

KAZAKHSTAN
ELECTRICITY GRID
OPERATING COMPANY



KEGOC



FUTURE ENERGY



ANNUAL
REPORT

2022



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LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

2-22

Since the IPO, the Company has paid dividends totalling approximately

205 KZT bln

Dear Shareholders,

I am pleased to report that 2022 has been a successful year for KEGOC, with all plans being implemented. We have met operational targets, deadlines for investment projects, created comfortable and safe working conditions, taken care of the environment, and improved the well-being of our personnel.

Last year, the Board of Directors focused on financial issues, optimising the organisational structure, improving corporate governance, and approving internal regulations, i.e., a wide range of issues aimed at motivating the team and achieving our set goals.

We are developing a forecast model for the development of the national power grid based on the forecast balance of electricity and capacity of the unified power system of Kazakhstan until 2035. Large-scale modernisation will ensure synchronization of the processes of commissioning new capacities, including renewable, green generation with the introduction of Smart Grid technologies. A set of measures to develop the national grid and build generating capacity will solve the problem of electricity and capacity shortages and ensure the country's energy security for years to come.

KEGOC participates in international cooperation, effectively building partnerships with the power systems of

neighbouring states to manage and ensure the sustainability of parallel operation. This is also important for the stable operation of the unified electricity system of the Republic of Kazakhstan.

Sustainability issues are also at the top of our agenda. We have adopted an updated development strategy for 2022-2031, covering issues related to the energy transition and integration of RES into the energy system, implementation of ESG principles, further introduction of digital technologies and others.

A big step in the development of a safe operation culture was taken in autumn 2022 at KEGOC's first Health & Safety Forum. The Company joined the international zero-accident movement, Vision Zero, and the heads of KEGOC's operational branches signed personal Health & Safety commitments, according to which any company employee has the right to stop work if unsafe working conditions are identified.

We are aware of our responsibility not only to our partners and our own staff, but also to our shareholders. We followed our dividend policy and decided twice to pay out dividends to the shareholders totalling more than KZT 30.2 billion, of which KZT 13.2 billion for 2021 and KZT 17.0 billion for the first half of 2022. Since the IPO, the

Company has paid dividends totalling approximately KZT 205 billion.

Consequently, our investment attractiveness grows year on year. This can be seen from the ratings from international agencies - in fact, in the closing days of 2022, Moody's confirmed KEGOC's rating at Baa2 with a 'Stable' outlook.

I would like to take this opportunity, on behalf of myself and the members of the Board of Directors, to thank everyone for their cooperation with KEGOC.

I AM CONFIDENT THAT OUR STABLE FINANCIAL POSITION, GREAT INNOVATIVE POTENTIAL, SIGNIFICANT EXPERIENCE IN IMPLEMENTING INVESTMENT PROJECTS, MASTERY OF MODERN MANAGEMENT METHODS AND USE OF ADVANCED TECHNOLOGIES WILL ENABLE US TO SUCCESSFULLY ACHIEVE ALL OUR GOALS.



YERNAT BERDIGULOV

Chairman of the Board of Directors of KEGOC



LETTER FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

2-22

In 2022, the Company's net profit amounted to

26.7 KZT bln

Dear colleagues, shareholders, partners, investors and stakeholders,

I am pleased to report that 2022 has been a significant year for KEGOC as we celebrated our 25th anniversary. Over the past 25 years, we have established a strong foundation for stable operations and successful project implementation to upgrade the national power grid and construct new power lines and substations. Through our joint efforts, KEGOC has become an efficient, state-of-the-art energy company that meets advanced standards to achieve its sustainable development goals.

At KEGOC, we understand the importance of our impact on the economy, environment, and society. We strive for long-term value growth and ensure our sustainable development by supporting the UN SDGs and ESG principles. In December 2021, the Board of Directors approved KEGOC's updated Development Strategy for 2022-2031, which aims at long-term sustainable development, takes into account global trends related to the energy transition and integration of renewables, the need to address issues of electricity and capacity shortages in the medium term in Kazakhstan. It is also important that this strategic document also takes into account the need to introduce modern innovative and digital technologies, R&D, adherence to the principles of ESG, covers processes related to the decarbonization of the economy and ensuring economic growth in the country.

During 2022, KEGOC continued the implementation of grid infrastructure development projects of social importance to the country. We completed 'Turkestan External Power Supply Reinforcement Project. Construction of electric grid facilities', and 220 kV Ortalyk substation was commissioned. As of 31 December 2022, KEGOC had 82 electric 35-1150 kV substations with installed transformer capacity of 38,992.9 MVA.

Rehabilitation of 220-500 kV overhead transmission lines (OHTL) in Aktyubinskiye, Zapadnye, and Sarbaiskiye MES branches continued, and the projects under implementation include 'West Kazakhstan Electricity Transmission Reinforcement Project. Construction of electric grid facilities', which is scheduled for completion in 2023.

All KEGOC's projects are implemented using its own and borrowed funds without public budget financing. As an additional source of financing, KEGOC issued green bonds for the first time in 2022, reinforcing the interest of foreign investors. We anticipate that the fact that investors from all over the world consider ESG to be crucial when making investment decisions will spur a growth in the number of local real economy issuers with a focus on creating ESG projects in Kazakhstan.

The timely performance of the Company's obligations to financial institutions strengthens the interest of international investors. For instance, KEGOC fully redeemed a USD 46.3 million loan from the International Bank for Reconstruction and Development during the reporting year, 13 years ahead of time.

KEGOC's cooperation on **the management and stability of parallel operation with the power systems of neighbouring states** has been successful. Energy security, renewable energy cooperation, and industrial cooperation between the countries were discussed at the 60th meeting of the Electric Power Council of the Commonwealth of Independent States, held in Astana in July 2022.

High qualification and experience of employees is the key to further successful development of our Company, solving complex technical and technological problems. That is why the main focus of 2022 was the policy aimed at improving the social well-being of employees. The total yearly income of operational employees increased by 28%-48%, engineering and technical workers and specialists by 15%-36%, and middle managers by 10%-15% due to increases in salaries, wage rates, and quarterly bonuses throughout the reporting period.



KANYSH MOLDABAYEV

Chairman of the Management Board of KEGOC



In 2022, the preferential housing lending programme was launched, the purpose of which is to retain and attract highly qualified personnel by providing a bank loan at a preferential interest rate.

I hope the implemented and planned activities will give an additional impetus to the motivation of employees, improve their well-being, as well as to maintain a high level of corporate culture and social stability in the Company.

In 2022, the Company's net profit amounted to KZT 26.7 billion. The volume of electricity transmission services increased by 7.2% compared to 2021 and amounted to 58.6 billion kWh. The volume of services for technical dispatching amounted to 104.3 billion kWh and for balancing the generation and consumption of electricity 203.1 billion kWh.

I want to call your attention to the fact that Kazakhstan's unified power system (UPS) had a marked increase in energy usage at the end of 2022. A historical high consumption of 16,459 MW in the history of Kazakhstan's energy system was recorded on 7 December of that year, despite the fact that the nation's power plants were only generating 15,203 MW

at the time. With such heavy loads, Kazakhstan's KEGOC-controlled national electricity system ran dependably and normally.

The Company's shares in 2022, despite the geopolitical tension and its impact on the global stock market, have maintained their stability on the Kazakhstan Stock Exchange.

IN GENERAL, KEGOC IS SYSTEMATICALLY MOVING TOWARDS ITS GOALS. I AM SURE THAT THANKS TO THE WELL-COORDINATED WORK OF THE TEAM, WE CAN FIRMLY LOOK TO THE FUTURE, BE READY TO SOLVE COMPLEX TECHNICAL AND TECHNOLOGICAL PROBLEMS, AND IN 2023 KEGOC WILL CONFIRM ITS LEADERSHIP POSITION IN THE ELECTRIC POWER INDUSTRY OF THE REPUBLIC OF KAZAKHSTAN.





25 YEARS OF DEVELOPMENT HISTORY

1997...2022

1997

Kazakhstan Electricity Grid Operating Company (KEGOC) was established.

1998

CIS Electricity Systems Parallel Operation Treaty was signed.

1999

Loan agreements were signed with the IBRD and EBRD to finance the Kazakhstan Electricity Transmission Rehabilitation Project, Phase I.

2000

For the first time, a Russia-Kazakhstan-Central Asia electrical parallel operation scheme was established.

2002

500 kV L-1103 Kostanayskaya - Chelyabinskaya overhead line was put into operation.

2003

1150 kV L-1104 Ekibastuzskaya - Altai overhead line was put into operation.

2004

Electric Power Industry Law was adopted, which defined the status, rights and obligations of KEGOC.

Loan agreements have been signed with the EBRD and DBK for North-South 500 kV Electricity Transmission Project.

The head office has been relocated to Astana, the capital of the Republic of Kazakhstan.

The Company is the System Operator of the unified power system of Kazakhstan.

2005

Loan agreements was signed with IBRD, EBRD, DBK for North-South 500 kV Electricity Transmission Project.





25 YEARS OF DEVELOPMENT HISTORY

1997...2022

2006

Start of construction of interregional 500 kV North Kazakhstan - Aktobe region overhead transmission line. The project was implemented on the principles of public-private partnership by Batys Transit JSC, with a 20% stake in the concessionaire owned by KEGOC.

NDC was relocated to Astana. The new dispatch control premises were presented to foreign guests, participants of the CIS Electric Power Council meeting.

SCADA/EMS system was commissioned in line with the implementation of Kazakhstan Electricity Transmission Rehabilitation Project, Phase I.

The analogue communication systems were upgraded to digital ones as a part of the project Kazakhstan Electricity Transmission Rehabilitation Project, Phase I (PBX, RRL, HF communication).

2007

The main components of Kazakhstan Electricity Transmission Rehabilitation Project, Phase I were completed.

The balancing electricity market was launched in simulation mode.

Loan agreement signed with EBRD to finance Kazakhstan Electricity Transmission Rehabilitation Project, Phase II.

500 kV YuKGRES - Shu overhead line was put into operation.

Phase 1 of North-South 500 kV Electricity Transmission Project was successfully completed.

