214,000	2,259,940
Other proceeds		46,407	15,360
Total cash inflow		**20,649,173**	**33,476,674**
Repayment of borrowings	22	(27,214,962)	(42,087,660)
Repayment of interest-free short-term loans	22	(900,941)	(3,257,000)
Lease payments	15	(213,460)	(135,177)
Dividends payment	20	(8,810)	(5,564)
Total cash outflow		**(28,338,173)**	**(45,485,401)**
Net cash used in financing activities		**(7,689,000)**	**(12,008,727)**
NET CHANGE IN CASH		(3,219,474)	1,947,947
CASH AND CASH EQUIVALENTS, as at the beginning of the year		5,873,166	4,028,566
Effect of a changes in the allowance for expected credit losses on cash and cash equivalents		(34)	(2,852)
Effect of changes in foreign exchange rates on cash balances held in foreign currencies		(109,286)	(100,495)
CASH AND CASH EQUIVALENTS, as at the end of the year	19	**2,544,372**	**5,873,166**

On behalf of management of the Group:

N.Y. Aitzhanov
General Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

A. Shapagatkyzy
Financial Director

2 June 2023
Nur-Sultan, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.

Казахстанские коммунальные системы

(thousands of tenge, unless indicated otherwise)

1. NATURE OF OPERATIONS

The principal activities of Kazakhstan Utility Systems Limited Liability Partnership (the "Company", "parent company", "KUS" which include management of holding companies (the Group) and its subsidiaries ("the Group") include generating thermal power, electricity and chemically purified water in Karaganda and East-Kazakhstan regions; transmitting and distributing electricity in Karaganda, Turkestan, and Mangistau regions; supplying electricity in Turkestan region and supplying electricity and thermal power in Karaganda region. The primary income of the parent company is generated from the provision of consulting services and the lease of premises in Shymkent.

KUS was created and registered with the Almaty Department of Justice on 3 November 2008 and was re-registered on 26 December 2014 with the Yessil District Justice Agency of the Nur-Sultan Justice Department.

As at 31 December 2022, the Company participants are Kazakhstan nationals M.K. Idrissova, who holds a 99% interest and Zh.D. Appaz with a 1% interest (31 December 2021: M.K. Idrissova with a 99% interest and Zh.M. Ismailova with 1% interest).

Since a number of the Group's subsidiaries are thermal power production monopolists in Karaganda and East-Kazakhstan regions, in thermal energy supplies in Karaganda region and electricity transmission in Karaganda, Turkestan, and Mangistau regions, their activities are regulated by the Kazakhstan Law On Natural Monopolies, while tariffs for the same services are subject to approval by the Ministry of the National Economy's Committee for the Regulation of Natural Monopolies and Protection of Competition and Consumer Rights (the "Committee") (Note 30).

Company legal name	**Kazakhstan Utilities Systems Limited Liability Partnership**
Legal address	Mukhamedkhanov Street 5, Nur-Sultan, Republic of Kazakhstan
Business identification number	BIN 081140000288

As at 31 December 2022, the Group employed 8,422 people (31 December 2021: 8,555 people).

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.

(thousands of tenge, unless indicated otherwise)

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and block major financial institutions and many state enterprises.

In 2022, the average price for Brent crude oil was 101.8 USD per barrel (2021: 68.6 USD per barrel). According to preliminary estimates, the Kazakhstan's gross domestic product ("GDP") grew by 3.1% in 2022. The Inflation in Kazakhstan accelerated in 2022 to 20.3% per annum (in 2021, inflation was 8.4% per annum).

In 2022, the National Bank of the Republic of Kazakhstan raised the base rate from 10.25% to 16.75% per annum with a corridor of +/- 1.0 percentage points to reduce the negative impact of the external factors on the Kazakhstan's economy, and also, in the first half of 2022, the interventions were made in the foreign exchange market in order to support the tenge exchange rate against foreign currencies. However, the uncertainty exists related to future development of the geopolitical risks and their impact on the economy of the Republic of Kazakhstan.

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended IFRSs effective for the current year

Name	Object	Applicable to annual reporting periods beginning no earlier than	Effect on financial statements
Amendments to IFRS 3 *"Business Combinations"*	Reference to the conceptual framework	1 January 2022	No effect
Amendments to IFRS (IAS) 16 *"Property, plant and equipment"*	Proceeds before Intended use	1 January 2022	No effect
Amendments to IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"*	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022	No effect
Annual Improvements to IFRS Standards 2018–2020	Amendments to IAS 1, IFRS 9, IFRS 16, IAS 41	1 January 2022	No effect

(thousands of tenge, unless indicated otherwise)

New and revised IFRS in issue, but not yet effective

As at the date of approval of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not effective:

Name	Applicable to annual reporting periods beginning no earlier than	Object
IFRS 17 (including June 2020 and December 2021 amendments to IFRS 17)	1 January 2023	*"Insurance contracts"*
Amendments to IAS 1	1 January 2024	*"Classification of liabilities as current or non-current"*
Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	*"Disclosure of Accounting Policies"*
Amendments to IAS 8	1 January 2023	*"Definition Accounting Estimates"*
Amendments to IAS 12	1 January 2023	*"Deferred tax related to assets and liabilities arising from a single transaction"*
Amendments to IFRS 16	1 January 2024	*"Lease liability in a sale and leaseback"*
Amendments to IAS 1	1 January 2024	*"Non-current Liabilities with Covenants"*

Management does not expect the adoption of the standards listed above to have a material impact on the Group's consolidated financial statements in future periods.

3. BASIS OF THE PREPARATION OF FINANCIAL STATEMENTS AND ACCOUNTING POLICY

Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Going concern

These consolidated financial statements have been prepared in accordance with IFRS, based on the assumption that the Group will follow the principle of going concern. As at 31 December 2022, the Group's current liabilities exceeded current assets by 84,190,859 thousand tenge (31 December 2021: 73,939,573 thousand tenge). In addition, for the year ended 31 December 2022, the Group generated net income of 13,650,072 thousand tenge (2021: 21,334,192 thousand tenge); and net cash from operating activities of 33,417,175 thousand tenge (2021: 34,874,900 thousand tenge).

As at 31 December 2022 current liabilities are mostly represented by the current portion of long-term borrowings of 73,008,095 thousand tenge, trade accounts payable of 25,700,437 thousand tenge and other accounts payable and accrued liabilities of 18,342,839 thousand tenge (31 December 2021: current liabilities are mostly represented by the current portion of long-term borrowings of 76,766,294 thousand tenge, trade accounts payable of 16,392,948 thousand tenge and other accounts payable and accrued liabilities of 13,146,164 thousand tenge).

As at 31 December 2022 the Group did not comply with certain covenants under the loan agreements with JSC Sberbank Russia and JSC Bereke Bank. Non-compliance with covenants implies the application of penalties to the Group and entitles lenders the right to demand early repayment of the loans. As at 31 December 2022, the Group had not received documents from the banks confirming the waiver of the banks right to demand early repayment of the loans. The Group plans to repay its loans using cash obtained from operating activities and also, a related party, individual Mr. Idrissov D.A. acts as a guarantor under the loan agreements (Note 22). The management of the Group is negotiating the restructuring of the loan with JSC Sberbank Russia, including the cancellation of certain covenants and a change in the payment schedule.

The Group has a dominant market position in the generation, transportation and sale of electricity, thermal power and chemically purified water in the largest regions of the country. To assess going concern assumptions, management considered the Group's financial position, expected future financial results and expected increase in tariffs, as well as the results of negotiations with banks regarding the restructuring of the Group's loans.

Despite significant uncertainty about the Group's ability to continue its operations in foreseeable future, the management believes that the Group will continue as a going concern with financial support from related parties, along with the planned restructuring.

These consolidated financial statements do not contain any adjustments that might result from the outcome of this uncertainty.

Basis of preparation

These consolidated financial statements of the Group have been prepared on the historical cost basis, except for the financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in 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 to the fair value evaluation in its entirety, which are described as follows:

- 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 are 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.

(thousands of tenge, unless indicated otherwise)

The Group and its subsidiaries registered in Kazakhstan, maintain their accounting records in accordance with IFRS. Foreign subsidiaries maintain their accounting records in accordance with the law of the countries in which they operate. These consolidated financial statements have been prepared from the statutory accounting records of the Company and its subsidiaries and have been adjusted to conform to IFRS.

Functional and presentational currencies

These consolidated financial statements are presented in Kazakhstan Tenge ("tenge"). Tenge is the functional currency of the Company and its subsidiaries in Kazakhstan and the presentation currency of the consolidated financial statements. The assets and liabilities of foreign operations, where the functional currency is different to tenge, are translated into tenge at the exchange rate prevailing on the reporting date, while profit and loss items are translated into tenge at the weighted-average exchange rate for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange rate differences arising on translation are recorded directly to other comprehensive income. All amounts presented in tenge are rounded to the (nearest) thousand.

Foreign currency transactions

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the transaction dates. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

The exchange rates for the currencies in which the Group had material transactions are as follows:

	31 December 2022	31 December 2021
Exchange rate at the end of the year (in tenge)		
1 USD	462.65	431.67
1 Russian Rouble	6.43	5.77
1 Euro	492.86	487.79

	2022	2021
Average exchange rate for the year (in tenge)		
1 USD	460.85	426.03
1 Russian Rouble	6.92	5.78
1 Euro	485.28	504.04

Offsets

Financial assets and financial liabilities are offset and the net amount reported in the statement of consolidated financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the consolidated statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in Group accounting policies.

Basis of consolidation

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

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

When the Company holds less than a majority of investee voting rights, it has power over the investee when its voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not its voting rights in an investee are sufficient to give it power, including:

- the share of Company voting rights relative to the share and allocation of the holdings of other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Subsidiary consolidation begins when the Company obtains control over the subsidiary and ceases when it loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group accounting policies.

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

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the Company.

Non-controlling interests are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the owners of the Group.

Revenue recognition

Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the ordinary course of business, less value added tax ("VAT").

Main share of consolidated revenue of the Group consists of revenue from electricity and heat sale and transmission. The implementation of each type of service/goods is executed by a separate, identifiable contract with an individual customer.

Under the terms of contracts for sale and transmission of electricity and heat energy of subsidiaries of the Group, performance obligations are identified at the time when the contract is concluded. Contracts for electricity and heat sale and transmission for the Group do not include related and/or additional services.

Under the terms of the contract for electricity and heat sale and transmission, the contract amount is the price for the sold or transmitted volume of electricity or heat, which is an independent object of the service/product.

Electricity and heat sales

Revenue is determined based on actual volumes of electricity and heat sold and tariffs approved by the Committee.

Revenue is recognised in the reporting period in which electricity and heat were consumed, according to metered values.

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

Transmission and distribution of electricity and thermal power

The Group provides services under contracts with fixed price 1 kWh/1 Gcal of transmitted and distributed electric and heat energy based on tariffs approved by the Committee.

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

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

Revenue from sale of services on electricity capacity maintenance

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

The contract provides for payment for one megawatt of supported power 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 for the Single Buyer on a monthly basis.

Deferred income

In accordance with the decision of the Government of the Republic of Kazakhstan No.1044 dated 8 October 2004, a subsidiary Mangistau Regional Electricity Network Company JSC, over which the Group acquired control in 2018, received funds in prior periods from customers on the construction of infrastructure for connection to the electricity transmission network or reconstruction of the current infrastructure. Such funds are interest-free and repayable within twenty-five years. Funds received from customers were initially recognised at their fair value, and subsequently funds are stated at amortized cost. The difference between the funds received and its fair value is recognised as deferred income. Deferred income is recognised in the statement of profit or loss and other comprehensive income during the useful life of property, plant and equipment.

Borrowing costs

Interest bearing bank loans and overdrafts are carried at the proceeds received, net of direct issue costs. Borrowing costs are accounted for on an accrual basis and recognised in the consolidated financial statements unless financing is related to a qualifying asset. In this case the corresponding amount is capitalised in the cost of the qualified asset acquired within the limits allowed for capitalisation.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Remuneration to employees

Remuneration to employees, including compensation for unused vacation, bonuses and corresponding employment-related payments to non-budgetary funds in the current period, is recognised as an expense for the period in which it is earned.

Income tax

Income tax expenses represent the sum of current and deferred tax payable.

Current income tax

Current income tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current income tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred income tax

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting treatment of a business combination, the tax effect is reported for the business combination.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. When items of property, plant and equipment includes components with different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon its disposal or when no future economic benefits are expected to flow to the company from its use or disposal. Any income or expense arising after the derecognition of an asset (determined as the difference between the net profit on disposal and the carrying amount of the asset) is included in profit or loss in the period in which the asset was derecognised.

Costs incurred to replace the component of an item of property, plant and equipment accounted for separately are capitalised at the present value of depreciable component. In this case, the book value of the replaced component is derecognized. Other subsequent expenditures are capitalised only when they increase the future economic benefits from the use of the asset. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation is accrued and recognised in profit or loss on a straight-line basis over the expected useful life of certain assets. Depreciation is charged from the date of acquisition of the asset, or in respect of self-constructed, from the completion of construction and beginning operation of the asset. Depreciation is accrued on the following average estimated periods of useful life of assets:

	Years
Buildings and structures	7-60
Machinery and equipment	3-52
Vehicles	3-14
Others	3-40

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of property, plant and equipment

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment has suffered an impairment loss. If any such indication exists, the entity estimates the recoverable amount of the asset (if any). If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent allocation can be identified, the corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is calculated as the higher of fair value less costs to sell and value in use. To assess value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately as expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion, marketing, selling and delivery.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All standard transactions to purchase or sell financial assets are recognised and derecognised at the transaction date. Standard purchase or sale transactions for financial assets require assets be delivered by a deadline established by rules or agreements in effect in the relevant market.

All recognised financial assets are subsequently fully valued either at amortised or fair value, depending on the classification of financial assets.

Classification of financial assets

Debt instruments that meet the following conditions should be subsequently measured at amortised cost:

- the financial asset is held within the business model whose purpose is to withhold financial assets to obtain the contractual cash flows, and
- the contractual terms of the financial asset result in the receipt on specified dates of cash flows that are solely payments on debt principal and interest on outstanding principal.

Debt instruments that comply with the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held in the framework of a business model whose goal is achieved both by obtaining contractual cash flows and by selling financial assets; and
- the contractual terms of a financial asset result in the receipt of cash flows on specified dates, which are exclusively payments on debt principal and interest on outstanding principal.

By default, all other financial assets are measured at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is used to calculate the amortised cost of a debt instrument and the distribution of interest income over the relevant period.

For financial assets other than acquired or created impaired financial assets (i.e. assets impaired at initial recognition), the effective interest rate is the discount rate of expected future cash receipts (including all payments received or made on a debt instrument that are an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses for the expected period until debt instrument maturity or (if applicable) a shorter period to book value at the initial recognition of the debt instrument. For acquired or created credit and impaired financial assets, the effective interest rate adjusted for credit risk is calculated by discounting expected future cash flows, including expected credit losses, to the amortised cost of a debt instrument at the time of its initial recognition.

The amortised cost of a financial instrument is the amount at which a financial asset is estimated at initial recognition, less debt principal payments, plus depreciation calculated using the effective interest method - the difference between the initial amount and the amount to be paid at maturity, adjusted for the estimated loss allowance. The gross book value of a financial asset is the amortised cost of a financial asset prior to adjustment, taking into account any provisions for possible losses.

Impairment of financial assets

The Group's portfolio of financial instruments comprises 4 types of financial assets for which IFRS 9 requires creation of an allowance for expected credit losses:

- loans given;
- trade accounts receivable from the main activity;
- other current assets; and
- funds in credit institutions.

Trade accounts receivable

The Group applies a simplified approach to trade receivables, which is based on credit losses expected over the life of the financial instrument. In this case, default is determined if the delay period exceeds 210 days.

Loans given

The probability of loan default is calculated based on external ratings; in the absence of an external rating, an internal rating is used. Default on loans given is determined if the delay exceeds 210 days, or due to the inability to fulfil obligations as a result of counterparty financial difficulties.

Other current assets

For other current assets, the Group recognises expected credit losses over the entire term in the event there is a significant increase in credit risk since initial recognition. However, if as at the reporting date there is no significant increase in the credit risk of a financial instrument since initial recognition, the Group should estimate a provision for losses on this financial instrument in an amount equal to 12-month expected credit losses.

Funds in credit institutions

Funds in credit institutions are represented by such assets as cash and cash equivalents, restricted cash. Financial assets in the form of funds in credit institutions meet the definition of default if the delay is more than 210 days, or if obligations cannot be met as a result of credit institution financial difficulties.

The probability of credit institution default is calculated based on external ratings.

Derecognition of financial assets

The Group derecognises financial assets only if contractual rights to cash flows on them are terminated or a financial asset and corresponding risks and benefits are transferred to another organisation. If the Group does not transfer or retain all of the major risks and benefits of asset ownership and continues to control the transferred asset, then it continues to reflect its interest in the asset and the possible liabilities associated with it for the respective amounts. If the Group retains almost all the risks and benefits of ownership of a transferred financial asset, the Group continues to recognise this financial asset, and reflects the funds received from the transfer in the form of a secured loan.

When derecognising a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the amount received and receivable is recognised in profit or loss.

Financial liabilities

The Group's financial liabilities are represented by financial liabilities at fair value through profit or loss or as "other financial liabilities" carried at amortised cost. The Group's other financial liabilities include loans and bonds issued, trade payables and other payables.

Trade payables from the main activity and other payables

Trade payables from the main activity and other payables are charged when a counterparty has fulfilled its contractual obligations. The Group initially accounts for trade payables and other payables at fair value and subsequently at amortised cost using the effective interest method.

Loans and bonds issued

Loans and bonds issued are initially recorded at fair value less transaction costs, then subsequently measured at amortised cost; any difference between funds received (less transaction costs) and cost to maturity is recognised in the statement of profit or loss and other comprehensive income during the loan period using the effective interest method.

Loans and bonds issued are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the consolidated statement of financial position date.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial liability and allocate interest expenses over the period. The effective interest rate discounts estimated future cash payments (including fees and points paid or received forming an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to its amortised cost.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Estimated liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provision amounts are the best estimate of the consideration required to settle a present obligation at the reporting date, given the risks and uncertainties surrounding it. Where a provision is measured using the cash flows estimated to settle a present obligation, its carrying amount is the present value of those cash flows (if the effect of the time value of money is significant).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Site restoration obligations

Site restoration obligations are recognised when their occurrence is highly probable and they can be reliably estimated.

Site restoration obligation provision do not include any additional obligations that are expected to arise in the event of future violations. Costs are estimated based on an abandonment and remediation plan. Estimated costs are calculated annually as they are used, taking into account known changes, for example, updated estimates and revised terms of use, with official inspections conducted regularly.

Even though the exact final amount of required costs is unknown, the Group estimates its costs using a feasibility study and engineering studies in accordance with current technical rules and standards for remediation work and restoration methods.

The restoration or discount "unwinding" amount used to determine the discounted value of a provision is recognised in performance results for each reporting period. Discount recovery is recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Management periodically reviews its site abandonment and restoration provision estimates. Changes to existing obligations to remove facilities from operation, restore the environment and similar obligations caused by changes to periods being measured or the value of resource outflows that embody economic benefits required to settle obligations, are added to or removed from the value of the corresponding capitalised asset in the current period. However, a capitalised asset may not be adjusted to a value of less than zero or to exceed the recoverable amount. If a provision decrease exceeds an asset's present value, the excess should be recognised immediately in profit or loss. A provision is estimated based on current year prices and the average long-term inflation rate and discounted when the effect of the "time value" of money is significant.

Dividends

The Group recognises an obligation to distribute cash to participants when the distribution is approved and no longer remains at the Group's discretion. The corresponding amount is recognised directly in equity. Dividend information is disclosed if it was recommended prior to the date of the statement of financial position and recommended or announced after the date of the statement of financial position, but before the approval date of the consolidated financial statements for issue.

Leases

The 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 the lease payments as an operating expense on a straight-line basis over the lease term 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 start date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The rate of attraction of additional borrowed funds depends on the term, currency and date of commencement of the lease and is determined on the basis of a number of initial data, including: a risk-free rate based on government bond rates; a risk adjustment for a specific country; a credit risk adjustment based on bond yields; as well as an adjustment for a specific organization when the risk profile of the organization that enters into the lease agreement differs from the risk profile of the Group, and the lease is not covered by the Group's guarantee.

Lease payments included in the assessment of the lease liability include:

- fixed lease payments (including fixed payments in substance), less any incentive payments for rent to be received;
- payment of penalties for termination of the lease, if the lease term reflects the potential exercise of the option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Subsequently, the lease liability is measured by increasing the carrying amount by the amount of interest on the lease liability (using the effective interest method) and by reducing the carrying amount by the amount of lease payments made.

The Group revalue the lease liability (and makes an appropriate adjustment to the corresponding asset in the form of a right of use) whenever:

- the lease term has changed or there has been a significant event or change in circumstances that led to a change in the valuation of the exercise of the purchase option, in which case the lease liability is revalued by discounting the revised lease payments using the revised discount rate.
- lease payments change due to changes in the index or rate or a change in the expected payment at the guaranteed liquidation value, and in these cases the lease obligation is revalued by discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments is not a consequence of a change in the floating interest rate, in which case the revised discount rate is used).
- the lease agreement is modified and the change in the lease agreement is not accounted for as a separate lease agreement, in which case the lease obligation is revalued based on the lease term of the modified lease agreement by discounting the revised lease payments using the revised discount rate at the effective date of the modification.

Right-of-use assets are amortized over the shorter of two periods: the lease term and the useful life of the right-of-use asset. If the lease agreement transfers ownership of the underlying asset or the value of the asset in the form of a right of use reflects the Group's intention to acquire, the corresponding asset in the form of a right of use is amortized over the useful life of the underlying asset. Depreciation starts from the start date of the lease term.

In accordance with current estimates, assets in the form of right of use are amortized over the following periods:

Office premises	5 years

The Group applies IAS 36 to determine whether an asset in the form of a right of use is impaired and accounts for identified impairment losses as described in the impairment policy for property, plant and equipment.

The Group also applied the following practical simplifications available:

- exemption from recognition of short-term leases (12 months or less from the date of initial application);
- exemption from recognition of low-value assets;
- application of a single discount rate for each portfolio of lease agreements with similar characteristics;
- exclusion of initial direct costs from the valuation of an asset in the form of a right of use at the date of initial use;
- the use of retrospective judgment in determining the lease term if the contract contained an option to extend or terminate the lease.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, as described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Critical judgements in applying the Group's accounting policies

Significant increase in credit risk

As explained in Note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Determination of the lease term under contracts with an option to extend or an option to terminate the lease – The Group as a lessee

The Group defines the lease term as a lease period that is not subject to early termination, together with periods for which an option to extend the lease is provided if there is sufficient confidence that it will be executed, or periods for which an option to terminate the lease is provided if there is sufficient confidence that it will not be executed.

The Group has several lease agreements that include an option to extend the lease or an option to terminate the lease. The Group uses judgment to assess whether it has sufficient confidence that it will exercise an option to extend or an option to terminate the lease. At the same time, it takes into account all relevant factors that lead to an economic incentive to exercise any of the options.

The Group re-evaluates the lease term if a significant event or change in circumstances occurs that is under the control of the Group and affects its ability to exercise (or not exercise) an option to extend the lease (or terminate the lease) (for example, market prices for the lease of similar assets on the market, significance for business, significant improvement of the leased property, significant adaptation of the leased asset to the needs of the Group, etc.).

The Group mainly leases office premises for which an option to extend the lease is provided. In 2021, the Group's management assessed its expected lease term of the property and the likelihood of the option to extend the lease term being exercised. Thus, a five-year lease term was used, as this is the period for which the Group's management predicts a long-term business model and for which tariffs for the Group's subsidiaries are approved. The management of the Group does not have sufficient confidence that the extension option will be executed for a period of more than five years for the lease. In 2022, there were no changes in the expected lease term of the property.

To assess lease obligations, the Group calculated the present value of future lease payments using the 5-year additional borrowing rate of second tier banks of Republic of Kazakhstan, which averaged 12.2% (Note 15).

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, are discussed below.

Impairment of assets

Each Group entity is a separate cash-generating unit ("CGUs"), as it is the smallest group of assets that generates cash inflows largely independently of the cash flows generated by other Group assets, and the lowest level at which the Group performs control over the reimbursement of assets. Accordingly, each entity assesses the existence of impairment indicators of the carrying value of tangible and intangible assets at each reporting date on its own. The determination of the presence of asset impairment indicators is based on a large number of factors such as: expected growth in the energy industry, change in tariffs, estimated cash flows, and changes in the availability of financing in the future, technological obsolescence, termination of services, current replacement costs and other changes in conditions that indicate the existence of an impairment.

As at 31 December 2022, based on the analysis carried out no indicators of impairment were found in the Group's entities.

Site restoration obligations

In accordance with the Kazakhstan laws and regulations, the Group, through its subsidiaries, Ust-Kamenogorsk CHP LLP and Karaganda Energocentre LLP, is legally obliged to restore the ash dump territory. The Group estimates that these subsidiaries will restore the ash dump area in 2025 which will continue between 2027 and 2028. The carrying amount of liabilities is the current value of estimated costs expected to be incurred, adjusted for expected inflation and discounted using estimated loan rates. Site restoration obligations are reviewed at each reporting date and adjusted to reflect management's best estimates. Most of these obligations relate to the distant future and changes in retrofit technology. Costs and industry practices may also affect the Group's estimates.

Obligation to liquidate objects operation consequences

As shown in Note 30, the management of the Group analysed the new Kazakhstan Ecological Code from 1 July 2021 with respect to the requirement to recognise obligations to liquidate the consequences of the operation of the objects that have a negative impact on the environment. From the analysis, management identified the Group's main production facilities as category I, because they have a significant negative impact on the environment. Consequently, the Group should have developed and submitted for review and approval to the authorised body a liquidation plan of the objects operation consequences, that take place at the reporting date, to identify the details of the expected works and measures that will be needed for the liquidation taking into account the requirements of Kazakhstan ecological law, and also for the calculation of future estimated costs and obligations. Since as at the date of the consolidated financial statements, the authorised body for environmental protection was considering revisions and making amendments to the list of measures required to liquidate the consequences of the objects operations, the Group management considered it appropriate to defer the development of the liquidation plan for all objects, except ash dumps, and estimate future costs and recognise the liability as soon as the updated methodology is approved. Thus, Group management did not recognise the liability to liquidate the consequences of the objects operation, except for the ash dump, as at 31 December 2022 and 2021.

4.1. Classification changes affecting comparative information

When preparing the consolidated financial statements for the year ended 31 December 2022, the management of the Group made an adjustment to the previously issued consolidated financial statements for the year ended 31 December 2021.

Change in the classification of property tax expenses for 2021

In 2022, the Group's management decided to reflect property tax expenses for production facilities in the amount of 1,734,201 thousand tenge in cost of sales. Previously, these expenses were fully reflected in administrative expenses. The management of the Group believes that this presentation of information reflects the operations of the Group more fairly and up-to-date, and also improves the comparability of information in the consolidated financial statements for the current and previous periods.

The restatement does not affect the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of changes in equity for 2021.

(thousands of tenge, unless indicated otherwise)

The table below shows the effect of the restatement of the classification of property tax expenses on the consolidated statement of profit or loss and other comprehensive income for 2021:

	2021		
	Previously issued	Corrections	Restated
Cost of sales	(126,174,545)	(1,734,201)	(127,908,746)
Gross profit	**49,293,681**	**(1,734,201)**	**47,559,480**
General and administrative expenses	(10,073,525)	1,734,201	(8,339,324)
Profit before income tax	**28,575,988**	-	**28,575,988**
Net profit for the year	**21,334,192**	-	**21,334,192**

Change in the classification of loans received as at 31 December 2021

During 2022, the management of the Group decided to change the classification of non-current borrowings in the consolidated statement of financial position as at 31 December 2021 in the total amount of 52,352,612 thousand tenge for short-term borrowings due to the fact that, in accordance with the requirements of IAS 1 "Presentation of Financial Statements", as at 31 December 2021, the Group should have classified these loans as current liabilities, as the Group in 2021 did not comply with certain conditions (covenants) stipulated by the terms of the loan agreements and did not receive confirmation from creditors about their waiver of the right to demand early repayment of obligations before the end of 2021 (Note 22).

The restatement does not affect the 2021 consolidated statement of profit or loss and other comprehensive income and the 2021 consolidated statement of changes in equity.

The table below shows the effect of the restatement of the loans classification on the consolidated statement of financial position as at 31 December 2021:

	31 December 2021		
	Previously issued	Corrections	Restated
NON-CURRENT LIABILITIES:			
Borrowings	67,091,716	(52,352,612)	14,739,104
	104,109,384	**(52,352,612)**	**51,756,772**
CURRENT LIABILITIES:			
Borrowings	24,413,682	52,352,612	76,766,294
	57,439,686	**52,352,612**	**109,792,298**
TOTAL LIABILITIES	**161,549,070**	-	**161,549,070**

5. SEGMENT INFORMATION

Information provided to Group management responsible for operating decisions, to allocate resources and assess results by segment, deals with the types of services provided to produce, transmit, distribute and sell electricity. To generate Group reporting segments, none of its operating segments were combined, except for other products (chemically purified water) and services, which individually do not exceed quantity thresholds.

(thousands of tenge, unless indicated otherwise)

In particular, the Group's reporting segments are:

- thermal power and electricity generation;
- electricity transmission and distribution;
- thermal power and electricity sales;
- other.

The Group follows a number of profitability indices such as profit before income tax, profit for the year and gross profit. Despite this, profit for the year is used to allocate resources and assess segment performance.

	2022					
Key operating indices	**Thermal power and electricity production**	**Electricity transmission and distribution**	**Thermal power and electricity sales**	**Others**	**Elimination**	**Total**
Revenue from sales to external customers	55,223,171	32,029,873	101,888,274	294,854	-	189,436,172
Inter-segment revenue	27,249,500	28,304,483	39,729	544,818	(56,138,530)	-
Cost of sales, total	(58,955,033)	(40,660,473)	(98,716,174)	-	55,915,350	(142,416,330)
Gross profit	**23,517,638**	**19,673,883**	**3,211,829**	**839,672**	**(223,180)**	**47,019,842**
General and administrative expenses	(3,959,745)	(2,915,302)	(1,354,970)	(2,779,238)	497,067	(10,512,188)
Selling expenses	(16,556)	(2,007,607)	(2,495,021)	-	27,286	(4,491,898)
Finance costs	(249,553)	(2,532,223)	(262,669)	(8,746,603)	2,559	(11,788,489)
Finance income	212,542	227,130	91,873	6,437,350	(2,559)	6,966,336
Other income, net	650,491	182,405	309,657	(159,570)	(301,173)	681,810
Foreign exchange gain/(loss), net	676	(105,163)	2,097	(7,416,931)	-	(7,519,321)
Profit before income tax	**20,155,493**	**12,523,123**	**(497,204)**	**(11,825,320)**	**-**	**20,356,092**
Income tax expenses/(benefits)	(3,987,067)	(2,355,604)	(185,276)	(178,073)	-	(6,706,020)
Net profit/(loss) for the year	**16,168,426**	**10,167,519**	**(682,480)**	**(12,003,393)**	**-**	**13,650,072**
Other key segment information						
Capital costs on property, plant and equipment	14,572,453	21,269,636	50,154	1,187,727	-	37,079,970
Depreciation of property, plant and equipment	8,148,763	9,211,211	174,576	26,210	-	17,560,760

(thousands of tenge, unless indicated otherwise)

	2021					
Key operating indices	**Thermal power and electricity production**	**Electricity transmission and distribution**	**Thermal power and electricity sales**	**Others**	**Elimination**	**Total**
Revenue from sales to external customers	52,592,569	29,128,998	93,204,365	542,294	-	175,468,226
Inter-segment revenue	25,459,091	24,765,770	28,743	528,873	(50,782,477)	-
Cost of sales, total	(54,271,941)	(35,819,410)	(88,423,260)	-	50,605,865	(127,908,746)
Gross profit	**23,779,719**	**18,075,358**	**4,809,848**	**1,071,167**	**(176,612)**	**47,559,480**
General and administrative expenses	(3,342,113)	(2,739,137)	(1,011,532)	(1,788,707)	542,165	(8,339,324)
Selling expenses	(12,012)	(1,551,709)	(2,232,419)	-	27,895	(3,768,245)
Finance costs	(566,845)	(2,873,910)	(232,991)	(8,097,416)	106,918	(11,664,244)
Finance income	183,736	350,907	50,495	5,564,088	(106,918)	6,042,308
Other income and expenses, net	630,157	85,110	188,263	(212,310)	(393,448)	297,772
Foreign exchange gain/(loss), net	(413)	(130,552)	427	(1,421,221)	-	(1,551,759)
Profit before income tax	**20,672,229**	**11,216,067**	**1,572,091**	**(4,884,399)**	**-**	**28,575,988**
Income tax expenses/(benefits)	(4,528,248)	(2,368,182)	(400,366)	55,000	-	(7,241,796)
Net profit for the year	**16,143,981**	**8,847,885**	**1,171,725**	**(4,829,399)**	**-**	**21,334,192**
Other key segment information						
Capital costs on property, plant and equipment	7,583,118	17,657,913	41,472	36,527	-	25,319,030
Depreciation of property, plant and equipment	7,871,588	8,277,147	112,136	28,522	-	16,289,393

6. REVENUE

	2022	**2021**
Sale of electricity	126,783,553	117,071,047
Transmission of electricity	32,029,873	29,128,998
Sale of thermal power	21,955,787	19,320,920
Revenue from electricity capacity maintenance	7,927,265	9,015,310
Sales of chemically purified water	426,351	373,142
Lease of buildings	47,024	36,647
Other	266,319	522,162
	189,436,172	**175,468,226**

The Kazakhstan electricity market has been divided into two submarkets since 1 January 2019, which are the power market (actual purchase and sale of electricity at set tariffs) and the electric capacity market (purchase and sale of services to ensure electric capacity readiness). Kazakhstan Ministry of Energy Order No. 357 dated 7 September 2019 identifies the Financial Settlement Centre of Renewable Energy LLP ("FSC") as the single buyer responsible for centralised procurements to maintain the availability of electric capacity and for ensuring the availability of electric capacity in case of load.

For electricity producers this has led to a new form of revenue from maintaining electricity capacity for the Single Buyer, and for wholesale consumers – a new cost item, which is the cost of services purchased from the Single Buyer to ensure the availability of electric capacity in case of load.

(thousands of tenge, unless indicated otherwise)

7. COST OF SALES

	2022	2021 (restated)*
Materials	29,480,206	27,820,979
Electricity purchased	26,268,159	21,935,547
Depreciation and amortisation	17,283,665	16,070,856
Payroll and related taxes	16,601,708	12,879,632
Services of transmission of electricity, thermal power and chemically purified water	15,889,804	13,711,398
Electricity purchased from FSC	12,042,481	10,998,572
Technical losses from electricity transmission	7,991,700	8,032,732
Electricity availability services or ensuring the readiness of electricity load	2,768,363	2,653,794
Electricity tariff control and regulation	2,583,558	3,019,394
Water supply	2,571,291	2,617,274
Repairs	1,780,724	2,198,863
Property tax	1,879,020	1,845,862
Transportation costs	1,201,929	930,257
Taxes other than income and property tax	996,895	323,821
Security	635,487	504,124
Accrual of provision for unused vacation (Note 25)	476,570	263,086
Other	1,964,770	2,102,555
	142,416,330	**127,908,746**

*As restated, please see Note 4.1.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2022	2021 (restated)*
Payroll and related taxes	5,462,794	4,610,939
Taxes other than income tax	1,451,102	1,028,261
Charity	713,283	23,545
Consulting services	325,912	569,636
Depreciation and amortisation	305,407	383,372
Bank fees	298,689	54,079
Accrual of allowance for expected credit losses (Notes 16 and 18)	239,219	133,712
Rental costs	242,787	157,780
Fines and penalties	140,066	44,352
Accrual of provision for unused vacation (Note 25)	132,678	150,002
Materials	118,427	114,344
Transportation costs	118,048	118,745
Business trips expenses	110,277	79,080
Security services	78,480	115,188
Communication services	47,131	41,122
Other	727,888	715,167
	10,512,188	**8,339,324**

Rental costs include short term leases for less than one year term.

*As restated, please see Note 4.1.

(thousands of tenge, unless indicated otherwise)

9. SELLING EXPENSES

	2022	2021
Payroll and related taxes	3,091,864	2,349,714
Billing system maintenance	665,893	627,321
Accrual of provision for unused vacation (Note 25)	211,609	155,125
Bank fees	148,172	138,124
Materials	50,252	102,584
Taxes other than income tax	44,617	149,400
Rental costs	15,458	23,111
Other	264,033	222,866
	4,491,898	**3,768,245**

Rental costs include short term leases for less than one year term.

10. FINANCE COSTS

	2022	2021
Interest on bank overdrafts and borrowings	11,073,247	10,644,857
Interest on bonds issued	292,812	632,341
Accretion expense on ash dump restoration reserve	138,428	104,602
Interest expenses on lease liability (Note 15)	134,242	135,177
Unwinding of discount	72,128	167,185
Other finance costs	81,352	73,261
Less: capitalised expenses (Note 22)	(3,720)	(93,179)
	11,788,489	**11,664,244**

11. FINANCE INCOME

	2022	2021
Interest income	5,454,131	5,445,834
Discount of interest-free short-term loans received (Note 25)	980,546	-
Other	531,659	596,474
	6,966,336	**6,042,308**

Finance income for the year ended 31 December 2022 includes interest income of 5,402,520 thousand tenge on a loan given to related party JSC Ushkuyu (2021: 5,402,520 thousand tenge), discount of interest-free short-term loans received of 980,546 thousand tenge (2021: nil tenge) and 50,712 thousand tenge on a loan to related party Dragon Fortune PTE. LTD (2021: 43,314 thousand tenge) (Note 28).

(thousands of tenge, unless indicated otherwise)

12. SUBSIDIARIES

The Group comprises the Company and the following subsidiaries:

Name	Type of activities	Place of incorporation and operation	Ownership interest/ voting power held by the Group 31 December 2022	31 December 2021
Karaganda Energocentre LLP	Thermal power, electricity and chemically purified water production in Karaganda region	Kazakhstan	100%	100%
Karagandy Zharyk LLP	Electricity transmission and distribution in Karaganda region	Kazakhstan	100%	100%
Ontustik Zharyk Transit LLP	Electricity transmission and distribution in South-Kazakhstan region	Kazakhstan	100%	100%
Karagandy ZhyluSbyt LLP	Thermal power and electricity supply in Karaganda region	Kazakhstan	100%	100%
Raschetny Servisny Tsentr LLP	Electricity supply in Karaganda region	Kazakhstan	100%	100%
Ontustik Zharyk LLP	Electricity supply in South-Kazakhstan region	Kazakhstan	-	100%
Energopotok LLP	Electricity supply in South-Kazakhstan region	Kazakhstan	100%	100%
Energy Center LLP	Thermal power and electricity production in Karaganda region	Kazakhstan	100%	100%
Vetropark Zhuzimdyk LLP	Electricity generation in South-Kazakhstan region	Kazakhstan	100%	100%
Ust-Kamenogorsk CHP LLP	Thermal power and electricity production in East-Kazakhstan region	Kazakhstan	100%	100%
Shygys Energy LLP	Production entity management	Kazakhstan	100%	100%
Heat & Power Holding B.V.	Production entity management	Netherlands	-	100%
JSC Mangistau Regional Electricity Network Company	Electricity transmission and distribution in Mangistau region	Kazakhstan	52.63%	52.63%

In July 2022, the parent company decided to liquidate the subsidiary Ontustik Zharyk LLP. During 2022 and at the time of liquidation, Ontustik Zharyk LLP was not engaged in operational activities. As of 1 July 2022, the net assets of the subsidiary amounted to 51,250 thousand tenge.

In September 2022, the parent company decided to liquidate the subsidiary company Heat & Power Holding B.V. The assets and liabilities of the company were transferred to the parent company. During 2022 and at the time of liquidation, Heat & Power Holding B.V. was not engaged in operational activities. As at 15 September 2022, the net assets of the subsidiary amounted to 1,690,857 thousand tenge, which are represented by investments in a subsidiary Shygys Energo LLP in the amount of 1,697,084 thousand tenge and liabilities in the amount of 6,227 thousand tenge.

(thousands of tenge, unless indicated otherwise)

The Group structure as at the reporting date is as follows:

	No. of subsidiaries fully owned	
Core activities	**31 December 2022**	**31 December 2021**
Thermal energy and electricity production	4	4
Electricity transfer and distribution	2	2
Thermal power and electricity sales	3	4
Other	1	2
	10	**12**

JSC MRENC is non-wholly owned by the Group.

Non-wholly owned subsidiary with material non-controlling interests

Year	Subsidiary name	Place of registration and main place of operation	Non-controlling ownership share and voting rights	Profit attributable to non-controlling interests	Carrying amount of non-controlling interests
31 December 2022	MRENC JSC	Republic of Kazakhstan	47.37%	938,750	16,393,140
31 December 2021	MRENC JSC	Republic of Kazakhstan	47.37%	1,469,274	15,454,390

A more detailed overview of the movement of non-controlling interest is provided in Note 21.

The table below provides a summary of financial information on the Group subsidiary with significant non-controlling interests.

	31 December 2022	31 December 2021
Current assets	2,873,144	3,354,267
Non-current assets	56,066,544	55,527,418
Current liabilities	(6,669,778)	(5,443,764)
Non-current liabilities	(18,485,721)	(21,666,696)
Equity attributable to owners of the Company	17,391,049	16,316,835
Non-controlling interests	16,393,140	15,454,390

(thousands of tenge, unless indicated otherwise)

	2022	2021
Revenue	17,133,082	16,826,104
Expenses	(15,151,343)	(13,724,406)
Profit and total comprehensive income for the year	**1,981,739**	**3,101,698**
Profit and total comprehensive income attributable to owners of the Company	1,042,989	1,632,424
Profit and total comprehensive income attributable to non-controlling interests	938,750	1,469,274
Profit and total comprehensive income for the year	**1,981,739**	**3,101,698**
Net cash inflow from operating activities	7,636,498	7,868,518
Net cash outflow for investing activities	(2,639,901)	(4,924,359)
Net cash outflow for financial activities	(4,845,517)	(4,252,019)
Net cash inflow/(outflow)	**151,080**	**(1,307,860)**

13. TAXATION

	2022	2021
Current income tax expenses	4,334,491	6,177,473
Deferred income tax expenses	2,371,529	1,024,922
Adjustment to income tax from previous years	-	39,401
	6,706,020	**7,241,796**

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities recorded for financial reporting and tax accounting purposes. Deferred tax assets and liabilities are calculated at the rates expected to apply during asset recovery or liability repayment periods.