500 kV North Kazakhstan - Aktobe Oblast overhead transmission line was commissioned at Ulke substation.

2009

North-South 500 kV Electricity Transmission Project was the first project to use FOCL (OPGW).

Phase 3 of North-South 500 kV Electricity Transmission Project: 500 kV Agadyr-YuKGRES overhead transmission line was successfully commissioned.

A loan agreement was signed with the IBRD to implement Moinak Electricity Transmission Project.

The last component of the Modernisation of Substation Relay Protection and Automation under the Kazakhstan Electricity Transmission Rehabilitation Project was completed.

2010

To implement Alma Electricity Transmission Project, a loan agreement was signed with the IBRD.

Commissioning of new microprocessor-based RPA (Relay Protection and Automation) and MCS (Monitoring and Control System) equipment supplied under phase 1 of Kazakhstan Electricity Transmission Rehabilitation Project was completed. Modernisation of RPA and MCS equipment was carried out at 67 substations of KEGOC.

2011

A loan agreement was signed with the EBRD for Ossakarovka Electricity Transmission Project.

A new autotransformer was installed at 500 kV TsGPP substation: Astana's capacity reserve increased by 25% to 500 MVA.

2012

The Head of State signed a law of the Republic of Kazakhstan to establish a capacity market initiated by KEGOC.

L-2383 MHPP-Robot overhead line was put into operation.

500 kV Alma substation was put into operation.

500 kV L-5353 Almaty - Alma overhead line was put into operation.





25 YEARS OF DEVELOPMENT HISTORY

1997...2022

2013

Construction of 500 kV YuKGRES – Alma overhead line was completed ahead of schedule.

2014

Alma Electricity Transmission Project was completed.

The large-scale 500 kV North-East-South Electricity Transmission Project was launched.

As part of People’s IPO programme an initial public offering of KEGOC ordinary shares on KASE was conducted. The number of placed common shares of KEGOC was 25,999,999.

2016

500 kV Semey substation was put into operation.

500 kV L-5384 Ust-Kamenogorskaya – Semey overhead line was put into operation.

500 kV L-5370 Ekibastuzskaya – Semey overhead line was put into operation.

500 kV overhead line Ekibastuz – Shulbinskaya HPP (Semey) – Ust-Kamenogorsk overhead line was put into operation.

2017

USD 151.9 million EBRD loan for Ossakarovka Electricity Transmission Project was repaid ahead of schedule.

Two semi-annual repayments for 2018 of EUR 23.8 million, on the EBRD loan raised in 2008 for the Kazakhstan Electricity Transmission Rehabilitation Project, Phase II were repaid ahead of schedule.

2018

500 kV Shulbinskaya HPP (Semey) – Aktogay – Taldykorgan – Alma overhead line was put into operation at a nationwide teleconference with the Head of State.

2019

Implementation Pavlodar Electricity Transmission Reinforcement Project was completed.

Construction of the 220 kV Tulkubas-Tyaga and Burnoye-Tyaga overhead lines was completed as part of Kazakhstan Electricity Transmission Rehabilitation Project, Phase II.

2021

Financial Settlement Centre for Renewable Energy Support LLP, a subsidiary of the Company, was alienated by transferring 100% of the shares owned by KEGOC to state ownership free of charge.

2022

220 kV Ortalyk substation near Turkestan was constructed and commissioned.

The first green bonds were issued and placed on KASE.





KEGOC KEY EVENTS IN 2022

01 January

KEGOC began practical implementation of the 'Action plan in pursuance of the instructions of the President of the Republic of Kazakhstan on the reform of Samruk-Kazyna'.

02 1 February

As part of the practical implementation of the Action Plan in pursuance of the instructions of the President of the Republic of Kazakhstan on the reform of Samruk-Kazyna, KEGOC increased the salaries and wage rates of its personnel as of 1 February. At the same time the amount of quarterly bonus was increased, due to which the total annual income in 2022 will increase for: operational personnel by 28%-48%, engineers, technicians and specialists by 15%-36% and line managers by 10%-15%.

03 15 March

KEGOC became a winner of the annual contest held by the Kazakhstan Stock Exchange (KASE) and received an award diploma as the Company demonstrating the best examples of business conduct on the securities market in terms of disclosure of information about itself and its activities.

The Company's Annual Report was also ranked 4th in PwC Kazakhstan's Disclosure Rating among 94 reports of Kazakhstani and foreign companies, and was awarded the Diploma for Best ESG Disclosure Practice.

04 27 April

KEGOC held public hearings to report on the implementation of the approved tariff estimate, on the implementation of the approved investment programme, on the observance of quality and reliability indicators of regulated services and on the achievement of performance indicators of natural monopolies to consumers and other interested parties at the end of 2021.

05 26 May

KEGOC's Annual General Meeting of Shareholders was held, which approved KEGOC's annual financial statements for 2021, according to which the Company's consolidated net income amounted to KZT 52.6 billion.

It was decided to pay a dividend of KZT 13.2 billion for the second half of 2021, which would be KZT 50.85 (fifty tenge 85 tyin) per ordinary share.

06 7 June

The Public Council of Samruk-Kazyna heard information on KEGOC activities. The meeting participants were acquainted with the results for the past year, achievement of strategic target indicators, implementation of investment projects. The members of the Public Council were also provided with the information on the activities of EnergoTekhProfSoyuz, the energy trade union organisation, compliance function and other areas.

07 17 June

KEGOC held the Issuer Day in a hybrid format (online and offline), where investors, professional securities market participants and media representatives learned about the company's performance, the execution of strategic indicators and the implementation of investment projects for the year 2021.

08 20 June

KEGOC paid KZT 13.2 billion in dividends for 2021.

09 11 July

25 years of Kazakhstan Electricity Grid Operating Company (KEGOC) establishment.

10 18 July

As part of KEGOC's 25th anniversary celebrations, a drawing competition was held among employees' children on the theme of energy employees' work. About 200 drawings were received in the creative competition.

11 28 July

KEGOC held public hearings to report on the implementation of the approved tariff estimate, on the implementation of the approved investment programme, on compliance with the quality and reliability indicators of regulated services and on the achievement of performance indicators of natural monopolies to consumers and other interested parties for the first half of 2022.

12 29 July

A new 220 kV Ortalyk substation was put into operation. Construction of the substation was carried out as part of KEGOC's

project, Turkestan External Power Supply Reinforcement Project. Construction of electric grid facilities.

13 September

S&P Global Ratings affirmed its 'BB+' rating on KEGOC, revising its outlook to 'negative' from 'stable' following a similar change in outlook on the Republic of Kazakhstan's sovereign rating.

14 10-11 September

EnergoTekhProfSoyuz trade union held a family outing for KEGOC employees at the Training Centre complex in Katarkol village (managed by EnergoInform). It is symbolic that the event coincided with the Family Day holiday, celebrated in Kazakhstan on 11 September.

**15 13 September**

KEGOC issued its first green bonds. The funds from their placement will be used to implement the Company's projects related to the construction of the necessary grid infrastructure for the large-scale involvement of renewable energy sources in the energy balance, ensuring the country's energy security, as well as increasing the efficiency of electricity transmission.

The issue amounted to KZT 35 billion of 35 million unsecured coupon bonds with a par value of KZT 1,000 each.

16 23 September

KEGOC employees took part in the Blood Donor Day event organised by the Transfusiology Research and Production Centre.

17 24-25 September

KEGOC athletes won prizes at the VII Spartakiad of Samruk-Kazyna: in togyz kumalak for men and women, mini-football, volleyball, tug-of-war and in the special nomination 'Best goalkeeper'.

18 September

KEGOC made early full repayment of the loan from the International Bank for Reconstruction and Development in the amount of USD 46.3 million. The loan funds in the amount of USD 71.4 million were raised in 2010 to Alma Electricity Transmission Project for a period of 25 years with the last repayment date in 2035.

19 13 October

The Committee for Nuclear and Energy Supervision and Control of the Ministry of Energy of the Republic of Kazakhstan issued a certificate of readiness for operation in the autumn-winter period 2022-2023 to KEGOC.

20 21 October

KEGOC held the first Occupational Health and Safety Forum. The event was attended by representatives of the Ministry of Energy, managers and experts in HSE (Health Safety Environment) of Samruk-Kazyna and its member companies, KEGOC, as well as representatives of CIS companies.

21 27 October

An Extraordinary General Meeting of KEGOC Shareholders was held, which approved KEGOC's semi-annual financial statements for 2022, resolved to pay dividends and approved the amount of dividend per one common share of KEGOC.

In accordance with the approved financial statements, the Company's consolidated net income for the first half of 2022 was KZT 14 billion. The total amount of dividends payable will be KZT 17 billion, of which KZT 3 billion is part of retained earnings from previous periods.

Thus, KEGOC allocated 120% of net profit to the payment, which amounted to KZT 65.44 per share.

22 3-4 November

A meeting was held between representatives of youth talent pool from KEGOC's operational branches and the Company's management.

23 November

KEGOC employees took part in emergency response efforts in the town of Ekibastuz.

24 30 November

KEGOC's Extraordinary General Meeting of Shareholders approved a new version of KEGOC's Charter.

The changes in the document relate to the extension of the powers of the General Meeting of Shareholders, as well as some organisational issues concerning the of the Board of Directors and the Management Board of the company.

25 1 December

Mr. Kanysh Moldabayev, Chairman of KEGOC's Management Board, held negotiations with Ms. Nandit Parshad, Managing Director of the European Bank for Reconstruction and Development (EBRD). The meeting took place within the framework of the Central Asian Investment Forum held in Tokyo, Japan, with participation of the Republic of Kazakhstan, the Kyrgyz

Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

26 21 December

KEGOC's green bonds were successfully placed on the trade floor of the Kazakhstan Stock Exchange (KASE) with a total volume of KZT 16.1 billion at a margin of 3%.

27 22 December

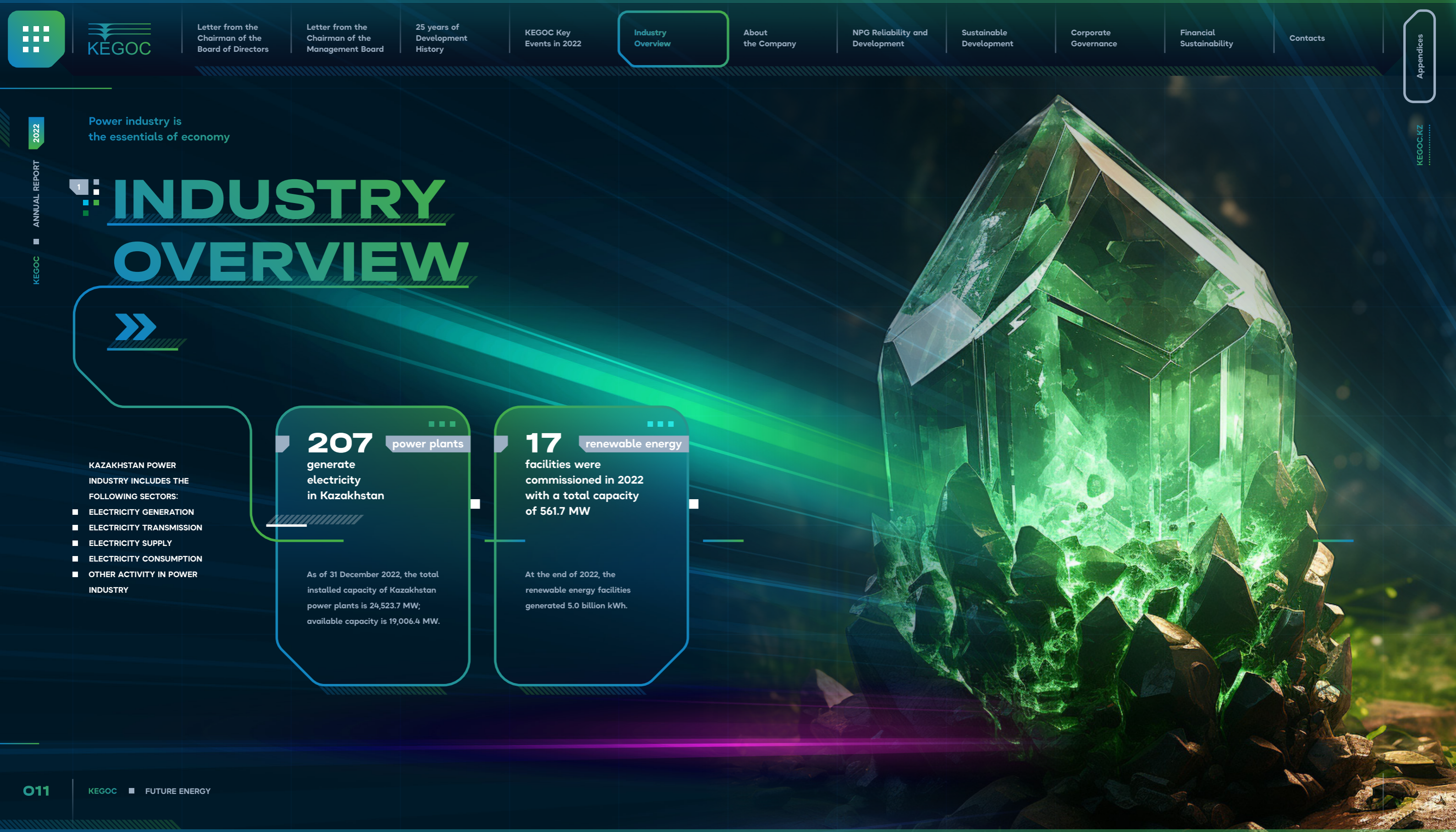
KEGOC hosted an offsite meeting of the Ministry of Energy of the Republic of Kazakhstan with the representatives of leading energy organisations. The meeting summarised the results of the unified power system (UPS) for 2022.

At the meeting, market players discussed a number of topical issues in the sector and ways to solve accumulated problems.

28 23 December

Moody's Ratings Services published a credit opinion and affirmed KEGOC's rating at Baa2 with a Stable outlook.





Power industry is the essentials of economy

1 INDUSTRY OVERVIEW



- KAZAKHSTAN POWER INDUSTRY INCLUDES THE FOLLOWING SECTORS:
- ELECTRICITY GENERATION
 - ELECTRICITY TRANSMISSION
 - ELECTRICITY SUPPLY
 - ELECTRICITY CONSUMPTION
 - OTHER ACTIVITY IN POWER INDUSTRY

207 power plants generate electricity in Kazakhstan

As of 31 December 2022, the total installed capacity of Kazakhstan power plants is 24,523.7 MW; available capacity is 19,006.4 MW.

17 renewable energy facilities were commissioned in 2022 with a total capacity of 561.7 MW

At the end of 2022, the renewable energy facilities generated 5.0 billion kWh.



The Government of the Republic of Kazakhstan develops and determines the main lines of state policy in the energy industry. The Republic of Kazakhstan's Ministry of Energy is the state-authorized entity in charge of energy industry management. The Committee for Atomic and Energy Supervision and Control of the Ministry of Energy of the Republic of Kazakhstan is in charge of power industry supervision and control.

The Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan is the state body responsible for the control and regulation of activities classified as a state monopoly (including the activities of KEGOC as a subject of natural monopoly).

Industry Structure

The UPS of the Republic of Kazakhstan is a set of power stations, transmission lines and substations.

The electricity sector in the Republic of Kazakhstan includes the following sectors:

- electricity generation;
- electricity transmission;
- electricity supply;
- electricity consumption;
- other activities in the electricity sector.

ELECTRICITY GENERATION SECTOR

Electricity in Kazakhstan is produced by 207 power plants of various forms of ownership. The total installed capacity of power plants in Kazakhstan as of 31 December 2022, is 24,523.7 MW; the available capacity is 19,006.4 MW (the available capacity of RES (PVPP, WPP, small HPPs) is indicated in accordance with the methodology for the forecast balance of power capacity of the available capacity: 30% for run-of-river hydro power plants; 20% for wind power plants; 0% for solar (PV) power plants).

Power plants	Installed capacity, MW
Thermal power plants, total:	19,461.2
steam turbines	17,401.5
■ pulverized coal	13,375.0
■ gas and fuel oil	4,026.5
gas turbines	2,059.7
Wind farms	1,107.8
PV power plants	1,146.2
Hydropower plants,	2,807.5
including small ones	272.7
Biomass power plants	1.1
Total	24,523.7

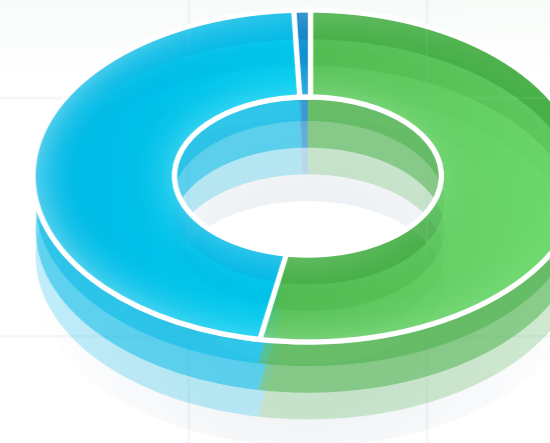
Installed capacity of power plants by zone



Zone North
Zone South
Zone West

16,458.8
4,503.4
3,561.5

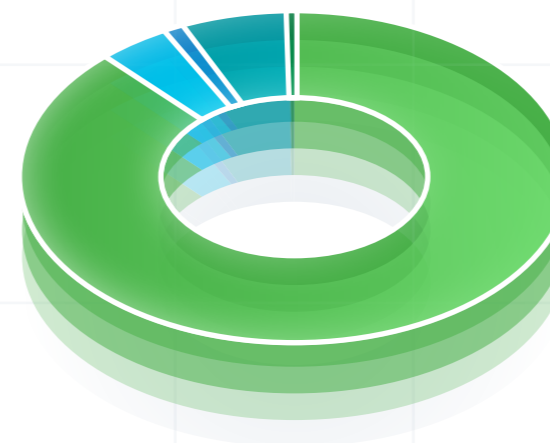
Zone West



Thermal
Gas
Wind

1,457.0
1,234.3
9.9

Zone North



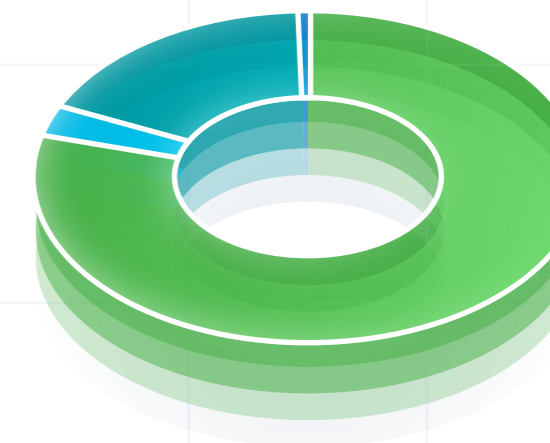
Thermal
Gas
Wind

12,013.9
492.0
119.7

Hydro
Bio

1,032.5
0.7

Zone South

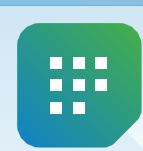


Thermal
Gas
Wind

2,058.3
38.0
41.9

Hydro

508.2



In 2022, 566.5 MW of new generation capacity was commissioned, with the following installed capacity:

Akmola Oblast:	150 MW
■ Borey-1 WPP, Borey Energo LLP	50 MW
■ Borey-2 WPP, Borey Energo LLP	50 MW
■ EnergoTrust WPP, Energo Trust LLP	50 MW
Aktobe oblast:	-2 MW
■ Bashenkol GPPP (decommissioned units 1 and 2)	-2 MW
Almaty oblast:	110 MW
■ Shelek-1 WPP, Energiya Semirechya LLP	60 MW
■ Shelek-2 WPP, Zheruek Energo LLP	50 MW
Zhetysu oblast:	4.95 MW
■ Ushtobe PVPP, AlmatyEnergoProject LLP	4.95 MW
Abay Oblast	174.8 MW
■ 100 MW Abay-1 WPP	100 MW
■ Charsk Wind WPP, Charsk Wind LLP	24.8 MW
■ Abay-2 WPP	50 MW
Zhambyl oblast:	63.28 MW
■ Aisha PVPP, AEC Asa LLP	50 MW
■ Merken HPP-1, Hydropower Company LLP	-0.312 MW
■ Karakystak HPP, Zhambyl HPP LLP	0.1 MW
■ Schengeldy WPP LLP	4.5 MW
■ Schengeldy-2 WPP LLP	4.5 MW
■ Novotex WPP LLP	4.5 MW
Karaganda Oblast	50 MW
■ Balkhash PVPP, KAZ GREEN ENERGY LLP	50 MW
Kostanay Oblast	7.0 MW
■ Kostanay CHPP-2	7 MW
Turkestan Oblast	8.45 MW
■ Makpal PVPP, Engineering Arena LLP	4.95 MW
■ Otrar PVPP, Cascade NRG LLP	2.0 MW
■ Yntymak SPK mini HPP	1.5 MW

ELECTRICITY TRANSMISSION SECTOR

The power grids of the Republic of Kazakhstan are a combination of substations, switchgears and connecting power lines of 0.4-1150 kV, designed for transmission and (or) distribution of electricity. The national power grid (NPG) is a backbone network of the unified power system (UPS) of the Republic of Kazakhstan, which interconnects the regions of the Republic of Kazakhstan and the power systems of neighbouring countries (the Russian Federation, the Kyrgyz Republic and the Republic of Uzbekistan), and evacuates electricity generated by power plants and delivers it to wholesale consumers. Substations, switchgears, interregional and (or) interstate power lines and power transmission lines, which carry out the delivery of electric power by electric power plants, with voltage of 220 kV and higher, being a part of NPG, are on the balance sheet of KEGOC JSC. 2-6

Regional electricity grids provide electricity connections within regions, as well as electricity transmission to retail consumers, and are on the balance sheet and operated by regional electricity grid companies.

Transmission companies contractually transmit electricity through their own or used (lease, trust management and other types of use) electricity networks to consumers on the wholesale and retail markets or to energy supplying organisations.

ELECTRICITY SUPPLY SECTOR

The electricity supply sector of the electricity market of the Republic of Kazakhstan consists of energy supplying organisations, which purchase electricity from energy producing organisations or at centralised tenders and subsequently sell it to final retail consumers. Some ESOs perform the functions of 'guaranteeing suppliers' of electricity.

The participants of the wholesale electricity market are:

- power producing organisations supplying at least 1 MW of average daily (base) capacity to the wholesale electricity market;
- energy transmission organisations;
- energy supplying organisations that buy electricity on the wholesale market for energy supply purposes in an amount of at least 1 MW of average daily (base) capacity;
- electricity consumers purchasing electricity on the wholesale market in an amount of at least 1 MW of average daily (base) capacity;
- the system operator, the functions of which are performed by KEGOC;
- the operator of centralised trade in electricity and capacity, the functions of which are performed by KOREM JSC;
- Financial Settlement Centre for Support of Renewables LLP.

The National Dispatch Centre of the System Operator (NDC SO), a division of KEGOC,

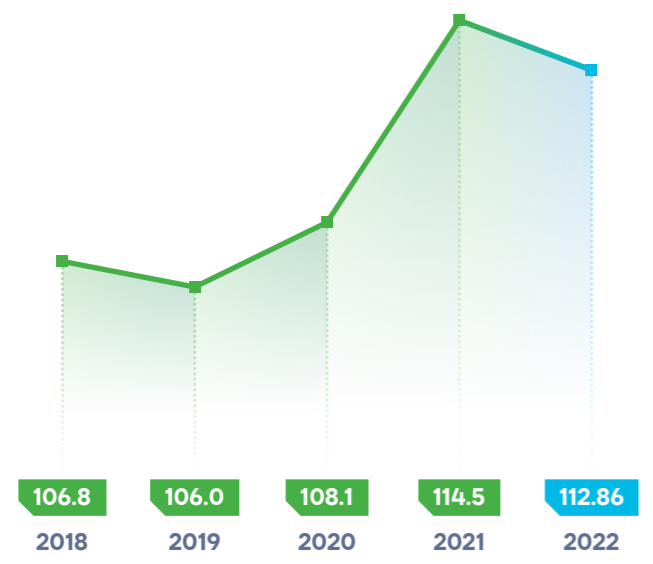
manages the centralised dispatch control of the UPS of the Republic of Kazakhstan. The Republic of Kazakhstan's centralised operational dispatch control is set up as a direct operational subordination of nine regional dispatch centres (RDCs), which are structural divisions of KEGOC branches known as 'Inter-system Electric Networks' (MES), to the NDC SO.



Electricity Balance

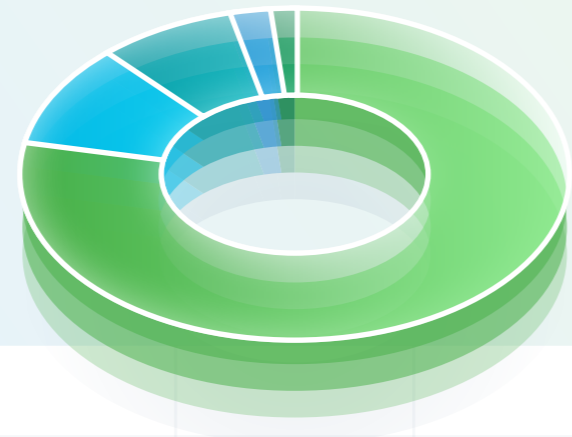
Electricity generation

bln kWh



Electricity generation in 2022 for Kazakhstan was

112,865.9 million kWh, including:



Year on year electricity generation decreased by 1,582.0 million kWh or 1.4% as compared to 2021.

That said:

the following large power plants increased generation:

Power plants	Electricity generation increase	
	million kWh	%
Zhambyl GRES JSC	1 508.2	70.5
Ekibastuz GRES-1	259.6	1.1
Almaty TPP-2, ALES JSC	69.1	2.8
ShCHPP-3, 3-EnergoOrtalyk JSC	14.0	1.7

the following large power plants decreased generation:

Power plants	Electricity generation decrease	
	million kWh	%
PPCHPP-2, SevKazEnergo Petropavlovsk LLP	-1,097.7	40.6
EEC JSC	-588.4	3.9
GRES, Topar LLP	-546.1	12.8
Ekibastuz GRES-2 JSC	-430.9	6.7
CHPP-2, Arcelor Mittal Temirtau JSC	-399.9	18.5
Balkhash CHPP, Kazakhmys Energy LLP	-202.7	19.0
Zhezkazgan CHPP, Kazakhmys Energy LLP	-80.2	6.4
CHPP-3, PavlodarEnergo JSC	-56.7	1.9
Almaty CHPP-1, ALES JSC	-25.0	5.8
AZF TNC Kazchrome (GTU)	-18.1	2.2
CHPP-1, Aluminium of Kazakhstan JSC	-15.5	0.8
Almaty CHPP-3, ALES JSC	-14.2	1.3

Thermal power plant generation fell by 2,540.8 million kWh (2.8%). Electricity generation from gas turbine power plants increased by 238.7 million kWh (2.2%), while renewable power plants (solar, wind and bio) increased by 719.9 million kWh (21.2%).

Today, RES is a rapidly expanding sector of Kazakhstan's power generation; electricity generation from RES increases year after year as a result of implementation of RES development projects.

Following global low-carbon development trends, Kazakhstan established a Concept of Green Economy Transition in May 2013 and set an ambitious goal of incorporating 50% alternative and renewable energy sources into the entire energy mix by 2050. According to the Concept

and Kazakhstan 2025 Strategic Development Plan, the share of renewable energy in total energy generation should be 3% by 2020, 6% by 2025, 10% by 2030, and 50% (alternative + renewable energy) by 2050.

According to the NDC SO, there were 133 renewable energy plants in Kazakhstan by the end of 2022, with a total installed capacity of **2,527.7 MW**:

- 42 wind farms totalling **1,107.8 MW**;
- 41 solar power plants totalling **1,146.2 MW**;
- 49 hydropower facilities totalling **272.7 MW**; and
- 1 biomass power plant facility totalling **1.1 MW**.

In 2022, 17 facilities with a total capacity of 561.7 MW were commissioned.



According to NDC SO, the amount of electricity generated by renewable energy facilities at the end of 2022 was 5.0 billion kWh (2,361.8 million kWh by WPPs; 1,754.7 million

kWh by PVPPs; 900.9 million kWh by HPPs; 0.4 million kWh by BioPPs), or 4.4% of total electricity generation, a 20.5% increase over 2021.

RES electricity generation in 2022

Indicators	Units of measure	2022
Installed capacity, including:	MW	2,527.7
■ wind power plants	MW	1,107.8
■ small hydropower plants	MW	272.6
■ solar power plants	MW	1,146.2
■ biomass power plants	MW	1.1
Electricity generation, including:	million kWh	5,017.8
■ wind power plants	million kWh	2,361.8
■ small hydropower plants	million kWh	900.9
■ solar power plants	million kWh	1,754.7
■ biomass power plants	million kWh	0.4
RES-generated electricity in total electricity generation	%	4.4

Increase in RES-generated electricity in 2022 compared to 2021: 20.5%

Kazakhstan's consumption of electricity fell by 945.7 million kWh (0.8%) in 2022 compared to 2021, totalling 112,944.6 million kWh. While power consumption in Kazakhstan's

Zone South climbed by 292.2 million kWh (1.1%), it declined by 1,229.4 million kWh (1.7%) in the Zone North and by 8.5 million kWh (0.1%) in Zone West.