The table below shows a reconciliation of income tax at 20% to actual income tax recorded in the consolidated statement of comprehensive income:

	2022	2021
Profit before income tax	20,356,092	28,575,988
Statutory income tax rate	20%	20%
Theoretical income tax expense at the statutory rate	4,071,218	5,715,198
Tax losses used not recognised as deferred tax assets	564,338	(35,075)
Not deductible interest accrued	687,056	222,806
Income in tax accounting from the concession of debt	-	641,768
Adjustment to income tax from previous years	-	39,401
Non-deductible exchange rate losses	1,179,118	-
Discount of interest-free short-term loans received		-
Impact of non-deductible expenses related to zero tariff sales	101,882	162,209
Other permanent differences	102,408	495,489
Income tax expenses	**6,706,020**	**7,241,796**

The following is an analysis of deferred tax assets and liabilities in the consolidated statement of financial position:

	31 December 2022	31 December 2021
Deferred tax assets	271,832	282,825
Deferred tax liabilities	(35,654,067)	(33,159,272)
	(35,382,235)	**(32,876,447)**

(thousands of tenge, unless indicated otherwise)

As at 31 December 2022, the total tax effect of unrecognised tax losses in the amount 1,390,666 thousand tenge was represented by parent company and not eligible for offsetting with another subsidiaries within the Group (31 December 2021: 2,158,945 thousand tenge).

Movement of the deferred tax assets and liabilities are as follows:

	31 December 2021	Recognised in profit or loss	Recognised in equity	31 December 2022
Deferred tax assets:				
Interest payable	5,079	-	-	5,079
Restoration reserve	301,223	27,686	-	328,909
Allowance for expected credit losses	733,435	9,983	-	743,418
Provision for unused vacations	210,978	(74,320)	-	136,658
Provision for slow-moving and obsolete inventories	1,362	(96)	-	1,266
Taxes	50,364	600	-	50,964
Deferred income	212,747	-	-	212,747
	1,515,188	**(36,147)**	**-**	**1,479,041**
Deferred tax liabilities:				
Property, plant and equipment	(34,060,226)	(2,093,311)	-	(36,153,537)
Discount of interest-free short-term loans received	-	(196,109)	(134,259)	(330,368)
Accrued expenses	(83,448)	9,027	-	(74,421)
Other	(247,961)	(54,989)	-	(302,950)
	(34,391,635)	**(2,335,382)**	**(134,259)**	**(36,861,276)**
Total net deferred tax liabilities	**(32,876,447)**	**(2,371,529)**	**(134,259)**	**(35,382,235)**

	31 December 2020	Recognised in profit or loss	31 December 2021
Deferred tax assets:			
Tax losses carried forward	4,894	(4,894)	-
Interest payable	24,545	(19,466)	5,079
Restoration reserve	317,806	(16,583)	301,223
Allowance for expected credit losses	710,453	22,982	733,435
Provision for unused vacations	146,135	64,843	210,978
Provision for slow-moving and obsolete inventories	8,569	(7,207)	1,362
Taxes	42,249	8,115	50,364
Deferred income	301,023	(88,276)	212,747
	1,555,674	**(40,486)**	**1,515,188**
Deferred tax liabilities:			
Property, plant and equipment	(32,882,546)	(1,177,680)	(34,060,226)
Accrued expenses	(121,035)	37,587	(83,448)
Other	(403,618)	155,657	(247,961)
	(33,407,199)	**(984,436)**	**(34,391,635)**
Total net deferred tax liabilities	**(31,851,525)**	**(1,024,922)**	**(32,876,447)**

(thousands of tenge, unless indicated otherwise)

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Others	Construction in progress	Total
Cost							
As at 31 December 2020	**2,982,017**	**59,035,567**	**230,447,368**	**5,741,939**	**1,243,938**	**23,520,734**	**322,971,563**
Additions	135,320	15,495	456,136	857,535	32,141	23,822,403	25,319,030
Disposals	(48)	(68,960)	(601,407)	(75,445)	(5,922)	(111,949)	(863,731)
Changes in estimates	-	348,222	-	-	-	-	348,222
Internal transfers	-	5,786,500	18,784,651	61,539	4,809	(24,637,499)	-
As at 31 December 2021	**3,117,289**	**65,116,824**	**249,086,748**	**6,585,568**	**1,274,966**	**22,593,689**	**347,775,084**
Additions	31,858	1,149,593	490,341	159,173	157,216	35,091,789	37,079,970
Disposals	(62)	(115,892)	(726,390)	(77,603)	(37,265)	(36,507)	(993,719)
Internal transfers	-	5,400,025	18,388,991	118,793	6,753	(23,914,562)	-
As at 31 December 2022	**3,149,085**	**71,550,550**	**267,239,690**	**6,785,931**	**1,401,670**	**33,734,409**	**383,861,335**
Accumulated depreciation							
As at 31 December 2020	-	**(15,488,261)**	**(67,011,394)**	**(2,640,906)**	**(525,170)**	**(144,223)**	**(85,809,954)**
Accrued for the year	-	(3,182,593)	(12,469,229)	(502,040)	(135,531)	-	(16,289,393)
Disposals	-	21,822	288,672	37,563	5,232	-	353,289
Internal transfers	-	-	7,043	(6,924)	(119)	-	-
As at 31 December 2021	-	**(18,649,032)**	**(79,184,908)**	**(3,112,307)**	**(655,588)**	**(144,223)**	**(101,746,058)**
Accrued for the year	-	(3,918,206)	(12,943,023)	(562,800)	(136,731)	-	(17,560,760)
Disposals	-	46,758	299,556	66,126	35,076	6,873	454,389
Changes in estimates	-	-	-	-	-	(62,254)	(62,254)
Internal transfers	-	(458)	458	-	-	-	-
As at 31 December 2022	-	**(22,520,938)**	**(91,827,917)**	**(3,608,981)**	**(757,243)**	**(199,604)**	**(118,914,683)**
Net carrying amount							
As at 31 December 2022	**3,149,085**	**49,029,612**	**175,411,773**	**3,176,950**	**644,427**	**33,534,805**	**264,946,652**
As at 31 December 2021	**3,117,289**	**46,467,792**	**169,901,840**	**3,473,261**	**619,378**	**22,449,466**	**246,029,026**

As at 31 December 2022 and 2021, Group construction in progress is mainly represented by modernisation objects and reconstruction of substation equipment, SCADA system implementation, electricity grid lines and substation construction, and ash-disposal dump areas works.

In 2022, the Group, represented by the subsidiaries JSC MRENC, Ontustik Zharyk Transit LLP and Karagandy Zharyk LLP, completed construction in progress, including substations construction and power lines; equipment modernisation, reconstruction and repairs, which resulted facilities for a total of 23,914,562 thousand tenge being transferred to property, plant and equipment (2021: 24,637,499 thousand tenge).

For the years ended 31 December 2022 and 2021, the Group capitalised interest in property, plant and equipment of 3,720 thousand tenge and 93,179 thousand tenge, respectively (Note 10). In 2022 and 2021, the average capitalisation rate was 15.06% and 11.90%, respectively.

As at 31 December 2022 and 2021, the value of the Group's fully depreciated property, plant and equipment was 6,710,027 thousand tenge and 6,919,225 thousand tenge, respectively.

As at 31 December 2022 and 2021, the Group's property, plant and equipment, with a carrying amount of 87,900,247 thousand tenge and 89,146,319 thousand tenge, respectively, was pledged as security for loans received from JSC Sberbank Russia, JSC SB Sberbank Russia and Development Bank of Kazakhstan (Note 22).

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases production and office premises. Lease agreements are usually concluded for certain periods of 12 months and contains the right to extend. Lease agreements do not contain special conditions (covenants) with the exception of protective measures in respect of leased assets owned by the lessor. Leased assets cannot be provided for sub-rent or used as collateral (Note 4).

(thousands of tenge, unless indicated otherwise)

During 2022, the Group had no additions on right-of-use assets and accrued depreciation on them was 252,837 thousand tenge (2021: additions in the amount of 1,315,623 thousand tenge and accrued depreciation of 252,114 thousand tenge).

Cost	**Buildings and structures**	**Total**
As at 1 January 2021	-	-
Additions	1,315,623	1,315,623
As at 31 December 2021	**1,315,623**	**1,315,623**
Additions	-	-
As at 31 December 2022	**1,315,623**	**1,315,623**
Accumulated depreciation		
As at 1 January 2021	-	-
Accruals	(252,114)	(252,114)
As at 31 December 2021	**(252,114)**	**(252,114)**
Additions	(254,837)	(254,837)
As at 31 December 2022	**(506,951)**	**(506,951)**
Carrying amount		
As at 31 December 2021	**1,063,509**	**1,063,509**
As at 31 December 2022	**808,672**	**808,672**

The table below provides an analysis of the maturity of lease payments as at 31 December:

	2022	**2021**
Maturity analysis		
Within one year	349,846	346,631
From one to two years	349,846	346,631
From two to three years	349,846	346,631
From three to four years	24,315	346,631
From four to five years	-	14,673
Total lease payments	**1,073,853**	**1,401,197**
Less: the unpaid interest	(172,289)	(286,173)
Total lease liabilities	**901,564**	**1,115,024**
Less: the short-term portion	(349,846)	(346,631)
Long-term lease obligations	**551,718**	**768,393**

Interest expense on lease obligations for the year ended 31 December 2022 amounted to 134,242 thousand tenge (2021: 135,177 tenge) (Note 10). These expenses are included in finance costs in the consolidated statement of profit and loss and other comprehensive income.

(thousands of tenge, unless indicated otherwise)

Below is the data on changes in lease obligations:

	2022	2021
As at 1 January	**1,115,024**	**-**
Additions	-	1,315,623
Repayment of lease obligations	(213,460)	(200,599)
Interest expense (Note 10)	134,242	135,177
Interest paid	(134,242)	(135,177)
As at 31 December	**901,564**	**1,115,024**

The lease term of office premises is up to 5 years.

Cash flows on lease obligations for the year ended 31 December 2022 amounted to 347,702 thousand tenge, of which 134,242 thousand tenge (2021: 335,776 thousand tenge, of which 135,177 thousand tenge) are included in remuneration payments in the consolidated statement of cash flows.

As at 31 December 2022 and 2021, lease liabilities were denominated in tenge.

16. TRADE ACCOUNTS RECEIVABLE

	31 December 2022	31 December 2021
Trade accounts receivable	24,029,093	21,999,266
Less: allowance for expected credit losses	(2,947,927)	(2,553,670)
	21,081,166	**19,445,596**

31 December 2022	**Total**	**Not overdue**	**Overdue** up to 120 days	**Overdue** 120-210 days	**Overdue** over 210 days
Gross carrying amount	24,029,093	78,360	21,536,435	1,182,700	1,231,598
Expected credit losses (%)	-	-	6.27%	30.89%	100.00%
Allowance for expected credit losses	(2,947,927)	-	(1,350,975)	(365,354)	(1,231,598)
Carrying amount	**21,081,166**	**78,360**	**20,185,460**	**817,346**	**-**

31 December 2021	**Total**	**Not overdue**	**Overdue** up to 120 days	**Overdue** 120-210 days	**Overdue** over 210 days
Gross carrying amount	21,999,266	298,538	19,978,084	795,307	927,337
Expected credit losses (%)	-	-	6.40%	43.82%	100.00%
Allowance for expected credit losses	(2,553,670)	-	(1,277,858)	(348,475)	(927,337)
Carrying amount	**19,445,596**	**298,538**	**18,700,226**	**446,832**	**-**

(thousands of tenge, unless indicated otherwise)

Changes in the provision for expected credit losses are represented as follows:

	2022	2021
Allowance for expected credit losses at the beginning of the year	**(2,553,670)**	**(2,375,581)**
Accrued for the year (Note 8)	(1,285,847)	(917,675)
Written off for the year	245,708	94,036
Recovered for the year (Note 8)	645,882	645,550
Allowance for expected credit losses at the end of the year	**(2,947,927)**	**(2,553,670)**

The Group records allowance for expected credit losses of 100% of all trade accounts receivable for a period of more than 210 days, since past experience shows that receivables that have not been paid during this period are usually not repaid. For trade accounts receivable from 0 to 210 days, allowance for expected credit losses are reflected based on estimates based on past experience and analysis of the current financial position of groups of the counterparties.

As at 31 December 2022 and 2021, trade accounts receivable were denominated in tenge.

17. INVENTORIES

	31 December 2022	31 December 2021
Raw materials and supplies	2,497,172	2,028,958
Fuel	2,502,072	1,372,528
Spare parts	731,040	517,673
Goods for resale	2,921	4,521
Other	193,809	179,952
Less: provision for slow-moving and obsolete inventories	(161,405)	(106,476)
	5,765,609	**3,997,156**

The movement in the provision for slow-moving and obsolete inventories is as follows:

	2022	2021
Provision at the beginning of the year	**(106,476)**	**(102,824)**
Accrued for the year	(88,732)	(4,849)
Written off for the year	33,803	1,197
Provision at the end of the year	**(161,405)**	**(106,476)**

(thousands of tenge, unless indicated otherwise)

18. OTHER CURRENT ASSETS

	31 December 2022	31 December 2021
Other financial assets:		
Accounts receivable from claims	258,900	213,771
Accounts receivable from the sale of fixed assets	207,491	411,019
Restricted cash	171,967	1,169,151
Short-term loans given	64,561	142,005
Other current financial assets	356,463	230,996
	1,059,382	**2,166,942**
Less: allowance for expected credit losses	(147,576)	(548,322)
	911,806	**1,618,620**
Other non-financial assets:		
Other taxes receivable	1,239,560	1,091,830
Prepaid expenses	37,876	42,963
	1,277,436	**1,134,793**
	2,189,242	**2,753,413**

Changes in the allowance for expected credit losses are represented as follows:

	2022	2021
Allowance for expected credit losses at the beginning of the year	**(548,322)**	**(686,735)**
Recovered for the year (Note 8)	400,746	138,413
Allowance for expected credit losses at the end of the year	**(147,576)**	**(548,322)**

As at 31 December 2022, restricted cash is represented by funds on the loan servicing account from the EBRD and the minimum balance on deposit accounts with a balance of 171,967 thousand tenge, respectively (as at 31 December 2021: on the loan servicing account from the EBRD and the non-withdrawable balance on the deposit account in Bank CenterCredit JSC and «First Heartland Jusan Bank» JSC with a balance of 317,151 thousand tenge, 802,000 thousand tenge, and 50,000 thousand tenge, respectively). Cash on the loan servicing account are intended to pay the principal and interest on loans.

As at 31 December 2022 and 2021, financial assets within other current assets were mainly denominated in tenge.

19. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash on saving bank accounts, in tenge	1,797,734	5,371,957
Cash in transit, in tenge	494,389	208,804
Cash on current bank accounts, in tenge	258,941	272,884
Petty cash, in tenge	6,738	36,876
Less: allowance for expected credit losses	(13,430)	(17,355)
	2,544,372	**5,873,166**

As at 31 December 2022, cash in savings accounts is mainly represented by deposits with Bank CenterCredit JSC and Halyk Bank JSC. As of 31 December 2022 and 2021, these deposits are denominated in tenge and placed with an annual interest rates of 10.75-16.00% and 8.00-9.65%, respectively. Withdrawal of funds from deposits is possible at any time, without loss of interest earned amounts, except for the minimum balance of deposits in the amount of 20,000 thousand tenge.

20. EQUITY

Share capital

Company share capital as at 31 December 2022 and 2021 was 11,636,404 thousand tenge. The interests of each partner in Group share capital is as follows as at 31 December 2022 and 2021:

	31 December 2022		31 December 2021	
Partner	Amount, thousands of tenge	Participation interest	Amount, thousands of tenge	Participation interest
M.K. Idrissova	11,636,403	99%	11,636,403	99%
Z.D. Appaz	1	1%	-	-
Z.M. Ismailova	-	-	1	1%
	11,636,404	**100%**	**11,636,404**	**100%**

During 2022 and 2021, no dividends for 2021 and 2020 were declared or paid.

In 2022, the subsidiary JSC MRENC paid dividends on preferred shares of 8,810 thousand tenge (2021: 5,564 thousand tenge).

(thousands of tenge, unless indicated otherwise)

Additional paid-in capital

Additional paid-in capital of 9,239,137 thousand tenge as at 31 December 2022 and 2021 was formed between 2008 and 2011 as a result of transactions to purchase 100% interests in Karagandy Zharyk LLP, Energopotok LLP and Karaganda Energocentre LLP, where the purchase amount exceeded the balance of net identifiable assets, and as a result attracting of interest-free long-term financing from related parties.

21. NON-CONTROLLING INTERESTS

	2022	2021
At the beginning of the year	15,454,390	13,985,116
Share of profit for the year	938,750	1,469,274
At the end of the year	**16,393,140**	**15,454,390**

More detailed information on subsidiary transactions with a company holding significant non-controlling interests is provided in Note 12.

(thousands of tenge, unless indicated otherwise)

22. BORROWINGS

	Currency	Rate	Maturity date	31 December 2022	31 December 2021 (restated)*
JSC Sberbank Russia	Russian Roubles	10.75%-11.50%	2023-2025	60,770,957	60,404,743
JSC Bereke Bank	Tenge	11.50%-12.50%	2023-2024	5,475,293	9,398,822
European Bank of Reconstruction and Development	Tenge	11.91% (floating)- 13.38%	2027	10,554,166	12,551,033
JSC Bank CenterCredit	Tenge	16.00%	2024	2,000,000	
JSC Development Bank of Kazakhstan	Tenge	7.00%	2022	-	2,902,126
Bonds issued	Tenge	8.00%-9.00%	2023-2024	2,446,586	2,732,958
European Bank of Reconstruction and Development	USD	1.70%	2027	1,532,528	1,715,888
Other loans	Tenge	13.00%	2035-2036	283,546	315,221
Accrued interest payable				2,109,831	1,725,376
				85,172,907	**91,746,167**
Non-depreciated part of a one-time payment for loan processing				(225,460)	(240,769)
				84,947,447	**91,505,398**
Less the current portion of the borrowings payable within one year and bonds				(73,008,095)	(76,766,294)
Non-current portion of the borrowings				**11,939,352**	**14,739,104**

*As restated, please see Note 4.1.

Borrowings mature as follows:

	31 December 2022	31 December 2021
On demand or within one year	73,008,095	76,766,294
1-2 years	4,778,923	2,877,615
2-3 years	2,250,240	4,674,858
3-5 years inclusive	4,489,738	4,598,990
Over 5 years	645,911	2,828,410
	85,172,907	**91,746,167**

JSC Sberbank Russia

In May 2018, the parent company concluded agreements on the receipt by the Group, represented by the parent company, to receive financing in the form of 3 non-renewable credit lines in JSC Sberbank Russia:

- of up to 12,962,500 thousand Russian Roubles, with interest at 10.75% per annum, up to 24 months (Contract 1), to provide a loan to JSC Ushkuyu (previously JSC Ansagan Petroleum), a related party (Note 28), to refinance previously attracted JSC Ushkuyu loans;
- of up to 12,962,500 thousand Russian Roubles, with interest of 11.50% per annum, up to 84 months (Contract 2), to refinance the abovementioned credit line under Contract 1. The period of availability under Contract 2 is until 14 June 2020;
- of up to 1,320,000 thousand Russian Roubles, with interest of 10.75% per annum, for a period of up to 60 months (Contract 3), to provide loans to subsidiaries to finance investment costs.

In 2020, the Group refinanced the loan under Contract 1 in the amount of 55,104,000 thousand tenge (9,600,000 thousand Russian Roubles) due to credit line under Contract 2, as a result of which the loan maturity was extended until 14 May 2025. As at 31 December 2022 and 2021, the outstanding balance under the contracts was 52,715,712 thousand tenge and 53,176,320 thousand tenge, respectively.

The 51% of the interest in the charter capital of the parent company owned by M.K. Idrissova, and the 1% interest held by Zh.D. Appaz, as well as the 100% interest in Karaganda Energocentre LLP, Ontustik Zharyk Transit LLP and Karagandy Zharyk LLP were pledged under the contracts as a collateral for the fulfilment of obligations under these agreements. Property, plant and equipment of Karaganda Energocentre LLP was used as a collateral for the loan, as well as for the loan from JSC Development Bank of Kazakhstan during 2021 and up to the maturity date of loans in 2022. Guarantees were also provided by D.A. Idrissov and M.K. Idrissova.

On 20 November 2019, the Group received cash under Contract 3 in the amount of 6,057,620 thousand tenge (1,000,961 thousand Russian Roubles). For the year ended 31 December 2022, interest repaid amounted to 965,725 thousand tenge (2021: 702,720 thousand tenge). As at 31 December 2022 and 2021, the outstanding balance under this contract was 8,055,245 thousand tenge and 7,228,423 thousand tenge, respectively.

JSC Bereke Bank (previously - JSC SB Sberbank Russia)

On 9 October 2020, the Group, represented by the parent company, opened a renewable credit line and received the first tranche from JSC Bereke Bank in the amount of 5,000,000 thousand tenge to replenish working capital and provide financial aid to subsidiaries, at a fixed interest rate of 12.5% per annum. The period of each tranche should not exceed 12 months and should not exceed the loan period, which is 9 October 2023 inclusive. Loan collateral is property, plant and equipment of Karagandy Zharyk LLP with a carrying amount of 18,575,579 thousand tenge (31 December 2021: 19,618,281 thousand tenge) (Note 14). Guarantees were also provided by D.A. Idrissov and M.K. Idrissova. As at 31 December 2022, the outstanding balance under this contract was 4,000,000 thousand tenge (31 December 2021: 5,000,000 thousand tenge).

As at 31 December 2022 and 2021, the outstanding amount of the loan received by Group on 10 March 2017, represented by the parent company, was 1,475,293 thousand tenge and 2,458,822 thousand tenge, respectively. Loan collateral is a 70% interest in Shygys Energo LLP and property, plant and equipment of Karagandy Zharyk LLP with a carrying amount of 18,575,579 thousand tenge (31 December 2021: 19,618,281 thousand tenge) (Note 14). Guarantees were also provided by D.A. Idrissov and M.K. Idrissova. The purpose of the loan is to acquire a 100% ownership in Ust-Kamenogorsk CHP LLP. The contract is valid until March 10, 2024. The interest rate on the loan is 12.5%.

In 2021, the subsidiary Karagandy ZhyluSbyt LLP received cash in the amount of 940,000 thousand tenge in accordance with the bank loan agreement (overdraft) with JSC Bereke Bank dated 27 February 2020. Interest is accrued on the principal amount for the actual time of use. The loan interest rate is 12.5% with a maturity date on 6 April 2022. During the reporting period, the subsidiary repaid principal of 940,000 thousand tenge and interest of 6,910 thousand tenge (2021: principal debt in total of 750,000 thousand tenge and interest in the amount of 27,234 thousand tenge). As at 31 December 2022, the outstanding amount under this agreement was nil tenge (31 December 2021: 940,000 thousand tenge).

As at 31 December 2022 and 2021, the amount outstanding under the loan with Energopotok LLP was nil tenge and 1,000,000 thousand tenge, respectively. The purpose of the loan is to replenish working capital for a period of 12 months, with an interest rate of 11.5%.

JSC Bank CenterCredit

In July 2022, the Group, represented by the parent company, Energotok LLP and Karagandy ZhyluSbyt LLP, concluded agreements to receive financing in the form of renewable credit lines JSC from Bank CenterCredit. The Group, represented by Energotok LLP and Karagandy ZhyluSbyt LLP, received the first tranche from JSC Bank CenterCredit in the amount of 2,000,000 thousand tenge to replenish working capital, with a fixed interest rate of 16%. The term of each tranche should not exceed 12 months and should not exceed the term of the loan. The total loan term is until October 9, 2023, inclusive.

As at 31 December 2022 the amount outstanding under the loan with Energopotok LLP was 1,000,000 thousand tenge.

As at 31 December 2022 the amount outstanding under the loan with Kagandy ZhyluSbyt LLP was 1,000,000 thousand tenge.

JSC Development Bank of Kazakhstan

During the reporting period, the subsidiary of Karaganda Energocentre LLP repaid the principal debt in the total amount of 2,902,126 thousand tenge and interest of 76,369 thousand tenge.
As at 31 December 2022 the amount outstanding under the agreement amounted to nil tenge (31 December 2021: 2,902,126 thousand tenge).

European Bank for Reconstruction and Development

On 16 March 2018, the Group, represented by subsidiary JSC MRENC, entered into a loan agreement with European Bank for Reconstruction and Development ("EBRD") to provide financing of 12,300,000 thousand tenge from the bank's usual resources and 5,300,000 USD from the special Green Climate Fund (hereinafter - "GCF"), administered by the EBRD. The GCF was established at the Conference of the Parties to the UN Framework Convention on Climate Change in 2010. Its purpose is to assist in reducing greenhouse gas emissions in developing countries, as well as to assist in the process of adaptation of vulnerable communities to the inevitable consequences of climate change.

As part of this loan agreement, in 2018, JSC MRENC received several tranches in the amount of 9,000,000 thousand tenge from the usual resources of the EBRD and 5,300,000 US dollars from the GCF for a period of ten years, with the beginning of repayment of the principal debt after two years from the date of receipt of funds. In 2019, JSC MRENC received the fourth tranche in the amount of 2,000,000 thousand tenge from the usual resources of the EBRD. The loan funds from the GCF were provided only to finance the modernization and strengthening of the electric grid and the expansion of the integration of renewable energy sources into the electric grid.

In September 2021, JSC MRENC concluded a loan agreement with the EBRD in the amount of 4,900,000 thousand tenge for 7 years. A single technological complex of the Kazachinsky district of electric networks in the amount of 13,715,909 thousand tenge was pledged as collateral. The purpose of this loan is to refinance the 8th issue of the issued bonds during 2015. In December 2021, a tranche was drawn down in the amount of 4,541,999 thousand tenge, the remaining unused amount was cancelled. On December 21, 2021 JSC MRENC made a full repayment of the 8th issue of bonds for a total amount of 4,541,999 thousand tenge using these funds.

Interest payments on loans are made quarterly. The interest rate for a loan received in US dollars from the GCF funds is 1.70%. The interest rate for a loan received in tenge is calculated as follows: loan margin 3.50% plus 1% commission plus inflation rate in the Republic of Kazakhstan for the quarter. For 2022, the effective interest rate on the tenge loan was 16.47% (2021: 11.91%). The funds received from the EBRD resources were used by JSC MRENC to repay part of the remaining loan amount from JSC Bank CenterCredit in the amount of 5,029,057 thousand tenge, as well as to buy short-term commercial bonds of the ninth issue in the amount of 1,500,000 thousand tenge in 2018. The remaining funds received by JSC MRENC were directed to the implementation of the investment program. The amount of accrued interest for 2022 amounted to 2,040,821 thousand tenge, of which 3,720 thousand tenge were capitalized in the cost of fixed assets (2021: 1,176,713 thousand tenge, of which 93,179 thousand tenge were capitalized in the cost of fixed assets) (Note 14). For the year ended 31 December 2022, JSC MRENC repaid the principal debt and interest in the amount of 2,875,479 thousand tenge and 1,961,042 thousand tenge, respectively (2021: 1,751,797 thousand tenge and 1,772,079 thousand tenge, respectively). The total capitalization amount for 2022 represents the amount of capitalized expenses for 2022 on general loans calculated using the capitalization rate of 15.06% (for 2021: 92,139 thousand tenge of the total capitalization amount of 93,179 thousand tenge represents the amount of capitalized expenses for 2021 on general loans calculated using the capitalization rate of 11.90%).

(thousands of tenge, unless indicated otherwise)

As at 31 December 2022, loans from usual resources and the Green Climate Fund amounted to 10,554,166 thousand tenge and 1,532,528 thousand tenge, respectively (31 December 2021: 12,551,033 thousand tenge and 1,715,888 thousand tenge, respectively).

Loans from consumers

Other loans comprise loans of the acquired subsidiary JSC MRENC. According to Government Decision No. 1044 dated 8 October 2004, JSC MRENC received funds from customers to construct a power transmission network or upgrade current infrastructure in the amount of 51,480 thousand tenge, 2,094,596 thousand tenge and 449,820 thousand tenge during 2009, 2008 and 2007, respectively. The funds are interest-free and due for repayment within 25 years. These loans are not secured.

The funds received from customers are initially recognised at their fair value using the effective interest rate method at the prevailing market rate (2009: 16%, 2008: 16% and 2007: 12%). The difference between the funds received and their fair value is recognised as deferred income (Note 23).

As at 31 December 2022, loans from consumers for additional capacity amounted to 283,546 thousand tenge (31 December 2021: 315,221 thousand tenge).

At the date control over JSC MRENC was received, the Group recognised loans from consumers in the consolidated financial statements at fair value with a discount market interest rate of 13.17%.

Bonds issued

As at 31 December 2022 and 2021, bonds issued included:

Group enterprise	Bonds issued, by price	Maturity date	Exchanges	31 December 2022	31 December 2021
MRENC JSC	8% bonds issued of the 6th issue in tenge	2023	Kazakhstan stock exchange	212,035	572,634
MRENC JSC	9% bonds issued of the 7th issue in tenge	2024	Kazakhstan stock exchange	2,234,551	2,160,324
	Total bonds issued			**2,446,586**	**2,732,958**
	Current portion of bonds issued			-	-
	Non-current portion of bonds issued			2,446,586	2,732,958
				2,446,586	**2,732,958**

For the year ended 31 December 2022, accrued interest on bonds issued amounted to 257,168 thousand tenge (2021: 600,213 thousand tenge). Funds from the bonds issued placement were used to implement the JSC MRENC investment programme. In 2022, the Group paid interest to holders of bonds issued in the amount of 261,833 thousand tenge (2021: 710,267 thousand tenge).

(thousands of tenge, unless indicated otherwise)

Changes in obligations arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2022	Cash flows from financing activities (i)	Other changes (ii)	31 December 2022
Loans	88,772,440	(14,356,227)	8,084,648	82,500,861
Bonds issued	2,732,958	(469,969)	183,597	2,446,586
Interest-free short-term loans (Note 25)	6,044,260	7,313,059	(1,651,839)	11,705,480
Lease liabilities (Note 15)	1,115,024	(213,460)	-	901,564
Dividends (Note 20)	-	(8,810)	8,810	-
	98,664,682	**(7,735,407)**	**6,625,216**	**97,554,491**

	1 January 2021	Cash flows from financing activities (i)	Other changes (ii)	31 December 2021
Loans	92,379,107	(4,827,143)	1,220,476	88,772,440
Bonds issued	7,718,600	(6,059,143)	1,073,501	2,732,958
Interest-free short-term loans (Note 25)	7,041,320	(997,060)	-	6,044,260
Lease liabilities (Note 15)	-	(135,177)	1,250,201	1,115,024
Dividends (Note 20)	-	(5,564)	5,564	-
	107,139,027	**(12,024,087)**	**3,549,742**	**98,664,682**

(i) Cash flows from borrowings, interest-free short-term loans and dividends to the net amount of receipts and payments on borrowed funds in the cash flow statement.

(ii) Other changes include interest accrued and interest payments, amortisation of a one-time consideration for arranging loans, the effect of revising the interest rate on a loan, and netting transactions.

Non-compliance with credit agreements terms

Under the loan agreements, the Group has obligations to comply with financial and non-financial covenants. As at 31 December 2022, the Group did not comply with certain covenants under the loan agreements with JSC Sberbank Russia No. 6650 and No. 6773 dated 15 May 2018 and JSC Bereke Bank No. 17-11791-01-KL/1 dated 29 March 2017. According to the loan agreement terms, the banks have the right to demand early repayment of the whole amount of loans in case of non-compliance with covenants. As at 31 December 2022, the Group has not received confirmation from the banks of the waiver of the right to demand early repayment of obligations from the Group. As a result, the Group reclassified the entire long-term portion of the loan into the short-term portion in the amount of 40,892,481 thousand tenge (31 December 2021: 52,352,612 thousand tenge).

(thousands of tenge, unless indicated otherwise)

23. OTHER NON-CURRENT LIABILITIES

	31 December 2022	31 December 2021
Other non-current financial liabilities:		
Other non-current financial liabilities	125,892	127,460
	125,892	**127,460**
Other non-current non-financial liabilities:		
Restoration reserve	1,795,847	1,657,842
Deferred income	1,210,583	1,304,701
	3,006,430	**2,962,543**
	3,132,322	**3,090,003**

The Group's restoration reserve is represented by the reserve for the restoration of the ash dumps of Karaganda Energocentre LLP and Ust-Kamenogorsk CHP LLP subsidiaries, which is planned to be restored during 2025-2028.

Each year, the management of the Group analyses the assessment of the amount of outflow of resources necessary to repay the obligation to re-cultivate the disturbed ash dumps. In 2022, the expected amount of the costs and the period of restoration did not change compared to previous estimates.

As at 31 December 2022, deferred income is mainly represented by loans from consumers of JSC MRENC under the agreement for the amount of 1,210,583 thousand tenge (December 31, 2021: 1,304,701 thousand tenge) (Note 22).

Financial liabilities in other non-current liabilities are denominated in tenge.

24. TRADE ACCOUNTS PAYABLE

As at 31 December, trade payables were presented as follows:

	31 December 2022	31 December 2021
For goods and services	13,277,703	10,211,259
For fixed assets	12,422,734	6,181,689
	25,700,437	**16,392,948**

(thousands of tenge, unless indicated otherwise)

As at 31 December, trade accounts payable are represented in the following currencies:

	31 December 2022	31 December 2021
In tenge	25,671,637	16,370,081
In USD	19,506	1,120
In Russian Roubles	9,294	21,747
	25,700,437	**16,392,948**

25. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	31 December 2022	31 December 2021
Other financial liabilities:		
Interest-free short-term loans	11,705,480	6,044,260
Salaries payable	1,271,422	979,717
Other accounts payable	793,229	1,200,816
	13,770,131	**8,224,793**
Other non-financial liabilities:		
Liabilities under the contracts with customers	3,284,741	3,886,197
Provision for unused vacations	1,287,967	1,035,174
	4,572,708	**4,921,371**
	18,342,839	**13,146,164**

As at 31 December 2022 and 2021 interest-free short-term loans were raised to finance the Group's working capital. The loans were obtained from companies which are business-partners of the participants of the Group, as well as from Participant. As at 31 December 2022 and 2021, interest-free short-term loans were mainly received from the following companies and individual: Karaganda Energosbyt LLP of 4,963,303 thousand tenge (31 December 2021.: 3,851,303 thousand tenge), Yugenergoimpulse LLP of 956,016 thousand tenge (31 December 2021: 871,016 thousand tenge), Garant Energo LLP of 1,040,000 thousand tenge (31 December 2021: 756,000 thousand tenge) and Edinyi Raschetnyi Center Kommunalnyh Uslug LLP of 220,000 thousand tenge (31 December 2021: 53,000 thousand tenge), the participant with a share of 1% of Z.D. Appaz in the amount of 5,921,000 thousand tenge, including for repayment of loan obligations from JSC Sberbank Russia (31 December 2021: nil tenge), and other companies. The discount rate for these loans was 18.90% with a maturity of up to 1 year.

(thousands of tenge, unless indicated otherwise)

As at 31 December, liabilities from the contracts with customers by type of activity are presented below. These liabilities will be recognised during 2023 and 2022 in revenue, respectively.

Liabilities from contracts with customers by activity type	**31 December 2022**	**31 December 2021**
Sales of electricity	1,960,494	2,411,998
Transmission of electricity	1,307,327	1,385,951
Sale of thermal power	328	84,067
Other	16,592	4,181
	3,284,741	**3,886,197**

The movement in provision for unused vacations is as follows:

	2022	**2021**
Provision for unused vacation at the beginning of the year	**(1,035,174)**	**(880,415)**
Accrued for the year (Notes 7, 8 and 9)	(820,857)	(568,213)
Written off for the year	568,064	413,454
Provision for unused vacation at the end of the year	**(1,287,967)**	**(1,035,174)**

Financial liabilities within other accounts payable are denominated in tenge.

26. OTHER TAXES PAYABLE

	31 December 2022	**31 December 2021**
Value added tax	840,024	1,363,228
Pension contribution obligations	288,377	256,864
Individual income tax	199,130	170,236
Other taxes	541,523	474,512
	1,869,054	**2,264,840**

27. EMPLOYEE BENEFITS

In accordance with the Law On Pension Benefits in the Republic of Kazakhstan effective from 1 January 1998, which replaced the solidary pension system with an accumulation pension system, all employees are entitled to a guaranteed pension proportional to their employment duration, if any, as at 1 January 1998. They are also eligible for pension payments from accumulation pension funds made from individual retirement savings generated by obligatory employee contributions of 10% of their salary. However, by law, from 1 January 2016 salary deductions should not exceed 300,000 tenge per month (2021: 212,500 tenge per month). These amounts are expensed as incurred. Pension fund payments are deducted from employee salaries and included in other payroll costs in the statement of comprehensive income.

(thousands of tenge, unless indicated otherwise)

As at 31 December 2022 and 2021, the Group had no further obligations to its current and former employees with respect to pension benefits, health care for retired employees, insurance benefits or pension compensation.

28. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions that might not be necessarily available to unrelated parties, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below.

The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 31 December 2022 and 2021 are detailed below.

For the years ended 31 December 2022 and 2021, the Group had trading operations and transactions to sell assets with the following related parties:

Service	Period	Companies making up the Participant Group	Other related parties	Total
Sales of goods and services	2022	9,713,061	-	9,713,061
	2021	7,122,164	-	7,122,164
Purchase of goods and services	2022	-	349,356	349,356
	2021	-	349,356	349,356

(thousands of tenge, unless indicated otherwise)

In 2022, the Group sold electricity to related parties and leased office premises from related parties.

Service	Period	Companies making up the Participant Group	Other related parties	Total
Trade accounts receivable	31 December 2022	2,610,889	-	2,610,889
	31 December 2021	2,716,190	-	2,716,190
Including allowance for expected credit losses	31 December 2022	(172,769)	-	(172,769)
	31 December 2021	(204,734)	-	(204,734)
Other receivables	31 December 2022	-	116,620	116,620
	31 December 2021	-	372,762	372,762
Including allowance for expected credit losses	31 December 2022	-	(116,620)	(116,620)
	31 December 2021	-	(372,762)	(372,762)
Other payables	31 December 2022	-	231,243	231,243
	31 December 2021	-	267,162	267,162

Related party transactions are exclusive of VAT, balance with debtors and creditors are inclusive of VAT.

Loans given to related parties

	Currency	Interest rate	Maturity date	31 December 2022	31 December 2021
JSC Ushkuyu (previously JSC Ansagan Petroleum)	Tenge	0%-10.75%	14 May 2024	75,531,003	70,128,483
Dragon Fortune PTE. LTD	USD	2.00%	18 December 2023	2,607,352	2,385,059
				78,138,355	**72,513,542**
Less the current portion of the loan to be repaid within 12 months				(2,607,352)	(2,385,059)
Non-current portion of loans				**75,531,003**	**70,128,483**

In 2018, the Group, represented by its subsidiary, Heat and Power Holding B.V., issued a loan to a related party (Dragon Fortune PTE. LTD) of 5,100 thousand USD, based on a loan agreement from 29 December 2017, with interest rate at 2% per annum. According to the assignment agreement of the right to claim dated 18 February 2021, Heat and Power Holding B.V. assigned the right to claim the loan to the parent company. Interest income for 2022 on this loan amounted to 50,712 thousand tenge (2021: 43,314 thousand tenge) (Note 11).

In 2018, the Company provided a loan to JSC Ushkuyu of 50,256,000 thousand tenge. Interest income on the loan in 2022 amounted to 5,402,520 thousand tenge (2021: 5,402,520 thousand tenge) (Note 11). The loan with a balance as at 31 December 2022 of 75,531,003 thousand tenge, was given in 2018 for two years and with interest rate at 10.75% per annum, to repay outstanding amounts of the JSC Ushkuyu loans. In 2022, the Group signed additional agreements to extend the maturity of the loan until 14 May 2024.

In 2018, the Group, represented by its subsidiary, Karaganda Energocenter LLP, provided financial aid to Capital Building Development LLP in the amount of 2,980,466 thousand tenge. In order to ensure the timely fulfilment of obligations to return the amount of financial aid, Capital Building Development LLP pledged real estate owned by it in the form of land. At the end of 2018, an agreement was signed on the assignment of rights under an agreement on pledge of real estate between Karaganda Energocenter LLP and Mustafin D.E., according to which all rights to the pledged property and obligations under the pledge agreement and financial aid were transferred to Mustafin D.E., and taking into account the penalty for late payments accrued by Capital Building Development LLP, the debt amounted to 3,129,486 thousand tenge as at 31 December 2018. In May 2021, the debt was fully repaid.

During 2020, the Company provided an interest-free financial assistance to JSC Ushkuyu at the amount of 500,000 thousand tenge. In 2022 and 2021 financial aid was not repaid.

Key management personnel remuneration

Key management personnel remuneration is determined at founder meetings and by senior management based on human resource management policy, staff schedules, individual employment agreements, resolutions of founder meetings and orders awarding bonuses.

Remuneration paid to Group key management personnel for the years ended 31 December 2022 and 2021 amounted to 679,586 thousand tenge and 586,082 thousand tenge, respectively. Key management personnel remuneration mainly consists of salary and bonus costs.

29. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return for founders by optimising the debt and equity balance. Compared to 2021, the overall strategy of the Group has not changed.

The capital structure of the Group consists of charter capital, non-controlling interests, additional paid-in capital and retained earnings and reserves (Notes 20 and 21).

Significant accounting policies

Note 3 to these consolidated financial statements contains a summary of significant accounting policies and methods adopted, including recognition criteria, an evaluation framework and method by which gains and losses are recognised in respect of each class of financial assets, financial liabilities and equity instruments.