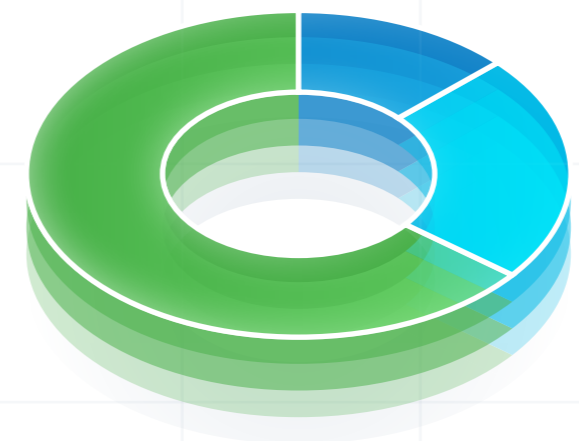
Increased consumption:

Consumers	Increase in electricity consumption	
	million kWh	%
Kazakhmys Smelting LLP	118.0	11.1
Kazakhmys Corporation LLC	46.5	3.6
Kazchrome TNC JSC (Aktobe Ferroalloys Plant)	13.5	0.4
UKTMP JSC	12.9	1.9
Aluminium of Kazakhstan JSC	12.2	1.3

Decreased consumption:

Consumers	Decrease in electricity consumption	
	million kWh	%
Sokolov-Sarybai Mining Production Association (SSGPO) JSC	-264.8	16.3
Kazakhstan Electrolytic plant JSC	-222.3	5.9
ArcelorMittal Temirtau JSC	-100.1	2.7
KazZinc LLP	-125.0	4.5
KazPhosphate LLP	-18.9	0.9
Atyrau Oil Refinery (ANPZ) LLP	-16.0	2.1
Kazchrome TNC JSC (Aksu Ferroalloys Plant)	-15.4	0.3

Electricity consumption by zone

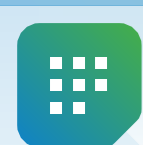


Zone North
Zone South
Zone West

mln kWh

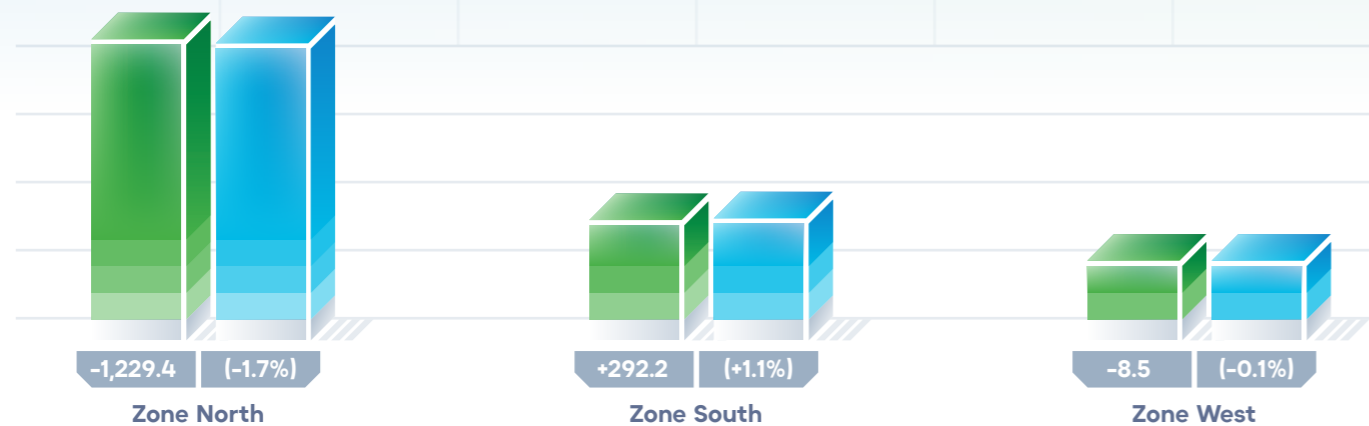
72,624.5
25,780.4
14,539.7

The three oblasts with the largest increases in 2022 in terms of power consumption over 2021 are Akmola Oblast (380.5 million kWh, or 3.7%), Almaty Oblast (434.5 million kWh, or 3.9%), and Turkestan Oblast (249.4 million kWh, or 4.3%).



Electricity consumption dynamics

mln kWh



■ 2021
■ 2022

In 2022, electricity consumption exceeded generation by 78.7 million kWh.

Balance of electricity exchange with Russia

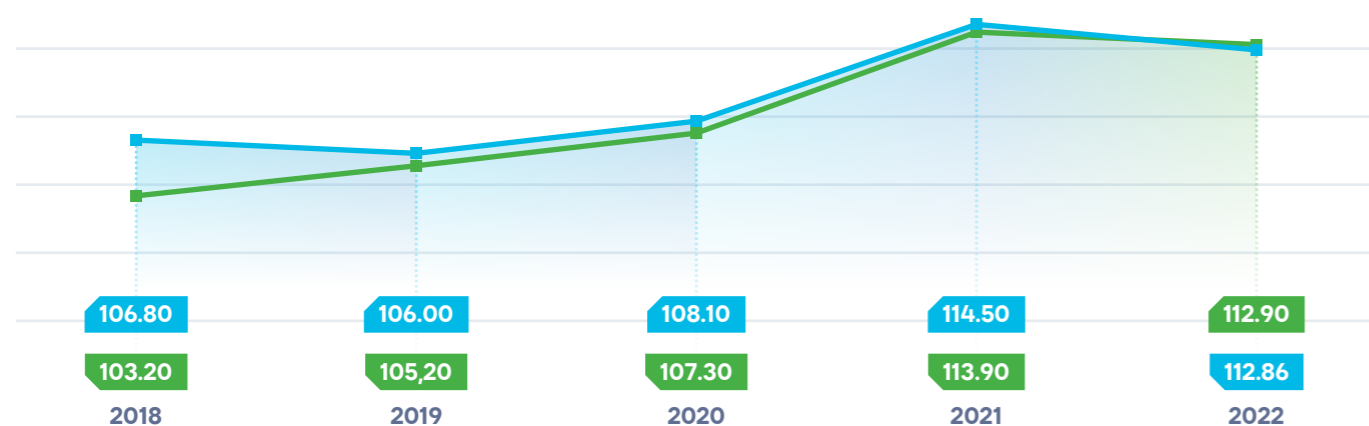
mln kWh



■ Electricity export
■ Electricity import
— Balance flow of electricity

Electricity production and consumption

bln kWh



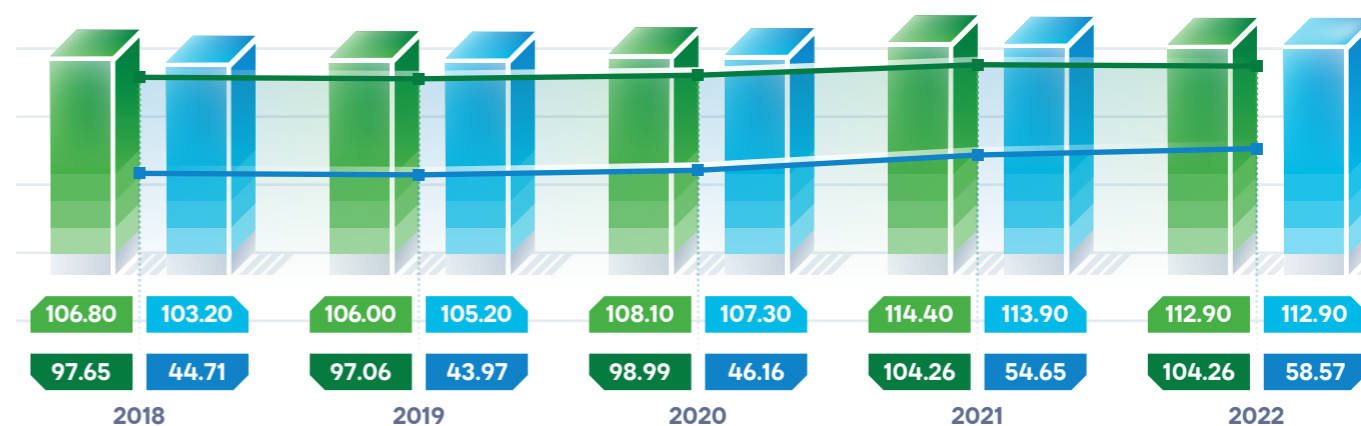
— Production
— Consumption

The balance of electricity trade with Russia for the reporting period was 470.9 million kWh (up from 461.7 million kWh in 2021). Meanwhile, 1,459.0 million kWh of power were sent to Russia (up from 1,326.6 million kWh in 2021).

1,929.9 million kWh of electricity are imported from Russia (up from 1,788.3 million kWh in 2021). The electricity exports and imports are shown less the exchange of balancing with the Russia.

KEGOC's role in the industry

bln kWh



■ Electricity generation in Kazakhstan
■ Dispatching by KEGOC
■ Electricity consumption in Kazakhstan
■ Transmission in KEGOC networks

The total amount of energy exchanged with Central Asia was 3,922 million kWh. At the same time, exports to Central Asia (Kyrgyzstan) totalled 696.6 million kWh (down from 1,324.5 million kWh in 2021). Electricity imports from Central Asia (Kyrgyzstan) totalled 304.4 million kWh (down from 305.2 million kWh in 2021).

1,324.5 million kWh in 2021). Electricity imports from Central Asia (Kyrgyzstan) totalled 304.4 million kWh (down from 305.2 million kWh in 2021).

25 years of creation and growth

2 ABOUT THE COMPANY



KEGOC JSC OPERATES THE NATIONAL POWER GRID OF KAZAKHSTAN AND IS THE SYSTEM OPERATOR OF THE KAZAKHSTAN UNIFIED POWER SYSTEM.

387 OHTL
overhead transmission lines

0.4-1,150 kV, 26,977.215 km (circuits).

82 SS
electric substations

35-1,150 kV, with the installed transformer capacity of 39,055.9 MVA.



The Joint Stock Company Kazakhstan Electricity Grid Operating Company (KEGOC) was established in accordance with Resolution No. 1188 of the Government of the Republic of Kazakhstan dated 28 September 1996, 'On Certain Measures for Structural Re-structuring of the Energy System of the Republic of Kazakhstan.' The Republic of Kazakhstan's national power grid is managed by this business, which also has the title of System Operator of the country's unified power system. The date of initial incorporation of KEGOC was 11 July 1997.