(thousands of tenge, unless indicated otherwise)

Financial instrument categories

As at 31 December 2022 and 2021, financial instruments were presented as following:

	31 December 2022	31 December 2021
Financial assets		
Loans given	78,138,355	72,513,542
Trade accounts receivable	21,081,166	19,445,596
Other current assets (excluding prepaid expenses and other taxes receivable)	911,806	1,618,620
Cash and cash equivalents	2,544,372	5,873,166
Financial liabilities		
Bank loans and bonds (current and non-current portions)	84,947,447	91,505,398
Other non-current liabilities (excluding the provision for reclamation and deferred income)	125,892	127,460
Trade accounts payable	25,700,437	16,392,948
Other accounts payable and accrued liabilities (excluding obligations under contracts with customers, and provisions for unused vacation)	13,770,131	8,224,793

Financial risk management objectives

The Group monitors and manages financial risks related to the Group's business through internal risk reports, which analyse risk probability and its expected exposure. These risks include market risk (including currency risk and the risk of changes in fair value as a result of interest rate fluctuations), credit risk and liquidity risk. A description of the Group's risk management policies in relation to those risks is presented below.

Credit risk management

Credit risk is the risk that a counterparty fails to fulfil its obligations to the Group, which will result in the Group suffering financial losses. The Group adopted a policy of doing business only with creditworthy counterparties to reduce the risk of a financial loss due to default. The Group's exposure and creditworthiness of counterparties are constantly monitored.

Credit risk primarily relates to loans given (Note 28), trade accounts receivable (Note 16), cash and bank deposits (Note 19) and other current assets (Note 18). The Group does not expect its counterparties to default, except for contractors, for which the Group has established an allowance for expected credit losses.

Credit risk concentration is assessed as low due to the fact that the Group sells to a significant number of different customers, including both legal entities and individuals.

(thousands of tenge, unless indicated otherwise)

The Group holds deposits in Kazakhstan and foreign banks. Group management periodically reviews the banks' credit ratings to exclude credit risks.

		Rating		As at 31 December	
Banks	**Location**	**2022**	**2021**	**2022**	**2021**
JSC Bank CenterCredit	Kazakhstan Republic	B	B	1,174,206	67,313
JSC Halyk Bank Kazakhstan	Kazakhstan Republic	BB+	BB	734,658	23,767
JSC Bereke Bank	Kazakhstan Republic	-	-	134,448	-
JSC SB Sberbank Russia	Kazakhstan Republic	-	BB+	-	5,525,062
JSC First Heartland Jýsan Bank	Kazakhstan Republic	B+	B-	10,908	26,440
JSC Altyn Bank	Kazakhstan Republic	BB+	BBB-	1,222	1,697
Others	Kazakhstan Republic	-	-	1,233	562
				2,056,675	**5,644,841**

The credit ratings in the above table are provided by Standard & Poor's.

Market risk

The Group's activities are exposed to possible changes in exchange rates (see Currency risk management) and interest rates (see Interest rate changes risk management). The Group does not enter into agreements for derivative financial instruments to manage its exposure to interest rate risk and currency risk, as management believes that any such exposure will have no significant effect on the consolidated financial statements.

Currency risk management

Foreign exchange gains and losses for 2022 amounted to 37,780,430 thousand tenge and 45,299,751 thousand tenge respectively (2021: foreign exchange gains and losses amounted to 5,668,927 thousand tenge and 7,220,686 thousand tenge respectively), mainly resulting from the revaluation of loan obligations and bonds in foreign currency at the exchange rate at the reporting date.

As at 31 December 2022 and 2021, the carrying amounts of the Group's foreign currency loans given and obtained, accounts payable and cash denominated in USD are as follows:

	USD		Russian Roubles	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Loans given	2,607,352	2,385,059	-	-
Accounts payable	(19,506)	(1,120)	(9,294)	(21,747)
Loans received	(1,532,528)	(1,715,888)	(60,770,957)	(60,404,743)

(thousands of tenge, unless indicated otherwise)

Foreign currency sensitivity analysis

The Group is mainly exposed to risks associated with changes in the USD and Russian Rouble exchange rates.

The following table details the Group's sensitivity to a 20% increase and decrease in tenge against the relevant foreign currencies. 20% is the sensitivity rate used in internal foreign currency risk reports to the key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes a) loans received and bonds indexed to the USD, b) accounts payable and c) loans issued and accounts receivable of the Group, if they are denominated in a currency other than the creditor or debtor currency.

A positive number below indicates an increase in profit for the reporting period in the event the tenge strengthens 20% against a relevant currency. For a 20% weakening of tenge against the relevant currency there would be an equal and opposite impact on profit.

	USD effect		Russian Rouble effect	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loans given	(521,470)	(477,012)	-	-
Accounts payable	3,901	224	1,859	4,349
Loans received	306,506	343,178	12,154,191	12,080,949
	(211,063)	**(133,610)**	**12,156,050**	**12,085,298**

Interest rate changes risk management

The Group is exposed to an insignificant interest rate changes risk as the Group receives loans from the EBRD at a rate subject to inflation adjustment. The risk is managed by the Group by attracting loans at fixed interest rates.

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Group owners that created the liquidity risk management system for Group management to manage liquidity and short, medium- and long-term financing. The Group manages liquidity risk by maintaining appropriate reserves, through the continuous monitoring of estimated and actual cash flows and comparing the maturity of financial assets and liabilities.

(thousands of tenge, unless indicated otherwise)

Liquidity risk and interest rate changes risk tables

The following tables reflect the Group's contractual maturities on its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Interest rate	Up to one year	1-5 years	Over 5 years	Unspecified maturity[1]	Total
31 December 2022						
Loans given	0%-10.75%	2,655,054	83,184,573	-	-	85,839,627
Trade accounts receivable		21,081,166	-	-	2,947,927	24,029,093
Other current assets		911,806	-	-	147,576	1,059,382
Cash, interest-bearing	8%-9.65%	1,784,304	-	-	13,430	1,797,734
Cash, interest-free		760,068	-	-	-	760,068
		27,192,398	**83,184,573**	**-**	**3,108,933**	**113,485,904**
Borrowings	1.7%-16%	(81,446,867)	(14,735,621)	(716,762)	-	(96,899,250)
Trade accounts payable		(25,700,437)	-	-	-	(25,700,437)
Other non-current liabilities		-	(81,892)	(44,000)	-	(125,892)
Other accounts payable and accrued liabilities		(13,770,131)	-	-	-	(13,770,131)
		(120,917,435)	**(14,817,513)**	**(760,762)**	**-**	**(136,495,710)**
		(93,725,037)	**68,367,060**	**(760,762)**	**3,108,933**	**(23,009,806)**

	Interest rate	Up to one year	1-5 years	Over 5 years	Unspecified maturity[1]	Total
31 December 2021						
Loans given	0%-10.75%	2,432,760	77,782,053	-	-	80,214,813
Trade accounts receivable		19,445,596	-	-	2,553,670	21,999,266
Other current assets		1,618,620	-	-	548,322	2,166,942
Cash, interest-bearing	8.0%-11.25%	5,354,602	-	-	17,355	5,371,957
Cash, interest-free		518,564	-	-	-	518,564
		29,370,142	**77,782,053**	**-**	**3,119,347**	**110,271,542**
Borrowings	1.7%-15%	(78,302,190)	(16,496,835)	(3,635,698)	-	(98,434,723)
Trade accounts payable		(16,392,948)	-	-	-	(16,392,948)
Other non-current liabilities		-	(127,460)	-	-	(127,460)
Other accounts payable and accrued liabilities		(8,224,793)	-	-	-	(8,224,793)
		(102,919,931)	**(16,624,295)**	**(3,635,698)**	**-**	**(123,179,924)**
		(73,549,789)	**61,157,758**	**(3,635,698)**	**3,119,347**	**(12,908,382)**

[1] The amounts with unspecified maturities represent the amounts which were provided for expected credit losses.

(thousands of tenge, unless indicated otherwise)

Fair value of financial instruments

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. As no readily available market exists for a large part of the Group's financial instruments, judgement is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

The Group used the following methods and assumptions to calculate the fair value of financial instruments:

- the carrying amount of cash and cash equivalents approximates their fair value due to the short-term nature of these financial instruments;
- for assets and liabilities with a maturity of less than 12 months, the carrying amount approximates fair value due to the short-term nature of these financial instruments;
- for financial assets and liabilities with a maturity of more than 12 months, the fair value is the present value of estimated future cash flows, discounted using effective rates existing at the end of the reporting year.

The calculation of the bank loans' fair value was made by discounting the expected future cash flows for individual loans during the settlement repayment period using the market rates prevailing at the end of the corresponding year for loans with similar maturities and credit rating parameters.

As at 31 December 2022 and 2021, the fair value of financial assets and liabilities did not differ significantly from their carrying amount, except for the following:

	Carrying value		Fair value		
			Level		
	Financial assets	Financial liabilities	1	2	3
31 December 2022					
Non-current loans given	75,531,003	-	-	70,880,087	-
Current borrowings	2,607,352	-	-	2,458,168	-
Non-current and current borrowings	-	82,500,861	-	79,278,799	-
Bonds	-	2,446,586	2,275,588	-	-

	Carrying value		Fair value		
			Level		
	Financial assets	Financial liabilities	1	2	3
31 December 2021					
Non-current loans given	70,128,483	-	-	67,248,572	-
Current borrowings	2,385,059	-	-	2,277,527	-
Non-current and current borrowings	-	88,772,440	-	86,386,440	-
Bonds	-	2,732,958	2,604,013	-	-

30. CONTINGENT LIABILITIES

Contractual commitments

As at 31 December 2022, contractual commitments for the acquisition of property, plant and equipment amounted to 13,014,788 thousand tenge (31 December 2021: 11,927,872 thousand tenge).

Under the MRENC shares purchase transaction, on 20 September 2017 the Group and KBI Energy LLP entered into a contract with JSC Samruk-Energy to redeem the sixth MRENC bonds issue of 1,253,250 thousand bonds (626,625 bonds to each buyer) owned by JSC Samruk-Energy JSC. The contract value was 1,538,402 thousand tenge and is to be paid in equal instalments during 2020-2023. The liability was not considered when determining the consideration payable, as title to the bond passes to the buyer from the date payment of the purchase price starts, i.e. from 2020. In 2022, each buyer purchased 156,656 of the first portion of bonds issued. The purchase price was 192,300 thousand tenge. The Group recorded the difference between the purchase and nominal values of the bonds issued in the statement of profit or loss. In recent years, the Group, together with KBI Energy LLP, will continue to purchase the bonds issued in equal tranches until 2023.

Taxation and legal environment

Kazakhstan currently applies a number of laws relating to various taxes levied by both national and regional authorities, the majority of which have not been in effect for as long as in more developed markets, which is why their application is often not clear or established. Accordingly, few precedents have been established regarding tax issues, and differing views exist on the legal interpretation of laws. The Group makes a range of assumptions on its accounting treatment of business transactions for taxation purposes, including the categorisation of property, plant and equipment in a specific category and the corresponding tax depreciation rates. The tax authorities are entitled to dispute these assumptions. The tax authorities have the authority to impose significant fines and penalties for the late or incorrect filing of tax returns and/or tax payments. Fiscal periods generally remain open to tax audits by the authorities for five calendar years preceding the tax audit year; however, under certain circumstances that period may be longer. Consequently, the Group may be exposed to additional tax liabilities that may arise as a result of tax audits. These factors create more significant tax risks in Kazakhstan than in countries with more developed tax systems.

Kazakhstan legislative acts and regulations are not always clearly written and their interpretation are dependent on the opinion of local tax officials and the Ministry of Finance. Instances of inconsistent treatment between local, regional and national tax authorities are relatively common. The current regime of charging fines and interest on reported and discovered violations of Kazakhstan laws, decrees and related regulations is severe. Penalties include confiscation of the disputed amounts (for currency law violations), as well as fines of 50% of unpaid taxes. The current interest rate is 13.75%. As a result, fines and interest can lead to amounts that are several times higher than initially reported taxes.

Group management believes that the Group has assessed and paid all applicable taxes. Where uncertainty exists, the Group assesses tax liabilities based on management's best estimates. Group policy assumes the creation of provisions in the accounting period in which a loss is deemed probable and the amount can be reliably determined.

Due to the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, fines and interest, may exceed the amount expensed to date and accrued as at 31 December 2022. It is impracticable to determine the amount of any unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome.

Regulation of activities

The operations of the subsidiaries Karaganda Energocentre LLP, Ust-Kamenogorsk CHP LLP, Karagandy ZhyluSbyt LLP, Karagandy Zharyk LLP, Ontustik Zharyk Transit LLP, Energopotok LLP and JSC MRENC are governed by the Law on Natural Monopolies as they are monopolists and are dominant in the production, supply and transmission of electricity and thermal power. Karaganda Energocentre LLP and Ust-Kamenogorsk CHP LLP are also governed by the Electricity Industry Law on electricity production operations. By law, electricity and thermal power production, supply and transmission tariffs are subject to approval by the Committee, and electricity production tariffs are subject to additional approval by the Ministry of Energy.

The Group believes it meets all Committee requirements, as well as other statutory requirements.

Investment programmes

The Ministry of the National Economy Department of the Committee for the Regulation of Natural Monopolies and the Protection of Competition is responsible for approving investment programmes for five years for the Group subsidiaries producing and transmitting electricity and thermal power. The programmes include planned, major work at Group enterprises. Subsidiaries submit annual reports to the authorities outlining the results of Programme measures.

The Group's investment obligations for 2022 amount to 23,046,340 thousand tenge. Management believes that the Group meets all investment programme obligations in full.

Credit agreement terms

Under its loan agreements, the Group has to comply with financial and non-financial covenants (Note 22).

Litigation

On 29 March 2023 JSC Sberbank Russia filed a legal claim against the Group for non-payment of December 2022 and January 2023 tranches under the loan agreement. Further on 18 of April 2023 the Group signed addendum to the loan agreement with JSC Sberbank Russia with revised payment schedule, as such payments of tranches for December 2022 and January 2023 were postponed to July 2023 (Note 31). The management of the Group believes that claim of JSC Sberbank Russia will not have material negative impact on the Group's financial position or financial results of its operations, since the Group and the Bank have revised payment schedule.

The Group is subject to various legal proceedings related to business operations, such as property damage claims. The Group does not believe that such pending or potential claims, individually or in aggregate, are likely to have any material negative impact on the Group's financial position or financial results of its operations.

The Group assesses the likelihood of occurrence of significant liabilities and accrues provisions in its financial statements only when it is probable that the events giving rise to a liability will occur and the amount of the liability can be reliably estimated.

Ecological Code

From 1 July 2021, a new Ecological Code was introduced containing a number of principles aimed at mitigating the consequences of ecological damage from company operations and/or stipulating full environmental restoration. The objects are classified into four categories depending on the level and risk of negative influences on the environment, where the objects having a significant negative impact on the environment recognised as category one. The management analysed and classified the objects of the Group to the first category in accordance with the Code and its main operations. Group management did not estimate future costs to liquidate the consequences of the objects operation, even though the given costs could be significant. However, Group management is planning to estimate future liquidation costs once changes to the current methodology for determining the value of financial collateral of the execution of the liabilities on the liquidation of the category one objects operation consequences have been approved.

Group management believes that at present it complies with all existing laws and regulations on environmental protection in Kazakhstan. However, these laws and regulations may change in the future. Group management is not able to estimate in advance the timing and extent of changes in laws and regulations on environmental protection. In the event of such changes, the Group may be required to modernise the technology to meet more stringent requirements.

31. EVENTS AFTER THE REPORTING DATE

Additional agreements to JSC Sberbank Russia loan agreements

In April 2023, the Group, represented by Kazakhstan Utility Systems LLP, signed additional agreements with JSC Sberbank to credit lines No. 6773 and No. 6650 for the implementation of a transfer of payment of December 2022 and January 2023 tranches of the debt principal to 27 July 2023.

Tariffs

In March 2023, the Group, represented by its subsidiary Ontustik Zharyk Transit LLP, agreed with the Department of the Committee for the Regulation of Natural Monopolies the tariff for electricity transmission services from 7.25 tenge to 8 tenge per kWh excluding VAT within the approved tariffs for the period 2023 -2027.

On 25 January 2022, the Department of the Committee for the Regulation of Natural Monopolies approved the order "On Amendments to Order No. 200-OD dated 25 December 2021". The average tariff for the sale of services was increased from 3,473.96 tenge/Gcal to 3,990.87 tenge/Gcal for the service for the production of heat energy provided by Ust-Kamenogorsk CHP LLP.

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the year ended 31 December 2022 were approved and authorised for issue by Group management on 2 June 2023.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

Consolidated Financial Statements
for the Year Ended 31 December 2023

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

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KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP 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 consolidated financial statements that fairly present the consolidated financial position of Kazakhstan Utility Systems Limited Liability Partnership ("the Company") and its subsidiaries ("the Group") as at 31 December 2023, and 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 consolidated financial performance;
- making an assessment of the Group's ability to continue as a going concern.

Management of the Group is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal control throughout the Group;
- maintaining 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 IFRSs;
- maintaining accounting records in accordance with the laws and accounting standards of the Republic of Kazakhstan;
- taking reasonable steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2023 were approved by management and authorised for issue on 14 June 2024.

On behalf of management of the Group:

Idrissov S.M.	**Zhashibayev A.K.**
General Director	**Financial Director**

14 June 2024
Astana, Republic of Kazakhstan

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INDEPENDENT AUDITOR'S REPORT

To the Participants of Kazakhstan Utility Systems Limited Liability Partnership

Qualified Opinion

We have audited the consolidated financial statements of Kazakhstan Utility Systems Limited Liability Partnership and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, 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 policies.

In our opinion, except for the effect and possible effects of the matters described in the *Basis for qualified opinion* section of our report, 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 Qualified Opinion

1. As at 31 December 2023, loans given to related parties were recognised in the Group's consolidated statement of financial position in the amount of 84,196,618 thousand tenge (31 December 2022: 78,138,355 thousand tenge), interest income in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 related to these loans amounted to 5,455,627 thousand tenge (2022: 5,454,131 thousand tenge). The Group did not assess the fair value of these loans as at the date of their initial recognition and did not recognise expected credit losses as at 31 December 2023 and 2022, which is a departure from IFRS 9 *Financial Instruments*. According to our estimates, the effect of this error on the carrying amount of loans given to related parties as at 31 December 2023 and 2022 is 83,662,465 thousand tenge and 78,138,355 thousand tenge, respectively. As such, as at 31 December 2023 and 2022, retained earnings is overstated by 83,662,465 thousand tenge and 78,138,355 thousand tenge, respectively. The effect of this error on the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2023 and 2022 is an overstatement of the net income by 5,454,077 thousand tenge and 5,454,131 thousand tenge, respectively.

2. As disclosed in Note 30, in accordance with the new Kazakhstan Ecological Code ("the Code") enacted on 1 July 2021, the Group should estimate the future costs of liquidation works on certain objects. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the liquidation and restoration obligation as part of non-current liabilities and related asset as part of property, plant and equipment recognised in the consolidated statement of financial position as at 31 December 2023 and 2022, because the Group did not estimate the future costs of liquidation of objects, with the exception of the ash dump. Consequently, we were unable to determine whether any adjustments were necessary to the liquidation and restoration obligation, related asset and deferred tax liabilities, as at 31 December 2023 and 2022, as well as the related effects in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2023 and 2022 and notes to the consolidated financial statements.

3. As disclosed in Note 22, the Group had outstanding borrowings from Sberbank of Russia PJSC. The Group pledged additional guarantees received from third parties against these borrowings and modified the terms of interest-free loans received from these third parties. We were unable to obtain sufficient appropriate audit evidence to determine the relationship of these third parties to the Group or the Participant, in accordance with the requirements of IAS 24 *Related Party Disclosures*. Accordingly, we were unable to verify the correctness of the classification of income from the recognition of fair value on these loans in the amount of 5,072,891 thousand tenge in the statement of profit or loss and other comprehensive income, and we were unable to determine the completeness and accuracy of the disclosure of related party transactions in Note 28 to the Group's consolidated financial statements.

4. As disclosed in Notes 3 and 4, the Group considered potential impairment indicators of the carrying amount of property, plant, and equipment in accordance with IAS 36 *Impairment of Assets*. As at 31 December 2023, the Group identified impairment indicators for Mangistau Regional Electricity Network Company JSC and Karagandy Zharyk LLP and performed an impairment test of property, plant, and equipment. Based on the results of the conducted test, the management of the Group identified an insignificant amount of impairment, and therefore did not recognise it in the consolidated financial statements. In measuring the value in use of its property, plant and equipment, the Group did not assess the reasonableness and supportability of key assumptions on which its current cash flow projections are based which is not in accordance with IAS 36. Consequently, we were unable to determine the effect of this departure from IAS 36 on the carrying amount of property, plant, and equipment, the related deferred tax liabilities and retained earnings as at 31 December 2023, on the profit reported in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and the related notes to the consolidated financial statements.

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 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)* (further 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the 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 consolidated 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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.

Olzhas Ashuov
Auditor
Qualification Certificate
No. MF-0000715
dated 10 January 2019

Zhangir Zhilysbayev
General Director
Deloitte LLP

State license to perform audit activities in the Republic of Kazakhstan No.0000015, type MFU-2, issued by the Ministry of Finance of the Republic of Kazakhstan on 13 September 2006

Alua Yessimbekova
Engagement Partner

14 June 2024
Almaty, Republic of Kazakhstan

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

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

	Notes	2023	2022 (As revised)*
Revenue	6	222,778,623	189,436,172
Cost of sales	7	(173,308,364)	(142,416,330)
Gross profit		**49,470,259**	**47,019,842**
General and administrative expenses	8	(12,363,926)	(10,512,188)
Selling expenses	9	(5,316,431)	(4,491,898)
Finance costs	10	(11,673,001)	(11,788,489)
Finance income	11	11,144,921	6,966,336
Other income		2,255,603	2,932,823
Other expenses		(1,374,356)	(2,251,013)
Foreign exchange gain/(loss), net	29	13,312,291	(7,519,321)
PROFIT BEFORE INCOME TAX		**45,455,360**	**20,356,092**
Income tax expenses	13	(9,279,604)	(6,706,020)
NET PROFIT FOR THE YEAR		**36,175,756**	**13,650,072**
Other comprehensive income for the year			
Items that will not be subsequently reclassified to profit or loss:			
Foreign exchange differences on translation of foreign operations		-	(800,582)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	**(800,582)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**36,175,756**	**12,849,490**
Profit attributable to:			
Company owners		34,982,712	12,711,322
Non-controlling interests	21	1,193,044	938,750
		36,175,756	**13,650,072**
Total comprehensive income attributable to:			
Company owners		34,982,712	11,910,740
Non-controlling interests	21	1,193,044	938,750
		36,175,756	**12,849,490**

On behalf of management of the Group:

Idrissov S. M.
General Director

14 June 2024
Astana, Republic of Kazakhstan

Zhashibayev A.K.
Financial Director

14 June 2024
Astana, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.
*As revised, please see Note 4.1.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(In thousands of tenge)

	Notes	31 December 2023	31 December 2022 (As revised)*
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	14	285,669,636	264,946,652
Intangible assets		1,295,443	311,657
Right-of-use assets	15	507,997	808,672
Advances paid		380,122	398,125
Loans given to related parties	28	80,933,523	75,531,003
Other non-current assets		339,910	399,414
Deferred tax assets	13	348,876	271,832
Total non-current assets		**369,475,507**	**342,667,355**
CURRENT ASSETS:			
Trade accounts receivable	16	25,683,173	21,081,166
Inventories	17	7,845,574	5,765,609
Loans given to related parties	28	3,263,095	2,607,352
Advances paid		1,106,242	557,745
Prepaid corporate income tax		1,120,894	682,005
Other current assets	18	2,165,703	2,189,242
Cash and cash equivalents	19	3,897,828	2,544,372
Total current assets		**45,082,509**	**35,427,491**
TOTAL ASSETS		**414,558,016**	**378,094,846**
EQUITY AND LIABILITIES			
EQUITY:			
Charter capital	20	11,636,404	11,636,404
Additional paid-in capital	20	9,239,137	9,239,137
Retained earnings		207,527,154	169,930,356
Equity attributable to owners of the Company		228,402,695	190,805,897
Non-controlling interests	21	17,586,184	16,393,140
Total equity		**245,988,879**	**207,199,037**
NON-CURRENT LIABILITIES			
Borrowings and bonds	22	9,970,265	11,939,352
Deferred tax liabilities	13	38,678,705	35,654,067
Lease liabilities	15	293,734	551,718
Other non-current liabilities	23	3,308,469	3,132,322
Total non-current liabilities		**52,251,173**	**51,277,459**
CURRENT LIABILITIES:			
Borrowings and bonds	22	66,674,447	84,713,575
Trade accounts payable	24	40,223,416	25,700,437
Lease liabilities	15	320,719	349,846
Other accounts payable and accrued liabilities	25	7,094,291	6,637,359
Other taxes payable	26	1,943,970	1,869,054
Corporate income tax payable		61,121	348,079
Total current liabilities		**116,317,964**	**119,618,350**
TOTAL LIABILITIES		**168,569,137**	**170,895,809**
TOTAL EQUITY AND LIABILITIES		**414,558,016**	**378,094,846**

On behalf of management of the Group:

Казахстанские коммунальные системы

Idrissov S.M.
General Director

14 June 2024
Astana, Republic of Kazakhstan

Zhashibayev A.K.
Financial Director

14 June 2024
Astana, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.
*As revised, please see Note 4.1.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

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

	Charter capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
As at 31 December 2021	**11,636,404**	**9,239,137**	**800,582**	**156,682,000**	**178,358,123**	**15,454,390**	**193,812,513**
Net profit for the year	-	-	-	12,711,322	12,711,322	938,750	13,650,072
Other comprehensive loss for the year	-	-	(800,582)	-	(800,582)	-	(800,582)
Total comprehensive (loss)/income for the year	-	-	(800,582)	12,711,322	11,910,740	938,750	12,849,490
Fair value adjustment on interest-free loans received, net of deferred income tax of 134,259 thousand tenge (Note 22)	-	-	-	537,034	537,034	-	537,034
As at 31 December 2022	**11,636,404**	**9,239,137**	**-**	**169,930,356**	**190,805,897**	**16,393,140**	**207,199,037**
Net profit for the year	-	-	-	34,982,712	34,982,712	1,193,044	36,175,756
Total comprehensive income for the year	-	-	-	34,982,712	34,982,712	1,193,044	36,175,756
Fair value adjustment on interest-free loans received, net of deferred income tax of 653,522 thousand tenge (Note 22)	-	-	-	2,614,086	2,614,086	-	2,614,086
As at 31 December 2023	**11,636,404**	**9,239,137**	**-**	**207,527,154**	**228,402,695**	**17,586,184**	**245,988,879**

On behalf of management of the Group:

Idrissov S.M.
General Director

14 June 2024
Astana, Republic of Kazakhstan

Zhashibayev A.K.
Financial Director

14 June 2024
Astana, Republic of Kazakhstan

Казахстанские коммунальные системы

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP
AND ITS SUBSIDIARIES

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

	Notes	2023	2022
OPERATING ACTVITIES:			
Sale of goods and services		243,755,454	210,267,207
Other proceeds		1,614,520	2,108,646
Total cash inflow		**245,369,974**	**212,375,853**
Payments to suppliers for goods and services		(146,874,048)	(121,239,278)
Salary payments		(25,411,628)	(20,031,316)
Other payments to the budget		(20,053,300)	(17,660,431)
Charity payments		-	(685,339)
Other payments		(3,241,133)	(3,980,141)
Total cash outflows		**(195,580,109)**	**(163,596,505)**
Cash from operating activities before interest received and paid and corporate income tax paid		49,789,865	48,779,348
Interest received		280,910	286,482
Interest paid on borrowings, bonds and lease		(9,186,535)	(10,254,487)
Corporate income tax paid		(5,355,573)	(5,394,168)
Net cash generated from operating activities		**35,528,667**	**33,417,175**
INVESTING ACTIVITIES:			
Sale of property, plant, and equipment		34,240	300
Restricted cash withdrawn		106,213	1,055,026
Total cash inflow		**140,453**	**1,055,326**
Purchase of property, plant, and equipment and materials for capital repairs, and advances paid for acquisition of non-current assets		(33,177,872)	(29,979,330)
Purchase of intangible assets		(9,174)	(23,645)
Issuance of financial aid	28	(650,100)	-
Other payments		(465,080)	-
Total cash outflow		**(34,302,226)**	**(30,002,975)**
Net cash used in investing activities		**(34,161,773)**	**(28,947,649)**

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

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

	Notes	2023	2022
FINANCING ACTIVITIES:			
Borrowings received	22	12,587,891	12,388,766
Interest-free short-term loans received	22	4,203,000	8,214,000
Other proceeds		268,594	46,407
Total cash inflow		**17,059,485**	**20,649,173**
Repayment of borrowings	22	(16,159,296)	(27,214,962)
Repayment of interest-free short-term loans	22	(520,900)	(900,941)
Lease payments	15	(245,236)	(213,460)
Dividends payment	20	(6,289)	(8,810)
Total cash outflow		**(16,931,721)**	**(28,338,173)**
Net cash generated from/(used in) financing activities		**127,764**	**(7,689,000)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,494,658	(3,219,474)
CASH AND CASH EQUIVALENTS, as at the beginning of the year	19	2,544,372	5,873,166
Effect of changes in the allowance for expected credit losses on cash and cash equivalents	19	6,700	(34)
Effect of changes in foreign exchange rates on cash balances held in foreign currencies		(147,902)	(109,286)
CASH AND CASH EQUIVALENTS, as at the end of the year	19	**3,897,828**	**2,544,372**

On behalf of management of the Group:

Idrissov S.M.
General Director

14 June 2024
Astana, Republic of Kazakhstan

Zhashpayev A.M.
Financial Director

14 June 2024
Astana, Republic of Kazakhstan

Казахстанские коммунальные системы

The notes below are an integral part of these consolidated financial statements.

(In thousands of tenge, unless indicated otherwise)

1. NATURE OF OPERATIONS

The principal activities of Kazakhstan Utility Systems Limited Liability Partnership ("the Company", "Parent company", "KUS LLP" which include management of holding companies (the Group) and its subsidiaries "the Group") include generating thermal power, electricity and chemically purified water in Karaganda and East-Kazakhstan regions; transmitting and distributing electricity in Karaganda, Turkestan, and Mangistau regions; supplying electricity in Turkestan region and supplying electricity and thermal power in Karaganda region. The primary income of the parent company is generated from the provision of consulting services and the lease of premises in Shymkent.

KUS LLP was created and registered at the Almaty Department of Justice on 3 November 2008 and was re-registered on 26 December 2014 with the Yessil District Justice Agency of the Astana Justice Department.

As at 31 December 2023 and 2022, the Company's participants are Kazakhstan residents M.K. Idrissova with a 99% interest and Zh.D. Appaz with a 1% interest. The Company's ultimate beneficiary as at 31 December 2023 and 2022 is Ms. M. K. Idrissova.

Since a number of the Group's subsidiaries are thermal power production monopolists in Karaganda and East-Kazakhstan regions, in thermal energy supplies in Karaganda region and electricity transmission in Karaganda, Turkestan, and Mangistau regions, their activities are regulated by the Kazakhstan Law On Natural Monopolies, while tariffs for the same services are subject to approval by the Ministry of the National Economy's Committee for the Regulation of Natural Monopolies and Protection of Competition and Consumer Rights ("the Committee") (Note 30).

Company legal name	Kazakhstan Utilities Systems Limited Liability Partnership
Legal address	Mukhamedkhanov Street 5, Astana, Republic of Kazakhstan
Business identification number	BIN 081140000288

As at 31 December 2023, the Group employed 8,507 people (31 December 2022: 8,422 people).

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 thousands of tenge, unless indicated otherwise)

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and block major financial institutions and many state enterprises.

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 Kazakhstan accelerated 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 reduced to 14.5% per annum with a corridor of +/- 1.0 percentage points. However, the uncertainty exists related to future development of the geopolitical risks and their impact on the economy of the Republic of Kazakhstan.

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended IFRSs effective for the current year

In the current year, the Group has applied a number of amendments to IFRS accounting standards issued by the IAS Board below, which are effective for annual periods beginning on or after 1 January 2023. The new and amended standards and interpretations listed below has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Name	*Object*	Applicable to annual reporting periods beginning no or after	*Effect on financial statements*
IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	*Insurance Contracts*	1 January 2023	No effect
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023	The accounting policy disclosure has been updated to reflect the new requirements
Amendments to IAS 8	*Accounting Policies and Determination of Accounting Estimates*	1 January 2023	No effect
Amendments to IAS 12	*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	1 January 2023	No effect
Amendments to IAS 12	*International Tax Reform - Pillar Two Model Rules*	1 January 2023	No effect

(In thousands of tenge, unless indicated otherwise)

New and revised IFRSs in issue, but not yet effective

As at the date of approval of these consolidated financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not effective:

Name	Applicable to annual reporting periods beginning no earlier than	Object
Amendments to IAS 7 and IFRS 7	1 January 2024	*Financial Agreements with Suppliers*
Amendments to IAS 1	1 January 2024	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 16	1 January 2024	*Lease Liability in a Sale and Leaseback Transaction*
Amendments to IAS 1	1 January 2024	*Non-current Liabilities with Covenants*
Amendments to IFRS 21	1 January 2025	*Lack of Exchangeability*
Amendments to IFRS 10 and IAS 28	The effective date has not yet been set, but earlier application is permitted.	*Sale or Transfer of Assets Between an Investor and its Associate or in a Joint Venture*

Management does not expect the adoption of the standards listed above to have a material impact on the Group's consolidated financial statements in future periods.

3. MATERIAL ACCOUNTING POLICIY INFORMATION

Statement of Compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Going Concern

These consolidated financial statements have been prepared in accordance with IFRSs, based on the assumption that the Group continue on going concern basis. As at 31 December 2023, the Group's current liabilities exceeded current assets by 71,235,455 thousand tenge (31 December 2022: 84,190,859 thousand tenge). In addition, for the year ended 31 December 2023, the Group generated net income of 36,175,756 thousand tenge (2022: 13,650,072 thousand tenge); and net cash from operating activities of 35,528,667 thousand tenge (2022: 33,417,175 thousand tenge).

As at 31 December 2023 current liabilities are mostly represented by the short-term borrowings and current portion of long-term borrowings of 66,674,447 thousand tenge, trade accounts payable of 40,223,416 thousand tenge and other accounts payable and accrued liabilities of 7,094,291 thousand tenge.

As disclosed in Note 22, as at 31 December 2023, the Group did not comply with certain covenants under the loan agreements with the Sberbank of Russia PJSC and European Bank for Reconstruction and Development ("EBRD"). Non-compliance with covenants implies the application of penalties to the Group and entitles lenders the right to demand early repayment of the loans.
As at 31 December 2023, the Group has not received confirmation from the banks on waiver of the right to early repayment of liabilities from the Group, accordingly, as at 31 December 2023, long term portion of loans received from Sberbank of Russia PJSC and EBRD in the amount of 39,981,400 thousand tenge and 7,246,446 thousand tenge, respectively, were classified as on demand and recognised as current liabilities in the consolidated statement of financial position. However, prior to the date of authorization of these consolidated financial statements, the Group obtained a waiver from the EBRD of early claim and penalties for this breach of loan agreement. The management believes that borrowings from Sberbank of Russia PJSC will be payable in accordance with the agreed timetable stipulated in the loan agreement (Note 29), as the Group timely makes the principal and interest payments and complies with a majority of covenants at the Group level. As of the reporting date and as of the date of these consolidated financial statements Sberbank of Russia PJSC did not claim any fines, penalties or early repayment of the loan from the Group. In the unlikely event of a request for accelerated repayment, the management believe that alternative financing options are available.

The Group plans to repay its loans using cash generated from operating activities and also, a related party, Mr. Idrissov D.A. acts as a guarantor under the loan agreements (Note 22). In addition, the Group's Management plans to obtain additional borrowings to finance its operating and financing activities, including refinancing a loan from Sberbank of Russia PJSC.

As of the date of these consolidated financial statements the Group received several financing arrangement proposals from Kazakhstani second-tier banks and other financial institutions.

Furthermore, on 5 January 2024, the Group signed an additional agreement to the credit line agreement with Bank CenterCredit JSC dated 29 July 2022, increasing the credit line to 17,000,000 thousand tenge with maturity on 29 July 2027. As at 31 December 2023, the outstanding loan under this agreement amounted to 7,000,000 thousand tenge.

The Group has a dominant market position in the generation, transportation and sale of electricity, thermal power and chemically purified water in the largest regions of the country. To assess going concern assumptions, the management considered the Group's financial position, expected future financial results and expected increase in tariffs, as well as proposed financing arrangements received from second-tier banks and financial institutions.

Management believes that it has access to sufficient resources to continue as a going concern and that it is appropriate to prepare these consolidated financial statements on a going concern basis and, accordingly, the Group will be able to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not include any adjustments to the carrying amounts of assets and liabilities, income and expenses, or to the classification of items in the consolidated statement of financial position that would be necessary if the going concern basis of accounting were not applied.

Basis of preparation

These consolidated financial statements of the Group have been prepared on the historical cost basis, except for the financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 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 to the fair value evaluation in its entirety, which are described as follows:

- 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 are 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.

The Group and its subsidiaries registered in Republic of Kazakhstan, maintain their accounting records in accordance with IFRSs. These consolidated financial statements have been prepared from the statutory accounting records of the Company and its subsidiaries and have been adjusted to comply with IFRSs.

Functional and presentational currencies

These consolidated financial statements are presented in Kazakhstan Tenge ("tenge"). Tenge is the functional currency of the Company and its subsidiaries in Kazakhstan and the presentation currency of the consolidated financial statements. The assets and liabilities of foreign operations, where the functional currency is different to tenge, are translated into tenge at the exchange rate prevailing on the reporting date, while profit and loss items are translated into tenge at the weighted-average exchange rate for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange rate differences arising on translation are recorded directly to other comprehensive income. All amounts presented in tenge are rounded to the (nearest) thousand.

Foreign currency transactions

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the transaction dates. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates prevailing at that date. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

(In thousands of tenge, unless indicated otherwise)

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

The exchange rates for the currencies in which the Group had material transactions are as follows:

	31 December 2023	31 December 2022
Exchange rate at the end of the year (in tenge)		
1 USD	454.56	462.65
1 Russian Rouble	5.06	6.43
1 Euro	502.24	492.86
	2023	**2022**
Average exchange rate for the year (in tenge)		
1 USD	456.24	460.85
1 Russian Rouble	5.42	6.92
1 Euro	493.19	485.28

Offset

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right of the Group to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the consolidated statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in Group accounting policies.

Basis of consolidation

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

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

The Company evaluates whether it has control over an investee when facts and circumstances indicate that there have been changes in one or more of the three elements of control listed above. The Company controls an entity without having a majority of voting rights if its voting rights give it practical control over the relevant activities of the entity.

Subsidiary consolidation begins when the Company obtains control over the subsidiary and ceases when it loses control of the subsidiary. If necessary, adjustments are made to the financial statements of subsidiaries to align the accounting principles they use with the accounting policies of the Group.

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

Non-controlling Interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the Company.

Non-controlling interests are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the owners of the Company.

Revenue recognition

The Group recognizes revenue at the transaction price. The transaction price represents the consideration to which the Group expects to be entitled in exchange for the transfer of control of promised goods and services to the buyer, excluding amounts received on behalf of third parties.

Revenue is measured at the fair value of the consideration received or receivable and for services provided in the ordinary course of business, less value added tax ("VAT").

The main share of the Group's consolidated revenue comes from sales and transmission of electricity and heat. The sale of each type of service/goods is formalised in a separate identifiable agreement with an individual buyer.

According to the terms of contracts for the sale and transmission of electricity and heat subsidiaries of the Group, performance obligations are determined at the time of conclusion of the agreement. Agreements for the sale and transmission of electricity and heat throughout the Group do not include related and/or additional services.

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

Electricity and heat sales

Revenue is determined based on actual volumes of electricity and heat sold and tariffs approved by the Committee.

Revenue is recognised over time in the reporting period in which electricity and heat were consumed, according to metered values.

Transmission and distribution of electricity and thermal power

The Group provides services under contracts with fixed price 1 kWh/1 Gcal of transmitted and distributed electric and heat energy based on tariffs approved by the Committee.

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

Revenue from sale of services on electricity capacity maintenance

The Group provides a service to maintain the availability of electricity capacity. Revenues from the provision of services to maintain the availability of electricity capacity are recognised in the reporting period when these services were provided. Revenue is determined on the basis of the actual available electric energy capacity, on the basis of monthly reports on the availability of electricity capacity from the Settlement and Financial Center for Support of Renewable Energy Sources LLP ("the Single Purchaser") in accordance with the Rules of the capacity market.

The contract provides for payment for one megawatt of supported power 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 for the Single Purchaser on a monthly basis.

Deferred income

In accordance with the decision of the Government of the Republic of Kazakhstan No.1044 dated 8 October 2004, a subsidiary Mangistau Regional Electricity Network Company JSC ("the MRENC"), over which the Group acquired control in 2018, received funds in prior periods from customers on the construction of infrastructure for connection to the electricity transmission network or reconstruction of the current infrastructure. Such funds are interest-free and repayable within twenty-five years. Funds received from customers were initially recognised at their fair value, and subsequently funds are stated at amortised cost. The difference between the funds received and its fair value is recognised as deferred income. Deferred income is recognised in the statement of profit or loss and other comprehensive income during the useful life of property, plant and equipment.

Concession agreements

As part of public-private interaction, the Group acts as an operator for the management of power supply infrastructure facilities transferred to the Group by local executive bodies. Agreements entered into by the Group are accounted for in accordance with IFRIC 12 *Concession agreements for the provision of services*. The Group is the operator of these concession agreements. These concession agreements do not transfer the Group's ownership of these assets. The Group maintains separate accounting for transferred assets and does not recognize them as property, plant and equipment.

In accordance with the conditions defined in the agreement, the Group controls infrastructure facilities for the purpose of their operational management and maintenance for the provision of public services (electricity transmission) on behalf of the grantor (local executive body) for a certain period of time. The Company is obliged to carry out effective management and ensure the safety of its facilities. Also, in accordance with the specified agreements, the Company has the right to reimbursement of necessary expenses and to include technical losses on transferred objects in the volume of standard technological losses.

Income from the use of these infrastructure facilities is recognised in accordance with IFRS 15.

Remuneration to employees

Remuneration to employees, including compensation for unused vacation, bonuses and corresponding employment-related payments to non-budgetary funds in the current period, is recognised as an expense for the period in which it is earned.