KEGOC operates in the Republic of Kazakhstan. 2-1

Prior to 2006, 100% of KEGOC's shares were owned by the State. In 2006 the State block of shares (100%) was transferred in payment for the placed shares to Samruk Kazakhstan Holding for Management of State Assets JSC. In 2008, by merging Kazyna Sustainable Development Fund JSC and Samruk JSC, Samruk-Kazyna Sovereign Wealth Fund JSC was established, which is the legal successor of Samruk.

On 18 December 2014, as part of the Samruk-Kazyna JSC Share Transfer Programme, a subscription IPO of 25,999,999 of the Company's authorised ordinary shares was made on the Kazakhstan Stock Exchange.

KEGOC's main activities in the field of electric power are as follows:

- transmission of electricity in the national power grid;
- technical dispatching of electricity generation and consumption in the grid; and
- balancing of electricity generation-consumption.

KEGOC's operations in the aforementioned categories of services fall under the category of natural monopolies and are thus governed by the Republic of Kazakhstan's law 'On Natural Monopolies'. 2-6

Mission and Values

'A leader in the electricity sector, contributing to future energy system and market change in the energy transition, contributing to the development of a sustainable electricity system through infrastructure planning and clean energy development' is how the Company describes its mission.

The Company's goal is to maintain Kazakhstan's energy system's dependability, availability, and advanced development.

The development strategy is aimed at the Company's long-term sustainable development, takes into account the impact of global trends related to the energy transition and the integration of RES into the energy system, provides for processes related to the decarbonisation of the economy and ensuring economic growth in the country, the need to address the emergence of electricity and capacity shortages in Kazakhstan in the medium term, and the introduction of modern innovative and sustainable technologies.

Partnership 2-28

KEGOC is a member and participant in important industry and other organisations and associations, including:

- **Kazakhstan Electricity Association (KEA, www.kea.kz)**, whose main tasks are: to support all organisations whose activities are directly or otherwise related to the electricity sector; to participate in the development of state programmes, laws and regulations related to the electricity sector; to support and defend the positions of its members in matters where the interests of the sector depend on decisions of the Government, judicial and other bodies;

- **KazEnergy Kazakhstan Association of Oil, Gas, and Energy Sector Organisations (KazEnergy, www.kazenergy.com)**, whose primary goals are to protect the rights and interests of its members in state bodies, harmonise the legal framework, create a centralised source of information for subsoil users, electricity producers, transporters, and consumers of energy sector goods and services, and foster intrasectoral cooperation projects and entrepreneurship at the local, regional, and national levels; stimulate economic, social, environmental, scientific and technical activities of the Kazakhstan community;
- **Kazakhstan's Atameken National Chamber of Entrepreneurs (Atameken NCE, www.atameken.kz)**, whose main responsibility is to safeguard businesses' rights and interests as well as to make sure that all business owners are fully informed of and involved in the process of forming legislation and other regulatory rules for the industry.
- **Association for Development of Competition and Commodity Markets (www.ark.org.kz)**, a non-profit organisation that brings together legal entities on a voluntary basis to coordinate business activities and to represent and safeguard shared interests in state bodies, authorities, international organisations, and public organisations about the development of competition and commodity markets. Being a member of this association gives the Company the ability to propose and forward essential changes to the antimonopoly legislation. The Association's work has led to the creation of international non-governmental relationships for the purpose of exchanging experience, the holding of seminars, conferences, round tables, and other gatherings, the promotion of competition and entrepreneurship, and the prevention of antimonopoly law violations.

Additionally, KEGOC actively engages in the work of international sectoral groups, such as the ones listed below, to help build an effective electricity market with surrounding nations and global collaboration.

- CIS Electric Power Council;
- International Council on Large Electric Systems (Conseil International des Grands Réseaux Électriques - CIGRE).
- Economic Union (Republic of Armenia, Republic of Belarus, Republic of Kazakhstan, Russian Federation, Kyrgyz Republic);
- World Energy Council;
- EUROELECTRIC The Union of the Electricity Industry. Since 2004, the Company has cooperated with EUROELECTRIC at expert level in the electricity and energy efficiency sector;
- Coordinating Electricity Council of Central Asia (CECA).



Business Model

2-6

MISSION

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

VALUES

- Justice and honesty
- Challenge and development
- Unity and responsibility
- Traditions and respect

Our assets::

- 82 substations with installed capacity of transformers of 39,055.9 MVA
- OHTL 26,977.215 km
- 9 MES branches and NDC SO
- 4,376 employees
- Modern technologies

Reliability indicators:

- GA 99.999%
- AIT 6.60 min
- Social Stability Rating – 86%

Our business

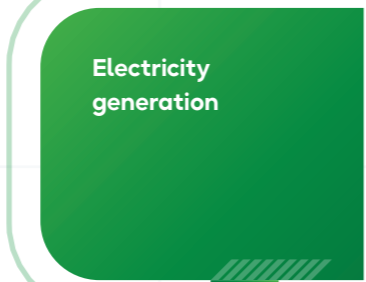
- Electricity transmission – 58.57 billion kWh
- Technical dispatch control – 104.26 billion kWh
- Generation and consumption balancing – 203.12 billion kWh

Our performance:

- Net profit KZT 26.7 billion
- Dividends per share KZT 50.85 for 2021
- Dividends per share KZT 65.44 for H1 2022

VISION

Leader in the electric power industry, contributing to the future energy system and the market changes in the context of an energy transition; and to the development of a sustainable electricity system through infrastructure planning and clean energy development





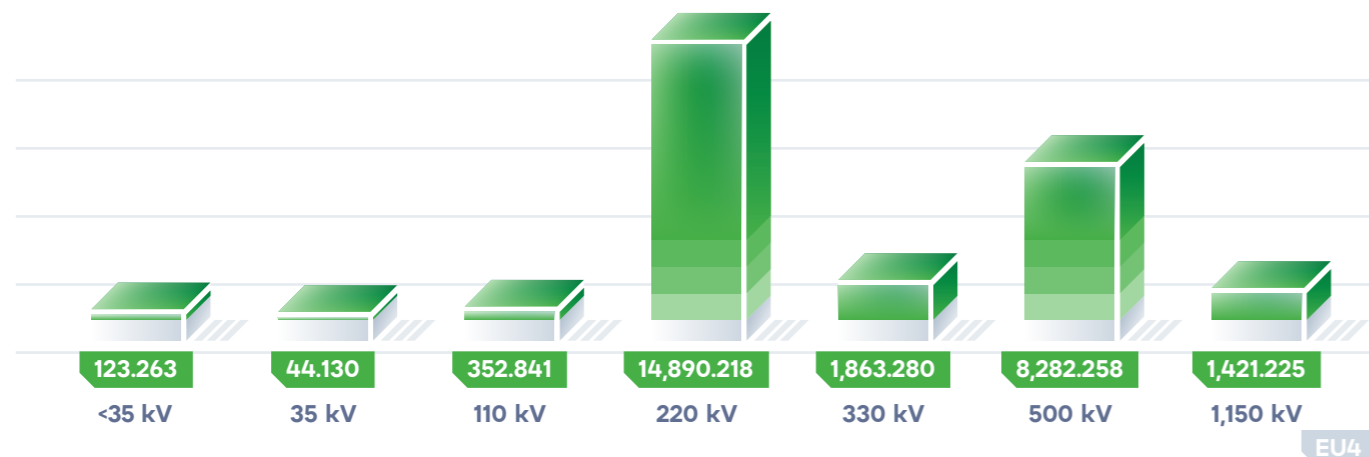
Capacities

The national power grid, or NPG, is the company's main asset. At the end of 2022 it consisted of 387 overhead transmission lines (OHTL) with a voltage range of 0.4 to 1150 kV and a total length of 26,977.215 circuit km, as well as 82 electrical substations

(SS) with a voltage range of 35 to 1150 kV and a transformer capacity of 39,055.9 MVA. They provide connections between the regional power providers and big users, cross-border power flows, and electricity delivery from the power plants. 2-6

Length of KEGOC overhead lines

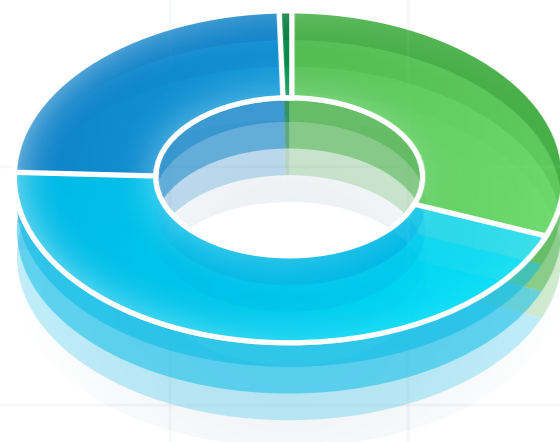
as of 31.12.2022, km



EU4

Capacity and number of KEGOC substations (SS)

as of 31.12.2022



35 kV – 2 pcs.
 220 kV – 57 pcs.
 500 kV – 20 pcs.
 1,150 kV – 3 pcs.

23.2 MVA
 12,201.1 MVA
 17,447.5 MVA
 9,384.1 MVA

EU1



Company Structure

The Company's structure includes 9 branches, inter-system electric networks (MES) and National Dispatch Centre of System Operator (NDC SO) also as a branch.

KEGOC is the sole shareholder of its subsidiary EnergoInform.

The mission of EnergoInform JSC is to ensure the reliable functioning and efficient development of the information and telecommunications complex of the UPS of Kazakhstan using global best practices and innovative technologies.