Income tax

Income tax expenses represent the sum of current and deferred tax payable.

Current income tax

Current income tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current income tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred income tax

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting treatment of a business combination, the tax effect is reported for the business combination.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. When items of property, plant and equipment includes components with different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon its disposal or when no future economic benefits are expected to flow to the company from its use or disposal. Any income or expense arising after the derecognition of an asset (determined as the difference between the net profit on disposal and the carrying amount of the asset) is included in profit or loss in the period in which the asset was derecognised.

Costs incurred to replace the component of an item of property, plant and equipment accounted for separately are capitalised at the present value of depreciable component. In this case, the carrying value of the replaced component is derecognised. Other subsequent expenditures are capitalised only when they increase the future economic benefits from the use of the asset. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation is accrued and recognised in profit or loss on a straight-line basis over the expected useful life of certain assets. Depreciation is charged from the date of acquisition of the asset, or in respect of self-constructed, from the completion of construction and commencement of asset operation of the asset. Depreciation is accrued on the following average estimated periods of useful life of assets:

	Years
Buildings and structures	7-60
Machinery and equipment	3-52
Vehicles	3-14
Others	3-40

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of property, plant and equipment

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment has suffered an impairment loss. If any such indication exists, the entity estimates the recoverable amount of the asset (if any). If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent allocation can be identified, the corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion, marketing, selling and delivery.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All standard transactions to purchase or sell financial assets are recognised and derecognised at the transaction date. Standard purchase or sale transactions for financial assets require assets be delivered by a deadline established by rules or agreements in effect in the relevant market.

Classification of financial assets

As at 31 December 2023 and 2022 The Group's financial assets were classified as measured at amortised cost. Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within the business model whose purpose is to withhold financial assets to obtain the contractual cash flows, and
- the contractual terms of the financial asset result in the receipt on specified dates of cash flows that are solely payments on debt principal and interest on outstanding principal.

Impairment of financial assets

The Group's portfolio of financial instruments comprises 4 types of financial assets for which IFRS 9 requires creation of an allowance for expected credit losses:

- loans given;
- trade and other accounts receivable from the main activity;
- other current assets; and
- funds in credit institutions.

Loans given

The probability of loan default is calculated based on external ratings; in the absence of an external rating, an internal rating is used. Default on loans given is determined if the delay exceeds 210 days, or due to the inability to fulfil obligations as a result of counterparty financial difficulties.

Trade accounts receivable

The Group applies a simplified approach to trade receivables, which is based on credit losses expected over the life of the financial instrument. In this case, default is determined if the delay period exceeds 210 days.

Other current assets

For other current assets, the Group recognises expected credit losses over the entire term in the event there is a significant increase in credit risk since initial recognition. However, if as at the reporting date there is no significant increase in the credit risk of a financial instrument since initial recognition, the Group should estimate a provision for losses on this financial instrument in an amount equal to 12-month expected credit losses.

Funds in credit institutions

Funds in credit institutions are represented by such assets as cash and cash equivalents, restricted cash. Financial assets in the form of funds in credit institutions meet the definition of default if the delay is more than 210 days, or if obligations cannot be met as a result of credit institution financial difficulties.

The probability of credit institution default is calculated based on external ratings.

Derecognition of financial assets

The Group derecognises financial assets only if contractual rights to cash flows on them are terminated or a financial asset and corresponding risks and benefits are transferred to another organisation. If the Group does not transfer or retain all of the major risks and benefits of asset ownership and continues to control the transferred asset, then it continues to reflect its interest in the asset and the possible liabilities associated with it for the respective amounts. If the Group retains almost all the risks and benefits of ownership of a transferred financial asset, the Group continues to recognise this financial asset, and reflects the funds received from the transfer in the form of a secured loan.

When derecognising a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the amount received and receivable is recognised in profit or loss.

Financial liabilities

The Group's financial liabilities are represented by financial liabilities at fair value through profit or loss or as "other financial liabilities" carried at amortised cost. The Group's other financial liabilities include loans and bonds issued, trade payables from main activities and other payables.

Trade payables from the main activity and other payables

Trade payables from the main activity and other payables are charged when a counterparty has fulfilled its contractual obligations. The Group initially accounts for trade payables and other payables at fair value and subsequently at amortised cost using the effective interest method.

Loans and bonds

Loans and bonds are initially recorded at fair value less transaction costs, then subsequently measured at amortised cost; any difference between funds received (less transaction costs) and cost to maturity is recognised in the statement of profit or loss and other comprehensive income during the loan period using the effective interest method.

Loans and bonds issued are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the consolidated statement of financial position date.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Site restoration obligations

Site restoration obligations are recognised when their occurrence is highly probable and they can be reliably estimated.

Site restoration obligation provision do not include any additional obligations that are expected to arise in the event of future violations. Costs are estimated based on an abandonment and remediation plan. Estimated costs are calculated annually as they are used, taking into account known changes, for example, updated estimates and revised terms of use, with official inspections conducted regularly.

Even though the exact final amount of required costs is unknown, the Group estimates its costs using a feasibility study and engineering studies in accordance with current technical rules and standards for remediation work and restoration methods.

The restoration or discount "unwinding" amount used to determine the discounted value of a provision is recognised in performance results for each reporting period. Discount recovery is recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Management periodically reviews its site abandonment and restoration provision estimates. Changes to existing obligations to remove facilities from operation, restore the environment and similar obligations caused by changes to periods being measured or the value of resource outflows that embody economic benefits required to settle obligations, are added to or removed from the value of the corresponding capitalised asset in the current period. However, a capitalised asset may not be adjusted to a value of less than zero or to exceed the recoverable amount. If a provision decrease exceeds an asset's present value, the excess should be recognised immediately in profit or loss. A provision is estimated based on current year prices and the average long-term inflation rate and discounted when the effect of the "time value" of money is significant.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, as described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

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

From 1 July 2023, amendments to the Law on Electricity in the Republic of Kazakhstan regulating the mechanism of operation of the wholesale electricity market became effective. The target market model provides for a transition to the centralised purchase and sale of planned volumes of electricity. The amendments provide for the introduction of a Single Purchaser of electricity, represented by the Settlement and Financial Center for Support of Renewable Energy Sources LLP ("the Single Purchaser") and a real-time balancing electricity market.

Within the framework of this wholesale market model, the Single Purchaser performs daily centralised purchase of declared planned volumes of electricity for a day ahead from energy producing organizations at their marginal tariff and sales of electricity at an average price for all consumers. At the same time, the new market model implies the absence of "addressability" of electricity distribution (it is impossible to determine the route of transmission from producer to consumer).

Imbalances arising through deviation of wholesale electricity market participants from the declared planned volume of electricity production or consumption are regulated in the balancing electricity market by the settlement center of the balancing market, represented by Kazakhstan Electricity and Capacity Market Operator JSC ("the KECMO"). Purchase and sale of balancing electricity is carried out in accordance with calculations of hourly volumes of balancing electricity and hourly imbalances at prices established in the balancing market.

The Group 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 sales of electricity of the Group's power generating entities received under sales contracts and cost of purchased electricity under purchase contracts with the Single Purchaser amounted to 31,226,894 thousand tenge and 28,178,246 thousand tenge, respectively.

Significant increase in credit risk

As explained in Note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime expected credit losses for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to determine whether credit risk has increased significantly and revises them accordingly to ensure that the criteria are suitable for identifying a significant change in credit risk before an amount becomes overdue.

To individually assess the amount of provision for impairment of financial instruments, the Group uses a table to individually assess the probability of default of the borrower. For large debtors whose share of exposure is more than 10% of the total exposure, the Group can estimate expected credit losses using the Group's external credit rating and the corresponding historical default rate according to international rating agencies.

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, are discussed below.

Impairment of assets

Each Group entity is a separate cash-generating unit ("CGUs"), as it is the smallest group of assets that generates cash inflows largely independently of the cash flows generated by other Group assets, and the lowest level at which the Group performs control over the reimbursement of assets. Accordingly, each entity assesses the existence of impairment indicators of the carrying value of tangible and intangible assets at each reporting date on its own. The determination of the presence of asset impairment indicators is based on a large number of factors such as: expected growth in the energy industry, change in tariffs, estimated cash flows, and changes in the availability of financing in the future, technological obsolescence, termination of services, current replacement costs and other changes in conditions that indicate the existence of an impairment.

Based on the analysis performed as at 31 December 2023, the Group identified indicators of impairment of property, plant and equipment of Mangistau Regional Electricity Network Company JSC and Karagandy Zharyk LLP. Due to the presence of impairment indicators, the Group's management conducted an impairment test of property, plant and equipment as of 31 December 2023. Based on the results of the conducted test, the management of the Group did not identify any significant impairment of property, plant, and equipment.

Negative changes in the economy, insufficient tariff indexation to the level of inflation, and rising interest rates may lead to the impairment of the Group's property, plant, and equipment in subsequent periods when such changes occur.

Site restoration obligations

In accordance with the Kazakhstan laws and regulations, the Group, through its subsidiaries, Ust-Kamenogorsk CHP LLP and Karaganda Energocentre LLP, is legally obliged to restore the ash dump territory. The Group estimates that these subsidiaries will restore the ash dump area in 2025 which will continue between 2027 and 2028. The carrying amount of liabilities is the current value of estimated costs expected to be incurred, adjusted for expected inflation and discounted using estimated loan rates. Site restoration obligations are reviewed at each reporting date and adjusted to reflect management's best estimates. Most of these obligations relate to the distant future and changes in retrofit technology. Costs and industry practices may also affect the Group's estimates.

Liquidation and restoration obligations

As discussed in Note 30, the management of the Group analysed the new Kazakhstan Ecological Code from 1 July 2021 with respect to the requirement to recognise obligations to liquidate the consequences of the operation of the objects that have a negative impact on the environment. From the analysis, management identified the Group's main production facilities as category I and II, because they have a significant negative impact on the environment. Consequently, the Group should have developed and submitted for review and approval to the authorised body a liquidation plan of the objects operation consequences, that take place at the reporting date, to identify the details of the expected works and measures that will be needed for the liquidation taking into account the requirements of Kazakhstan ecological law, and also for the calculation of future estimated costs and obligations. Since as at the date of the consolidated financial statements, the authorised body for environmental protection was considering revisions and making amendments to the list of measures required to liquidate the consequences of the objects operations, the Group management considered it appropriate to defer the development of the liquidation plan for all objects, except ash dumps, and estimate future costs and recognise the liability as soon as the updated methodology is approved. Thus, the Group management did not recognise the liability to liquidate the consequences of the objects operation, except for the ash dump, as at 31 December 2023 and 2022.

4.1 Classification changes impacting comparative information

In the preparation of the consolidated financial statements for the year ended 31 December 2023, in order to improve the quality of presentation, the Group's management decided to separately present intangible assets and reclassify short-term interest-free loans in the consolidated statement of financial position as at 31 December 2022. Accordingly, intangible assets were presented separately from other non-current assets and short-term interest-free loans were reclassified into loans and bonds.

Also, for purposes of comparability with the consolidated financial statements for the year ended on 31 December 2023, the Group presented other income and other expenses on a gross basis in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022.

(In thousands of tenge, unless indicated otherwise)

Effect on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	As stated before	Reclassification	As revised
Other income	681,810	2,251,013	2,932,823
Other expenses	-	(2,251,013)	(2,251,013)
Profit before income tax	**20,356,092**	**-**	**20,356,092**
Net profit for the year	**13,650,072**	**-**	**13,650,072**

Effect on the consolidated statement of financial position as at 31 December 2022

	As stated before	Reclassification	As revised
Other non-current assets	711,071	(311,657)	399,414
Intangible assets	-	311,657	311,657
Total non-current assets	**342,667,355**	**-**	**342,667,355**
Total assets	**378,094,846**	**-**	**378,094,846**
Short-term borrowings and bonds	73,008,095	11,705,480	84,713,575
Other accounts payable and accrued liabilities	18,342,839	(11,705,480)	6,637,359
Total current liabilities	**119,618,350**	**-**	**119,618,350**
Total liabilities	**170,895,809**	**-**	**170,895,809**

5. SEGMENT INFORMATION

Information provided to Group management responsible for operating decisions, to allocate resources and assess results by segment, deals with the types of services provided to produce, transmit, distribute and sell electricity. To generate Group reporting segments, none of its operating segments were combined, except for other products (chemically purified water) and services, which individually do not exceed quantity thresholds.

In particular, the Group's reporting segments are:

- thermal power and electricity generation;
- electricity transmission and distribution;
- thermal power and electricity sales;
- others.

The Group follows a number of profitability indices such as profit before income tax, profit for the year and gross profit. Despite this, profit for the year is used to allocate resources and assess segment performance.

(In thousands of tenge, unless indicated otherwise)

As stated in Note 4, on 1 July 2023 a new wholesale electricity market model with the implementation of a Single Purchaser was introduced in the Republic of Kazakhstan. For the year ended 31 December 2022, the Group's intersegment revenue and cost of sales included revenue from electricity sales by the Group's energy-producing entities (Note 12) and the cost of purchased electricity by the Group's entities of 21,731,794 thousand tenge.

	2023					
Key operating indices	**Thermal power and electricity production**	**Electricity transmission and distribution**	**Thermal power and electricity sales**	**Others**	**Elimination**	**Total**
Revenue from sales to external customers	68,806,554	38,857,178	114,717,674	397,217	-	222,778,623
Inter-segment revenue	22,441,263	30,264,368	42,649	475,680	(53,223,960)	-
Cost of sales, total	(66,590,523)	(47,976,838)	(111,545,425)	-	52,804,422	(173,308,364)
Gross profit	**24,657,294**	**21,144,708**	**3,214,898**	**872,897**	**(419,538)**	**49,470,259**
General and administrative expenses	(4,843,696)	(2,991,033)	(2,639,922)	(2,384,936)	495,661	(12,363,926)
Selling expenses	(24,646)	(2,398,479)	(2,919,534)	-	26,228	(5,316,431)
Finance costs	(465,736)	(2,506,553)	(406,068)	(8,582,389)	287,745	(11,673,001)
Finance income	104,965	156,262	192,056	10,979,383	(287,745)	11,144,921
Other income	741,347	1,115737	354,673	148,757	(104,911)	2,255,603
Other expense	(134,319)	(848,333)	(73,347)	(320,917)	2,560	(1,374,356)
Foreign exchange gain, net	559	22,660	2,166	13,286,906	-	13,312,291
Profit/(loss) before income tax	**20,035,768**	**13,694,969**	**(2,275,078)**	**13,999,701**	**-**	**45,455,360**
Income tax (expenses)/benefits	(4,089,471)	(2,519,397)	97,586	(2,768,322)	-	(9,279,604)
Net profit/(loss) for the year	**15,946,297**	**11,175,572**	**(2,177,492)**	**11,231,379**	**-**	**36,175,756**
Other key segment information						
Capital costs on property, plant and equipment	20,105,352	20,683,880	52,131	76,961	-	40,918,324
Depreciation of property, plant and equipment	8,620,174	9,762,281	78,031	40,102	-	18,500,588

(In thousands of tenge, unless indicated otherwise)

	2022					
Key operating indices	**Thermal power and electricity production**	**Electricity transmission and distribution**	**Thermal power and electricity sales**	**Others**	**Elimination**	**Total**
Revenue from sales to external customers	55,223,171	32,029,873	101,888,274	294,854	-	189,436,172
Inter-segment revenue	27,249,500	28,304,483	39,729	544,818	(56,138,530)	-
Cost of sales, total	(58,955,033)	(40,660,473)	(98,716,174)	-	55,915,350	(142,416,330)
Gross profit	**23,517,638**	**19,673,883**	**3,211,829**	**839,672**	**(223,180)**	**47,019,842**
General and administrative expenses	(3,959,745)	(2,915,302)	(1,354,970)	(2,779,238)	497,067	(10,512,188)
Selling expenses	(16,556)	(2,007,607)	(2,495,021)	-	27,286	(4,491,898)
Finance costs	(249,553)	(2,532,223)	(262,669)	(8,746,603)	2,559	(11,788,489)
Finance income	212,542	227,130	91,873	6,437,350	(2,559)	6,966,336
Other income	765,855	1,813,203	402,284	253,616	(302,675)	2,932,823
Other expense	(115,364)	(1,630,798)	(93,167)	(413,186)	1,502	(2,251,013)
Foreign exchange gain/(loss), net	676	(105,163)	2,097	(7,416,931)	-	(7,519,321)
Profit/(loss) before income tax	**20,155,493**	**12,523,123**	**(497,204)**	**(11,825,320)**	**-**	**20,356,092**
Income tax expenses	(3,987,067)	(2,355,604)	(185,276)	(178,073)	-	(6,706,020)
Net profit for the year	**16,168,426**	**10,167,519**	**(682,480)**	**(12,003,393)**	**-**	**13,650,072**
Other key segment information						
Capital costs on property, plant and equipment	14,572,453	21,269,636	50,154	1,187,727	-	37,079,970
Depreciation of property, plant and equipment	8,148,763	9,211,211	174,576	26,210	-	17,560,760

6. REVENUE

	2023	2022
Sale of electricity	150,872,788	126,783,553
Transmission of electricity	38,363,980	32,029,873
Sale of thermal power	26,064,916	21,955,787
Revenue from electricity capacity maintenance	6,060,063	7,927,265
Sales of chemically purified water	515,661	426,351
Other	901,215	313,343
	222,778,623	**189,436,172**

From 1 July 2023, amendments to the Law on Electricity in the Republic of Kazakhstan regulating the mechanism of operation of the wholesale electricity market came into effect (Note 4).

(In thousands of tenge, unless indicated otherwise)

7. COST OF SALES

	2023	2022
Electricity purchased	50,018,838	38,310,640
Materials	35,943,029	29,480,206
Payroll and related taxes	21,516,035	16,601,708
Depreciation and amortisation	18,247,885	17,283,665
Services of transmission of electricity, thermal power and chemically purified water including use of NEG	18,126,874	15,889,804
Technical losses from electricity transmission	10,415,058	7,991,700
Water supply	2,991,326	2,571,291
Electricity availability services or ensuring the readiness of electricity load	2,633,151	2,768,363
Repairs	2,543,131	1,780,724
Electricity tariff control and regulation	2,473,889	2,583,558
Property tax	1,989,411	1,879,020
Transportation costs	1,445,682	1,201,929
Taxes other than income and property tax	1,126,652	996,895
Security	656,376	635,487
Accrual of provision for unused vacation (Note 25)	618,047	476,570
Other	2,562,980	1,964,770
	173,308,364	**142,416,330**

Due to changes in the Law on Electricity described in Note 4, starting from 1 July 2023 electricity is purchased from the Single Purchaser of electricity.

In the second half of 2023, as part of the wholesale electricity market operation, the Group entered into a contract with KEGOC JSC for the provision of services related to the use of the national electricity grid ("NEG"). The contract includes services for technical maintenance and operational readiness support of the national electricity grid, as well as for the supply of electricity purchased from the single purchaser of electricity and the balancing market settlement center from the national electricity grid.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Payroll and related taxes	7,070,724	5,462,794
Taxes other than income tax	1,404,713	1,451,102
Accrual of allowance for expected credit losses (Notes 16 and 18)	672,619	239,219
Consulting services	605,547	325,912
Rental costs	342,323	242,787
Accrual of provision for unused vacation (Note 25)	282,500	132,678
Depreciation and amortisation	240,762	305,407
Materials	171,133	118,427
Transportation costs	156,007	118,048
Business trips expenses	139,791	110,277
Fines and penalties	114,059	140,066
Security services	76,505	78,480
Communication services	68,291	47,131
Bank fees	60,460	298,689
Charity	48,066	713,283
Other	910,426	727,888
	12,363,926	**10,512,188**

(In thousands of tenge, unless indicated otherwise)

9. SELLING EXPENSES

	2023	2022
Payroll and related taxes	3,853,431	3,091,864
Billing system maintenance	665,893	665,893
Accrual of provision for unused vacation (Note 25)	203,637	211,609
Bank fees	155,221	148,172
Taxes other than income tax	113,629	44,617
Rental costs	104,133	15,458
Materials	58,629	50,252
Other	161,858	264,033
	5,316,431	**4,491,898**

10. FINANCE COSTS

	2023	2022
Interest on bank overdrafts and borrowings	9,329,287	11,073,247
Unwinding of discount (Note 22)	1,714,651	72,128
Interest on bonds issued	257,860	292,812
Accretion expense on ash dump restoration reserve	190,799	138,428
Interest expenses on lease liability (Note 15)	100,654	134,242
Other finance costs	79,750	77,632
	11,673,001	**11,788,489**

11. FINANCE INCOME

	2023	2022
Interest income	5,465,773	5,454,131
Adjustment to fair value at initial recognition of financial liability (Note 22)	5,131,054	980,546
Other	548,094	531,659
	11,144,921	**6,966,336**

For the year ended on 31 December 2023 interest income mainly includes accrued interest on loans given to related parties in the amount of 5,455,627 thousand tenge, of which total of 5,454,077 thousand tenge related to loans given to DK-Investment LLP and Dragon Fortune PTE. LTD (2022: 5,454,131 thousand tenge) (Note 28).

(In thousands of tenge, unless indicated otherwise)

12. SUBSIDIARIES

The Group comprises the Company and the following subsidiaries:

Name	Type of activities	Place of incorporation and operation	Ownership interest/ voting power held by the Group 31 December 2023	31 December 2022
Karaganda Energocentre LLP	Thermal power, electricity and chemically purified water production in Karaganda region	Kazakhstan	100%	100%
Karagandy Zharyk LLP	Electricity transmission and distribution in Karaganda region	Kazakhstan	100%	100%
Ontustik Zharyk Transit LLP	Electricity transmission and distribution in Turkestan region and Shymkent	Kazakhstan	100%	100%
Karagandy Zhylu Sbyt LLP	Thermal power and electricity supply in Karaganda region	Kazakhstan	100%	100%
Raschetny Servisny Tsentr LLP	Electricity supply in Karaganda region	Kazakhstan	100%	100%
Energopotok LLP	Electricity supply in Turkestan region and Shymkent	Kazakhstan	100%	100%
Energy Center LLP	Thermal power and electricity production in Karaganda region	Kazakhstan	100%	100%
Vetropark Zhuzimdyk LLP	Electricity generation in South-Kazakhstan region	Kazakhstan	100%	100%
Ust-Kamenogorsk CHP LLP	Thermal power and electricity production in East-Kazakhstan region	Kazakhstan	100%	100%
Shygys Energy LLP	Production entity management	Kazakhstan	100%	100%
Mangistau Regional Electricity Network Company JSC	Electricity transmission and distribution in Mangistau region	Kazakhstan	52.63%	52.63%

The Group structure as at the reporting date is as follows:

Core activities	No. of subsidiaries fully owned 31 December 2023	31 December 2022
Thermal energy and electricity production	4	4
Electricity transfer and distribution	2	2
Thermal power and electricity sales	3	3
Other	1	1
	10	**10**

MRENC JSC is non-wholly owned by the Group.

(In thousands of tenge, unless indicated otherwise)

Non-wholly owned subsidiary with material non-controlling interests

Year	Subsidiary name	Place of registration and main place of operation	Non-controlling ownership share and voting rights	Profit attributable to non-controlling interests	Carrying amount of non-controlling interests
31 December 2023	MRENC JSC	Republic of Kazakhstan	47.37%	1,193,044	17,586,184
31 December 2022	MRENC JSC	Republic of Kazakhstan	47.37%	938,750	16,393,140

A more detailed overview of the movement of non-controlling interest is provided in Note 21.

The table below provides a summary of financial information on the Group subsidiary with significant non-controlling interests.

	31 December 2023	31 December 2022
Current assets	2,562,309	2,873,144
Non-current assets	56,708,071	56,066,544
Current liabilities	(8,574,652)	(6,669,778)
Non-current liabilities	(14,358,648)	(18,485,721)
Equity attributable to owners of the Company	18,750,896	17,391,049
Non-controlling interests	17,586,184	16,393,140

	2023	2022
Revenue	17,091,977	17,133,082
Expenses	(14,531,156)	(15,151,343)
Profit and total comprehensive income for the year	**2,560,821**	**1,981,739**
Profit and total comprehensive income attributable to owners of the Company	1,367,777	1,042,989
Profit and total comprehensive income attributable to non-controlling interests	1,193,044	938,750
Profit and total comprehensive income for the year	**2,560,821**	**1,981,739**
Net cash inflow from operating activities	8,555,133	7,636,498
Net cash outflow for investing activities	(2,936,894)	(2,639,901)
Net cash outflow for financial activities	(5,258,441)	(4,845,517)
Net cash inflow	**359,798**	**151,080**

13. INCOME TAX

	2023	2022
Current income tax expenses	6,921,931	4,334,491
Deferred income tax expenses	2,294,072	2,371,529
Adjustment of prior year income tax	63,601	-
	9,279,604	**6,706,020**

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities recorded for financial reporting and tax accounting purposes. Deferred tax assets and liabilities are calculated at the rates expected to apply during asset recovery or liability repayment periods.

(In thousands of tenge, unless indicated otherwise)

The table below shows a reconciliation of income tax at 20% to actual income tax recorded in the consolidated statement of comprehensive income:

	2023	**2022**
Profit before income tax	45,455,360	20,356,092
Statutory income tax rate	20%	20%
Theoretical income tax expense at the statutory rate	9,091,072	4,071,218
Not-deductible interest accrued	357,397	687,056
Unrecognised deferred tax assets	338,795	564,338
Non-deductible exchange rate losses	308,792	1,179,118
Adjustment of prior year income tax	63,601	-
Impact of non-deductible expenses related to zero tariff sales	-	101,882
Recognition of previously unrecognised tax assets arising from tax loss carry forwards of prior years	(738,684)	-
Other permanent differences	(141,369)	102,408
Income tax expenses	**9,279,604**	**6,706,020**

The following is an analysis of deferred tax assets and liabilities in the consolidated statement of financial position:

	31 December 2023	**31 December 2022**
Deferred tax assets	348,876	271,832
Deferred tax liabilities	(38,678,705)	(35,654,067)
	(38,329,829)	**(35,382,235)**

As at 31 December 2023, the tax effect of unrecognised tax losses in the amount of 338,795 thousand tenge related to the subsidiary Energopotok LLP, since it is not highly probable that there will be sufficient taxable profit to realize it in future periods (31 December 2022: 564,338 thousand tenge related to the parent company). Also, in 2023, the Group, represented by the parent company, recognised the tax effect of previously unrecognised tax assets arising from tax loss carry forwards of previous years in the amount of 738,684 thousand tenge (2023: 0).

(In thousands of tenge, unless indicated otherwise)

Movement of the deferred tax assets and liabilities are as follows:

	31 December 2022	Recognised in profit or loss	Recognised in equity	31 December 2023
Deferred tax assets:				
Interest payable	5,079	14,812	-	19,891
Restoration reserve	328,909	84,477	-	413,386
Allowance for expected credit losses	743,418	(14,045)	-	729,373
Provision for unused vacations	136,658	207,518	-	344,176
Provision for slow-moving and obsolete inventories	1,266	(619)	-	647
Taxes	50,964	15,499	-	66,463
Deferred income	212,747	(13,426)	-	199,321
Other	(302,950)	390,175	-	87,225
	1,176,091	**684,391**	**-**	**1,860,482**
Deferred tax liabilities:				
Property, plant and equipment	(36,153,537)	(2,291,181)	-	(38,444,718)
Discount of interest-free short-term loans received	(330,368)	(695,842)	(653,522)	(1,679,732)
Accrued expenses	(74,421)	8,560	-	(65,861)
	(36,558,326)	**(2,978,463)**	**(653,522)**	**(40,190,311)**
Total deferred tax liabilities, net	**(35,382,235)**	**(2,294,072)**	**(653,522)**	**(38,329,829)**

	31 December 2021	Recognised in profit or loss	Recognised in equity	31 December 2022
Deferred tax assets:				
Interest payable	5,079	-	-	5,079
Restoration reserve	301,223	27,686	-	328,909
Allowance for expected credit losses	733,435	9,983	-	743,418
Provision for unused vacations	210,978	(74,320)	-	136,658
Provision for slow-moving and obsolete inventories	1,362	(96)	-	1,266
Taxes	50,364	600	-	50,964
Deferred income	212,747	-	-	212,747
	1,515,188	**(36,147)**	**-**	**1,479,041**
Deferred tax liabilities:				
Property, plant and equipment	(34,060,226)	(2,093,311)	-	(36,153,537)
Discount of interest-free short-term loans received	-	(196,109)	(134,259)	(330,368)
Accrued expenses	(83,448)	9,027	-	(74,421)
Other	(247,961)	(54,989)	-	(302,950)
	(34,391,635)	**(2,335,382)**	**(134,259)**	**(36,861,276)**
Total deferred tax liabilities, net	**(32,876,447)**	**(2,371,529)**	**(134,259)**	**(35,382,235)**

(In thousands of tenge, unless indicated otherwise)

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Others	Construction in progress	Total
Cost							
As at 31 December 2021	**3,117,289**	**65,116,824**	**249,086,748**	**6,585,568**	**1,274,966**	**22,593,689**	**347,775,084**
Additions	31,858	1,149,593	490,341	159,173	157,216	35,091,789	37,079,970
Disposals	(62)	(115,892)	(726,390)	(77,603)	(37,265)	(36,507)	(993,719)
Internal transfers	-	5,400,025	18,388,991	118,793	6,753	(23,914,562)	-
As at 31 December 2022	**3,149,085**	**71,550,550**	**267,239,690**	**6,785,931**	**1,401,670**	**33,734,409**	**383,861,335**
Additions	128	2,700	515,767	405,049	88,813	39,905,867	40,918,324
Disposals	-	(34,441)	(568,421)	(56,471)	(7,699)	(969,517)	(1,636,549)
Transfers to intangible assets	-	-	-	-	-	(405,008)	(405,008)
Internal transfers	-	3,711,112	18,577,008	151,572	6,573	(22,446,265)	-
As at 31 December 2023	**3,149,213**	**75,229,921**	**285,764,044**	**7,286,081**	**1,489,357**	**49,819,486**	**422,738,102**
Accumulated depreciation							
As at 31 December 2021	-	**(18,649,032)**	**(79,184,908)**	**(3,112,307)**	**(655,588)**	**(144,223)**	**(101,746,058)**
Accrued for the year	-	(3,918,206)	(12,943,023)	(562,800)	(136,731)	-	(17,560,760)
Disposals	-	46,758	299,556	66,126	35,076	6,873	454,389
Changes in estimates	-	-	-	-	-	(62,254)	(62,254)
Internal transfers	-	(458)	458	-	-	-	-
As at 31 December 2022	-	**(22,520,938)**	**(91,827,917)**	**(3,608,981)**	**(757,243)**	**(199,604)**	**(118,914,683)**
Accrued for the year	-	(4,306,836)	(13,439,940)	(603,616)	(150,196)	-	(18,500,588)
Disposals	-	17,273	290,907	32,596	6,029	-	346,805
As at 31 December 2023	-	**(26,810,501)**	**(104,976,950)**	**(4,180,001)**	**(901,410)**	**(199,604)**	**(137,068,466)**
Net carrying amount							
As at 31 December 2023	**3,149,213**	**48,419,420**	**180,787,094**	**3,106,080**	**587,947**	**49,619,882**	**285,669,636**
As at 31 December 2022	**3,149,085**	**49,029,612**	**175,411,773**	**3,176,950**	**644,427**	**33,534,805**	**264,946,652**

(In thousands of tenge, unless indicated otherwise)

As at 31 December 2023 and 2022, Group construction in progress is mainly represented by modernisation objects and reconstruction of substation equipment, SCADA system implementation, electricity grid lines and substation construction, and ash-disposal dump areas works.

In 2023, the Group, represented by the subsidiaries MRENC JSC, Karaganda Energocentre LLP, Ust-Kamenagorsk CHP LLP and Karagandy Zharyk LLP, completed construction in progress, including substations construction and power lines; equipment modernisation, reconstruction and repairs, which resulted facilities for a total of 22,446,266 thousand tenge being transferred to property, plant and equipment (2022: 23,914,562 thousand tenge).

As at 31 December 2023 and 2022, the value of the Group's fully depreciated property, plant and equipment was 7,731,439 thousand tenge and 6,710,027 thousand tenge, respectively.

As at 31 December 2023 and 2022, the Group's property, plant and equipment with a carrying amount of 114,775,272 thousand tenge and 87,900,247 thousand tenge, respectively, was pledged as security for loans received from Sberbank Russia JSC, Bereke Bank JSC, EBRD, Bank CenterCredit JSC and Forte Bank JSC (Note 22).

15. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases production and office premises. Lease agreements are usually concluded for certain periods of 12 months and contains the right to extend. Lease agreements do not contain special conditions (covenants) with the exception of protective measures in respect of leased assets owned by the lessor. Leased assets cannot be provided for sub-rent or used as collateral.

Cost	**Buildings and structures**	**Total**
As at 1 January 2022	**1,315,623**	**1,315,623**
Additions	-	-
As at 31 December 2022	**1,315,623**	**1,315,623**
Additions	31,597	31,597
Disposals	(110,207)	(110,207)
As at 31 December 2023	**1,237,013**	**1,237,013**
Accumulated depreciation		
As at 1 January 2022	**(252,114)**	**(252,114)**
Accruals	(254,837)	(254,837)
As at 31 December 2022	**(506,951)**	**(506,951)**
Additions	(258,801)	(258,801)
Disposals	36,736	36,736
As at 31 December 2023	**(729,016)**	**(729,016)**
Carrying amount		
As at 31 December 2022	**808,672**	**808,672**
As at 31 December 2023	**507,997**	**507,997**

(In thousands of tenge, unless indicated otherwise)

The table below provides an analysis of the maturity of lease payments as at 31 December:

	2023	2022
Maturity analysis		
Within one year	320,719	349,846
From one to two years	381,745	349,846
From two to three years	356,574	349,846
From three to four years	18,251	24,315
Total lease payments	**1,077,289**	**1,073,853**
Less: the unpaid interest	(462,836)	(172,289)
Total lease liabilities	**614,453**	**901,564**
Less: the short-term portion	(320,719)	(349,846)
Long-term lease liabilities	**293,734**	**551,718**

Interest expense on lease obligations for the year ended 31 December 2023 amounted to 100,654 thousand tenge (2022: 134,242 thousand tenge) (Note 10). These expenses are included in finance costs in the consolidated statement of profit and loss and other comprehensive income.

Below is the data on changes in lease obligations:

	2023	2022
As at 1 January	**901,564**	**1,115,024**
Additions	31,597	-
Disposals	(73,472)	-
Repayment of lease liabilities	(245,236)	(213,460)
Interest expense (Note 10)	100,654	134,242
Interest paid	(100,654)	(134,242)
As at 31 December	**614,453**	**901,564**

The lease term of office premises is up to 5 years.

Cash flows on lease obligations for the year ended 31 December 2023 amounted to 345,890 thousand tenge, of which 31,103 thousand tenge (2022: 347,702 thousand tenge, of which 134,242 thousand tenge) are included in interest payments in the consolidated statement of cash flows.

As at 31 December 2023 and 2022, lease liabilities were denominated in tenge.

(In thousands of tenge, unless indicated otherwise)

16. TRADE ACCOUNTS RECEIVABLE

	31 December 2023	31 December 2022
Trade accounts receivable	29,208,909	24,029,093
Less: allowance for expected credit losses	(3,525,736)	(2,947,927)
	25,683,173	**21,081,166**

			Overdue		
31 December 2023	**Total**	**Not overdue**	**up to 120 days**	**120-210 days**	**over 210 days**
Gross carrying amount	19,259,912	151,181	16,482,588	580,605	2,045,538
Expected credit losses (%)	-	-	7.0621%	25.2764%	100.00%
Allowance for expected credit losses	(3,356,311)	-	(1,164,017)	(146,756)	(2,045,538)
Carrying amount	**15,903,601**	**151,181**	**15,318,571**	**433,849**	**-**

For transactions on receivables from counterparties whose share is more than 10% of total receivables, the Group estimates expected credit losses using an external credit rating and the corresponding historical default rate according to international rating agencies. As at 31 December 2023 and 2022 the gross carrying amount and expected credit losses on these trade receivables amounted 9,948,997 thousand tenge and 169,425 thousand tenge (31 December 2022: nil), respectively. Credit ratings were determined in the range of BB-B+ in accordance with the rating agency Standard & Poor's.

			Overdue		
31 December 2022	**Total**	**Not overdue**	**up to 120 days**	**120-210 days**	**over 210 days**
Gross carrying amount	24,029,093	78,360	21,536,435	1,182,700	1,231,598
Expected credit losses (%)	-	-	6.27%	30.89%	100.00%
Allowance for expected credit losses	(2,947,927)	-	(1,350,975)	(365,354)	(1,231,598)
Carrying amount	**21,081,166**	**78,360**	**20,185,460**	**817,346**	**-**

Changes in the provision for expected credit losses are represented as follows:

	2023	2022
Allowance for expected credit losses at the beginning of the year	**(2,947,927)**	**(2,553,670)**
Accrued for the year (Note 8)	(4,009,208)	(1,285,847)
Written off for the year	-	245,708
Recovered for the year (Note 8)	3,431,399	645,882
Allowance for expected credit losses at the end of the year	**(3,525,736)**	**(2,947,927)**

(In thousands of tenge, unless indicated otherwise)

The Group records allowance for expected credit losses of 100% of all trade accounts receivable for a period of more than 210 days, since past experience shows that receivables that have not been paid during this period are usually not repaid. For trade accounts receivable from 0 to 210 days, allowance for expected credit losses is reflected based on estimates based on past experience and analysis of the current financial position of groups of the counterparties.

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

17. INVENTORIES

	31 December 2023	31 December 2022
Fuel	4,263,578	2,502,072
Raw materials and supplies	2,509,737	2,497,172
Spare parts	987,750	731,040
Goods for resale	3,519	2,921
Other	241,987	193,809
Less: provision for slow-moving and obsolete inventories	(160,997)	(161,405)
	7,845,574	**5,765,609**

The movement in the provision for slow-moving and obsolete inventories is as follows:

	2023	2022
Provision at the beginning of the year	**(161,405)**	**(106,476)**
Accrued for the year	(11,080)	(88,732)
Written off for the year	11,488	33,803
Provision at the end of the year	**(160,997)**	**(161,405)**

(In thousands of tenge, unless indicated otherwise)

18. OTHER CURRENT ASSETS

	31 December 2023	31 December 2022
Other financial assets:		
Accounts receivable from claims	305,665	258,900
Restricted cash	164,742	171,967
Accounts receivable from the sale of fixed assets	107,423	207,491
Other current financial assets	482,335	421,024
	1,060,165	**1,059,382**
Less: allowance for expected credit losses	(242,386)	(147,576)
	817,779	**911,806**
Other non-financial assets:		
Other taxes receivable	1,212,028	1,239,560
Prepaid expenses	135,896	37,876
	1,347,924	**1,277,436**
	2,165,703	**2,189,242**

Changes in the allowance for expected credit losses are represented as follows:

	2023	2022
Allowance for expected credit losses at the beginning of the year	**(147,576)**	**(548,322)**
Recovered for the year (Note 8)	-	400,746
Accrued for the year (Note 8)	(94,810)	-
Allowance for expected credit losses at the end of the year	**(242,386)**	**(147,576)**

As at 31 December 2023 and 2022, financial assets within other current assets were mainly denominated in tenge.

19. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on saving bank accounts, in tenge	2,850,239	1,797,734
Cash in transit, in tenge	782,158	494,389
Cash on current bank accounts, in tenge	251,467	258,941
Petty cash, in tenge	20,694	6,738
Less: allowance for expected credit losses	(6,730)	(13,430)
	3,897,828	**2,544,372**

(In thousands of tenge, unless indicated otherwise)

As at 31 December 2023, cash in savings accounts is mainly represented by deposits with Bank CenterCredit JSC and Halyk Bank JSC. As at 31 December 2023 and 2022, these deposits are denominated in tenge and placed with an annual interest rates of 10.75-16.00% and 8.00-9.65%, respectively. Withdrawal of funds from deposits is possible at any time, without loss of interest earned amounts, except for the minimum balance of deposits in the amount of 20,000 thousand tenge.

20. EQUITY

Charter capital

Company charter capital as at 31 December 2023 and 2022 was 11,636,404 thousand tenge. The interests of each partner in Group share capital are as follows as at 31 December 2023 and 2022:

	31 December 2023		31 December 2022	
Partner	Amount, in thousand of tenge	Participation interest	Amount, in thousand of tenge	Participation interest
M.K. Idrissova	11,636,403	99%	11,636,403	99%
Zh.D. Appaz	1	1%	1	1%
	11,636,404	**100%**	**11,636,404**	**100%**

During 2023 and 2022, no dividends for 2022 and 2021 were declared or paid.

In 2023, the subsidiary MRENC JSC paid dividends on preferred shares of 5,794 thousand tenge (2022: 8,810 thousand tenge), Shygys Energy LLP paid dividends to the second participant Appaz Zh.D. in the amount of 495 thousand tenge (2022:nil).

Additional paid-in capital

Additional paid-in capital of 9,239,137 thousand tenge as at 31 December 2023 and 2022 was formed between 2008 and 2011 as a result of transactions to purchase 100% interests in Karagandy Zharyk LLP, Energopotok LLP and Karaganda Energocentre LLP, where the purchase amount exceeded the balance of net identifiable assets, and as a result attracting of interest-free long-term financing from related parties.

21. NON-CONTROLLING INTERESTS

	2023	2022
At the beginning of the year	16,393,140	15,454,390
Share of profit for the year	1,193,044	938,750
At the end of the year	**17,586,184**	**16,393,140**

(In thousands of tenge, unless indicated otherwise)

More detailed information on subsidiary transactions with a company holding significant non-controlling interests is provided in Note 12.

22. BORROWINGS AND BONDS

	Currency	Rate	Maturity date	31 December 2023	31 December 2022 (As revised)[1]
Sberbank of Russia PJSC	Russian Rouble	10.75%-11.50%	2023-2025	44,047,211	60,770,957
Interest-free loans	Tenge	0%	2024-2028	8,640,758	11,705,480
European Bank of Reconstruction and Development	Tenge	18.82%	2027	8,553,553	10,554,166
Bank CenterCredit JSC	Tenge	16.00%	2024	7,000,000	2,000,000
ForteBank JSC	Tenge	20.75%	2024-2028	3,000,000	-
Bonds issued	Tenge	8.00%-9.00%	2024	2,365,020	2,446,586
European Bank of Reconstruction and Development	USD	1.70%	2027	1,204,584	1,532,528
Bereke Bank JSC	Tenge	11.50%-12.50%	2023-2024	491,764	5,475,293
Other loans	Tenge	13.00%	2035-2036	192,331	283,546
Accrued interest payable				1,597,218	2,109,831
				77,092,439	**96,878,387**
Non-depreciated part of a one-time payment for loan processing				(447,727)	(225,460)
				76,644,712	**96,652,927**
Less the current portion of the borrowings payable within one year and bonds				(66,674,447)	(84,713,575)
Non-current portion of the borrowings and bonds				**9,970,265**	**11,939,352**

Borrowings and bonds mature as follows:

	31 December 2023	31 December 2022
On demand or within one year	66,674,447	84,713,575
1-2 years	3,014,061	4,778,923
2-3 years	1,848,180	2,250,240
3-5 years inclusive	5,475,091	4,489,738
Over 5 years	80,660	645,911
	77,092,439	**96,878,387**

[1] As revised, please see Note 4.1.

Sberbank of Russia PJSC

In May 2018, the Company concluded agreements to receive financing in the form of 3 non-renewable credit lines in Sberbank of Russia PJSC:

- of up to 12,962,500 thousand Russian Roubles, with interest at 10.75% per annum, up to 24 months (Contract 1), to provide a loan to Ushkuyu JSC, a related party (Note 28), to refinance previously attracted Ushkuyu JSC loans;
- of up to 12,962,500 thousand Russian Roubles, with interest of 11.50% per annum, up to 84 months (Contract 2), to refinance the abovementioned credit line under Contract 1. The period of availability under Contract 2 is until 14 June 2020;
- of up to 1,320,000 thousand Russian Roubles, with interest of 10.75% per annum, for a period of up to 60 months (Contract 3), to provide loans to subsidiaries to finance investment costs.

In 2020, the Group refinanced the loan under Contract 1 in the amount of 55,104,000 thousand tenge (9,600,000 thousand Russian Roubles) due to credit line under Contract 2, as a result of which the loan maturity was extended until 14 May 2025.

On 20 November 2019, the Company received cash under Contract 3 in the amount of 6,057,620 thousand tenge (1,000,961 thousand Russian roubles).

On 26 September 2023, the Company signed additional agreements to the credit lines under Contracts 2 and 3, which extended the maturity date to 27 December 2025. Also, additional collateral, third party guarantees and certain changes to financial and non-financial covenants were added.

As at 31 December 2023, the following were pledged as collateral for borrowings under the credit lines of Contracts 2 and 3:

- 51% interest in the Company's charter capital;
- 100% of the Company's interest in Karaganda Energocentre LLP, Ontustik Zharyk Transit LLP and Karagandy Zharyk LLP;
- Property, plant and equipment with carrying amount as at 31 December 2023 and 2022 of 81,048,134 thousand tenge and 55,638,183 thousand tenge, respectively;
- Guarantees from individual Idrissov D.A., Shareholder Idrissova M.K. and third parties, not included to the Group.

Interest-free loans

As at 31 December 2023 and 2022, interest-free short-term loans were borrowed to finance working capital of the Group. The loans were raised from organizations that are business partners of the Group's Participants and from the Participant.

During 2023, the Company received an interest-free loan from the Participant in the amount of 1,400,000 thousand tenge for a period until 25 July 2024 and signed an additional agreement to extend the repayment period for the loan received in 2022 in the amount of 5,768,100 thousand tenge until 27 July 2028. Change in terms of the loan agreement was determined as substantial modification in accordance with IFRS 9. Accordingly, the Company derecognised the original loan and recognised the new loan at fair value at the date of modification using a market interest rate of 18.72%. As a result, the Company recorded a fair value adjustment in the amount of 2,614,086 thousand tenge in the consolidated statement of changes in equity, less the effect of deferred tax in the amount of 653,522 thousand tenge (Note 13).

Also, during 2023, the Company received interest-free loan from entities outside the Group, third parties in the amount of 2,803,000 thousand tenge for a period until 2028 and signed an additional agreement to extend the repayment period for loans received in 2022-2021 in the amount of 13,081,349 thousand tenge until 2028. This change in terms of the loan agreement was determined as substantial modification in accordance with IFRS 9. Accordingly, the Company derecognised the original borrowings and recognised new borrowings at fair value at the date of modification using a market interest rate of 18.72%. As a result, the Company recorded a fair value adjustment in the amount of 5,131,054 thousand tenge in the consolidated statement of profit or loss and other comprehensive income (2022: 980,546 thousand tenge using market rate of 18.9%) (Note 11).

The amortization of discount on these loans for 2023 amounted to 1,651,839 thousand tenge (2022: nil tenge).

European Bank for Reconstruction and Development

On 16 March 2018, the Group entered into a loan agreement with European Bank for Reconstruction and Development ("EBRD") to provide financing from the bank's usual resources and from the special Green Climate Fund ("GCF"), administered by the EBRD. The GCF was established at the Conference of the Parties to the UN Framework Convention on Climate Change in 2010. Its purpose is to assist in reducing greenhouse gas emissions in developing countries, as well as to assist in the process of adaptation of vulnerable communities to the inevitable consequences of climate change. As part of this loan agreement, in 2018, the Group received several tranches in the amount of 9,000,000 thousand tenge from the usual resources of the EBRD and 5,300,000 US dollars from the GCF for a period of 10 years. In 2019, MRENC JSC received the fourth tranche in the amount of 2,000,000 thousand tenge from the usual resources of the EBRD. The loan funds from the GCF were provided only to finance the modernization and strengthening of the electric grid and the expansion of the integration of renewable energy sources into the electric grid.

In September 2021, the Group concluded a loan agreement with the EBRD in the amount of 4,541,999 thousand tenge for 7 years. A single technological complex of the Buzachinskyi district of electric networks in the amount of 12,541,399 thousand tenge was pledged as collateral (31 December 2022: 13,686,485 thousand tenge).

Interest payments on loans are made quarterly. The interest rate for a loan received in US dollars from the GCF funds is 1.7% per annum. The interest rate for a loan received in tenge is calculated as follows: loan margin 3.5% plus 1%-2% commission plus inflation rate in the Republic of Kazakhstan for the quarter. For 2023, the effective interest rate on the tenge loan was 18.82% (2022: 16.47%). The amount of accrued interest for 2023 amounted to 2,107,743 thousand tenge (2022: 2,040,821 thousand tenge). Loans from EBRD were initially recognised at fair value. The fair value of the tenge denominated loan received does not differ materially from the amount received. The fair value of the US dollar denominated loan from the GCF was calculated using a discount rate of 5.65%, which in the opinion of the Company's management reflected market rates for similar financial instruments at the date of receipt of the loan. In 2023, amount 23,243 thousand tenge was released from deferred income (2022: 26,990 thousand tenge).

Bank CenterCredit JSC

In July 2022, the Group, represented by the Parent Company, Energopotok LLP and Karagandy Zhylu Sbyt LLP, signed agreements to obtain financing in the form of a revolving credit line from Bank CenterCredit JSC in the amount of 7,000,000 thousand tenge. Under this credit line, the Group, represented by Energopotok LLP and Karagandy Zhylu Sbyt LLP, received a loan from Bank CenterCredit JSC in the amount of 2,000,000 thousand tenge to replenish working capital, with an interest rate of 16% per annum until 9 October 2023, inclusive. During 2023, under this credit line, the Parent Company received a loan in the amount of 6,250,000 thousand tenge for the replenishment of working capital, for a period of 12 months and with an interest rate of 18.25% per annum, of which 1,250,000 thousand tenge were repaid ahead of schedule.

As at 31 December 2023, the following is pledged as collateral for borrowings under the credit line:

- Property, plant and equipment with carrying amount as at 31 December 2023 and 2022 of 14,020,380 thousand tenge and nil tenge, respectively;

Forte Bank JSC

In October 2023, the Company entered into a non-revolving credit line with Forte Bank JSC until 13 October 2028 with an annual interest rate of 20.75%. Under this credit line, the Company obtained a loan in the amount of 3,000,000 thousand tenge for the replenishment of working capital, with a fixed interest rate of 20.75% per annum, until 1 November 2024.

As at 31 December 2023 the following was pledged as collateral for borrowings under the credit line:

- Property, plant and equipment with carrying amount as at 31 December 2023 and 2022 of 7,165,359 thousand tenge and nil tenge, respectively;

Bereke Bank JSC

On 9 October 2020 the Company has opened a revolving credit line at Bereke Bank JSC (formerly SB Sberbank of Russia PJSC) and drew down a loan in the amount of 5,000,000 thousand tenge for the replenishment of working capital and financial aid to subsidiaries, with a fixed interest rate of 12.5% per annum until 9 October 2023, inclusive. During 2023 this loan was fully repaid.
On 10 March 2017, the Company opened a revolving credit line with Bereke Bank JSC for a total amount of 7,200,000 thousand tenge with an annual interest rate of 12.5% until 10 March 2024. During 2023 the Company repaid 983,529 thousand tenge. As at 31 December 2023 and 2022, the outstanding balance on this loan amounted to 491,764 thousand tenge and 1,475,293 thousand tenge, respectively.

As at 31 December 2023, the following was pledged as collateral for borrowings under the credit line:

- The Company's 70% ownership interest in Shygys Energy LLP;
- Property, plant and equipment with carrying amount as at 31 December 2023 and 2022 is nil tenge and 18,575,579 thousand tenge, respectively;

Loans from consumers

In accordance with the Decree of the Government of the Republic of Kazakhstan No. 1044 dated 8 October 2004. The Group, represented by MRENC JSC, received funds from clients for the construction of infrastructure for connecting to the power transmission network or reconstruction of current infrastructure for a total amount of 2,595,896 thousand tenge during 2007-2009. These loans are interest-free and are repayable within 25 years from the date of receipt. These loans are not secured.

The funds received from customers are initially recognised at fair value determined using the effective interest method at prevailing market rates in the range of 12-16%. The difference between the proceeds received and the fair value was recognised as deferred income. In 2023, the Company repaid long-term loans in the amount of 57,475 thousand tenge (2022: 76,814 thousand tenge) in accordance with the repayment schedule and recognised a present value discount amortization expense in the amount of 39,569 thousand tenge (2022: 45,138 thousand tenge).

(In thousands of tenge, unless indicated otherwise)

Bonds issued

As at 31 December 2023 and 2022, bonds issued included:

Group enterprise	Bonds issued, by price	Maturity date	Exchanges	31 December 2023	31 December 2022
MRENC JSC	8% bonds issued of the 6th issue in tenge	2023	Kazakhstan stock exchange	-	212,035
MRENC JSC	9% bonds issued of the 7th issue in tenge	2024	Kazakhstan stock exchange	2,365,020	2,234,551
	Total bonds issued			**2,365,020**	**2,446,586**
	Current portion of bonds issued			2,365,020	-
	Non-current portion of bonds issued			-	2,446,586
				2,365,020	**2,446,586**

For the year ended 31 December 2023, accrued interest on bonds issued amounted to 222,216 thousand tenge (2022: 257,168 thousand tenge). Funds from the bonds issued placement were used to implement the MRENC JSC investment programme. In 2023, the Group paid interest to holders of bonds issued in the amount of 225,384 thousand tenge (2022: 261,833 thousand tenge).

Changes in obligations arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 January 2023	Cash flows from financing activities (i)	Other changes (ii)	31 December 2023
Loans	82,500,861	(3,417,748)	(13,444,179)	65,638,934
Bonds issued	2,446,586	(153,657)	72,091	2,365,020
Interest-free loans	11,705,480	3,682,100	(6,746,822)	8,640,758
Lease liabilities (Note 15)	901,564	(245,236)	(41,875)	614,453
Dividends (Note 20)	-	(6,289)	6,289	-
	97,554,491	**(140,830)**	**(20,154,496)**	**77,259,165**

(In thousands of tenge, unless indicated otherwise)

	1 January 2022	Cash flows from financing activities (i)	Other changes (ii)	31 December 2022
Loans	88,772,440	(14,356,227)	8,084,648	82,500,861
Bonds issued	2,732,958	(469,969)	183,597	2,446,586
Interest-free short-term loans	6,044,260	7,313,059	(1,651,839)	11,705,480
Lease liabilities (Note 15)	1,115,024	(213,460)	-	901,564
Dividends (Note 20)	-	(8,810)	8,810	-
	98,664,682	**(7,735,407)**	**6,625,216**	**97,554,491**

(i) Cash flows from borrowings, interest-free short-term loans and dividends to the net amount of receipts and payments on borrowed funds in the cash flow statement.

(ii) Other changes include interest accrued and interest payments, amortisation of a one-time consideration for arranging loans, the effect of revising the interest rate on a loan, and netting transactions.

Breach of the terms of loan agreements

Under the loan agreements, the Group has obligations to comply with financial and non-financial covenants. As at 31 December 2023, the Group breached certain covenants of the loan agreements with Sberbank of Russia PJSC and EBRD.

In accordance with the terms of loan agreements, banks have the right to demand early repayment of the entire loan amount in case of covenant breaches. As at 31 December 2023, since the Group had not received confirmation from the banks waiving their right to demand early repayment, the entire long-term portion of the loans of 47,227,846 thousand tenge was classified as on demand and reflected as current liabilities in the consolidated statement of financial position.

After year-end the Group obtained a waiver from EBRD of early claim and penalties for this breach of loan agreement. Despite the non-compliance of the Group, with certain covenants on Sberbank of Russia PJSC loan, the management believes the repayment will not be accelerated due to the ongoing discussions and restructuring of the loan agreement that occurred during 2023 (Note 3).

23. OTHER NON-CURRENT LIABILITIES

	31 December 2023	31 December 2022
Other non-current financial liabilities:		
Other non-current financial liabilities	121,327	125,892
	121,327	**125,892**
Other non-current non-financial liabilities:		
Site restoration obligations	2,066,931	1,795,847
Deferred income	1,120,211	1,210,583
	3,187,142	**3,006,430**
	3,308,469	**3,132,322**

(In thousands of tenge, unless indicated otherwise)

The Group's restoration reserve is represented by the reserve for the restoration of the ash dumps of Karaganda Energocentre LLP and Ust-Kamenogorsk CHP LLP subsidiaries, which is planned to be restored during 2025-2028.

Each year, the management of the Group analyses the assessment of the amount of outflow of resources necessary to repay the obligation to re-cultivate the disturbed ash dumps. In 2023, the expected amount of the costs and the period of restoration did not change compared to previous estimates.

As at 31 December 2023, deferred income is mainly represented by loans from consumers of MRENC JSC under the agreement for the amount of 967,990 thousand tenge (31 December 2022: 1,210,583 thousand tenge) (Note 22).

Financial liabilities in other non-current liabilities are denominated in tenge.

24. TRADE ACCOUNTS PAYABLE

As at 31 December, trade payables were presented as follows:

	31 December 2023	31 December 2022
For goods and services	20,181,189	13,277,703
For property, plant and equipment	20,042,227	12,422,734
	40,223,416	**25,700,437**

As at 31 December, trade accounts payable are represented in the following currencies:

	31 December 2023	31 December 2022
In tenge	40,223,376	25,671,637
In Russian Roubles	40	9,294
In USD	-	19,506
	40,223,416	**25,700,437**

As at 31 December 2023, accounts payable for goods and services are mainly represented by debt to the Single Purchaser in the total amount of 8,155,169 thousand tenge (Note 4).

(In thousands of tenge, unless indicated otherwise)

As at 31 December 2023, accounts payable for supply of equipment and services are mainly represented by accounts payable to Design and Construction Firm Profi LLP in the amount of 6,379,217 thousand tenge for works on implementation of hardware and software complex of monitoring, measurements, emergency alarm and communication SCADA and to Arystan Building Company LLP for current and capital repair of production facilities in the amount of 6,478,531 thousand tenge (31 December 2022: Design and Construction Firm Profi LLP in the amount of 3,842,296 thousand tenge for works on implementation of hardware-software complex of monitoring, measurements, emergency alarm and communication SCADA and to Arystan Building Company LLP in the amount of 4,791,479 thousand tenge).

25. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	31 December 2023	31 December 2022 (As revised) [2]
Other financial liabilities:		
Salaries payable	1,709,182	1,271,422
Other accounts payable	938,938	793,229
	2,648,120	**2,064,651**
Other non-financial liabilities:		
Liabilities under the contracts with customers	2,750,369	3,284,741
Provision for unused vacations	1,695,802	1,287,967
	4,446,171	**4,572,708**
	7,094,291	**6,637,359**

Liabilities from contracts with customers by activity type	31 December 2023	31 December 2022
Sales of electricity	1,730,319	1,960,494
Transmission of electricity	996,464	1,307,327
Sale of thermal power	28	328
Other	23,558	16,592
	2,750,369	**3,284,741**

The movement in provision for unused vacations is as follows:

	2023	2022
Provision for unused vacation at the beginning of the year	**(1,287,967)**	**(1,035,174)**
Accrued for the year (Notes 7, 8 and 9)	(1,104,184)	(820,857)
Written off for the year	696,349	568,064
Provision for unused vacation at the end of the year	**(1,695,802)**	**(1,287,967)**

[2] As revised, please see Note 4.1.

(In thousands of tenge, unless indicated otherwise)

Financial liabilities within other accounts payable are denominated in tenge.

26. OTHER TAXES PAYABLE

	31 December 2023	31 December 2022
Value added tax	617,828	840,024
Pension contribution obligations	396,828	288,377
Individual income tax	273,275	199,130
Other taxes	656,039	541,523
	1,943,970	**1,869,054**

27. EMPLOYEE BENEFITS

In accordance with the Law on Pension Benefits in the Republic of Kazakhstan effective from 1 January 1998, which replaced the solidary pension system with an accumulation pension system, all employees are entitled to a guaranteed pension proportional to their employment duration, if any, as at 1 January 1998. They are also eligible for pension payments from accumulation pension funds made from individual retirement savings generated by obligatory employee contributions of 10% of their salary. However, by Kazakhstan law, from 1 January 2016 salary deductions should not exceed 350,000 tenge per month (2022: 300,000 tenge per month). These amounts are expensed as incurred. Pension fund payments are deducted from employee salaries and included in other payroll costs in the statement of comprehensive income.

As at 31 December 2023 and 2022, the Group had no further obligations to its current and former employees with respect to pension benefits, health care for retired employees, insurance benefits or pension compensation.

28. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions that might not be necessarily available to unrelated parties, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below.

(In thousands of tenge, unless indicated otherwise)

The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 31 December 2023 and 2022 are detailed below.

For the years ended 31 December 2023 and 2022, the Group had trading operations and transactions to sell assets with the following related parties:

Service	Period	Companies making up the Participant Group	Other related parties	Total
Sales of goods and services	2023	6,596,924	57,646	6,654,570
	2022	9,713,061	-	9,713,061
Purchase of goods and services	2023	-	538,346	538,346
	2022	-	349,356	349,356

In 2023, the Group sold electricity to related parties and leased office premises from related parties.

Service	Period	Companies making up the Participant Group	Other related parties	Total
Trade accounts receivable	31 December 2023	2,244,472	-	2,244,472
	31 December 2022	2,610,889	-	2,610,889
Including allowance for expected credit losses	31 December 2023	167,489	-	167,489
	31 December 2022	(172,769)	-	(172,769)
Other receivables	31 December 2023	-	-	-
	31 December 2022	-	116,620	116,620
Including allowance for expected credit losses	31 December 2023	-	-	-
	31 December 2022	-	(116,620)	(116,620)
Other payables	31 December 2023	-	302,976	302,976
	31 December 2022	-	231,243	231,243

Related party transactions are exclusive of value added tax ("VAT"), balance with debtors and creditors are inclusive of VAT.

(In thousands of tenge, unless indicated otherwise)

Loans given to related parties

	Currency	Interest rate	Maturity date	31 December 2023	31 December 2022
Ushkuyu JSC	Tenge	10.75%	14 May 2024	-	75,531,003
DK Investment LLP	Tenge	10.75%	14 May 2024	80,933,523	-
Dragon Fortune PTE. LTD	USD	2.00%	18 December 2024	2,612,995	2,607,352
Loans to other related parties	Tenge	0%	25-26 December 2024	650,100	-
				84,196,618	**78,138,355**
Less the current portion of the loan to be repaid within 12 months				(3,263,095)	(2,607,352)
Non-current portion of loans				**80,933,523**	**75,531,003**

During 2018, the Group, represented by its subsidiary, Heat and Power Holding B.V., issued a loan to a related party (Dragon Fortune PTE. LTD) of 5,100 thousand USD, based on a loan agreement from 29 December 2017, with interest rate at 2% per annum. According to the assignment agreement of the right to claim dated 18 February 2021, Heat and Power Holding B.V. assigned the right to claim the loan to the parent company. Interest income for 2023 on this loan amounted to 51,557 thousand tenge (2022: 51,611 thousand tenge) (Note 11).

During 2018, the Company issued a loan to Ushkuyu JSC in the amount of 50,256,000 thousand tenge for a period of 2 years with an interest rate of 10.75% per annum, in order to repay the current debt on loans from Ushkuyu JSC. The maturity date of this loan is 14 May 2024. On 13 May 2024 the Company signed an additional agreement to extend the term until 14 May 2025. Interest income for 2023 on this loan amounted to 5,402,520 thousand tenge (2022: 5,402,520 thousand tenge) (Note 11).

During 2020, the Company provided interest-free financial assistance to Ushkuyu JSC in the amount of 500,000 thousand tenge.

On 3 July 2023, the Company concluded agreements concerning the substitution of parties in the obligation. Consequently, all rights and obligations under previous loan agreements, including the responsibilities for the payment of interest and fees, were transferred from Ushkuyu JSC to DK-Investment LLP.

Key management personnel remuneration

Key management personnel remuneration is determined at founder meetings and by senior management based on human resource management policy, staff schedules, individual employment agreements, resolutions of founder meetings and orders awarding bonuses.

(In thousands of tenge, unless indicated otherwise)

Remuneration paid to Group key management personnel for the years ended 31 December 2023 and 2022 amounted to 768,638 thousand tenge and 679,586 thousand tenge, respectively. Key management personnel remuneration mainly consists of salary and bonus costs.

29. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return for founders by optimising the debt and equity balance. Compared to 2022, the overall strategy of the Group has not changed.

The capital structure of the Group consists of charter capital, non-controlling interests, additional paid-in capital and retained earnings and reserves (Notes 20 and 21).

Material accounting policies

Note 3 to these consolidated financial statements contains a summary of material accounting policies and methods adopted, including recognition criteria, an evaluation framework and method by which gains and losses are recognised in respect of each class of financial assets, financial liabilities and equity instruments.

Financial instrument categories

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

	31 December 2023	31 December 2022 (As revised) [1]
Financial assets		
Loans given (Note 28)	84,196,618	78,138,355
Trade accounts receivable (Note 16)	25,683,173	21,081,166
Other current assets (excluding prepaid expenses and other taxes receivable) (Note 18)	817,779	911,806
Cash and cash equivalents (Note 19)	3,897,828	2,544,372
Financial liabilities		
Borrowings and bonds (Note 22)	76,644,712	84,947,447
Other non-current liabilities (excluding the provision for reclamation and deferred income) (Note 23)	121,327	125,892
Trade accounts payable (Note 24)	40,223,416	25,700,437
Other accounts payable and accrued liabilities (excluding obligations under contracts with customers, and provisions for unused vacation) (Note 25)	2,648,120	2,064,651

[1] As revised, please see Note 4.1

(In thousands of tenge, unless indicated otherwise)

Financial risk management objectives

The Group monitors and manages financial risks related to the Group's business through internal risk reports, which analyse risk probability and its expected exposure. These risks include market risk (including currency risk and the risk of changes in fair value as a result of interest rate fluctuations), credit risk and liquidity risk. A description of the Group's risk management policies in relation to those risks is presented below.

Credit risk management

Credit risk is the risk that a counterparty fails to fulfil its obligations to the Group, which will result in the Group suffering financial losses. The Group adopted a policy of doing business only with creditworthy counterparties to reduce the risk of a financial loss due to default. The Group's exposure and creditworthiness of counterparties are constantly monitored.

Credit risk primarily relates to loans given (Note 28), trade accounts receivable (Note 16), cash and bank deposits (Note 19) and other current assets (Note 18). The Group does not expect its counterparties to default, except for contractors, for which the Group has established an allowance for expected credit losses.

Credit risk concentration is assessed as low due to the fact that the Group sells to a significant number of different customers, including both legal entities and individuals.
The Group holds deposits in Kazakhstan and foreign banks. Group management periodically reviews the banks' credit ratings to exclude credit risks.

		Rating		As at 31 December	
Banks	**Location**	**2023**	**2022**	**2023**	**2022**
Bank CenterCredit JSC	Kazakhstan Republic	BB-	B	3,051,634	1,174,206
Halyk Bank Kazakhstan JSC	Kazakhstan Republic	BB+	BB+	37,522	734,658
Bereke Bank JSC	Kazakhstan Republic	-	-	8,628	134,448
Altyn Bank JSC	Kazakhstan Republic	-	BB+	1,575	1,222
First Heartland Jýsan Bank JSC	Kazakhstan Republic	B	B+	949	10,908
Others	Kazakhstan Republic	-	-	1,398	1,233
				3,101,706	**2,056,675**

The credit ratings in the above table are provided by Standard & Poor's.

Market risk

The Group's activities are exposed to possible changes in exchange rates (see Currency risk management) and interest rates (see Interest rate changes risk management). The Group does not enter into agreements for derivative financial instruments to manage its exposure to interest rate risk and currency risk, as management believes that any such exposure will have no significant effect on the consolidated financial statements.

(In thousands of tenge, unless indicated otherwise)

Currency risk management

Foreign exchange gains and losses for 2023 amounted to 20,050,532 thousand tenge and 6,738,241 thousand tenge, respectively (2022: foreign exchange gains and losses amounted to 37,780,430 thousand tenge and 45,299,751 thousand tenge, respectively), mainly resulting from the revaluation of loan obligations and bonds in foreign currency at the exchange rate at the reporting date.

As at 31 December 2023 and 2022, the carrying amounts of the Group's foreign currency loans given and obtained, accounts payable denominated in USD are as follows:

	USD		Russian Roubles	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loans given	2,612,995	2,607,352	-	-
Accounts payable	-	(19,506)	(40)	(9,294)
Borrowings received	(1,204,584)	(1,532,528)	(44,047,211)	(60,770,957)

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to risks associated with changes in the USD and Russian Rouble exchange rates.

The following table details the Group's sensitivity to a 20% increase and decrease in tenge against the relevant foreign currencies. 20% is the sensitivity rate used in internal foreign currency risk reports to the key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes a) loans received and bonds indexed to the USD, b) accounts payable and c) loans issued and accounts receivable of the Group, if they are denominated in a currency other than the creditor or debtor currency.

A positive number below indicates an increase in profit for the reporting period in the event the tenge strengthens 20% against a relevant currency. For a 20% weakening of tenge against the relevant currency there would be an equal and opposite impact on profit.

	USD effect		Russian Rouble effect	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loans given	(522,599)	(521,470)	-	-
Accounts payable	-	3,901	8	1,859
Loans received	240,917	306,506	8,809,442	12,154,191
	(281,682)	**(211,063)**	**8,809,450**	**12,156,050**

(In thousands of tenge, unless indicated otherwise)

Interest rate changes risk management

The Group is exposed to an insignificant interest rate changes risk as the Group receives loans from the EBRD at a rate subject to inflation adjustment. The risk is managed by the Group by attracting loans at fixed interest rates.

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Group owners that created the liquidity risk management system for Group management to manage liquidity and short, medium- and long-term financing. The Group manages liquidity risk by maintaining appropriate reserves, through the continuous monitoring of estimated and actual cash flows and comparing the maturity of financial assets and liabilities.

Liquidity risk and interest rate changes risk tables

The following tables reflect the Group's contractual maturities on its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Interest rate	Up to one year	1-5 years	Over 5 years	Total
31 December 2023					
Loans given	0%-10.75%	3,263,095	89,633,877	-	92,896,972
Trade accounts receivable		25,683,173	-	-	25,683,173
Other current assets		817,779	-	-	817,779
Cash, interest-bearing	10.75%-16.00%	3,192,268	-	-	3,192,268
Cash, interest-free		1,054,319	-	-	1,054,319
		34,010,634	**89,633,877**	**-**	**123,644,511**
Borrowings and bonds	1.7%-20.75%	(25,721,527)	(60,917,676)	(80,660)	(86,419,863)
Trade accounts payable		(40,223,416)	-	-	(40,223,416)
Other non-current liabilities		-	(77,327)	(44,000)	(121,327)
Lease liabilities	15.00%	(320,719)	(756,570)	-	(1,077,289)
Other accounts payable and accrued liabilities		(2,648,120)	-	-	(2,648,120)
		(68,913,782)	**(61,451,573)**	**(124,660)**	**(130,490,015)**
		(34,903,148)	**28,182,304**	**(124,660)**	**(6,845,504)**

(In thousands of tenge, unless indicated otherwise)

	Interest rate	Up to one year	1-5 years	Over 5 years	Total
31 December 2022 (As revised) [4]					
Loans given	0%-10.75%	2,655,054	83,184,573	-	85,839,627
Trade accounts receivable		21,081,166	-	-	21,081,166
Other current assets		911,806	-	-	911,806
Cash, interest-bearing	8%-9.65%	1,784,304	-	-	1,784,304
Cash, interest-free		760,068	-	-	760,068
		27,192,398	**83,184,573**	**-**	**110,376,971**
Borrowings and bonds	1.7%-16%	(93,152,347)	(14,735,621)	(716,762)	(108,604,730)
Trade accounts payable		(25,700,437)	-	-	(25,700,437)
Other non-current liabilities		-	(81,892)	(44,000)	(125,892)
Lease liabilities	15.00%	(349,846)	(724,007)	-	(1,073,853)
Other accounts payable and accrued liabilities		(2,064,651)	-	-	(2,064,651)
		(121,267,281)	**(15,541,520)**	**(760,762)**	**(137,569,563)**
		(94,074,883)	**67,643,053**	**(760,762)**	**(27,192,592)**

Fair value of financial instruments

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. As no readily available market exists for a large part of the Group's financial instruments, judgement is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

The Group used the following methods and assumptions to calculate the fair value of financial instruments:

- the carrying amount of cash and cash equivalents approximates their fair value due to the short-term nature of these financial instruments;
- for assets and liabilities with a maturity of less than 12 months, the carrying amount approximates fair value due to the short-term nature of these financial instruments;
- for financial assets and liabilities with a maturity of more than 12 months, the fair value is the present value of estimated future cash flows, discounted using effective rates existing at the end of the reporting year.

The calculation of the bank loans' and bonds' fair value was made by discounting the expected future cash flows for individual loans and bonds during the settlement repayment period using the market rates prevailing at the end of the corresponding year for loans with similar maturities and credit rating parameters.

[4] As revised, please see Note 4.1.

(In thousands of tenge, unless indicated otherwise)

As at 31 December 2023 and 2022, the fair value of financial assets and liabilities did not differ significantly from their carrying amount, except for the following:

	Carrying value		Fair value		
			Level		
	Financial assets	Financial liabilities	1	2	3
31 December 2023					
Non-current loans given	80,933,523	-	-	68,170,067	-
Current loans given	3,263,095	-	-	2,748,495	-
Current and non-current borrowings	-	74,727,419	-	71,016,962	-
Bonds	-	2,365,020	1,992,049	-	-

	Carrying value		Fair value		
			Level		
	Financial assets	Financial liabilities	1	2	3
31 December 2022 (As revised)[5]					
Non-current loans given	75,531,003	-	-	70,880,087	-
Current loans given	2,607,352	-	-	2,458,168	-
Current and non-current borrowings	-	94,431,801	-	90,984,279	-
Bonds	-	2,446,586	2,275,588	-	-

30. CONTINGENT LIABILITIES

Contractual commitments

As at 31 December 2023, contractual commitments for the acquisition of property, plant and equipment amounted to 11,689,616 thousand tenge (31 December 2022: 13,014,788 thousand tenge).

Taxation and legal environment

Kazakhstan currently applies a number of laws relating to various taxes levied by both national and regional authorities, the majority of which have not been in effect for as long as in more developed markets, which is why their application is often not clear or established. Accordingly, few precedents have been established regarding tax issues, and differing views exist on the legal interpretation of laws. The Group makes a range of assumptions on its accounting treatment of business transactions for taxation purposes, including the categorisation of property, plant and equipment in a specific category and the corresponding tax depreciation rates. The tax authorities are entitled to dispute these assumptions. The tax authorities have the authority to impose significant fines and penalties for the late or incorrect filing of tax returns and/or tax payments. Fiscal periods generally remain open to tax audits by the authorities for five calendar years preceding the tax audit year; however, under certain circumstances that period may be longer. Consequently, the Group may be exposed to additional tax liabilities that may arise as a result of tax audits. These factors create more significant tax risks in Kazakhstan than in countries with more developed tax systems.

[5] As revised, please see Note 4.1.

Kazakhstan legislative acts and regulations are not always clearly written and their interpretation are dependent on the opinion of local tax officials and the Ministry of Finance. Instances of inconsistent treatment between local, regional and national tax authorities are relatively common. The current regime of charging fines and interest on reported and discovered violations of Kazakhstan laws, decrees and related regulations is severe. At the same time, in the event that additional taxes are assessed by the tax authorities, the existing fines and penalties are significant: the amount of the fine is 50% of the amount of the additional tax assessed, and the penalty accrued at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest may exceed the amount of additional taxes assessed.

Group management believes that the Group has assessed and paid all applicable taxes. Where uncertainty exists, the Group assesses tax liabilities based on management's best estimates. Group policy assumes the creation of provisions in the accounting period in which a loss is deemed probable and the amount can be reliably determined.

Due to the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, fines and interest, may exceed the amount expensed to date and accrued as at 31 December 2023. It is impracticable to determine the amount of any unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome.

Regulation of activities

The operations of the subsidiaries Karaganda Energocentre LLP, Ust-Kamenogorsk CHP LLP, Karagandy Zhylu Sbyt LLP, Karagandy Zharyk LLP, Ontustik Zharyk Transit LLP, Energopotok LLP and MRENC JSC are governed by the Law on Natural Monopolies as they are monopolists and are dominant in the production, supply and transmission of electricity and thermal power. Karaganda Energocentre LLP and Ust-Kamenogorsk CHP LLP are also governed by the Electricity Industry Law on electricity production operations. By the law of Republic of Kazakhstan, electricity and thermal power production, supply and transmission tariffs are subject to approval by the Committee, and electricity production tariffs are subject to additional approval by the Ministry of Energy.

The Group believes it meets all Committee requirements, as well as other statutory requirements.

Investment programmes

The Ministry of the National Economy Department of the Committee for the Regulation of Natural Monopolies and the Protection of Competition is responsible for approving investment programmes ("the Program") for five years for the Group subsidiaries producing and transmitting electricity and thermal power. The programmes include planned, major work at Group enterprises. Subsidiaries submit annual reports to the authorities outlining the results of Programme measures.

The Group's investment obligations for 2024 amount to 33,216,736 thousand tenge (2023: 23,046,340 thousand tenge). Management believes that the Group meets all investment programme obligations in full.

Loan agreement terms

Under its loan agreements, the Group has to comply with financial and non-financial covenants (Note 22).

Litigation

On 29 March 2023, Sberbank of Russia PJSC filed a legal claim against the Group for non-payment of December 2022 and January 2023 tranches under the loan agreement. On 18 April 2023, the Group signed addendum to the loan agreement with Sberbank of Russia PJSC with revised payment schedule, as such payments of tranches for December 2022 and January 2023 were postponed to July 2023. On 27 September 2023, agreements with a revised schedule until 27 December 2025, were signed (Note 22). On 9 February 2024, the Arbitration Court of the City of Moscow made a ruling to leave the statement of claim without consideration.

The Group is subject to various legal proceedings related to business operations, such as property damage claims. The Group does not believe that such pending or potential claims, individually or in aggregate, are likely to have any material negative impact on the Group's financial position or financial results of its operations.

The Group assesses the likelihood of occurrence of significant liabilities and accrues provisions in its financial statements only when it is probable that the events giving rise to a liability will occur and the amount of the liability can be reliably estimated.

Ecological code

From 1 July 2021, a new Ecological Code was introduced containing a number of principles aimed at mitigating the consequences of ecological damage from company operations and/or stipulating full environmental restoration. The objects are classified into four categories depending on the level and risk of negative influences on the environment, where the objects having a significant negative impact on the environment recognised as category one. The management analysed and classified the objects of the Group to the first category in accordance with the Code and its main operations. Group management did not estimate future costs to liquidate the consequences of the objects operation, even though the given costs could be significant. However, Group management is planning to estimate future liquidation costs once changes to the current methodology for determining the value of financial collateral of the execution of the liabilities on the liquidation of the category one objects operation consequences have been approved.

Group management believes that at present it complies with all existing laws and regulations on environmental protection in Kazakhstan. However, these laws and regulations may change in the future. Group management is not able to estimate in advance the timing and extent of changes in laws and regulations on environmental protection. In the event of such changes, the Group may be required to modernise the technology to meet more stringent requirements.

31. EVENTS AFTER THE REPORTING DATE

In January 2024, the Company repaid loan to Bereke Bank JSC of 491,764 thousand tenge and interest of 21,282 thousand tenge.

In April 2024, the Company refinanced the loan from ForteBank JSC with a balance outstanding as at 31 December 2023 in the amount of 3,073,778 thousand tenge until 23 August 2024 using the proceeds of the credit line under the earlier agreement with Bank CenterCredit JSC. The interest rate is 16% per annum.

In January and April 2024, the Company repaid the principal debt of 2,058,346 thousand tenge and interest of 2,178,268 thousand tenge on the loan from Sberbank of Russia PJSC.

On 17 May 2024, GBI Management FZE sold its ownership stake in MRENC JSC, equal to 46.09%, to AST-Energo Invest LLP.

Tariffs

On 19 January 2024, the Department of the Committee for Regulation of Natural Monopolies approved the order On Amendments to Order No. 200-OD dated 25 December 2020. The average tariff on realization of services was raised from 4,642.86 tenge/Gcal to 5,342.22 tenge/Gcal for heat energy production service provided by Ust-Kamenogorsk CHP LLP.

In March 2024, the Group, represented by its subsidiary Otustik Zharyk Transit LLP, agreed with the Department of the Committee for Regulation of Natural Monopolies the tariff for electricity transmission services from 8 tenge to 8.76 tenge per kWh excluding VAT within the approved tariffs for the period 2023-2027.

32. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the year ended 31 December 2023 were approved and authorised for issue by Group management on 14 June 2024.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

Consolidated Financial Statements
for the year ended 31 December 2024

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONTENT

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Management is responsible for the preparation of consolidated financial statements that fairly present the consolidated financial position of Kazakhstan Utility Systems Limited Liability Partnership ("the Company") and its subsidiaries ("the Group") as at 31 December 2024, and the consolidated results of its operations, consolidated cash flows and consolidated changes in equity for the year then ended in compliance with IFRS accounting standards issued by the International Accounting Standards Board ("IASB").

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 IFRS accounting standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's consolidated financial position and consolidated financial performance;
- making an assessment of the Group's ability to continue as a going concern.

Management of the Group is also responsible for:

- designing, implementing and maintaining an effective and reliable system of internal control throughout the Group;
- maintaining 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 accounting standards;
- maintaining accounting records in accordance with the laws and accounting standards of the Republic of Kazakhstan;
- taking reasonable steps to safeguard the assets of the Group; and
- detecting and preventing fraud and other irregularities.

The consolidated financial statements of the Group for the year ended 31 December 2024 were approved by Management and authorised for issue on 30 June 2025.

On behalf of management of the Group:

Idrissov S.M.
General Director

Zhashibayev A.K.
Financial Director

30 June 2025
Astana, Republic of Kazakhstan

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INDEPENDENT AUDITOR'S REPORT

To the Participants of Kazakhstan Utility Systems Limited Liability Partnership

Qualified Opinion

We have audited the consolidated financial statements of Kazakhstan Utility Systems Limited Liability Partnership and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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, except for the effect of the matters described in the first and third paragraphs of the *Basis for Qualified Opinion* section of our report and the possible effect of the matter described in the second paragraph of the same section, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Qualified Opinion

1. As at 31 December 2024, loans given to related parties were recognised in the Group’s consolidated statement of financial position in the amount of 97,034,682 thousand tenge (31 December 2023: 84,196,618 thousand tenge), the related interest income and unwinding of discount recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 for these loans, amounted to 5,682,871 thousand tenge (2023: 5,587,716 thousand tenge). The Group did not assess the fair value of these loans with a carrying amount of 84,268,705 thousand tenge (31 December 2023: 83,662,465 thousand tenge) as at the date of their initial recognition and did not recognise expected credit losses as at 31 December 2024 and 2023, which is a departure from IFRS 9 *Financial Instruments*. According to our estimates, the effect of this error on the carrying amount of loans given to related parties as at 31 December 2024 and 2023 is 84,268,705 thousand tenge and 83,662,465 thousand tenge, respectively. As such, as at 31 December 2024 and 2023, carrying amount of loans given to related parties and retained earnings are overstated by 84,268,705 thousand tenge and 83,662,465 thousand tenge, respectively. The effect of this error on the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2024 and 2023 is an overstatement of net income by 5,089,335 thousand tenge and 5,454,077 thousand tenge, respectively.

2. As disclosed in Note 31 to the accompanying financial statements, in accordance with the requirements of the new Ecological Code of Republic of Kazakhstan (“the Code”) enacted on 1 July 2021, the Group should estimate the future costs of liquidation works on certain objects. We were unable to obtain sufficient appropriate audit evidence regarding the carrying amount of obligations related to the liquidation and restoration obligations as part of non-current liabilities and related asset as part of property, plant and equipment recognised in the consolidated statement of financial position as at 31 December 2024 and 2023, as the Group did not estimate the cost of future expenses related to liquidation of the consequences of objects operations, except for the ash dump. Consequently, we were unable to determine whether any adjustments were necessary to the liquidation and restoration obligations, related asset and deferred tax liabilities, and retained earnings as at 31 December 2024 and 2023, as well as the related effects on the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2024 and 2023 and related notes to the consolidated financial statements.