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

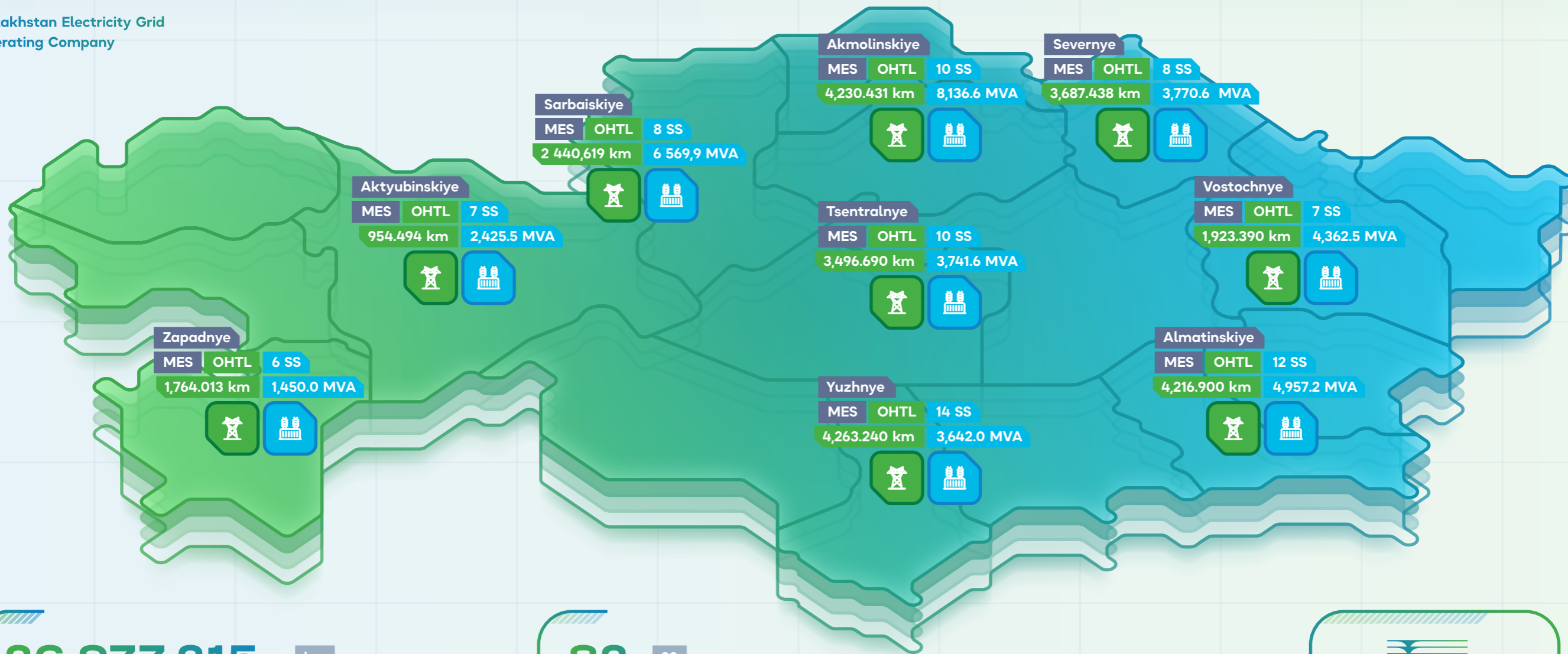
In addition, KEGOC is a shareholder (20% of shares) of Batys Transit JSC established in 2005 to implement Construction of North Kazakhstan-Aktyubinsk Oblast Interregional Power Transmission Line project. 2-6



Geography of Operations

Kazakhstan Electricity Grid Operating Company

2-6, EU1, EU4



26,977.215 km

Overhead lines

82 SS

installed transformer capacity 39 055,9 MVA





Development strategy

The operations of KEGOC have a strategic impact on the growth of Kazakhstan's economy and on a variety of stakeholder interests. This is taken into consideration by the Company when making choices and formulating long-term strategies. We put a priority on serving the needs of society, ensuring that the UPS of Kazakhstan operates effectively, advancing the development of the NPG of Kazakhstan, guaranteeing fair working conditions and the welfare of people, and protecting the environment. And the KEGOC Development Strategy 2022-2031, which was approved by the KEGOC Board of Directors, reflects this.

2-12

The status of Kazakhstan's UPS system operator defines KEGOC's functions, which include ensuring parallel operation

with other countries' energy systems, maintaining energy system balance, providing system services and purchasing ancillary services from wholesale electricity market entities, and ensuring electricity transmission in Kazakhstan's NPG, its maintenance, and operational readiness.

Important factors for successful development are:

- improving the efficiency of the Company's operations and introducing a portfolio approach to asset management and investment projects;
- considering the impact of ongoing changes in the electricity sector that have a significant impact on the development of the electricity sector (energy transition and decarbonisation of the economy, development of

- renewable energy sources, digitalisation of business, process automation and ensuring information security, etc);
- the transformation of people's minds.

The Company's Development Strategy has been updated due to the influence of global trends relating to the energy transition, particularly decarbonisation, geopolitical instability, and changes in the country's macroeconomic climate. In doing so, the Company will work to increase the Company's long-term value by strengthening KEGOC's financial stability, defining a portfolio of projects and initiatives, investing in profitable projects, implementing major infrastructure projects, improving corporate governance, and ensuring sustainable development.

2-22, 2-23,2-24

LONG-TERM STRATEGIC OBJECTIVES

The Company's Development Strategy 2022-2031 defines three strategic objectives:

Goal 1.

Ensuring the reliable functioning of Kazakhstan's UPS during the energy transition (reliability and development of the NPG), which is ensured by the following tasks:

1. execution of UPS system operator functions in Kazakhstan;
2. advanced development of Kazakhstan's NPG, effective integration of RES at the 15% level; and
3. introduction of current innovative and digital technologies, Smart Grid.

Goal 2.

Ensure sustainable growth in accordance with the principles of ESG (sustainable development) by

1. decreasing the carbon footprint,
2. growing human capital,
3. enhancing corporate governance, and
4. improving professional safety.

2-22

Goal 3.

Increase net asset value (financial sustainability) through

1. enhancing financial stability,
2. new company development, and
3. international cooperation.





Reliability, availability and advanced development of Kazakhstan power system

NPG RELIABILITY AND DEVELOPMENT

THE OVERALL POWER INDUSTRY INCLUDING THE GRID INFRASTRUCTURE NEEDS ADVANCED DEVELOPMENT TO ENSURE STABLE NATIONAL ECONOMY GROWTH. IN ORDER TO INCREASE EFFICIENCY AND IMPROVE RELIABILITY OF NPG OPERATION AND THE CAPACITY OF THE NETWORKS, THE COMPANY CONTINUES TO ACTIVELY IMPLEMENT LARGE-SCALE INVESTMENT PROJECTS.

0.06

SAIDI

System Average Interruption Duration Index

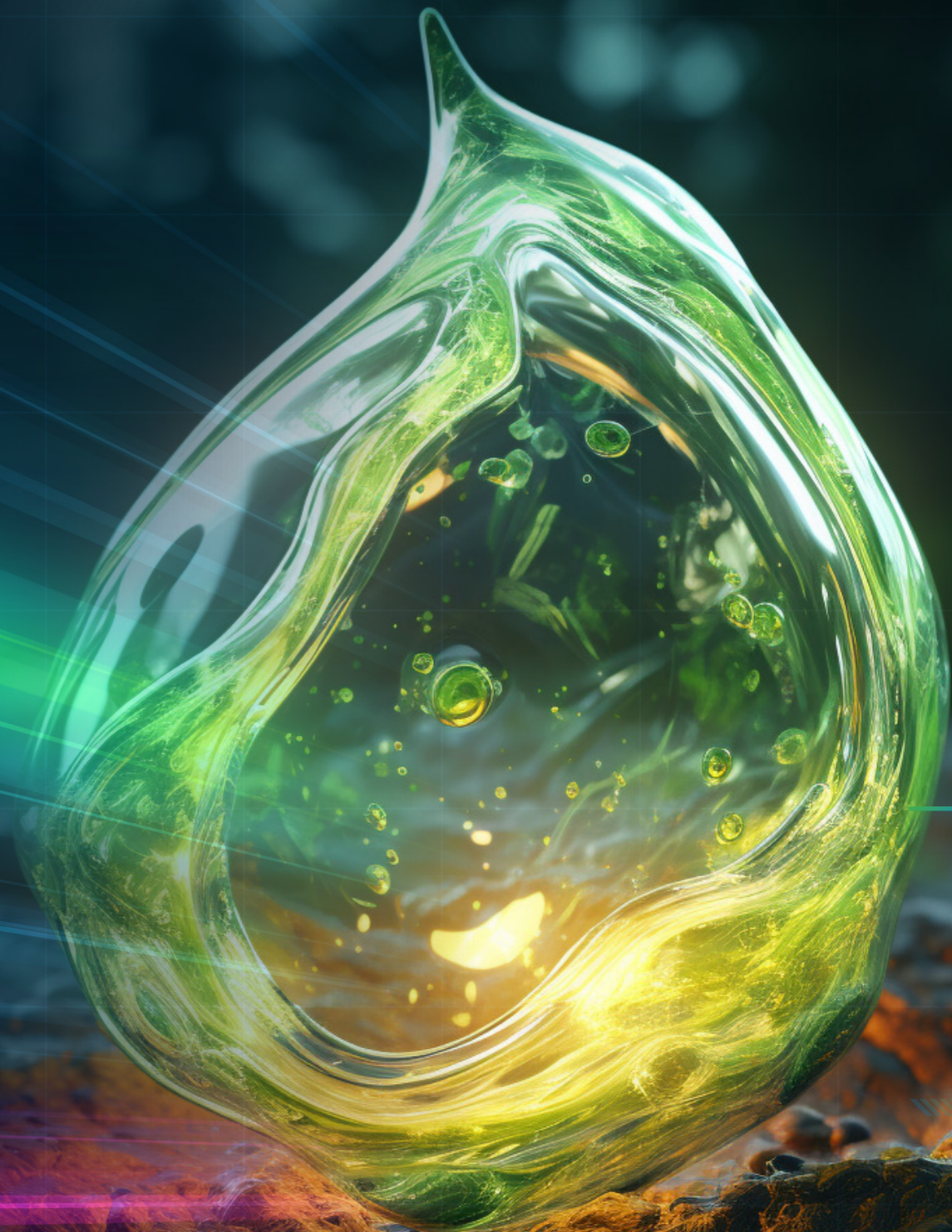
The System Average Interruption Duration Index describes the average one system interruption duration per year in minutes.