3. As disclosed in Notes 3 and 4, the Group considered potential impairment indicators of the carrying amount of property, plant and equipment in accordance with IAS 36 *Impairment of Assets*. As at 31 December 2024 and 2023, the Group identified impairment indicators for Karagandy Zharyk LLP and performed an impairment test of property, plant and equipment. Based on the results of the test performed, the management of the Group identified an insignificant amount of impairment, and therefore did not recognise it in the consolidated financial statements. In measuring the value in use of its property, plant and equipment, the Group did not assess the reasonableness and supportability of key assumptions on which its current cash flow projections are based, which is not in accordance with IAS 36. Consequently, we were unable to determine the effect of this departure from IAS 36 on the carrying amount of property, plant and equipment, the related deferred tax liabilities and retained earnings as at 31 December 2024 and 2023, on the profit reported in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2024 and 2023, and the related notes to the consolidated financial statements.

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 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 qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have not determined other matters as key audit matters to be communicated in our report.

Other information

Management is responsible for other information. 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 do 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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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

Zhangir Zhilysbayev
General Director
Deloitte LLP

State License to perform audit activities in the Republic of Kazakhstan No 0000015,
type MFU-2, issued by the Ministry of Finance of the Republic of Kazakhstan on 13 September 2006

Alua Yessimbekova
Engagement Partner

30 June 2025
Almaty, Republic of Kazakhstan

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of tenge)

	Notes	2024	2023 (restated)*
Revenue	6	328,594,688	222,778,623
Cost of sales	7	(245,754,063)	(173,308,364)
Gross profit		**82,840,625**	**49,470,259**
General and administrative expenses	8	(14,985,459)	(11,691,307)
Selling expenses	9	(5,818,978)	(5,316,431)
Financial costs	10	(17,240,527)	(11,673,001)
Finance income	11	6,609,797	6,135,810
Other income	12	2,866,859	2,255,603
Other expenses	12	(3,081,512)	(1,374,356)
Accrual of allowance for expected credit losses	17,19	(2,145,675)	(672,619)
Foreign exchange gain, net	30	891,718	13,312,291
PROFIT BEFORE INCOME TAX		**49,936,848**	**40,446,249**
Income tax expenses	14	(10,140,409)	(8,583,762)
NET PROFIT FOR THE YEAR		**39,796,439**	**31,862,487**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**39,796,439**	**31,862,487**
Profit attributable to:			
Company owners		36,376,890	30,669,443
Non-controlling interests	22	3,419,549	1,193,044
		39,796,439	**31,862,487**
Total comprehensive income attributable to:			
Company owners		36,376,890	30,669,443
Non-controlling interests	22	3,419,549	1,193,044
		39,796,439	**31,862,487**

*Comparative information has been restated, as set out in Note 4.1

On behalf of management of the Group:

Idrissov S. M.
General Director

30 June 2025
Astana, Republic of Kazakhstan

Zhashibayev A.K.
Financial Director

30 June 2025
Astana, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands of tenge)

	Notes	31 December 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	15	319,149,016	285,669,636
Intangible assets		1,242,929	1,295,443
Right-of-use assets		30,677	507,997
Advances paid	16	5,739,296	380,122
Loans given to related parties	29	48,198,833	80,933,523
Other non-current assets		329,363	339,910
Deferred tax assets	14	1,399,850	348,876
Total non-current assets		**376,089,964**	**369,475,507**
CURRENT ASSETS:			
Trade account receivable	17	37,934,096	25,683,173
Inventories	18	8,935,255	7,845,574
Loans given to related parties	29	48,835,849	3,263,095
Advances paid	16	1,135,079	1,106,242
Prepaid corporate income tax		953,482	1,120,894
Other current assets	19	1,887,169	2,165,703
Cash and cash equivalents	20	5,435,576	3,897,828
Total current assets		**105,116,506**	**45,082,509**
TOTAL ASSETS		**481,206,470**	**414,558,016**
EQUITY AND LIABILITIES			
EQUITY:			
Charter capital	21	11,636,404	11,636,404
Additional paid-in capital	21	9,239,137	9,239,137
Retained earnings		240,343,765	207,527,154
Equity attributable to owners of the Company		261,219,306	228,402,695
Non-controlling interests	22	21,005,733	17,586,184
Total equity		**282,225,039**	**245,988,879**
NON-CURRENT LIABILITIES:			
Borrowings and bonds	23	3,130,529	9,970,265
Deferred tax liabilities	14	39,507,104	38,678,705
Lease liabilities			293,734
Other non-current liabilities	24	3,407,131	3,308,469
Total non-current liabilities		**46,044,764**	**52,251,173**
CURRENT LIABILITIES:			
Borrowings and bonds	23	83,009,910	66,674,447
Trade accounts payables	25	50,615,276	40,223,416
Lease liabilities		14,148	320,719
Other accounts payable and accrued liabilities	26	15,374,898	7,094,291
Other taxes payable	27	2,887,701	1,943,970
Corporate income tax payable		1,034,734	61,121
Total current liabilities		**152,936,667**	**116,317,964**
TOTAL LIABILITIES		**198,981,431**	**168,569,137**
TOTAL EQUITY AND LIABILITIES		**481,206,470**	**414,558,016**

On behalf of the Group's Management:

Казахстанские коммунальные системы

Idrissov S.M.
General Director

30 June 2025
Astana, Republic of Kazakhstan

Zhashibayev A.K.
Financial Director

30 June 2025
Astana, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands of tenge)

	Charter capital	Additional Paid-in capital	Retained earnings (restated)*	Equity attributable to owners of the Company (restated)*	Non-controlling interest (restated)*	Total (restated)*
As of 31 December 2022	**11,636,404**	**9,239,137**	**169,930,356**	**190,805,897**	**16,393,140**	**207,199,037**
Net profit for the year	-	-	30,669,443	30,669,443	1,193,044	31,862,487
Total comprehensive income for the year	-	-	30,669,443	30,669,443	1,193,044	31,862,487
Fair value adjustment on interest-free loans received, net of deferred income tax of 1,349,364 thousand tenge (Note 23)	-	-	6,927,355	6,927,355	-	6,927,355
As of 31 December 2023	**11,636,404**	**9,239,137**	**207,527,154**	**228,402,695**	**17,586,184**	**245,988,879**
Net profit for the year	-	-	36,376,890	36,376,890	3,419,549	39,796,439
Total comprehensive income for the year	-	-	36,376,890	36,376,890	3,419,549	39,796,439
Fair value adjustment on interest-free loans received, net of deferred income tax of 644,021 thousand tenge (Note 23)	-	-	2,576,086	2,576,086	-	2,576,086
Fair value adjustment on interest-free loans given to related parties, net of deferred income tax of 171,873 thousand tenge (Note 29)	-	-	(687,491)	(687,491)	-	(687,491)
Effect of recognition of financial guarantee liabilities, net of deferred income tax of 1,362,219 thousand tenge (Note 26)	-	-	(5,448,874)	(5,448,874)	-	(5,448,874)
As of 31 December 2024	**11,636,404**	**9,239,137**	**240,343,765**	**261,219,306**	**21,005,733**	**282,225,039**

*Comparative information has been restated, as set out in Note 4.1

On behalf of the Group's Management:

Idrissov S.M.
General Director

30 June 2025
Astana, Republic of Kazakhstan

Zhashibayev A.K.
Financial Director

30 June 2025
Astana, Republic of Kazakhstan

The notes below are an integral part of these consolidated financial statements.

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

(in thousands tenge)

	Notes	2024	2023
OPERATING ACTIVITIES:			
Sale of services and goods		353,164,602	243,755,454
Other income		2,273,147	1,614,520
Total cash inflow		**355,437,749**	**245,369,974**
Payments to suppliers for goods and services		(220,734,357)	(146,874,048)
Salary payments		(33,142,542)	(25,411,628)
Other payments to the budget		(21,703,007)	(20,053,300)
Other payments		(3,777,565)	(3,241,133)
Total cash outflow		**(279,357,471)**	**(195,580,109)**
Cash from operating activities before interest received and paid and corporate income tax paid		76,080,278	49,789,865
Interest received		397,028	280,910
Interest paid on borrowings, bonds and leases		(7,931,154)	(9,186,535)
Corporate income tax paid		(8,599,950)	(5,355,573)
Net cash generated from operating activities		**59,946,202**	**35,528,667**
INVESTING ACTIVITIES:			
Sale of property, plant and equipment		1,795	34,240
Repayment of loans given to related parties	29	7,769,614	-
Repayment of financial aid given		728,766	-
Restricted cash withdrawn		2,000	106,213
Total cash inflow		**8,502,175**	**140,453**
Purchase of property, plant and equipment and materials for capital repairs and advances paid for the acquisition of non-current assets		(55,196,584)	(33,177,872)
Purchase of intangible assets		(18,680)	(9,174)
Issuance of financial aid	29	(25,644,872)	(650,100)
Other payments		(1,000)	(465,080)
Total cash outflow		**(80,861,136)**	**(34,302,226)**
Net cash used in investing activities		**(72,358,961)**	**(34,161,773)**

KAZAKHSTAN UTILITY SYSTEMS LIMITED LIABILITY PARTNERSHIP AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024
(in thousands tenge)

	Notes	2024	2023
FINANCING ACTIVITIES:			
Borrowings received	23	46,040,289	12,587,891
Interest -free short term loans received	23	21,077,030	4,203,000
Other proceeds		-	268,594
Total cash inflow		**67,117,319**	**17,059,485**
Repayment of borrowings and bonds	23	(49,262,285)	(16,159,296)
Repayment of interest-free short-term loans	23	(3,411,515)	(520,900)
Lease payments		(249,887)	(245,236)
Dividends paidt	21	(5,721)	(6,289)
Total cash outflow		**(52,929,408)**	**(16,931,721)**
Net cash generated from financing activities		**14,187,911**	**127,764**
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,775,152	1,494,658
CASH AND CASH EQUIVALENTS, at the beginning of the year	20	3,897,828	2,544,372
Effect of changes in the allowance for expected credit losses on cash and cash equivalents		676	6,700
Impact of foreign currency exchange rates on cash balances held in foreign currencies		(238,080)	(147,902)
CASH AND CASH EQUIVALENTS, at the end of the year	20	**5,435,576**	**3,897,828**

*During 2024, the Group performed offset of loans given and received from related parties in the amount of9,348,145 thousand tenge (Notes 23,29).

On behalf of management of the Group:

Idrissov S.M.
General Director

June 30, 2025
Astana, Republic of Kazakhstan

Zhashibayev A.K.
Financial Director

June 30, 2025
Astana, Republic of Kazakhstan

Казахстанские коммунальные системы

The notes below are an integral part of these consolidated financial statements.

(in thousands tenge, unless otherwise indicated)

1. NATURE OF OPERATIONS

The principal activities of Kazakhstan Utility Systems Limited Liability Partnership (“the Company”, “Parent company”, “KUS LLP” which include management of holding companies (the Group) and its subsidiaries “the Group”) include generating thermal power, electricity and chemically purified water in Karaganda and East-Kazakhstan regions; transmitting and distributing electricity in Karaganda, Turkestan, and Mangistau regions; supplying electricity in Turkestan region and supplying electricity and thermal power in Karaganda region. The primary income of the parent company is generated from the provision of consulting services and the lease of premises in Shymkent.

KUS LLP was created and registered at the Almaty Department of Justice on 3 November 2008 and was re-registered on 18 July 2022 with the Registration Department of the branch of the non-profit joint-stock company "State Corporation "Government for Citizens" in the city of Nur-Sultan.

As at 31 December 2024 and 2023, the Company’s participants are Kazakhstan citizens M.K. Idrissova with a 99% interest and Zh.D. Appaz with a 1% interest. The Company’s ultimate beneficiary as at 31 December 2024 and 2023 is Ms. M. K. Idrissova.

Since a number of the Group’s subsidiaries are thermal power production monopolists in Karaganda and East-Kazakhstan regions, in thermal energy supplies in Karaganda region and electricity transmission in Karaganda, Turkestan, and Mangistau regions, their activities are regulated by the Kazakhstan Law On Natural Monopolies, while tariffs for the same services are subject to approval by the Ministry of the National Economy’s Committee for the Regulation of Natural Monopolies and Protection of Competition and Consumer Rights (“the Committee”) (Note 31).

Company legal name	**Kazakhstan Utilities Systems Limited Liability Partnership**
Legal address	Mangelyk e lave. 5, Astana, Republic of Kazakhstan
Business identification number	BIN 081140000288

As at 31 December 2024, the Group employed 8,637 people (31 December 2023: 8,507 people).

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, while tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Republic 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 global oil and gas price. The global geopolitical situation continues to exert pressure on oil and gas prices across the World. Also, government expenses on major infrastructure projects and various socio-economic development programs have a significant impact on the country's economy.

The military and political conflict between Russia and Ukraine escalated in early 2022. As a result, several countries introduced economic sanctions against Russia and Belarus, including measures to ban new investment and restrict interaction with major financial institutions and many state enterprises.

In 2024, the average price for Brent crude oil was 81 USD per barrel (2023: 83 USD per barrel). According to preliminary estimates, Kazakhstan's gross domestic product ("GDP") grew to 4.4% per annum in 2024 (2023: grew to 5.1%). Inflation in the country slowed down in 2024 to 8.6% per annum (2023: 9.8%).

In 2024, the National Bank of the Republic of Kazakhstan (NBRK) raised the base rate from 14.25% to 15.25% per annum with a corridor of +/- 1.0 percentage points. The NBRK adheres to a monetary policy within the inflation targeting framework with a floating tenge exchange rate. The official tenge exchange rate against the US dollar changed from 454.56 tenge per US dollar on 1 January 2024 to 523.54 tenge on 31 December 2024. Uncertainty still exists with respect to the future development of geopolitical risks and their impact on the Kazakhstan economy.

Group management 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. The consequences of these events and related future changes may have a significant impact on the Group's operations.

(in thousands tenge, unless otherwise indicated)

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

New and amended IFRS accounting standards 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 IASB, below, which are effective for the annual period beginning on or after 1 January 2024. The following new and amended standards and interpretations have not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IAS 1	*Classification of Liabilities as current and non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangments*
Amendments to IFRS 16	*Lease liability in a Sale and Leaseback*

New and revised IFRS accounting standards in issue, but not yet in effective

As at the date of approval of these consolidated financial statements, the Group has not applied the following new and revised IFRS accounting standards that have been issued but are not effective:

Amendments to IAS 21 (effective for annual periods beginning on 1 January 2025)	*Lack of Exchangeability*
IFRS 18 (effective for annual periods beginning on 1 January 2027)	*Presentation and Disclosures in Financial Statements*
IFRS 19 (effective for annual periods beginning on 1 January 2027)	*Subsidiaries without Public Accountability: Disclosures*

The Group will apply new and revised standards and new interpretations from the effective date.

Management expects that the application of IFRS 18 will have an impact on the consolidated financial statements of the Group in future periods. IFRS 18 replaces IAS 1, transposing many of the requirements of IAS 1 unchanged and adding new requirements.

IFRS 18 introduces new requirements:

- present certain categories and certain subtotals in the income statement and other comprehensive income;
- disclose management-defined performance measures in the notes to the financial statements;
- to improve aggregation and disaggregation.

The effect of the remaining standards on the Group's consolidated financial statements in future periods is reviewed by management.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Going Concern

These consolidated financial statements have been prepared in accordance with IFRSs, based on the assumption that the Group will continue on going concern basis. As at 31 December 2024, the Group's current liabilities exceeded current assets by 47,820,161 thousand tenge (31 December 2023: 71,235,455 thousand tenge). In addition, for the year ended 31 December 2024, the Group generated net income of 39,796,439 thousand tenge (2023: 31,862,847 thousand tenge), and net cash from operating activities of 59,946,202 thousand tenge (2023: 35,528,667 thousand tenge).

As at 31 December 2024 current liabilities are mainly represented by the short-term borrowings and current portion of long-term borrowings of 83,009,910 thousand tenge, trade accounts payable of 50,615,276 thousand tenge and other accounts payable and accrued liabilities of 15,374,898 thousand tenge.

As disclosed in Note 22, as at 31 December 2024, the Group was in breach of a non-financial obligation and conditions of its loan agreements with the European Bank for Reconstruction and Development ("EBRD"). Failure to comply with the terms of the loan agreements entails the imposition of penalties on the Group, including the right to lenders to demand early repayment of existing obligations. As of 31 December 2024, the Group did not receive confirmation from the bank of the waiver of the right to demand early repayment of obligations from the Group, accordingly, as of 31 December 2024, the long-term portion of loans from the EBRD in the amount of 5,071,656 thousand tenge was classified as on demand and reflected as current liabilities in the consolidated statement of financial position. However, prior to the date of approval of these consolidated financial statements, the Group received a waiver of the right to demand early repayment and penalties from the EBRD in connection with the breach of the terms of the loan agreement terms.

The Group plans to repay its loan obligations using cash generated from operating activities, in addition, a related party, Mr. D.A. Idrissov, acts as a guarantor under the loan agreements (Note 23). In December 2024, the Group signed an assignment agreement with PJSC Sberbank of Russia and Tyler LLC, a related party, for the assignment of debt (Notes 23,29,32).

The Group has a dominant market position in the generation, transportation and sale of electricity, thermal power and chemically purified water in the largest regions of the country. To assess going concern assumptions, the management considered the Group's financial position, expected future financial results and expected increase in tariffs, as well as proposed financing arrangements received from second-tier banks and financial institutions.

Management believes that it has access to sufficient resources to continue as a going concern and that it is appropriate to prepare these consolidated financial statements on a going concern basis and, accordingly, the Group will be able to realize its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements do not include any adjustments to the carrying amounts of assets and liabilities, income and expenses, or to the classification of items in the consolidated statement of financial position that would be necessary if the going concern basis of accounting were not applied.

Basis of preparation

These consolidated financial statements of the Group have been prepared on the historical cost basis, except for the financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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 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 to the fair value evaluation in its entirety, which are described as follows:

- 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 are 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.

The Group and its subsidiaries registered in Republic of Kazakhstan, maintain their accounting records in accordance with IFRSs. These consolidated financial statements have been prepared from the statutory accounting records of the Company and its subsidiaries and have been adjusted to comply with IFRSs.

Functional and presentational currencies

These consolidated financial statements are presented in Kazakhstan Tenge (“tenge”). Tenge is the functional currency of the Company and its subsidiaries in Kazakhstan and the presentation currency of the consolidated financial statements. The assets and liabilities of foreign operations, where the functional currency is different to tenge, are translated into tenge at the exchange rate prevailing on the reporting date, while profit and loss items are translated into tenge at the weighted-average exchange rate for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange rate differences arising on translation are recorded directly to other comprehensive income. All amounts presented in tenge are rounded to the (nearest) thousand.

(in thousands tenge, unless otherwise indicated)

Foreign currency transactions

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the transaction dates. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates prevailing at that date. Non-monetary items carried at fair value denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

The exchange rates for the currencies in which the Group had material transactions are as follows:

	31 December 2024	31 December 2023
Exchange rate at the end of the year (in tenge)		
1 USD	523.54	454.56
1 Russian ruble	4.99	5.06
1 Euro	546.47	502.24
	31 December 2024	**31 December 2023**
Average exchange rate per year (in tenge)		
1 USD	469.44	456.24
1 Russian ruble	5.08	5.42
1 Euro	507.86	493.19

Offset

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right of the Group to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the consolidated statement of profit or loss and other comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in Group accounting policies.

Basis of consolidation

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

- has 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 authority to affect its returns.

The Company evaluates whether it has control over an investee when facts and circumstances indicate that there have been changes in one or more of the three elements of control listed above. The Company controls an entity without having a majority of voting rights if its voting rights give it practical control over the relevant activities of the entity.

Subsidiary consolidation begins when the Company obtains control over the subsidiary and ceases when it loses control of the subsidiary. If necessary, adjustments are made to the financial statements of subsidiaries to align the accounting principles they use with the accounting policies of the Group.

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

Non-controlling interests

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the Company.

Non-controlling interests are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to the owners of the Company.

Revenue recognition

The Group recognizes revenue at the transaction price. The transaction price represents the consideration to which the Group expects to be entitled in exchange for the transfer of control of promised goods and services to the buyer, excluding amounts received on behalf of third parties.

Revenue is measured at the fair value of the consideration received or receivable and for services provided in the ordinary course of business, less value added tax (“VAT”).

The main share of the Group’s consolidated revenue comes from sales and transmission of electricity and heat. The sale of each type of service/goods is formalised in a separate identifiable agreement with an individual buyer.

According to the terms of contracts for the sale and transmission of electricity and heat subsidiaries of the Group, performance obligations are determined at the time of conclusion of the agreement. Agreements for the sale and transmission of electricity and heat throughout the Group do not include related and/or additional services.

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

Electricity and heat sales

Revenue is determined based on actual volumes of electricity and heat sold and tariffs approved by the Committee.

Revenue is recognised over time in the reporting period in which electricity and heat were consumed, according to metered values.

Transmission and distribution of electricity and thermal power

The Group provides services under contracts with fixed price 1 kWh/1 Gcal of transmitted and distributed electric and heat energy based on tariffs approved by the Committee.

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

Revenue from sale of services on electricity capacity maintenance

The Group provides a service to maintain the availability of electricity capacity. Revenues from the provision of services to maintain the availability of electricity capacity are recognised in the reporting period when these services were provided. Revenue is determined on the basis of the actual available electric energy capacity, on the basis of monthly reports on the availability of electricity capacity from the Settlement and Financial Center for Support of Renewable Energy Sources LLP (“the Single Purchaser") in accordance with the Rules of the capacity market.

The contract provides for payment for one megawatt of supported power 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 for the Single Purchaser on a monthly basis.

Deferred income

In accordance with the decision of the Government of the Republic of Kazakhstan No.1044 dated 8 October 2004, a subsidiary Mangistau Regional Electricity Network Company JSC ("the MRENC"), over which the Group acquired control in 2018, received funds in prior periods from customers on the construction of infrastructure for connection to the electricity transmission network or reconstruction of the current infrastructure. Such funds are interest-free and repayable within twenty-five years. Funds received from customers were initially recognised at their fair value, and subsequently funds are stated at amortised cost. The difference between the funds received and its fair value is recognised as deferred income. Deferred income is recognised in the statement of profit or loss and other comprehensive income during the useful life of property, plant and equipment.

Concession agreements

As part of public-private interaction, the Group acts as an operator for the management of power supply infrastructure facilities transferred to the Group by local executive bodies. Agreements entered into by the Group are accounted for in accordance with IFRIC 12 *Concession agreements* for the provision of services. The Group is the operator of these concession agreements. These concession agreements do not transfer the Group's ownership of these assets. The Group maintains separate accounting for transferred assets and does not recognize them as property, plant and equipment.

In accordance with the conditions defined in the agreement, the Group controls infrastructure facilities for the purpose of their operational management and maintenance for the provision of public services (electricity transmission) on behalf of the grantor (local executive body) for a certain period of time. The Company is obliged to carry out effective management and ensure the safety of its facilities. Also, in accordance with the specified agreements, the Company has the right to reimbursement of necessary expenses and to include technical losses on transferred objects in the volume of standard technological losses.

Income from the use of these infrastructure facilities is recognised in accordance with IFRS 15.

Remuneration to employees

Remuneration to employees, including compensation for unused vacation, bonuses and corresponding employment-related payments to non-budgetary funds in the current period, is recognised as an expense for the period in which it is earned.

Income tax

Income tax expenses represent the sum of current and deferred tax payable.

Current income tax

Current income tax is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current income tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred income tax

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arise from the initial accounting treatment of a business combination, the tax effect is reported for the business combination.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment losses. When items of property, plant and equipment includes components with different useful lives, they are accounted for as separate items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon its disposal or when no future economic benefits are expected to flow to the company from its use or disposal. Any income or expense arising after the derecognition of an asset (determined as the difference between the net profit on disposal and the carrying amount of the asset) is included in profit or loss in the period in which the asset was derecognised.

Costs incurred to replace the component of an item of property, plant and equipment accounted for separately are capitalised at the present value of depreciable component. In this case, the carrying value of the replaced component is derecognised. Other subsequent expenditures are capitalised only when they increase the future economic benefits from the use of the asset. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation is accrued and recognised in profit or loss on a straight-line basis over the expected useful life of certain assets. Depreciation is charged from the date of acquisition of the asset, or in respect of self-constructed, from the completion of construction and commencement of asset operation of the asset. Depreciation is accrued on the following average estimated periods of useful life of assets:

	Years
Buildings and structures	7-60
Machinery and equipment	3-52
Vehicles	3-14
Other	3-40

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of property, plant and equipment

At each reporting date, the Group assesses whether there is any indication that property, plant and equipment has suffered an impairment loss. If any such indication exists, the entity estimates the recoverable amount of the asset (if any). If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent allocation can be identified, the corporate assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion, marketing, selling and delivery.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All standard transactions to purchase or sell financial assets are recognised and derecognised at the transaction date. Standard purchase or sale transactions for financial assets require assets be delivered by a deadline established by rules or agreements in effect in the relevant market.

Classification of financial assets

As at 31 December 2024 and 2023 The Group's financial assets were classified as measured at amortised cost. Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within the business model whose purpose is to withhold financial assets to obtain the contractual cash flows, and
- the contractual terms of the financial asset result in the receipt on specified dates of cash flows that are solely payments on debt principal and interest on outstanding principal.

Impairment of financial assets

The Group's portfolio of financial instruments comprises 4 types of financial assets for which IFRS 9 requires creation of an allowance for expected credit losses:

- loans given;
- trade and other accounts receivable from the main activity;
- other current assets; and
- funds in credit institutions.

Loans given

The probability of loan default is calculated based on external ratings; in the absence of an external rating, an internal rating is used. Default on loans given is determined if the delay exceeds 210 days, or due to the inability to fulfil obligations as a result of counterparty financial difficulties.

Trade accounts receivable

The Group applies a simplified approach to trade receivables, which is based on credit losses expected over the life of the financial instrument. In this case, default is determined if the delay period exceeds 210 days.

Other current assets

For other current assets, the Group recognises expected credit losses over the entire term in the event there is a significant increase in credit risk since initial recognition. However, if as at the reporting date there is no significant increase in the credit risk of a financial instrument since initial recognition, the Group should estimate a provision for losses on this financial instrument in an amount equal to 12-month expected credit losses.

Funds in credit institutions

Funds in credit institutions are represented by such assets as cash and cash equivalents, restricted cash. Financial assets in the form of funds in credit institutions meet the definition of default if the delay is more than 210 days, or if obligations cannot be met as a result of credit institution financial difficulties.

The probability of credit institution default is calculated based on external ratings.

Derecognition of financial assets

The Group derecognises financial assets only if contractual rights to cash flows on them are terminated or a financial asset and corresponding risks and benefits are transferred to another organisation. If the Group does not transfer or retain all of the major risks and benefits of asset ownership and continues to control the transferred asset, then it continues to reflect its interest in the asset and the possible liabilities associated with it for the respective amounts. If the Group retains almost all the risks and benefits of ownership of a transferred financial asset, the Group continues to recognise this financial asset, and reflects the funds received from the transfer in the form of a secured loan.

When derecognising a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the amount received and receivable is recognised in profit or loss.

Financial liabilities

The Group’s financial liabilities are represented by financial liabilities at fair value through profit or loss or as “other financial liabilities” carried at amortised cost. The Group’s other financial liabilities include loans and bonds issued, trade payables from main activities and other payables.

Trade payables from the main activity and other payables

Trade payables from the main activity and other payables are charged when a counterparty has fulfilled its contractual obligations. The Group initially accounts for trade payables and other payables at fair value and subsequently at amortised cost using the effective interest method.

Loans and bonds

Loans and bonds are initially recorded at fair value less transaction costs, then subsequently measured at amortised cost; any difference between funds received (less transaction costs) and cost to maturity is recognised in the statement of profit or loss and other comprehensive income during the loan period using the effective interest method.

Loans and bonds issued are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the consolidated statement of financial position date.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Site restoration obligations

Site restoration obligations are recognised when their occurrence is highly probable and they can be reliably estimated.

Site restoration obligation provision do not include any additional obligations that are expected to arise in the event of future violations. Costs are estimated based on an abandonment and remediation plan. Estimated costs are calculated annually as they are used, taking into account known changes, for example, updated estimates and revised terms of use, with official inspections conducted regularly.

Even though the exact final amount of required costs is unknown, the Group estimates its costs using a feasibility study and engineering studies in accordance with current technical rules and standards for remediation work and restoration methods.

The restoration or discount “unwinding” amount used to determine the discounted value of a provision is recognised in performance results for each reporting period. Discount recovery is recognised in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Management periodically reviews its site abandonment and restoration provision estimates. Changes to existing obligations to remove facilities from operation, restore the environment and similar obligations caused by changes to periods being measured or the value of resource outflows that embody economic benefits required to settle obligations, are added to or removed from the value of the corresponding capitalised asset in the current period. However, a capitalised asset may not be adjusted to a value of less than zero or to exceed the recoverable amount. If a provision decrease exceeds an asset’s present value, the excess should be recognised immediately in profit or loss. A provision is estimated based on current year prices and the average long-term inflation rate and discounted when the effect of the “time value” of money is significant.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, as described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

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

From 1 July 2023, amendments to the Law on Electricity in the Republic of Kazakhstan regulating the mechanism of operation of the wholesale electricity market became effective. The target market model provides for a transition to the centralised purchase and sale of planned volumes of electricity. The amendments provide for the introduction of a Single Purchaser of electricity, represented by the Settlement and Financial Center for Support of Renewable Energy Sources LLP ("the Single Purchaser") and a real-time balancing electricity market.

Within the framework of this wholesale market model, the Single Purchaser performs daily centralised purchase of declared planned volumes of electricity for a day ahead from energy producing organizations at their marginal tariff and sales of electricity at an average price for all consumers. At the same time, the new market model implies the absence of "addressability" of electricity distribution (it is impossible to determine the route of transmission from producer to consumer).

Imbalances arising through deviation of wholesale electricity market participants from the declared planned volume of electricity production or consumption are regulated in the balancing electricity market by the settlement center of the balancing market, represented by Kazakhstan Electricity and Capacity Market Operator JSC ("the KECMO"). Purchase and sale of balancing electricity is carried out in accordance with calculations of hourly volumes of balancing electricity and hourly imbalances at prices established in the balancing market.

The Group 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.

In 2024, the revenue from the sale of electricity of the Group's power generating entities received under sales contracts with the Single Purchaser amounted to 82,384,519 thousand tenge (for the second half of 2023: 31,226,894 thousand tenge).

Significant increase in credit risk

As explained in Note 3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime expected credit losses for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to determine whether credit risk has increased significantly and revises them accordingly to ensure that the criteria are suitable for identifying a significant change in credit risk before an amount becomes overdue.

To individually assess the amount of provision for impairment of financial instruments, the Group uses a table to individually assess the probability of default of the borrower. For large debtors whose share of exposure is more than 10% of the total exposure, the Group can estimate expected credit losses using the Group's external credit rating and the corresponding historical default rate according to international rating agencies.

Management judgment regarding control over certain related parties of the Group

As set out in Notes 23 and 29, during the year ended 31 December 2024, the Group entered into agreements with Private Company Silverstone Ltd. and its subsidiary Tyler LLC (" the Companies under common control"), which are under common control of the Group's ultimate beneficiaries. The Group's management reviewed the criteria for determining control in accordance with IFRS 10 Consolidated Financial Statements and concluded that KUS does not exercise control over these entities within the meaning of IFRS 10 because KUS does not have the right to receive income from its involvement in the investee and does not have the ability to influence those returns through the exercise of its powers over the investee. KUS does not have a share in the authorized capital of these companies and does not have current powers to manage the financial and operational activities of these companies.

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, are discussed below.

Impairment of assets

Each Group entity is a separate cash-generating unit (“CGUs”), as it is the smallest group of assets that generates cash inflows largely independently of the cash flows generated by other Group assets, and the lowest level at which the Group performs control over the reimbursement of assets. Accordingly, each entity assesses the existence of impairment indicators of the carrying value of tangible and intangible assets at each reporting date on its own. The determination of the presence of asset impairment indicators is based on a large number of factors such as: expected growth in the energy industry, change in tariffs, estimated cash flows, and changes in the availability of financing in the future, technological obsolescence, termination of services, current replacement costs and other changes in conditions that indicate the existence of an impairment.

Based on the analysis performed as at 31 December 2024, the Group identified indicators of impairment of property, plant and equipment of Karagandy Zharyk LLP. Due to the presence of impairment indicators, the Group’s management conducted an impairment test of property, plant and equipment as of 31 December 2024. Based on the results of the conducted test, the management of the Group did not identify any significant impairment of property, plant, and equipment.

Negative changes in the economy, insufficient tariff indexation to the level of inflation, and rising interest rates may lead to the impairment of the Group's property, plant, and equipment in subsequent periods when such changes occur.

Site restoration obligations

In accordance with the Kazakhstan laws and regulations, the Group, through its subsidiaries, Ust-Kamenogorsk CHP LLP and Karaganda Energocentre LLP, is legally obliged to restore the ash dump territory. The Group estimates that these subsidiaries will restore the ash dump area in 2025 which will continue between 2027 and 2028. The carrying amount of liabilities is the current value of estimated costs expected to be incurred, adjusted for expected inflation and discounted using estimated loan rates. Site restoration obligations are reviewed at each reporting date and adjusted to reflect management's best estimates. Most of these obligations relate to the distant future and changes in retrofit technology. Costs and industry practices may also affect the Group's estimates.

Liquidation and restoration obligations

As discussed in Note 31, the management of the Group analysed the new Kazakhstan Ecological Code from 1 July 2021 with respect to the requirement to recognise obligations to liquidate the consequences of the operation of the objects that have a negative impact on the environment. From the analysis, management identified the Group's main production facilities as category I and II, because they have a significant negative impact on the environment. Consequently, the Group should have developed and submitted for review and approval to the authorised body a liquidation plan of the objects operation consequences, that take place at the reporting date, to identify the details of the expected works and measures that will be needed for the liquidation taking into account the requirements of Kazakhstan ecological law, and also for the calculation of future estimated costs and obligations. Since as at the date of the consolidated financial statements, the authorised body for environmental protection was considering revisions and making amendments to the list of measures required to liquidate the consequences of the objects operations, the Group management considered it appropriate to defer the development of the liquidation plan for all objects, except ash dumps, and estimate future costs and recognise the liability as soon as the updated methodology is approved. Thus, the Group management did not recognise the liability to liquidate the consequences of the objects operation, except for the ash dump, as at 31 December 2024 and 2023.

4.1 Revision of comparative data and retrospective adjustments of comparative information

In the preparation of the consolidated financial statements for the year ended 31 December 2024, the Group's management revised and supplemented the list of related parties in accordance with IAS 24 Related Party Disclosures and introduced revisions to the list of related parties as at 31 December 2023.

As at 31 December 2023, the Group, represented by the Parent Company, had interest-free financial assistance received from related parties in the amount of 9,540,319 thousand tenge. At its initial recognition in 2023, the interest-free debt was measured at fair value, as a result, an adjustment to fair value of 5,009,111 thousand tenge and the corresponding deferred tax expense of 695,842 thousand tenge was recognised in the consolidated statement of profit and loss. In 2024, due to revision of the related parties list, the Company restated amounts as at 31 December 2023 and reflected the adjustment to fair value in equity, as the interest-free loans were issued by related parties under the common control of Participants on non-market terms. The comparative information in the related party note has been adjusted accordingly. The restatement does not affect total amounts of revenue, assets and liabilities, but it does affect the amounts presented in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and Note 29 to the consolidated financial statements.

(in thousands tenge, unless otherwise indicated)

Impact on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	As previously reported	**Correction**	**Revised**
Finance income	11,144,921	(5,009,111)	6,135,810
Profit before income tax	**45,455,360**	**(5,009,111)**	**40,446,249**
Income tax expenses	(9,279,604)	695,842	(8,583,762)
Net profit for the year	**36,175,756**	**(4,313,269)**	**31,862,487**

Impact on the consolidated statement of changes in equity for the year ended 31 December 2023

	As previously reported	**Correction**	**Revised**
Net profit for the year	34,982,712	(4,313,269)	**30,669,443**
Fair value adjustment on interest-free loans received, net of deferred income tax	2,614,086	4,313,269	**6,927,355**
Total equity	**207,527,154**	-	**207,527,154**

Impact on related party disclosures as of 31 December 2023

	As previously reported	**Correction**	**Revised**
Sale of goods and services	6,654,570	10,981,686	17,636,256
Purchase of goods and services	538,346	5,225	543,571
Trade receivables	2,244,472	2,670,326	4,914,798
Including allowance for expected credit losses	(167,489)	(665,416)	(832,905)
Other accounts payable	302,976	41,353	344,329

These adjustments had no impact on the consolidated statement of financial position and the consolidated statement of cash flows for the prior period.

5. SEGMENT INFORMATION

Information provided to Group management responsible for operating decisions, to allocate resources and assess results by segment, deals with the types of services provided to produce, transmit, distribute and sell electricity. To generate Group reporting segments, none of its operating segments were combined, except for other products (chemically purified water) and services, which individually do not exceed quantity thresholds.

In particular, the Group's reporting segments are:

- thermal power and electricity generation;
- electricity transmission and distribution;
- thermal power and electricity sales;
- others.

The Group follows a number of profitability indices such as profit before income tax, profit for the year and gross profit. Despite this, profit for the year is used to allocate resources and assess segment performance.

(in thousands tenge, unless otherwise indicated)

	2024					
Operational highlights	**Thermal power and electricity production**	**Electricity transmission and distribution**	**Thermal power and electricity sales**	**Other**	**Elimination**	**Total**
Revenue from sales to external customers	105,409,475	43,931,484	179,020,413	233,316	-	328,594,688
Inter-segment revenue	5,958,374	48,290,343	42,202	546,932	(54,837,851)	-
Cost of sales, total	(74,322,442)	(59,778,267)	(165,933,051)	-	54,279,697	(245,754,063)
Gross profit	**37,045,407**	**32,443,560**	**13,129,564**	**780,248**	**(558,154)**	**82,840,625**
General and administrative expenses	(6,237,635)	(3,512,405)	(2,336,776)	(3,468,147)	569,504	(14,985,459)
Selling expenses	-	(2,816,611)	(3,026,842)	-	24,475	(5,818,978)
Finance income	444,671	239,047	229,103	5,805,612	(108,636)	6,609,797
Financial costs	(2,196,346)	(1,450,053)	(265,311)	(13,437,453)	108,636	(17,240,527)
Other income	818,834	2,709,118	649,868	92,382	(1,403,343)	2,866,859
Other expenses	(424,235)	(2,138,503)	(244,653)	(1,645,035)	1,370,914	(3,081,512)
Accrual of allowance for expected credit losses	(410,666)	(691,341)	(1,040,272)	-	(3,396)	(2,145,675)
Foreign exchange gain/(loss), net	-	(121,230)	4,297	1,008,651	-	891,718
Profit/(loss) before income tax	**29,040,030**	**24,661,582**	**7,098,978**	**(10,863,742)**	**-**	**49,936,848**
Income tax (expenses)/benefits	(5,672,440)	(4,855,496)	(1,033,766)	1,421,293	-	(10,140,409)
Net profit/(loss) for the year	**23,367,590**	**19,806,086**	**6,065,212**	**(9,442,449)**	**-**	**39,796,439**
Other key segment information						
Capital costs on property, plant and equipment	28,679,770	27,416,064	43,493	115,995	-	56,255,322
Depreciation of property, plant and equipment	8,864,284	10,655,790	71,545	36,988	-	19,628,607

(in thousands tenge, unless otherwise indicated)

	2023					
Operational highlights	**Thermal power and electricity production**	**Electricity transmission and distribution**	**Thermal power and electricity sales**	**Other**	**Elimination**	**Total**
Revenue from sales to external customers	68,806,554	38,857,178	114,717,674	397,217	-	222,778,623
Inter-segment revenue	22,441,263	30,264,368	42,649	475,680	(53,223,960)	-
Cost of sales, total	(66,590,523)	(47,976,838)	(111,545,425)	-	52,804,422	(173,308,364)
Gross profit	**24,657,294**	**21,144,708**	**3,214,898**	**872,897**	**(419,538)**	**49,470,259**
General and administrative expenses	(4,703,691)	(3,181,024)	(1,917,317)	(2,384,936)	495,661	(11,691,307)
Selling expenses	(24,646)	(2,398,479)	(2,919,534)	-	26,228	(5,316,431)
Finance income	104,965	156,262	192,056	5,970,272	(287,745)	6,135,810
Financial costs	(465,736)	(2,506,553)	(406,068)	(8,582,389)	287,745	(11,673,001)
Other income	741,347	1,115,737	354,673	148,757	(104,911)	2,255,603
Other expenses	(134,319)	(848,333)	(73,347)	(320,917)	2,560	(1,374,356)
Accrual of allowance for expected credit losses	(140,005)	189,991	(722,605)	-	-	(672,619)
Foreign exchange gain, net	559	22,660	2,166	13,286,906	-	13,312,291
Profit/(loss) before income tax expense	**20,035,768**	**13,694,969**	**(2,275,078)**	**8,990,590**	**-**	**40,446,249**
Income tax (expenses)/benefits	(4,089,471)	(2,519,397)	97,586	(2,072,480)	-	(8,583,762)
Net profit/(loss) for the year	**15,946,297**	**11,175,572**	**(2,177,492)**	**6,918,110**	**-**	**31,862,487**
Other key segment information						
Capital costs on property, plant and equipment	20,105,352	20,683,880	52,131	76,961	-	40,918,324
Depreciation of property, plant and equipment	8,620,174	9,762,281	78,031	40,102	-	18,500,588

6. REVENUE

	2024	**2023**
Sale of electricity	241,227,152	150,872,788
Transmission of electricity	43,658,657	38,363,980
Sale of thermal power	31,940,240	26,064,916
Revenue from electricity capacity maintenance	10,828,411	6,060,063
Sales of chemically purified water	399,049	515,661
Other	541,179	901,215
	328,594,688	**222,778,623**

(in thousands tenge, unless otherwise indicated)

7. COST OF SALES

	2024	2023
Electricity purchased	90,319,467	50,018,838
Materials	41,279,879	35,943,029
Payroll and related taxes	26,805,804	21,516,035
Services of transmission of electricity, thermal power and chemically purified water including use of NEG	22,509,956	18,126,874
Technical losses from electricity transmission	19,746,220	10,415,058
Depreciation and amortisation	19,500,391	18,247,885
Repairs	5,396,488	2,543,131
Electricity availability services or ensuring the readiness of electricity load	5,078,377	2,633,151
Water supply	3,840,100	2,991,326
Electricity tariff control and regulation	2,097,963	2,473,889
Transportation costs	2,035,449	1,445,682
Property tax	2,005,369	1,989,411
Taxes other than income and property tax	864,501	1,126,652
Security	845,121	656,376
Accrual of provision for unused vacation (Note 26)	520,574	618,047
Other	2,908,404	2,562,980
	245,754,063	**173,308,364**

Due to changes in the Law on Electricity described in Note 4, starting from 1 July 2023 electricity is purchased from the Single Purchaser of electricity.

In the second half of 2023, as part of the wholesale electricity market operation, the Group entered into a contract with KEGOC JSC for the provision of services related to the use of the national electricity grid (“NEG”). The contract includes services for technical maintenance and operational readiness support of the national electricity grid, as well as for the supply of electricity purchased from the single purchaser of electricity and the balancing market settlement center from the national electricity grid.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Payroll and related taxes	8,583,435	7,070,724
Consulting services	1,393,599	605,547
Taxes other than income tax	1,337,996	1,404,713
Charity	308,048	48,066
Depreciation and amortization	281,660	240,762
Transportation costs	244,635	156,007
Rental costs	241,623	342,323
Accrual of provision for unused vacation (Note 26)	227,823	282,500
Fines and penalties	222,928	114,059
Materials	218,530	171,133
Security	113,670	76,505
Bank fees	104,145	60,460
Communication services	92,451	68,291
Travel expenses	149,714	139,791
Other	1,465,202	910,426
	14,985,459	**11,691,307**

(in thousands tenge, unless otherwise indicated)

9. SELLING EXPENSES

	2024	2023
Payroll and related taxes	4,251,518	3,853,431
Billing system maintenance	630,339	665,893
Accrual of provision for unused vacation (Note 26)	236,315	203,637
Bank fees	215,603	155,221
Taxes other than income tax	136,205	113,629
Rental costs	95,673	104,133
Materials	59,852	58,629
Other	193,473	161,858
	5,818,978	**5,316,431**

10. FINANCE COSTS

	2024	2023
Interest on bank overdrafts and borrowings	8,227,732	9,329,287
Unwinding of discount (Note 23)	7,601,251	1,714,651
Accretion expense on ash dump restoration reserve	1,191,019	190,799
Interest on bonds	114,112	257,860
Interest expense on lease liability	8,602	100,654
Other finance costs	97,811	79,750
	17,240,527	**11,673,001**

11. FINANCE INCOME

	2024	2023 (revised)*
Interest income	5,143,894	5,465,773
Unwinding of discount (Note 29)	593,536	121,943
Other	872,367	548,094
	6,609,797	**6,135,810**

For the years ended 31 December 2024 and 2023, interest income mainly includes accrued interest on loans given to related parties in the amount of 5,089,335 thousand tenge and 5,454,077 thousand tenge, respectively (Note 29).

(in thousands tenge, unless otherwise indicated)

12. OTHER INCOME/(EXPENSES)

	2024	**2023**
Income from the dismantling of assets	525,418	128,631
Income from the development of electric grids	459,228	543,874
Condensate sales	409,811	380,235
Fines and penalties	290,421	323,938
Reimbursements	218,706	155,814
Materials	93,967	128,660
Other	869,308	594,451
Other income	**2,866,859**	**2,255,603**
Expenses on the disposal of assets	1,800,453	521,208
Payroll expenses	314,020	151,716
Balancing	170,546	338,600
Sale of inventories	157,045	100,942
Other	639,448	261,890
Other expenses	**3,081,512**	**1,374,356**

Expenses on the disposal of the Group's assets for the year ended 31 December 2024 are mainly represented by expenses on the gratuitous transfer of real estate by the Parent Company to state authorities, in accordance with the decision of the Participants.

13. SUBSIDIARIES

The Group's structure as at the reporting date is as follows:

	Number of subsidiaries fully owned	
Core activities	**31 December 2024**	**31 December 2023**
Thermal power and electricity production	3	4
Electricity transmission and distribution	2	2
Thermal power and electricity sales	3	3
Others	3	1
	11	**10**

(in thousands tenge, unless otherwise indicated)

The Group comprises the Company and the following subsidiaries:

Name	Type of activity	Place of incorporation and operation	Stake/percentage of voting shares of the Group December 31 2024	December 31 2023
Karaganda Energocenter LLP	Thermal power, electricity and chemically purified water production in Karaganda region.	Republic of Kazakhstan	100%	100%
Karagandy Zharyk LLP	Electricity transmission and distribution in Karaganda region.	Republic of Kazakhstan	100%	100%
Ontustik Zharyk Transit LLP	Electricity transmission and distribution in Turkestan region and in the city of Shymkent	Republic of Kazakhstan	100%	100%
Karagandy ZhyluSbyt LLP	Thermal power and electricity supply in Karaganda region.	Republic of Kazakhstan	100%	100%
Settlement Service Center LLP	Electricity supply in Karaganda region.	Republic of Kazakhstan	100%	100%
Energopotok LLP	Electricity supply in the Turkestan region and in the city of Shymkent.	Republic of Kazakhstan	100%	100%
Energy Center LLP	Thermal power and electricity production in Karaganda region.	Republic of Kazakhstan	-	100%
Vetropark Zhuzimdik LLP	Electricity production in the Turkestan region	Republic of Kazakhstan	100%	100%
Ust-Kamenogorsk CHP LLP	Production of thermal power and electricity in the East Kazakhstan region.	Republic of Kazakhstan	100%	100%
ENVISION KKS LLP	Development of projects in the field of energy.	Republic of Kazakhstan	100%	-
Private company Kus LTD	Management of Production Entities.	Republic of Kazakhstan	100%	-
Shygys Energo LLP	Management of Production Entities.	Republic of Kazakhstan	100%	100%
Mangistau Regional Electricity Network Company JSC	Transmission and distribution of electricity in the Mangistau region.	Republic of Kazakhstan	52.63%	52.63%

(in thousands tenge, unless otherwise indicated)

MRENC JSC is non-wholly owned by the Group.

A non-wholly owned subsidiary with significant non-controlling interests

Year	Name of the subsidiary	Place of registration and main place of business operations	Participation and voting rights of non-controlling interests	Profit attributable to non-controlling interests	Carrying amount of non-controlling interests
31 December 2024	MRENC JSC	Republic of Kazakhstan	47.37%	3,419,549	20,589,011
31 December 2023	MRENC JSC	Republic of Kazakhstan	47.37%	1,193,044	17,586,184

For a more detailed overview of the movement of non-controlling interests is provided in Note 22.

The table below provides a summary of financial information on the Group subsidiary with significant non-controlling interest.

	31 December 2024	31 December 2023 (Restated)*
Current assets	4,231,711	2,562,309
Non-current assets	57,446,769	56,708,071
Current liabilities	(10,512,860)	(15,821,098)
Non-current liabilities	(7,573,898)	(7,112,202)
Equity attributable to the shareholders of the Company	22,494,483	18,750,896
Non-controlling interests	21,097,239	17,586,184

	2024	2023
Revenue	24,004,502	17,091,977
Expenses	(16,785,694)	(14,531,156)
Profit and total comprehensive income for the year	**7,218,808**	**2,560,821**
Profit and total comprehensive income attributable to the shareholders of the Company	3,799,259	1,367,777
Profit and total comprehensive income attributable to non-Controlling Interests	3,419,549	1,193,044
Profit and total comprehensive income for the year	**7,218,808**	**2,560,821**
Net cash inflow from operating activities	10,650,946	8,555,133
Net cash outflow from investing activities	(3,957,288)	(2,936,894)
Net cash outflow from financing activities	(6,280,766)	(5,258,441)
Other changes	421	3115
Net cash inflow	**413,313**	**362,913**

*As at 31 December 2023 MRENC JSC violated a non-financial covenant under loan agreements with the European Bank for Reconstruction and Development (hereinafter - "EBRD"), the breach of entitles the lender to demand early repayment of the loan before its maturity. MRENC JSC did not reclassify the non-current portion of the loans from the EBRD into current liabilities, as required by IAS 1 *Presentation of Financial Statements* in the financial statements for the year ended 31 December 2023. In 2024 the Company corrected this error and restated the data as at 31 December 2023.

(in thousands tenge, unless otherwise indicated)

14. INCOME TAX

	2024	2023 (restated)*
Current income tax expenses	9,468,722	6,921,931
Deferred tax expense	667,495	1,598,230
Adjustments of prior year income tax	4,192	63,601
	10,140,409	**8,583,762**

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities recognised for accounting and tax purposes. Deferred tax assets and liabilities are calculated at rates that are expected to apply during the period of asset recovery or liability repayment.

Below is a reconciliation of the 20% income tax rate and the actual amount of income tax recorded in the consolidated income statement of profit or loss and other comprehensive income:

	2024	2023 (restated)*
Profit before income tax	49,936,848	40,446,249
Statutory income tax rate	20%	20%
Theoretical income tax expense at the statutory rate	9,987,370	8,089,250
Non-deductible interest accrued	316,645	357,397
Unrecognised deferred tax assets	-	338,795
Adjustment of prior year interest-free loans received to fair value	-	305,980
Non-deductible exchange rate losses	28,704	308,792
Adjustment of prior year income tax	(202,693)	63,601
Recognition of previously unrecognised tax assets arising from tax losses carried forward of prior years	-	(738,684)
Other permanent differences	10,383	(141,369)
Income tax expenses	**10,140,409**	**8,583,762**

The following is an analysis of deferred tax assets and liabilities in the consolidated statement of financial position:

	31 December 2024	31 December 2023
Deferred tax assets	1,399,850	348,876
Deferred tax liabilities	(39,507,104)	(38,678,705)
	(38,107,254)	**(38,329,829)**

As at 31 December 2023, the tax effect of unrecognised tax losses in the amount of 338,795 thousand tenge was attributable to the subsidiary Energopotok LLP, as there was no high probability of sufficient taxable profit to be realized in future periods. Also, in 2024, the Group, represented by the Parent Company, recognised the tax effect of previously unrecognised tax assets arising from the tax losses carried forward from prior years in the amount of 202,693 thousand tenge (2023: 738,684 thousand tenge).

(in thousands tenge, unless otherwise indicated)

The movement of deferred tax assets and liabilities is presented as follows:

	31 December 2023	Recognised in profit or loss	Recognised in equity	31 December 2024
Deferred tax assets:				
Interest payable	19,891	60,075	-	79,966
Restoration liabilities	413,386	197,311	-	610,697
Allowance for expected credit losses	729,373	254,109	-	983,482
Provision for unused vacations	344,176	26,728	-	370,904
Guarantee liabilities	-	-	1,362,219	1,362,219
Discounting of interest-free financial aid issued	-	(118,708)	171,873	53,165
Provision for slow-moving and obsolete inventories	647	548	-	1,195
Taxes	66,463	46,017	-	112,480
Deferred income	199,321	(13,425)	-	185,896
Other	87,225	31,778	-	119,003
	1,860,482	484,433	1,534,092	3,879,007
Deferred tax liabilities:				
Property, plant and equipment	(38,444,718)	(2,697,981)	-	(41,142,699)
Discounting of interest-free financial aid received	(1,679,731)	1,543,852	(644,022)	(779,901)
Accrued expenses	(65,862)	2,201	-	(63,661)
	(40,190,311)	(1,151,928)	(644,022)	(41,986,261)
Total deferred tax liabilities, net	**(38,329,829)**	**(667,495)**	**890,070**	**(38,107,254)**

	31 December 2022	Recognised in profit or loss (restated)*	Recognised in equity (restated)*	31 December 2023
Deferred tax assets:				
Interest payable	5,079	14,812	-	19,891
Restoration liabilities	328,909	84,477	-	413,386
Allowance for expected credit losses	743,418	(14,045)	-	729,373
Provision for unused vacations	136,658	207,518	-	344,176
Provision for slow-moving and obsolete inventories	1,266	(619)	-	647
Taxes	50,964	15,499	-	66,463
Deferred income	212,747	(13,426)	-	199,321
Other	(302,950)	390,175		87,225
	1,176,091	684,391	-	1,860,482
Deferred tax liabilities:				
Property, plant and equipment	(36,153,537)	(2,291,181)	-	(38,444,718)
Discounting of interest-free financial aid received	(330,368)	-	(1,349,364)	(1,679,732)
Accrued expenses	(74,421)	8,560	-	(65,861)
	(36,558,326)	(2,282,621)	(1,349,364)	(40,190,311)
Total deferred tax liabilities, net	**(35,382,235)**	**(1,598,230)**	**(1,349,364)**	**(38,329,829)**

(in thousands tenge, unless otherwise indicated)

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and structures	Machinery and equipment	Vehicles	Others	Construction in progress	Total
Cost							
As at 31 December 2022	**3,149,085**	**71,550,550**	**267,239,690**	**6,785,931**	**1,401,670**	**33,734,409**	**383,861,335**
Additions	128	2,700	515,767	405,049	88,813	39,905,867	40,918,324
Disposals	-	(34,441)	(568,421)	(56,471)	(7,699)	(969,517)	(1,636,549)
Transfers to intangible assets	-	-	-	-	-	(405,008)	(405,008)
Internal transfers	-	3,711,112	18,577,008	151,572	6,574	(22,446,266)	-
As at 31 December 2023	**3,149,213**	**75,229,921**	**285,764,044**	**7,286,081**	**1,489,358**	**49,819,485**	**422,738,102**
Additions	287,817	33,973	757,697	730,994	896,737	53,548,104	56,255,322
Disposals	(11,822)	(1,236,852)	(703,799)	(150,485)	(710,206)	(6,638)	(2,819,802)
Transfers to intangible assets	-	-	-	-	-	(758,027)	(758,027)
Internal transfers	-	6,749,209	30,147,759	105,766	244,364	(37,247,098)	-
As at 31 December 2024	**3,425,208**	**80,776,251**	**315,965,701**	**7,972,356**	**1,920,253**	**65,355,826**	**475,415,595**
Accumulated depreciation							
As at 31 December 2022	**-**	**(22,520,938)**	**(91,827,917)**	**(3,608,981)**	**(757,243)**	**(199,604)**	**(118,914,683)**
Accrued for the year	-	(4,306,836)	(13,439,940)	(603,616)	(150,196)	-	(18,500,588)
Disposals	-	17,273	290,907	32,596	6,029	-	346,805
As at 31 December 2023	**-**	**(26,810,501)**	**(104,976,950)**	**(4,180,001)**	**(901,410)**	**(199,604)**	**(137,068,466)**
Accrued for the year	-	(4,561,313)	(14,305,755)	(623,719)	(137,820)	-	(19,628,607)
Disposals	-	87,821	473,002	72,291	14,647	-	647,761
Impairment	-	-	-	-	-	(217,267)	(217,267)
As at 31 December 2024	**-**	**(31,283,993)**	**(118,809,703)**	**(4,731,429)**	**(1,024,583)**	**(416,871)**	**(156,266,579)**
Net carrying amount							
As at December 2024	**3,425,208**	**49,492,258**	**197,155,998**	**3,240,927**	**895,670**	**64,938,955**	**319,149,016**
As at 31 December 2023	**3,149,213**	**48,419,420**	**180,787,094**	**3,106,080**	**587,948**	**49,619,881**	**285,669,636**

(in thousand tenge, unless otherwise indicated)

As at 31 December 2024 and 2023, the Group's construction in progress is mainly represented by the modernization and reconstruction of substation equipment, SCADA system implementation, the electricity grid lines and substation construction and ash dump dam raising works.

In 2024, the Group, represented by its subsidiaries MRENC JSC, Karaganda Energocenter LLP, Ust-Kamenogorsk CHP LLP, Karagandy Zharyk LLP and Ontustik Zharyk Transit LLP, completed objects of construction in progress, including the construction of substations, electricity grid lines, modernization, reconstruction and repair of equipment, as a result of which fixed assets in the amount of 37,247,098 thousand tenge was transferred to property, plant and equipment (2023: 22,446,266 thousand tenge).

On 6 May 2024, the Company entered into an investment agreement with the Ministry of Energy of the Republic of Kazakhstan for the modernization, reconstruction, expansion and renovation of Karaganda Energocenter LLP for 2024–2037, under which it is planned to install additional generating equipment at the existing power plant.

As at 31 December 2024 and 2023, the cost of fully depreciated property, plant and equipment of the Group amounted to 8,172,082 thousand tenge and 7,731,439 thousand tenge, respectively.

As at 31 December 2024 and 2023, the Group's property, plant and equipment with a carrying value of 137,251,951 thousand tenge and 114,775,272 thousand tenge, respectively, acted as collateral for loans received from Sberbank of Russia PJSC, Bereke Bank JSC, EBRD, Bank CenterCredit JSC and Forte Bank JSC (Note 23).

16. ADVANCES ISSUED

	31 December 2024	**31 December 2023**
Advances paid for capital repairs of property, plant and equipment	5,531,216	259,303
Advances paid for the acquisition of non-current assets	208,080	120,819
Advances paid for the delivery of materials and other assets	617,464	839,181
Advances paid for works and services	517,615	267,061
	6,874,375	**1,486,364**
Less: the current portion	(1,135,079)	(1,106,242)
Non-current portion of advances issued	**5,739,296**	**380,122**

Advances issued as at 31 December 2024 are mainly represented by advances issued to Realprom LLP, a consortium member together with Henan D.R. Construction Group Co., Ltd, in the amount of 5,347,686 thousand tenge under a long-term contract concluded on 22 November 2024 for a period of 39 months for the provision of construction, installation, commissioning services under the project of modernization, reconstruction, expansion and renovation of the Group's main production facilities. This agreement is part of the investment program for the modernization, reconstruction, expansion and renovation of Karaganda CHPP-3 for 2024-2037.

(in thousand tenge, unless otherwise indicated)

17. TRADE RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables	43,504,796	29,208,909
Less: allowance for expected credit losses	(5,570,700)	(3,525,736)
	37,934,096	**25,683,173**

31 December 2024	Total	Not expired	Overdue up to 120 days	Overdue 120 to 210 days	Overdue more than 210 days
Gross carrying amount	25,987,246	91,959	21,192,838	1,787,911	2,914,538
Expected credit losses (%)			10.64%	7.32%	100.00%
Allowance for expected credit losses	(5,300,760)	-	(2,255,283)	(130,939)	(2,914,538)
Carrying amount	**20,686,486**	**91,959**	**18,937,555**	**1,656,972**	**-**

For accounts receivable operations involving counterparties whose share exceeds 10% of the total receivables, the Group estimates expected credit losses using an external credit rating and a corresponding historical default rate according to international rating agencies. As at 31 December 2024 and 2023, the gross carrying amount and expected credit losses on these trade receivables amounted to 17,517,550 thousand tenge and 269,940 thousand tenge (31 December 2023: 9,948,997 thousand tenge and 169,425 thousand tenge), respectively. The credit ratings were assigned in the BB-B+ range as rated by Standard & Poor's.

31 December 2023	Total	Not expired	Overdue up to 120 days	Overdue 120 to 210 days	Overdue more than 210 days
Gross carrying amount	19,259,912	151,181	16,482,588	580,605	2,045,538
Expected credit losses (%)	-	-	7.0621%	25.2764%	100.00%
Allowance for expected credit losses	(3,356,311)	-	(1,164,017)	(146,756)	(2,045,538)
Carrying amount	**15,903,601**	**151,181**	**15,318,571**	**433,849**	**-**

The movement of the provision for expected credit losses is as follows:

	2024	2023
Allowance for expected credit losses at the beginning of the year	**(3,525,736)**	**(2,947,927)**
Accrued for the year	(3,051,289)	(4,009,208)
Recovered for the year	1,006,325	3,431,399
Allowance for expected credit losses at the end of the year	**(5,570,700)**	**(3,525,736)**

(in thousand tenge, unless otherwise indicated)

The Group creates an allowance for expected credit losses of 100% of all accounts receivable with a maturity of more than 210 days, as past experience shows that receivables that are not paid within this period are usually not repaid. For trade receivables with a maturity of 0 to 210 days, the allowance for expected credit losses is recognised based on estimates based on past experience and an analysis of the current financial position of the groups of counterparties.

As at 31 December 2024 and 2023, all trade receivables were denominated in tenge.

18. INVENTORIES

	31 December 2024	31 December 2023
Fuel	5,219,513	4,263,578
Raw materials	2,696,334	2,509,737
Spare parts	887,096	987,750
Goods for resale	2,214	3,519
Others	342,413	241,987
Les:s provision for slow-moving and obsolete inventories	(212,315)	(160,997)
	8,935,255	**7,845,574**

19. OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
Other financial assets:		
Accounts receivable on legal claims	280,675	305,665
Short-term loans given	329,036	-
Restricted cash	189,574	164,742
Accounts receivable from the sale of property, plant and equipment	241,957	107,423
Other current financial assets	490,739	482,335
	1,531,981	**1,060,165**
Less: allowance for expected credit losses	(343,097)	(242,386)
	1,188,884	**817,779**
Other non-financial assets:		
Other taxes receivable	604,613	1,212,028
Prepaid expenses	93,672	135,896
	698,285	**1,347,924**
	1,887,169	**2,165,703**

The movement of the allowance for expected credit losses is as follows:

	2024	2023
Allowance for expected credit losses at the beginning of the year	**(242,386)**	**(147,576)**
Accrued for the year (Note 8)	(100,711)	(94,810)
Allowance for expected credit losses at the end of the year	**(343,097)**	**(242,386)**

As at 31 December 2024 and 2023, financial assets within other current assets were mainly denominated in tenge.

20. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in savings accounts, in tenge	4,101,147	2,850,239
Cash in bank accounts, in tenge	1,019,159	251,467
Cash in transit, in tenge	308,344	782,158
Petty cash, in tenge	12,980	20,694
Less: allowance for expected credit losses	(6,054)	(6,730)
	5,435,576	**3,897,828**

As at 31 December 2024, cash in savings accounts is mainly represented by deposits in Bank CenterCredit JSC and Halyk Bank of Kazakhstan JSC. As at 31 December 2024 and 2023, these deposits are denominated in tenge and placed with an interest rate of 12.35-15.35% and 10.75-16.00%, respectively. Withdrawal of funds from deposits is possible at any time, without loss of interest amounts, except for the minimum balance of deposits in the amount of 100 thousand tenge.

21. EQUITY

Charter capital

The charter capital of the Company as at 31 December 2024 and 2023 was 11,636,404 thousand tenge. The interests of each of the Participants in the charter capital of the Group are distributed as follows as at 31 December 2024 and 2023:

	31 December 2024		31 December 2023	
Participant	**Amount, in thousand tenge**	**Participation interest**	**Amount, in thousand tenge**	**Participation interest**
Idrisova M. K.	11,636,403	99%	11,636,403	99%
Appaz Zh.D.	1	1%	1	1%
	11,636,404	**100%**	**11,636,404**	**100%**

During 2024 and 2023, no dividends for 2023 and 2022 were declared or paid.

In 2024, the Group subsidiaries MRENC JSC paid dividends on preferred shares in the amount of 5,721 thousand tenge (2023: 5,794 thousand tenge) and Shygys Energo LLP paid dividends to the second participant, Appaz Zh.D., in the amount of 495 thousand tenge.

Additional paid-in capital

Additional paid-in capital in the amount of 9,239,137 thousand tenge as at 31 December 2024 and 2023 was formed between 2008 and 2011 as a result of transactions for the acquisition of 100% of ownership interests in Karagandy Zharyk LLP, Energopotok LLP, Karaganda Energocenter LLP, in which the purchase amount exceeded the balance of net identifiable assets, and as a result of attracting interest-free long-term financing from related parties.

(in thousand tenge, unless otherwise indicated)

22. NON-CONTROLLING INTERESTS

	2024	2023
At the beginning of the year	17,586,184	16,393,140
Share of profit for the year	3,419,549	1,193,044
At the end of the year	**21,005,733**	**17,586,184**

More detailed information on the subsidiary transactions with a company holding significant non-controlling interest is provided in Note 13.

23. BORROWINGS AND BONDS

	Currency	Rate	Maturity Date	31 December 2024	31 December 2023
Tyler LLC	Russian ruble	0%	2025	39,299,557	-
Interest-free loans	Tenge	0%	2024-2028	21,336,722	8,640,758
Bank CenterCredit JSC	Tenge	17.5%-18.25%	2024	10,764,230	7,000,000
European Bank for Reconstruction and Development	Tenge	15.23%	2027	6,549,595	8,553,553
European Bank for Reconstruction and Development	US Dollars	1.70%	2027	1,040,536	1,204,584
Freedom Bank Kazakhstan JSC	Tenge	19.70%	2025	6,500,000	-
Sberbank of Russia PJSC	Russian ruble	10.75%-11.50%	2024-2025	-	44,047,211
Forte Bank JSC	Tenge	20.75%	2024-2028	-	3,000,000
Bonds issued	Tenge	8.00%-9.00%	2024	-	2,365,020
Bereke Bank JSC	Tenge	11.50%-12.50%	2024-2024	-	491,764
Other loans	Tenge	12.00%-16.00%	2035-2036	139,072	192,331
Accrued interest payable				658,500	1,597,218
				86,288,212	**77,092,439**
Non-depreciated part of the one-time payment for the loan processing				(147,773)	(447,727)
				86,140,439	**76,644,712**
Less the current portion of the borrowings and bonds due within one year				(83,009,910)	(66,674,447)
Current portion of borrowings and bonds				**3,130,529**	**9,970,265**

(in thousand tenge, unless otherwise indicated)

Loans and bonds issued are due as follows:

	31 December 2024	31 December 2023
On demand or within one year	83,157,683	66,674,447
From one to two years	-	3,014,061
From two to three years	-	1,848,180
From three to five years inclusive	3,130,529	5,475,091
More than five years	-	80,660
	86,288,212	**77,092,439**

Sberbank of Russia PJSC

In May 2018, the Company entered into agreements to obtain financing in the form of 3 non-revolving credit lines with Sberbank of Russia PJSC:

- In the amount of not more than 12,962,500 thousand Russian rubles, with an interest rate of 10.75% per annum, for a period of up to 24 months (Agreement 1), for the purpose of providing a loan to Ushkuyu JSC, a related party (Note 29), for further refinancing of previously attracted loans of Ushkuyu JSC;
- In the amount of not more than 12,962,500 thousand Russian rubles, with an interest rate of 11.50% per annum, for a period of up to 84 months (Agreement 2), in order to refinance the abovementioned credit line under Agreement 1. The period of availability under this Agreement 2 is until 14 June 2020;
- In the amount of not more than 1,320,000 thousand Russian rubles, with an interest rate of 10.75% per annum, for a period of up to 60 months (Agreement 3), for the purpose of providing loans to subsidiaries to finance investment costs.

During 2020, the Company refinanced a loan under Agreement 1 in the amount of 55,104,000 thousand tenge (9,600,000 thousand Russian rubles) using the credit facility under Agreement 2, as a result of which the loan maturity was extended to 14 May 2025.

On 26 September 2023, the Company signed additional agreements to the credit lines under Agreement 2 and 3, as a result of which the maturity date was extended to 27 December 2025. Also, additional collateral, guarantees from third parties and some changes to financial and non-financial conditions have been added.

On 24 December 2024, an assignment agreement №U-6773-6650 was concluded between Sberbank of Russia PJSC and Tyler LLC, a related party of the Group. Pursuant to the assignment agreement, Sberbank of Russia PJSC fully assigned its rights of claim under Agreement 2 and 3 in the amount of 7,875,663 thousand Russian rubles (39,299,557 thousand tenge) to Tyler LLC. Tyler LLC accepted the assigned rights and undertook to settle the payment for the assigned claims to Sberbank of Russia PJSC (Note 32).

As at 31 December 2024 Sberbank of Russia PJSC notified KUS that in connection with the full settlement by Tyler LLC of its obligations to pay the price of the assignment agreement, the creditor's rights were transferred to Tyler LLC. All property rights transferred as collateral for loans received under Agreement 2 and 3 were transferred to Tyler LLC in 2025 as a result of the refinancing process (Note 32). As at 31 December 2024 the Group was in the process of releasing and re-registration of pledges/property rights under the debt transfer agreement to Tyler LLC.

Tyler LLC

As at 31 December 2024, the Group had an outstanding debt to Tyler LLC in connection with the transfer of creditor rights of Tyler LLC from Sberbank of Russia PJSC. The debt maturity date to Tyler LLC is 2025, no interest is stipulated under the terms of the agreement.

In January 2025, Tyler LLC assigned the right of claim under contract № U-6773-6650 to Private company Silverstone LTd, a related party, with an interest rate of 0% per annum (Note 32).

Interest-free loans

As at 31 December 2024 and 2023, interest-free short-term loans were obtained to finance the Group's working capital. Loans were mainly obtained from the Participant and entities under the common control of the Participants.

During 2023, the Company received an interest-free loan from the Participant in the amount of 1,400,000 thousand tenge for a period until 25 July 2024 and signed an additional agreement to extend the repayment period for the loan received in 2023 in the amount of 5,768,100 thousand tenge until 27 July 2026. This change in the terms of the loan was classified as a substantial modification in accordance with IFRS 9. Accordingly, the Company derecognised the original loan and recognised the new loan at fair value at the date of modification using a market interest rate of 18.72%. After initial recognition, the loan is carried at amortised cost. As a result, the Company recorded an adjustment to fair value of 2,614,086 thousand tenge in the consolidated statement of changes in equity less the effect of deferred tax in the amount of 653,522 thousand tenge (Note 14).

After initial recognition, the loan is carried at amortised cost. During 2024, the Company recognised a discount amortisation of 1,564,659 thousand tenge in the consolidated statement of profit or loss. During 2024, the Company offset this debt against loans issued to a related party in the amount of 3,926,545 thousand tenge (2023: 0 tenge).

Also, during 2023, the Company received interest-free loans from organizations under the common control of the Participants in the amount of 2,803,000 thousand tenge for a period until 2028 and signed additional agreements to extend the repayment dates for loans received in 2022-2021 in the amount of 13,081,349 thousand tenge until 2028. This change in the terms of the loans was classified as a substantial modification in accordance with IFRS 9. Accordingly, the Company derecognised the original loans and recognised new loans at fair value at the date of modification using a market interest rate of 18.72%. As a result, the Company recognised an adjustment to fair value in the amount of 4,313,269 thousand tenge in the consolidated statement of changes in equity less the effect of deferred tax in the amount of 695,842 thousand tenge (Note 14).

In 2024, the Group made early repayment of its loans maturing in 2028, based on the decision of the Group's management. The amount of repayment amounted to 8,057,016 thousand tenge. At early repayment of liabilities, the difference between the carrying amount of the loans and the consideration paid was recognised in profit or loss.

During 2024, the Company received interest-free loans from entities under common control of the Participants in the amount of 21,742,521 thousand tenge for a period of one year. The Company recognised these loans at fair value in accordance with IFRS using market interest rates in the range of 17.2%-17.9%. As a result, the Company recorded an adjustment to fair value in the amount of 2,576,086 thousand tenge in the consolidated statement of changes in equity less the effect of deferred tax in the amount of 644,021 thousand tenge (Note 14). During 2024, the Company offset this debt against loans issued to a related party in the amount of 5,421,600 thousand tenge (2023: 0 tenge).

The amortization of the discount on these loans for 2024 amounted to 5,763,439 thousand tenge (2023: 1,651,839 thousand tenge).

European Bank for Reconstruction and Development (hereinafter referred to as "EBRD")

On 16 March 2018 the Group, represented by MRENC JSC, has entered into a loan agreement with the EBRD to provide financing from the bank's ordinary resources and from the special Green Climate Fund (hereinafter - "GCF") administered by the EBRD. The GCF was established at the Conference of the Parties to the UN Framework Convention on Climate Change in 2010 and aims to assist in reducing greenhouse gas emissions in developing countries, as well as to assist in the process of adaptation of vulnerable communities to the inevitable climate change impacts.

Under this loan agreement, in 2018, the Group received several tranches in the amount of 9,000,000 thousand tenge from the EBRD's ordinary resources and 5,300,000 US Dollars from the GCF for a period of 10 years. In 2019, the Group received a tranche of 2,000,000 thousand tenge from the EBRD's ordinary resources. The loan funds from the GCF were provided only to finance the modernization and strengthening of the electricity grid and the expansion of the integration of renewable energy sources into the electricity grid.

In September 2021, the Group entered into a loan agreement with the EBRD, under which 4,541,999 thousand tenge were received for 7 years. A single technological complex of Buzachinskyi district of electric networks in the amount of 12,411,298 thousand tenge was pledged as collateral (31 December 2023: 13,129,225 thousand tenge) (Note 15).

Interest payments on loans are made on a quarterly basis. Interest rate for a loan received in US dollars from the GCF funds is 1.7% per annum. The interest rate for a loan received in tenge is calculated as follows: loan margin of 3.5% per annum plus 1%-2% commission plus inflation rate in the Republic of Kazakhstan for the quarter. For 2024, the effective interest rate on a loan in tenge was 15.23% per annum (2023: 18.82%). The amount of accrued interest for 2024 amounted to 1,148,712 thousand tenge (2023: 2,107,743 thousand tenge) (Note 10).

The EBRD loans were initially recognised at fair value. The fair value of the loan received in tenge does not differ materially from the amount of funds received. The fair value of the loan from the GCF in US dollars was calculated using a discount rate of 5.65%, which, in the opinion of the Company's management, reflected the market rate on similar financial instruments at the date of receipt of the loan. In 2024, 19,899 thousand tenge was released from deferred income (2023: 23,243 thousand tenge).

Bank CenterCredit JSC

In July 2022, the Group, represented by the Parent Company, Energopotok LLP and Karagandy Zhylu Sbyt LLP, signed agreements to obtain financing in the form of revolving credit line from Bank CenterCredit JSC in in the amount of 7,000,000 thousand tenge. Under this credit line, the Group, represented by Energopotok LLP and Karagandy Zhylu Sbyt LLP, received a loan from Bank CenterCredit JSC in the amount of 2,000,000 thousand tenge to replenish working capital, with a fixed interest rate of 16% per annum for a period until 9 October 2023, inclusive.

During 2024, under this credit line agreement, the Parent Company received a loan in the amount of 5,405,000 thousand tenge (2023: 6,250,000 thousand tenge) to replenish working capital, for a period of 12 months and with an interest rate of 17.5-18.5% (2023: 18.25%) per annum, of which 7,240,250 thousand tenge (2023: 1,250,000 thousand tenge) were repaid ahead of schedule. During 2024, Karaganda Energocenter LLP, in order to replenish working capital, received loans totaling 11,507,031 thousand tenge with an interest rate of 17.5% to 18.25% and a maturity of up to 12 months. During the reporting period, the Company made partial early repayment of loans received in the amount of 7,940,365 thousand tenge. The interest paid on this loan during 2024 amounted to 442,757 thousand tenge.

As at 31 December 2024 and 2023, property, plant and equipment with a carrying value of 26,140,508 thousand tenge and 14,020,380 thousand tenge, respectively, acted as collateral for loans received.

Freedom Bank Kazakhstan JSC

In September 2024, the Group, represented by Karaganda Energocenter LLP and the Parent Company, entered into an agreement to open a credit line with Freedom Bank Kazakhstan JSC for a period until 16 September 2031, with an annual interest rate of 19%. Under this credit line, the Group obtained a loan in the amount of 6,500,000 thousand tenge to replenish working capital, with a fixed interest rate of 19% per annum and maturity commencing on 23 December 2025, in order to finance the project on expansion of CHP. Karaganda Energocenter LLP received funds in the total amount of 528,177 thousand tenge and the Parent Company received funds in the amount of 5,971,823 thousand tenge. The interest paid on this loan during 2024 amounted to 42,262 thousand tenge.

Forte Bank JSC

In October 2023, the Company entered into a non-revolving credit line agreement with Forte Bank JSC for a period until 13 October 2028 with an annual interest rate of 20.75%. Under this credit facility, the Company obtained a loan in the amount of 3,000,000 thousand tenge to replenish working capital, with a fixed interest rate of 20.75% per annum, for a period until 1 November 2024. During 2024, the Company repaid 3,000,000 thousand tenge. During 2023, there were no payments.

As at 31 December 2023, property, plant and equipment with a carrying amount of 7,165,359 thousand tenge acted as collateral for this loan (Note 15).

Bereke Bank JSC

On 9 October 2020, the Company opened a revolving credit line in Bereke Bank JSC (formerly SB Sberbank of Russia JSC) and obtained a loan in the amount of 5,000,000 thousand tenge to replenish working capital and provide financial aid to subsidiaries, with a fixed interest rate of 12.5% per annum for a period until 9 October 2023, inclusive. During 2023, this loan was fully repaid.

On 10 March 2017, the Company opened a revolving credit line in Bereke Bank JSC (formerly SB Sberbank of Russia JSC) for a total amount of 7,200,000 thousand tenge for a period until 10 March 2024 with an annual interest rate of 12.5%. During 2024, the Company repaid 491,764 thousand tenge
(2023: 983,529 thousand tenge). As at 31 December 2024 and 2023, the outstanding balance on the loan under this credit line amounted to zero tenge and 491,764 thousand tenge, respectively.

Loans from consumers

In accordance with the Decree of the Government of the Republic of Kazakhstan No. 1044 dated 8 October 2004, the Group, represented by MRENC JSC, received funds from customers for the construction of infrastructure for connecting to the power transmission network or reconstruction of the current infrastructure for a total amount of 2,595,896 thousand tenge during 2007-2009. These loans are not secured.

(in thousand tenge, unless otherwise indicated)

The loans were initially recognised at fair value determined using the effective interest method at prevailing market rates in the range of 12-16%. The difference between the funds received and the fair value is recognised as deferred income. In 2024, the Group repaid long-term loans in the amount of 50,556 thousand tenge (2023: 57,475 thousand tenge) in accordance with the repayment schedule and recognised discount amortisation expense at present value in the amount of 36,310 thousand tenge (2023: 39,569 thousand tenge) (Note 10).

Eurasian Development Bank

On 24 December 2024, the Group, represented by Karaganda Energocenter LLP, entered into a loan agreement with the Eurasian Development Bank for a total amount of 240,000,000 US Dollars to finance the implementation of the investment program for the modernization, reconstruction, expansion and renovation of Karaganda CHP-3 for 2024-2037 with an interest rate of 7.9% and maturity date of 2037. The first tranche under this agreement was received in 2025 (Note 32).

Bonds issued

The bonds were issued by MRENC JSC in 2014 with a maturity of 10 years and an annual interest rate of 9%. For the year ended 31 December 2024, accrued interest on the bonds amounted to 114,112 thousand tenge (2023: 222,216 thousand tenge) (Note 10). Funds from the placement of bonds were used to implement the investment program of MRENC JSC. During 2024, the Group paid interest to bondholders in the amount of 212,852 thousand tenge (2023: 225,384 thousand tenge). During 2024, the Group repaid the principal debt on the bonds in the amount of 2,365,020 thousand tenge.

Changes in obligations arising from financing activities

The table below details the changes in the Group`s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those liabilities from which cash flows have been or will be classified as cash flows from financing activities in the consolidated statement of cash flows.

	1 January 2024	**Cash flows from financing activities (i)**	**Other changes (ii)**	**31 December 2024**
Loans	65,472,207	(556,623)	21,758	64,937,342
Bonds issued	2,365,020	(2,365,020)	-	-
Interest-free loans	8,640,757	17,665,515	(4,969,550)	21,336,722
Lease liabilities	614,454	(249,887)	(350,419)	14,148
Dividends (Note 21)	-	(5,721)	5,721	-
	77,092,439	**14,488,264**	**(5,292,490)**	**86,288,212**

(in thousand tenge, unless otherwise indicated)

	1 January 2023	Cash flows from financing activities (i)	Other changes (ii)	31 December 2023
Loans	82,500,861	(3,417,748)	(13,444,179)	65,638,934
Bonds issued	2,446,586	(153,657)	72,091	2,365,020
Interest-free short-term loans	11,705,480	3,682,100	(6,746,822)	8,640,758
Lease liabilities	901,564	(245,236)	(41,875)	614,453
Dividends (Note 21)	-	(6,289)	6,289	-
	97,554,491	**(140,830)**	**(20,154,496)**	**77,259,165**

(i) Cash flows from loans, bonds, other borrowings and dividends represent the net amount of receipts and payments on borrowings in the statement of cash flows.
(ii) Other changes include interest accrued and interest payments, amortization of a one-time commission for arranging loans, exchange rate differences, as well as offsetting transactions.

Breach of the terms of loan agreements

As part of the loan agreements, the Group has obligations to comply with financial and non-financial covenants. As at 31 December 2024, the Group was in breach of certain terms of its loan agreements with the EBRD.

In accordance with the terms of loan agreements, banks have the right to demand early repayment of the entire loan amount in case of violation of the agreement terms. As at 31 December 2024, the Group did not receive confirmation from banks waiving the right to demand early repayment of liabilities, therefore, the entire non-current portion of loans in the amount of 5,071,656 thousand tenge was classified as on demand and was reflected as current liabilities in the consolidated statement of financial position.

After the reporting date, the Group received a waiver of the right to claim early repayment under the loan agreement from the EBRD due to this violation (Note 32).

24. OTHER NON-CURRENT LIABILITIES

	31 December 2024	31 December 2023
Other non-current financial liabilities:		
Other non-current financial liabilities	108,677	121,327
	108,677	**121,327**
Other non-current non-financial liabilities:		
Site restoration obligations	2,265,270	2,066,931
Deferred income	1,033,183	1,120,211
	3,298,453	**3,187,142**
	3,407,131	**3,308,469**

Site restoration obligations are represented by a provision for the restoration of ash dumps of subsidiaries Ust-Kamenogorsk CHPP LLP and Karaganda Energocenter LLP, which is planned for 2025-2028.

(in thousand tenge, unless otherwise indicated)

Every year, the Group's management analyzes the assessment of the amount of outflow of resources required to repay the obligation to restore the disturbed ash dumps. In 2024, the expected amount of costs and the reclamation period have not changed compared to the prior year.

As at 31 December 2024, deferred income is mainly represented by loans from consumers of MRENC JSC in the amount of 1,033,184 thousand tenge (31 December 2023: 1,120,211 thousand tenge) (Note 23).

Financial liabilities as part of other non-current liabilities are denominated in tenge.

25. TRADE ACCOUNTS PAYABLE

As at 31 December trade payables were represented as follows:

	31 December 2024	31 December 2023
For goods and services	29,937,616	20,181,189
For property, plant and equipment	20,677,660	20,042,227
	50,615,276	**40,223,416**

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

	31 December 2024	31 December 2023
In tenge	49,901,305	40,223,376
In Russian rubles	713,971	40
	50,615,276	**40,223,416**

As at 31 December 2024, accounts payable for goods and services are mainly represented by payable to the Single Electricity Purchaser in the total amount of 11,407,128 thousand tenge (2023: 8,155,169 thousand tenge) (Note 4).

As at 31 December 2024, accounts payable for property, plant and equipment are mainly represented by accounts payable to Design and Construction Firm Profi LLP in the amount of 6,698,902 thousand tenge for works on the implementation of a hardware and software complex for monitoring, measurements, emergency alarms and SCADA communication and to Arystan Building Company LLP for current and capital repairs of production facilities in the amount of 11,692,981 thousand tenge (31 December 2023: Design and Construction Firm Profi LLP in the amount of 6,379,217 thousand tenge for work on the implementation of a hardware and software complex for monitoring, measurements, emergency alarm and communication SCADA and Arystan Building Company LLP in the amount of 6,478,531 thousand tenge).

(in thousand tenge, unless otherwise indicated)

26. OTHER PAYABLES AND ACCRUED LIABILITIES

	31 December 2024	31 December 2023
Other financial liabilities:		
Salaries payable	1,771,292	1,709,182
Financial guarantee liabilities	6,811,094	-
Other accounts payable	1,799,452	938,938
	10,381,838	**2,648,120**
Other non-financial liabilities:		
Liabilities under the contracts with customers	2,587,296	2,750,369
Provision for unused vacations	1,617,555	1,695,802
Site restoration obligations	788,209	
	4,993,060	**4,446,171**
	15,374,898	**7,094,291**

Liabilities under the contracts with customers by type of activity	31 December 2024	31 December 2023
Sales of electricity	1,446,031	1,730,319
Transmission of electricity	1,071,461	996,464
Sale of thermal power	-	28
Others	69,804	23,558
	2,587,296	**2,750,369**

The movement in provision for unused vacations is presented as follows:

	2024	2023
Provision for unused vacations at the beginning of the year	**(1,695,802)**	**(1,287,967)**
Accrued for the year (Notes 7, 8 and 9)	(984,712)	(1,104,184)
Written off for the year	1,062,959	696,349
Provision for unused vacations at the end of the year	**(1,617,555)**	**(1,695,802)**

As at 31 December 2024, the Group provided a joint unconditional and irrevocable guarantee for the timely repayment of the principal debt and accrued interest on the loan received by the related party DK-Investment LLP from Bank CenterCredit JSC:

	Date of issue of the guarantee	Guarantee period	Guarantee amount as at 31December 2024	Amount of liability As at 31 December 2024
Bank Center Credit JSC	18 December 2024	18 December 2029	25,356,181	6,714,700
Bank Center Credit JSC	25 December 2024	25 December 2025	5,000,000	96,392
				6,811,092

At initial recognition, the Group recognised these financial guarantees at fair value and recognised the effect of adjustment to fair value in the consolidated statement of changes in equity in the amount of 6,811,092 thousand tenge, net of deferred taxes in the amount of 1,362,219 thousand tenge.

Financial liabilities in other accounts payable are denominated in tenge.

(in thousand tenge, unless otherwise indicated)

27. OTHER TAXES PAYABLE

	31 December 2024	31 December 2023
Value added tax	1,157,403	617,828
Pension contribution obligations	497,058	396,828
Personal income tax	332,739	273,275
Other taxes	900,501	656,039
	2,887,701	**1,943,970**

28. EMPLOYEE BENEFITS

In accordance with the Law on Pension Benefits in the Republic of Kazakhstan effective from 1 January 1998, which replaced the solidary pension system with an accumulation pension system, all employees are entitled to a guaranteed pension proportional to their employment duration, if any, as at 1 January 1998. They are also eligible for pension payments from accumulation pension funds made from individual retirement savings generated by obligatory employee contributions of 10% of their salary. However, by Kazakhstan law, from 1 January 2016 salary deductions should not exceed 350,000 tenge per month (2023: 300,000 tenge per month). These amounts are expensed as incurred. Pension fund payments are deducted from employee salaries and included in other payroll costs in the statement of comprehensive income.

As at 31 December 2024 and 2023, the Group had no further obligations to its current and former employees with respect to pension benefits, health care for retired employees, insurance benefits or pension compensation.

29. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these consolidated financial statements, parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Related parties may enter into transactions that might not be necessarily available to unrelated parties, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and related parties are disclosed below.

The nature of related party relationships for those related parties with which the Group entered into significant transactions or had significant balances outstanding as at 31 December 2024 and 2023 are detailed below.

(in thousand tenge, unless otherwise indicated)

For the years ended 31 December 2024 and 2023, the Group had trading and divesting operations with the following related parties:

Service	**Period**	**Companies making up the Participant Group**	**Other related parties**	**Total**
Sale of goods and services	2024	127,628	2,883,241	3,010,869
	2023	6,596,924	11,039,332	17,636,256
Purchase of goods and services	2024	-	2,237,600	2,237,600
	2023	-	543,571	543,571

During 2024, the Group sold electricity to related parties and leased office space from related parties.

Service	**Period**	**Companies making up the Participant Group**	**Other related parties**	**Total**
Trade accounts receivable	31 December 2024	1,945,333	1,572,752	3,518,085
	31 December 2023	2,244,472	2,670,325	4,914,797
Including allowance for expected credit losses	31 December 2024	242,372	661,766	904,138
	31 December 2023	167,489	665,416	832,905
Other accounts receivable	31 December 2024	17,979	54,701	72,680
	31 December 2023	21,397	78,683	100,080
Including allowance for expected credit losses	31 December 2024	2,240	22,939	25,179
	31 December 2023	-	19,607	19,607
Other accounts payable	31 December 2024	195,103	748,347	943,450
	31 December 2023	1,382	342,947	344,329

Related party transactions are exclusive of value added tax (“VAT”), balance with debtors and creditors are inclusive of VAT.

(in thousand tenge, unless otherwise indicated)

Loans given to related parties

	Currency	Interest rate	Maturity	31 December 2024	31 December (restated)*
DK Investment LLP	Tenge	10.75%	14 May 2026	48,198,833	80,933,523
Dragon Fortune PTE. LTD	US Dollar	2.00%	18 December 2025	3,069,872	2,612,995
Private company Silverstone LTD	Tenge	0%	22 January 2025	33,000,000	-
Loans given to other related parties	Tenge	0%	25-26 December 2025	12,765,977	650,100
				97,034,682	**84,196,618**
Less the current portion of the loan to be repaid within 12 months				(48,835,849)	(3,263,095)
Non-current portion of loans				**48,198,833**	**80,933,523**

During 2018, the Group, represented by its subsidiary, Heat and Power Holding B.V., issued a loan to a related party (Dragon Fortune PTE. LTD) of 5,100 thousand US Dollars, based on a loan agreement from 29 December 2017, with interest rate at 2% per annum. According to the assignment agreement of the right to claim dated 18 February 2021, Heat and Power Holding B.V. assigned the right to claim the loan to the parent company. Maturity date commences in 2025. Interest income for 2024 on this loan amounted to 54,411 thousand tenge (2023: 51,557 thousand tenge) (Note 11).

During 2018, the Company issued a loan to Ushkuyu JSC in the amount of 50,256,000 thousand tenge for a period of 2 years with an interest rate of 10.75% per annum, in order to repay the current debt on loans from Ushkuyu JSC. The maturity date of this loan is 14 May 2024. During 2020, the Company provided interest-free financial assistance to Ushkuyu JSC in the amount of 500,000 thousand tenge.

On 3 July 2023, the Company concluded agreements concerning the substitution of parties in the obligation. Consequently, all rights and obligations under previous loan agreements, including the responsibilities for the payment of interest and fees, were transferred from Ushkuyu JSC to DK-Investment LLP.

On 13 May 2024 the Company signed an additional agreement to extend the term until 14 May 2025. Interest income for 2024 on this loan amounted to 5,034,924 thousand tenge (2023: 5,402,520 thousand tenge) (Note 11). During 2024, DK-Investment LLP repaid its debt on the loan in the amount of 7,769,614 thousand tenge.

On 23 December 2024, an assignment agreement was signed, as a result of which the rights and obligations under the previously concluded loan agreement were transferred from DK-Investment LLP to Private company Silverstone LTD in the amount of 33,000,000 thousand tenge (Note 32).

In December 2024 the Group provided a joint unconditional and irrevocable guarantee for the timely repayment of the principal debt and accrued interest on the loan received by the related party DK-Investment LLP from Bank CenterCredit JSC (Note 26).

Also, during 2024, the Company issued interest-free financial aid to DK-Investment LLP in the amount of 3,000,000 thousand tenge. As at the reporting date, the outstanding debt on financial aid given to DK-Investment LLP amounted to 3,500,000 thousand tenge, private company Ordabasy Private Holding Ltd. in the amount of 3,503,000 thousand tenge, Idrisov D.A. in the amount of 5,710,828 thousand tenge, Idrisova M.K. in the amount of 1,605,500 thousand tenge for a period until 2025.

Key management personnel remuneration

Key management personnel remuneration is determined at founder meetings and by senior management based on human resource management policy, staff schedules, individual employment agreements, resolutions of founder meetings and orders awarding bonuses.

Remuneration paid to Group key management personnel for the years ended 31 December 2024 and 2023 amounted to 1,068,339 thousand tenge and 768,638 thousand tenge, respectively. Key management personnel remuneration mainly consists of salary and bonus costs.

30. FINANCIAL INSTRUMENTS

Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return for founders by optimising the debt and equity balance. Compared to 2023, the overall strategy of the Group has not changed.

The capital structure of the Group consists of charter capital, non-controlling interests, additional paid-in capital and retained earnings and reserves (Notes 20 and 21).

Material accounting policies

Note 3 to these consolidated financial statements contains a summary of material accounting policies and methods adopted, including recognition criteria, an evaluation framework and method by which gains and losses are recognised in respect of each class of financial assets, financial liabilities and equity instruments.

(in thousand tenge, unless otherwise indicated)

Categories of financial Instruments

As at 31 December 2024 and 2023, the financial instruments were presented as follows:

	31 December 2024	31 December 2023
Financial assets		
Loans given (Note 29)	97,034,682	84,196,618
Trade accounts receivable (Note 17)	37,934,096	25,683,173
Other current assets (excluding prepaid expenses and other taxes receivable) (Note 19)	1,188,884	817,779
Cash and cash equivalents (Note 20)	5,435,576	3,897,828
Financial liabilities		
Bank loans and bonds (Note 23)	86,140,439	76,644,712
Other non-current liabilities (excluding reclamation allowance and deferred income) (Note 24)	108,677	121,327
Trade accounts payable (Note 25)	50,615,276	40,223,416
Other accounts payable and accrued liabilities (excluding obligations under contracts with customers and provisions for unused vacations) (Note 26)	10,381,838	2,648,120

Financial risk management objectives

The Group monitors and manages financial risks related to the Group's business through internal risk reports, which analyse risk probability and its expected exposure. These risks include market risk (including currency risk and the risk of changes in fair value as a result of interest rate fluctuations), credit risk and liquidity risk. A description of the Group's risk management policies in relation to those risks is presented below.

Credit risk management

Credit risk is the risk that a counterparty fails to fulfil its obligations to the Group, which will result in the Group suffering financial losses. The Group adopted a policy of doing business only with creditworthy counterparties to reduce the risk of a financial loss due to default. The Group's exposure and creditworthiness of counterparties are constantly monitored. Credit risk primarily relates to loans given (Note 29), trade accounts receivable (Note 17), cash and bank deposits (Note 20) and other current assets (Note 19). The Group does not expect its counterparties to default, except for contractors, for which the Group has established an allowance for expected credit losses.

Credit risk concentration on trade receivables is assessed as low due to the fact that the Group sells to a significant number of different customers, including both legal entities and individuals.

(in thousand tenge, unless otherwise indicated)

The Group holds deposits in Kazakhstan and foreign banks. Group management periodically reviews the banks' credit ratings to eliminate credit risks.

		Rating		As at 31 December	
Banks	**Location**	**2024**	**2023**	**2024**	**2023**
Bank CenterCredit JSC	Republic of Kazakhstan	BB-	B	3,578,755	3,051,634
Freedom Bank Kazakhstan JSC	Republic of Kazakhstan	B+	B+	1,053,724	-
Halyk Bank of Kazakhstan JSC	Republic of Kazakhstan	BB+	BB+	397,499	37,522
Bereke Bank JSC	Republic of Kazakhstan	-	-	11,374	8,628
Altyn Bank JSC	Republic of Kazakhstan	-	BB+	28	1,575
First Heartland Jýsan Bank JSC	Republic of Kazakhstan	B	B+	893	949
Other	Republic of Kazakhstan	-	-	78,033	1,398
				5,120,306	**3,101,706**

The credit ratings are based on Standard & Poor's.

Market risk

The Group's activities are exposed to possible changes in exchange rates (see Currency risk management) and interest rates (see Interest rate changes risk management). The Group does not enter into agreements for derivative financial instruments to manage its exposure to interest rate risk and currency risk, as management believes that any such exposure will have no significant effect on the consolidated financial statements.

Currency risk management

Foreign exchange gains and losses for 2024 amounted to 11,654,075 thousand tenge and 10,762,357 thousand tenge, respectively (2023: foreign exchange gains and losses amounted to 20,050,532 thousand tenge and 6,738,241 thousand tenge, respectively), mainly resulting from the revaluation of loan obligations and bonds in foreign currency at the exchange rate at the reporting date.

As at 31 December 2024 and 2023, the carrying amounts of the Group's foreign currency loans given and obtained, accounts payable denominated in US Dollars are as follows:

	US dollars		Russian rubles	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Loans given	3,069,872	2,612,995	-	-
Accounts payable	-	-	(713,971)	(40)
Loans received	(1,040,536)	(1,204,584)	(39,299,557)	(44,047,211)

(in thousand tenge, unless otherwise indicated)

Foreign Currency Sensitivity Analysis

The Group is mainly exposed to risks associated with changes in the US Dollars and Russian ruble exchange rates.

The following table details the Group's sensitivity to a 20% increase and decrease in tenge against the relevant foreign currencies. 20% is the sensitivity rate used in internal foreign currency risk reports to the key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes a) loans received and bonds indexed to the US Dollars, b) accounts payable and c) loans issued by the Group, if they are denominated in a currency other than the creditor or debtor currency.

A positive number below indicates an increase in profit for the reporting period in the event the tenge strengthens 20% against a relevant currency. For a 20% weakening of tenge against the relevant currency there would be an equal and opposite impact on profit.

	The Impact of the US Dollar		**The impact of the Russian ruble**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Loans given	(613,974)	(522,599)	-	-
Accounts payable	-	-	142,794	8
Loans received	208,107	240,917	7,859,911	8,809,442
	(405,867)	**(281,682)**	**8,002,705**	**8,809,450**

Interest rate changes risk management

The Group is exposed to an insignificant interest rate changes risk as the Group receives loans from the EBRD at a rate subject to inflation adjustment. The risk is managed by the Group by attracting loans at fixed interest rates.

Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Group owners that created the liquidity risk management system for Group management to manage liquidity and short, medium- and long-term financing. The Group manages liquidity risk by maintaining appropriate reserves, through the continuous monitoring of estimated and actual cash flows and comparing the maturity of financial assets and liabilities.

(in thousand tenge, unless otherwise indicated)

Liquidity risk and interest rate changes risk tables

The following tables reflect the Group's contractual maturities on its non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

	Interest rate	Less than 1 year	1-5 years	More than 5 years	Total
31 December 2024					
Loans given	0%-10.75%	48,835,849	48,198,833	-	97,034,682
Trade accounts receivable		37,934,096	-		37,934,096
Other current assets		1,188,884	-	-	1,188,884
Cash, interest-bearing		4,101,147	-	-	4,101,147
Cash, interest-free		1,340,483	-	-	1,340,483
		93,400,459	**48,198,833**		**141,599,292**
Loans and bonds		(64,251,800)	(32,778,051)		(97,029,851)
Trade accounts payable		(50,615,276)	-	-	(50,615,276)
Other non-current liabilities		-	(108,677)		(108,677)
Other accounts payable and accrued liabilities		(10,381,838)	-	-	(10,381,838)
Financial guarantees issued		(30,356,181)	-		(30,356,181)
		(155,605,095)	**(32,886,728)**	-	**(188,491,823)**
		(62,204,636)	**15,312,105**	-	**(46,892,531)**

(in thousand tenge, unless otherwise indicated)

	Interest rate	Less than 1 year	1-5 years	More than 5 years	Total
31 December 2023					
Loans given	0%-10.75%	3,263,095	89,633,877	-	92,896,972
Trade accounts receivable		25,683,173	-	-	25,683,173
Other current assets		817,779	-	-	817,779
Cash, interest-bearing	10.75%-16.00%	3,192,268	-	-	3,192,268
Cash, interest-free		1,054,319	-	-	1,054,319
		34,010,634	**89,633,877**	**-**	**123,644,511**
Loans and bonds	1.7%-20.75%	(25,721,527)	(60,617,676)	(80,660)	(86,419,863)
Trade accounts payable		(40,223,416)	-	-	(40,223,416)
Other non-current liabilities		-	(77,327)	(44,000)	(121,327)
Lease liabilities	15.00%	(320,719)	(756,570)	-	(1,077,289)
Other accounts payable and accrued liabilities		(2,648,120)	-	-	(2,648,120)
		(68,913,782)	**(61,451,573)**	**(124,660)**	**(130,490,015)**
		(34,903,148)	**28,182,304**	**(124,660)**	**(6,845,504)**

Fair value of financial instruments

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. As no readily available market exists for a large part of the Group's financial instruments, judgement is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument.

The Group used the following methods and assumptions to calculate the fair value of financial instruments:

- the carrying amount of cash and cash equivalents approximates their fair value due to the short-term nature of these financial instruments;
- for assets and liabilities with a maturity of less than 12 months, the carrying amount approximates fair value due to the short-term nature of these financial instruments;
- for financial assets and liabilities with a maturity of more than 12 months, the fair value is the present value of estimated future cash flows, discounted using effective rates existing at the end of the reporting year.

The calculation of the bank loans' and bonds' fair value was made by discounting the expected future cash flows for individual loans and bonds during the settlement repayment period using the market rates prevailing at the end of the corresponding year for loans with similar maturities and credit rating parameters.

(in thousand tenge, unless otherwise indicated)

As at 31 December 2024 and 2023, the fair value of financial assets and liabilities did not differ materially from their carrying amounts, except for the following:

	Carrying value		Fair value		
			Level		
	Financial assets	Financial liabilities	1	2	3
31 December 2024					
Long-term loans issued	48,198,833	-	-	48,198,833	-
Short-term loans issued	48,835,849	-	-	48,835,849	-
Loans and bonds	-	86,288,212	-	73,856,718	-

	Carrying value		Fair value		
			Level		
	Financial assets	Financial liabilities	1	2	3
31 December 2023					
Long-term loans issued	80,933,523	-	-	68,170,067	-
Short-term loans issued	3,263,095	-	-	2,748,495	-
Short-term and long-term bank loans	-	74,727,419	-	71,016,962	-
Bonds	-	2,365,020	1,992,049		-

31. CONTINGENT LIABILITIES

Capital commitments

Capital commitments for the acquisition of property, plant and equipment as at 31 December 2024 amounted to 156,542,450 thousand tenge (31 December 2023: 15,008,507 thousand tenge).

Taxation and legal environment

Kazakhstan currently applies a number of laws relating to various taxes levied by both national and regional authorities, the majority of which have not been in effect for as long as in more developed markets, which is why their application is often not clear or established. Accordingly, few precedents have been established regarding tax issues, and differing views exist on the legal interpretation of laws. The Group makes a range of assumptions on its accounting treatment of business transactions for taxation purposes, including the categorisation of property, plant and equipment in a specific category and the corresponding tax depreciation rates. The tax authorities are entitled to dispute these assumptions. The tax authorities have the authority to impose significant fines and penalties for the late or incorrect filing of tax returns and/or tax payments. Fiscal periods generally remain open to tax audits by the authorities for five calendar years preceding the tax audit year; however, under certain circumstances that period may be longer. Consequently, the Group may be exposed to additional tax liabilities that may arise as a result of tax audits. These factors create more significant tax risks in Kazakhstan than in countries with more developed tax systems.

Kazakhstan legislative acts and regulations are not always clearly written and their interpretation are dependent on the opinion of local tax officials and the Ministry of Finance. Instances of inconsistent treatment between local, regional and national tax authorities are relatively common. The current regime of charging fines and interest on reported and discovered violations of Kazakhstan laws, decrees and related regulations is severe. At the same time, in the event that additional taxes are assessed by the tax authorities, the existing fines and penalties are significant: the amount of the fine is 50% of the amount of the additional tax assessed, and the penalty accrued at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest may exceed the amount of additional taxes assessed.

Group management believes that the Group has assessed and paid all applicable taxes. Where uncertainty exists, the Group assesses tax liabilities based on management's best estimates. Group policy assumes the creation of provisions in the accounting period in which a loss is deemed probable and the amount can be reliably determined.

Due to the uncertainties associated with the Kazakhstan tax system, the ultimate amount of taxes, fines and interest, may exceed the amount expensed to date and accrued as at 31 December 2024. It is impracticable to determine the amount of any unasserted claims that may manifest, if any, or the likelihood of any unfavourable outcome.

Regulation of activities

The operations of the subsidiaries Karaganda Energocenter LLP, Ust-Kamenogorsk CHP LLP, Karagandy Zhylu Sbyt LLP, Karagandy Zharyk LLP, Ontustik Zharyk Transit LLP, Energopotok LLP and MRENC JSC are governed by the Law on Natural Monopolies as they are monopolists and are dominant in the production, supply and transmission of electricity and thermal power. Karaganda Energocenter LLP and Ust-Kamenogorsk CHP LLP are also governed by the Electricity Industry Law on electricity production operations. By the law of Republic of Kazakhstan, electricity and thermal power production, supply and transmission tariffs are subject to approval by the Committee, and electricity production tariffs are subject to additional approval by the Ministry of Energy.

The Group believes it meets all Committee requirements, as well as other statutory requirements.

Investment programs

The Ministry of the National Economy Department of the Committee for the Regulation of Natural Monopolies and the Protection of Competition is responsible for approving investment programmes ("the Program") for five years for the Group subsidiaries producing and transmitting electricity and thermal power. The programmes include planned, major work at Group enterprises. Subsidiaries submit annual reports to the authorities outlining the results of Programme measures.

The Group's investment obligations for 2024 amount to 39,099,123 thousand tenge (2024: 37,866,381 thousand tenge). Management believes that the Group meets all investment programme obligations in full.

Loan agreement terms

Under the loan agreements, the Group has obligations to comply with financial and non-financial covenants (Note 23).

Litigations

On 29 March 2023, Sberbank of Russia PJSC filed a legal claim against the Group for non-payment of December 2023 and January 2023 tranches under the loan agreement. On 18 April 2023, the Group signed addendum to the loan agreement with Sberbank of Russia PJSC with revised payment schedule, as such payments of tranches for December 2023 and January 2023 were postponed to July 2023. On 27 September 2023, agreements with a revised schedule until 27 December 2025, were signed (Note 23). On 9 February 2024, the Arbitration Court of the City of Moscow made a ruling to leave the statement of claim without consideration. On 24 December 2024, an assignment agreement №U-6773-6650 was concluded between Sberbank of Russia PJSC and Tyler LLC, a related party of the Group. Pursuant to the assignment agreement, Sberbank of Russia PJSC fully assigned its rights of claim under Agreement 2 and 3 in the amount of 7,875,663 thousand Russian rubles (39,299,557 thousand tenge) to Tyler LLC. Tyler LLC accepted the assigned rights and undertook to settle the payment for the assigned claims to Sberbank of Russia PJSC (Note 23).

The Group is subject to various legal proceedings related to business operations, such as property damage claims. The Group does not believe that such pending or potential claims, individually or in aggregate, are likely to have any material negative impact on the Group's financial position or financial results of its operations.

The Group assesses the likelihood of occurrence of significant liabilities and accrues provisions in its financial statements only when it is probable that the events giving rise to a liability will occur and the amount of the liability can be reliably estimated.

Environmental Code

From 1 July 2021, a new Ecological Code was introduced containing a number of principles aimed at mitigating the consequences of ecological damage from company operations and/or stipulating full environmental restoration. The objects are classified into four categories depending on the level and risk of negative influences on the environment, where the objects having a significant negative impact on the environment recognised as category one. The management analysed and classified the objects of the Group to the first category in accordance with the Code and its main operations. Group management did not estimate future costs to liquidate the consequences of the objects operation, even though the given costs could be significant. However, Group management is planning to estimate future liquidation costs once changes to the current methodology for determining the value of financial collateral of the execution of the liabilities on the liquidation of the category one objects operation consequences have been approved.

Group management believes that at present it complies with all existing laws and regulations on environmental protection in Kazakhstan. However, these laws and regulations may change in the future. Group management is not able to estimate in advance the timing and extent of changes in laws and regulations on environmental protection. In the event of such changes, the Group may be required to modernise the technology to meet more stringent requirements.

32. EVENTS AFTER THE REPORTING DATE

Reform of the energy sector of the Republic of Kazakhstan

In accordance with the Law of the Republic of Kazakhstan "On the Electric Power Industry" dated 8 July 2024, as part of the reform of the energy sector, it was decided to transfer the functions of purchasing electricity for energy supply to consumers to energy transmission organizations, which are required to obtain the appropriate license from 1 January 2025.

From 1 January 2025, the Group, represented by its subsidiaries MRENC JSC, Ontustik Zharyk Tranzit LLP and Karagandy Zharyk received licenses to carry out a new type of activity and began the sale of electricity for power supply to consumers, which were revoked, in accordance with the Law, from Karagandy Zhylu Sbyt LLP, Settlement Service Center LLP and Energopotok LLP (energy supply organizations).

In this regard, at the beginning of 2025, under the assignment agreement, the Group, represented by MRENC JSC, accepted the rights to claim receivables of customers, as a result of reorganization, from Mangystau Zharyk LLP in the amount of 5,807,699 thousand tenge. This debt was settled through the offset of aacounts receivable from energy supplying organisations in favor of MRENC JSC, as well as through the repayment of debts to the suppliers of the energy supplying organisations.

From 1 January 2025, Energopotok LLP transferred power supply activities to Ontustik Zharyk Tranzit LLP. Also, on 27 January 2025 Karagandy ZhyluSbyt LLP merged with Karagandy Zharyk LLP.

Loans and financial guarantees

In January 2025, Tyler LLC assigned the right of claim under Agreement 2 and 3 in the amount of 7,875,663 thousand Russian rubles to private company Private company with an interest rate of 0% per annum (Note 23). Also, in January 2025, the Company settled the principal debt under Agreement 2 and 3 for a total amount of 39,299,557 thousand tenge (7,875,663 thousand Russian rubles) by offsetting counterclaims with private company Silverstone.

On 11 March 2025, the Group, represented by the Parent Company, issued debt securities denominated in tenge in the amount of 20,000,000 thousand tenge to replenish working capital, with an interest rate of 19% per annum, for a period of up to 36 months.

Also, on 6 May 2025, the Group, represented by the Parent Company, issued debt securities denominated in US dollars in the amount of 20,000 thousand US dollars (10,370,600 thousand tenge) to replenish working capital, with an interest rate of 9% per annum, for a period of up to 36 months.

In May 2025, the Group, represented by Karaganda Energocenter LLP, received loans in the amount of 100,000 thousand US dollars (51,601,000 thousand tenge) under a loan agreement with the Eurasian Development Bank concluded on 24 December 2024 to finance the modernization, reconstruction, expansion and renovation of Karaganda CHP-3 for 2024-2037.

On 7 April 2025, the breach of the terms of the loan agreements with the EBRD was remediated by obtaining written consent from the EBRD to change the shareholder holding a 46.09% ownership interest in the Company from GBI Management FZE to AST-ENERGO INVEST LLP and the EBRD's waiver of the early claim and penalties in connection with this violation of the terms of the loan agreements (Note 23).

Loans given

During 2025, the Parent Company provided loans to a related party DK-Investment LLP in the amount of 21,889,800 thousand tenge.

Tariffs

On 24 January 2025, the Department of the Committee for Regulation of Natural Monopolies approved the order "On Amendments to Order No 200-OD dated 25 December 2020". The average tariff for the sale of services was increased from 5,342.22 tenge/Gcal to 6,524.83 tenge/Gcal for the heat generation service provided by Ust-Kamenogorsk CHP LLP.

In March 2025, the Group, represented by its subsidiary Ontustik Zharyk Transit LLP, agreed with the Department of the Committee for Regulation of Natural Monopolies increase in the tariff for electricity transmission services from 8.76 tenge to 10.05 tenge per kWh excluding VAT within the approved tariffs for the period 2024-2027.

In January 2025, the Committee agreed for the Group, represented by Karaganda Energocenter LLP, to increase tariffs for heat generation services from 1 February 2025 by 12.4%, resulting in a tariff of 4,331.19 tenge per Gcal excluding VAT. In February 2025, the Committee agreed to increase tariffs for heat production services from 1 March 2025 by 6.9%, as a result, the tariff amounted to 4,630.30 tenge per Gcal excluding VAT.

In January 2025, the Ministry of Energy of the Republic of Kazakhstan agreed to increase the maximum tariffs for electricity from 1 February 2025 by 25.2%, as a result of which the tariff amounted to 17.64 tenge per kWh excluding VAT.

33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the year ended 31 December 2024 were approved and authorised for issue by the Group's management on 30 June 2025.

LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2024

in thousands of Tenge	For the three months ended March 31, 2024	For the three months ended March 31, 2023
Revenue	87 603 559	60 125 532
Cost of sales	(62 204 553)	(41 459 975)
Gross profit	**25 399 006**	**18 665 557**
General and administrative expenses	(3 900 675)	(2 207 679)
Selling expenses	(1 381 924)	(1 376 122)
Finance costs	(2 339 312)	(2 690 803)
Finance income	1 547 987	1 673 816
Foreign exchange income(loss)	1 866 352	5 931 576
Other income, net	333 083	551 330
PROFIT BEFORE INCOME TAX	**21 524 517**	**20 547 675**
Income tax expenses	(1 793 576)	(1 469 258)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**19 730 941**	**19 078 417**

On behalf of the Management of the Group:

Қазақстан Республикасы Алматы қаласы Жауапкершілігі шектеулі серіктестігі
Республика Казахстан г. Алматы Товарищество с ограниченной ответственностью
Казахстанские коммунальные системы

S.M. Idrissov
General director

A.K. Zhashibayev
Chief Financial Officer

LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

in thousands of Tenge	March 31, 2024	December 31, 2023
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	286 818 604	285 947 256
Right-of-use assets	489 139	507 997
Long-term advances paid	331 950	380 122
Loans given to related parties	82 280 453	80 933 523
Other non-current assets	1 615 742	1 641 620
Deferred tax assets	-	-
	371 535 888	**369 410 518**
CURRENT ASSETS:		
Trade accounts receivable	35 232 302	24 536 053
Inventories	7 772 098	7 779 439
Advances paid	1 212 099	1 106 242
Other current assets	2 605 909	2 082 920
Prepaid corporate income tax	1 213 564	1 127 299
Loans given to related parties	2 581 078	2 612 995
other taxes to be reimbursed	1 107 225	1 240 000
Cash and cash equivalents	8 799 307	3 897 828
	60 523 582	**44 382 776**
TOTAL ASSETS	**432 059 470**	**413 793 294**
EQUITY AND LIABILITIES		
EQUITY:		
Charter capital	11 636 404	11 636 404
Additional paid-in capital	9 239 137	9 239 137
Retained earnings	226 412 464	207 519 938
	247 288 005	**228 395 479**
Non-controlling interests	18 424 599	17 586 184
Total equity	**265 712 604**	**245 981 663**
NON-CURRENT LIABILITIES:		
Borrowings	46 217 143	48 322 725
Deferred tax liabilities	38 539 256	37 782 788
Other non-current liabilities	3 618 055	3 602 203
	88 374 454	**89 707 716**
CURRENT LIABILITIES:		
Trade accounts payable	34 445 162	39 130 359
Borrowings	19 078 277	19 542 271
Other taxes payable	4 872 988	2 078 436
Corporate income tax payable	295 182	180 939
Other accounts payable and accrued liabilities	19 280 803	17 171 910
	77 972 412	**78 103 915**
TOTAL EQUITY AND LIABILITIES	**432 059 470**	**413 793 294**

On behalf of the Management of the Group:

Казахстан Республикасы Алматы қаласы Жауапкершілігі шектеулі серіктестігі
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LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
in thousands of Tenge

	For the three months ended March 31, 2024	For the three months ended March 31, 2023
OPERATING ACTIVITIES:		
Sale of goods and services	89 438 964	65 449 649
Other proceeds	1 183 011	520 911
Total cash inflow	**90 621 975**	**65 970 560**
Payments to suppliers for goods and services	52 934 503	39 636 927
Salary payments	7 064 171	5 503 010
Other payments to the budget	5 691 335	4 814 478
Other payments	2 528 079	1 469 500
Interest paid	2 377 829	1 589 828
Total cash outflow	**70 595 917**	**53 013 743**
Net cash generated from operating activities	**20 026 058**	**12 956 817**
INVESTING ACTIVITIES:		
Sale of property, plant and equipment	-	-
Repayment of financial aid given	100 000	-
Other cash inflows	19 582	1 900
Total cash inflow	**119 582**	**1 900**
Purchase of property, plant and equipment and materials for capital repair	13 935 593	10 080 036
Issuance of financial assistance	499 016	-
Other payments	-	-
Total cash outflow	**14 434 609**	**10 080 036**
Net cash used in investing activities	**(14 315 027)**	**(10 078 136)**
FINANCING ACTIVITIES:		
Financial aid received	569 000	449 189
Borrowings received	11 396 255	828 127
Other proceeds	-	-
Total cash inflow	**11 965 255**	**1 277 316**
Repayment of borrowings	12 296 518	3 420 055
Repayment of financial aid received	515 000	122 300
Dividends payment	-	46
Total cash outflow	**12 811 518**	**3 542 401**
Net cash used in financing activities	**(846 263)**	**(2 265 085)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	4 864 768	613 596
CASH AND CASH EQUIVALENTS, at the beginning of the year	3 976 961	2 587 633
Effect of changes in foreign exchange rates on cash balances held in foreign currencies	(42 422)	(7 980)
CASH AND CASH EQUIVALENTS, at the end of the period	**8 799 307**	**3 193 249**

On behalf of the Management of the Group:

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LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(in thousands of Tenge)

	Charter capital	Additional paid-in capital	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
As at December 31, 2022	**11 636 404**	**9 239 137**	**169 930 356**	**190 805 897**	**16 393 140**	**207 199 037**
Net profit and total comprehensive income for the year	-	-	34 827 843	34 827 843	1 193 044	36 020 887
Fair value adjustment on short-term loans received	-	-	2 748 345	2 748 345	-	2 748 345
Others	-	-	13 394	13 394	-	13 394
As at December 31, 2023	**11 636 404**	**9 239 137**	**207 519 938**	**228 395 479**	**17 586 184**	**245 981 663**
Net profit and total comprehensive income for the period	-	-	18 892 526	18 892 526	838 415	19 730 941
As at March 31, 2024	**11 636 404**	**9 239 137**	**226 412 464**	**247 288 005**	**18 424 599**	**265 712 604**

On behalf of the Management of the Group:

Қазақстан Республикасы Алматы қаласы Жауапкершілігі шектеулі серіктестігі * Республика Казахстан г. Алматы Товарищество с ограниченной ответственностью *
Казахстанские коммунальные системы

S.M. Idrissov
General director

A.K. Zhashibayev
Chief Financial Officer

LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2025

in thousands of Tenge	**For the three months ended March 31, 2025 (unaudited)**	**For the three months ended March 31, 2024 (unaudited)**
Revenue	114,278,237	87,603,559
Cost of sales	(81,206,278)	(62,204,553)
Gross profit	**33,071,959**	**25,399,006**
General and administrative expenses	(4,967,126)	(3,900,675)
Selling expenses	(2,025,554)	(1,381,924)
Finance costs	(1,625,913)	(2,339,312)
Finance income	468,636	1,547,987
Foreign exchange income(loss)	781,031	1,866,352
Other income, net	2,253,332	333,083
PROFIT BEFORE INCOME TAX	**27,956,365**	**21,524,517**
Income tax expenses	(2,362,723)	(1,793,576)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**25,593,642**	**19,730,941**

On behalf of the Management of the Group:

Республикасы Алматы қаласы Жауапкершілігі шектеулі серіктестігі Казахстан г. Алматы Товарищество с ограниченной ответственностью Казахстанские коммунальные системы Қазақстан Республикасы

S.M. Idrissov
General director

A.K. Zhashibayev
Chief Financial Officer

LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025

in thousands of Tenge	March 31, 2025 (unaudited)	December 31, 2024 (unaudited)
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment	320,854,264	318,169,455
Right-of-use assets	8,824	11,234
Long-term advances paid	6,935,800	5,739,296
Loans given to related parties	39,746,634	45,198,834
Other non-current assets	1,692,050	1,687,755
Deferred tax assets	325,045	329,101
	369,562,617	**371,135,675**
CURRENT ASSETS:		
Trade accounts receivable	52,953,170	38,435,260
Inventories	10,374,813	9,160,047
Advances paid	1,308,676	1,205,079
Other current assets	1,497,343	1,070,300
Prepaid corporate income tax	1,179,137	1,050,633
Loans given to related parties	36,319,610	52,101,676
other taxes to be reimbursed	739,142	891,237
Cash and cash equivalents	18,160,605	5,624,950
	122,532,496	**109,539,182**
TOTAL ASSETS	**492,095,113**	**480,674,857**
EQUITY AND LIABILITIES		
EQUITY:		
Charter capital	11,636,404	11,636,404
Additional paid-in capital	9,239,137	9,239,137
Retained earnings	271,369,172	247,465,944
	292,244,713	**268,341,485**
Non-controlling interests	22,803,557	21,113,143
Total equity	**315,048,270**	**289,454,628**
NON-CURRENT LIABILITIES:		
Borrowings	25,051,265	3,058,583
Deferred tax liabilities	39,692,182	39,649,339
Other non-current liabilities	3,495,738	3,443,587
	68,239,185	**46,151,509**
CURRENT LIABILITIES:		
Trade accounts payable	54,120,519	51,412,559
Borrowings	38,016,755	82,971,956
Other taxes payable	5,995,288	2,951,359
Corporate income tax payable	550,163	914,840
Other accounts payable and accrued liabilities	10,124,933	6,818,006
	108,807,658	**145,068,720**
TOTAL EQUITY AND LIABILITIES	**492,095,113**	**480,674,857**

On behalf of the Management of the Group:

Казахстанские коммунальные системы

S.M. Idrissov
General director

A.K. Zhashibayev
Chief Financial Officer

LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
in thousands of Tenge

	For the three months ended March 31, 2025 (unaudited)	For the three months ended March 31, 2024 (unaudited)
OPERATING ACTIVITIES:		
Sale of goods and services	119,158,830	89,438,964
Other proceeds	5,389,494	1,183,011
Total cash inflow	**124,548,324**	**90,621,975**
Payments to suppliers for goods and services	75,646,703	52,934,503
Salary payments	8,049,003	7,064,171
Other payments to the budget	7,682,640	5,691,335
Other payments	4,577,363	2,528,079
Interest paid	1,126,830	2,377,829
Total cash outflow	**97,082,539**	**70,595,917**
Net cash generated from operating activities	**27,465,785**	**20,026,058**
INVESTING ACTIVITIES:		
Sale of property, plant and equipment	3,630	-
Repayment of financial aid given	148,965	100,000
Other cash inflows	1,000	19,582
Total cash inflow	**153,595**	**119,582**
Purchase of property, plant and equipment and materials for capital repair	13,714,194	13,935,593
Purchase of intangible assets	150	-
Issuance of financial assistance	18,243,340	499,016
Other payments	-	-
Total cash outflow	**31,957,684**	**14,434,609**
Net cash used in investing activities	**(31,804,089)**	**(14,315,027)**
FINANCING ACTIVITIES:		
Financial aid received	101,377	569,000
Borrowings received	23,137,226	11,396,255
Other proceeds	-	-
Total cash inflow	**23,238,603**	**11,965,255**
Repayment of borrowings	5,272,565	12,296,518
Repayment of financial aid received	1,062,000	515,000
Dividends payment	4	-
Total cash outflow	**6,334,569**	**12,811,518**
Net cash used in financing activities	**16,904,034**	**(846,263)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,565,730	4,864,768
CASH AND CASH EQUIVALENTS, at the beginning of the year	5,624,950	3,976,961
Effect of changes in foreign exchange rates on cash balances held in foreign currencies	(30,075)	(42,422)
CASH AND CASH EQUIVALENTS, at the end of the period	**18,160,605**	**8,799,307**

On behalf of the Management of the Group:

Қазақстан Республикасы Алматы қаласы Жауапкершілігі шектеулі серіктестігі * Республика Казахстан г. Алматы Товарищество с ограниченной ответственностью *
Казахстанские коммунальные системы

S.M. Idrissov
General director

A.K. Zhashibayev
Chief Financial Officer

LIMITED LIABILITY PARTNERSHIP
KAZAKHSTAN UTILITY SYSTEMS AND ITS SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(in thousands of Tenge)

	Charter capital	Additional paid-in capital	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
As at December 31, 2023	**11,636,404**	**9,239,137**	**207,527,155**	**228,402,696**	**17,586,184**	**245,988,880**
Net profit and total comprehensive income for the year	-	-	42,271,025	42,271,025	3,526,959	45,797,984
Fair value adjustment on short-term loans received	-	-	(2,514,884)	(2,514,884)	-	(2,514,884)
Others	-	-	182,648	182,648	-	182,648
As at December 31, 2024	**11,636,404**	**9,239,137**	**247,465,944**	**268,341,485**	**21,113,143**	**289,454,628**
Net profit and total comprehensive income for the period	-	-	23,903,228	23,903,228	1,690,414	25,593,642
As at March 31, 2025	**11,636,404**	**9,239,137**	**271,369,172**	**292,244,713**	**22,803,557**	**315,048,270**

On behalf of the Management of the Group:

S.M. Idrissov
General director

Казахстанские коммунальные системы

A.K. Zhashibayev
Chief Financial Officer