0.04

SAIFI

System Average Interruption Frequency Index

The System Average Interruption Frequency Index describes the average power supply interruption frequency.





Operational Activities

KEGOC's customers are legal entities such as energy producing, energy transmitting, and energy supplying organisations, as well as industrial businesses. **2-6**

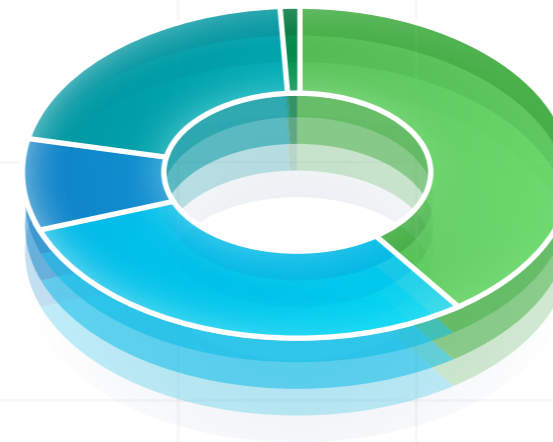
The following factors are considered when determining the volumes of system services: the nation's current economic situation; the growth of regional generation; the plans of system service consumers to increase or decrease consumption; the potential for grid operation state optimization during the repair and maintenance operations to support to export and transit of electricity to neighbouring countries; the

exchange of electricity in the framework of foreign trade exchange of goods between Central Asian countries. All of these operations help to reduce the risk of a decline in the number of system services given compared to the projected ones.

System services to wholesale market participants were fully provided in 2022 in accordance with signed contracts and customer requirements. Beginning in 2021 and concluded in 2022, the total number of contracts for the provision of consumer services, the purchase and sale of energy was as follows:

Contracts	Quantity
electricity transmission in the NPG	465
technical dispatching of electricity generation and consumption in the grid	178
electricity generation-consumption balancing	475
supply and transmission of reserve generation capacity	1
purchase of electricity to compensate for transmission losses and for auxiliary consumption	8
purchase of power control services	7
purchase of electricity from Russia to compensate for unscheduled hourly deviations of the actual inter-state power balance	1
sale of electricity to Russia to compensate for unscheduled hourly deviations of the actual inter-state power balance	1
electricity transmission (transit) services for RosSeti PJSC	1
power (frequency) control services for Uzbekistan NPG JSC	1
purchase of electricity transmission services from Batys Transit JSC to compensate for electricity transmission losses	1
purchase of unscheduled electricity	1
purchase of electricity to settle unscheduled cross-border power flows (from Kyrgyzstan NPG JSC)	1
sale of electricity to settle unscheduled cross-border power flows (for Kyrgyzstan NPG JSC)	1
Total	1,142

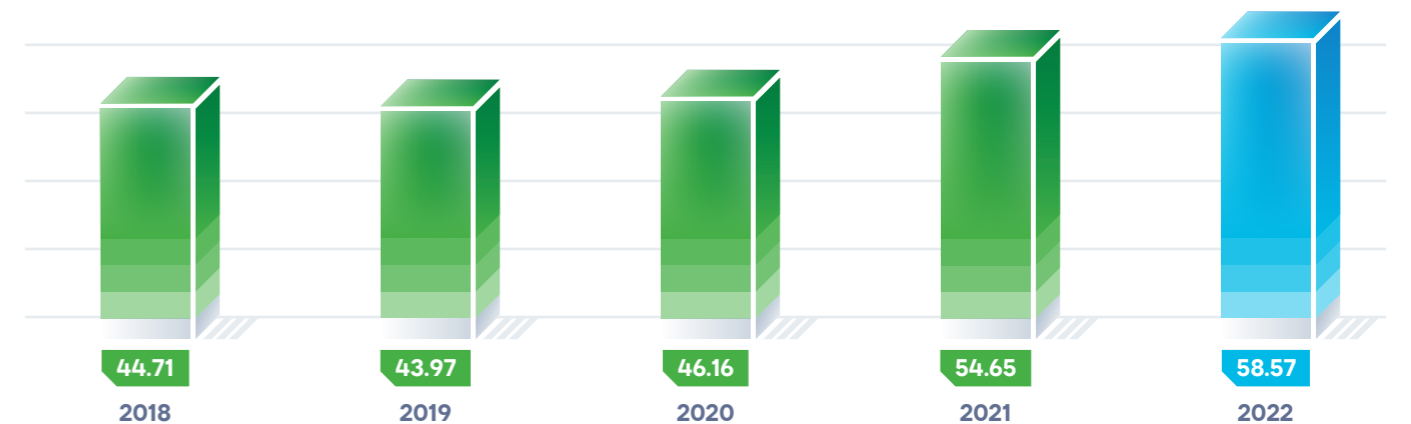
Contracts by category



Category	Quantity	Percentage
Energy supplying organisations	460	40.3%
Energy producing organisations	336	29.4%
Energy transmission organisations	104	9.1%
Direct consumers	235	20.6%
Foreign counterparties	7	0.6%

ELECTRICITY TRANSMISSION

Transmission of electricity in KEGOC grids





In 2022, the actual volume of energy transmission services in the national power grid was 58.57 billion kWh, up 3.9 billion kWh or 7.2% over 2021. The main reasons for the excess are:

- an increase in the volume of electricity transmission for the Republic of Kazakhstan's wholesale market entities of 2.446 billion kWh, or 5%, compared to 2021; and

- an increase of 2.096 billion kWh, or 53%, in inter-state electricity transit (Russia - Kazakhstan - Russia).

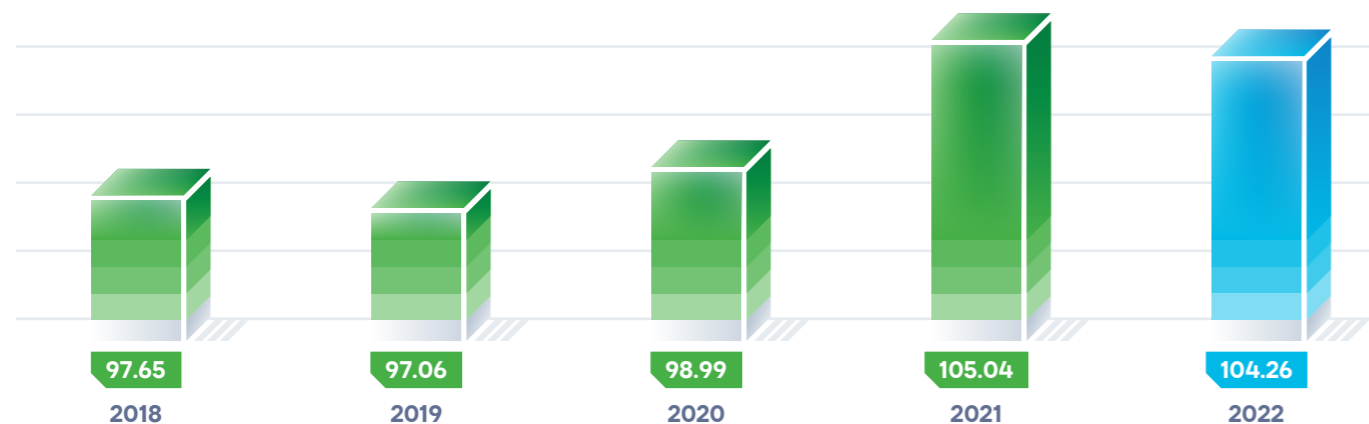
According to the terms of the contract between KEGOC and RosSeti, electricity transmission (transit) was performed by KEGOC grids along the Russia-Kazakhstan-Russia route in 2022. This transit system provided a total of 6,053.5 million kWh in services.



TECHNICAL DISPATCHING

Technical dispatching

bln kWh



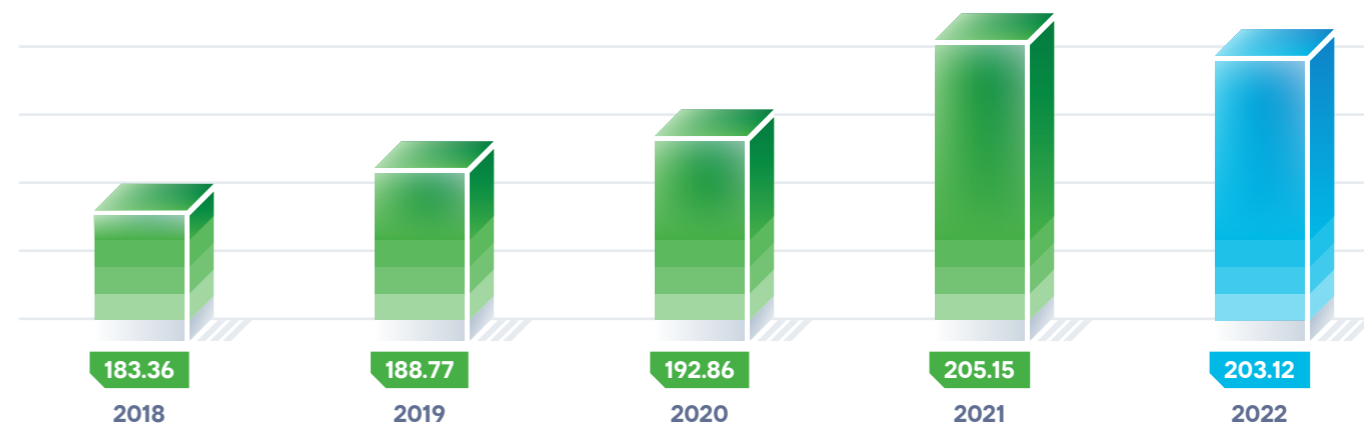
The actual volume of rendered services on technical dispatching of electricity generation and consumption in the grid in 2022 was 104.26 billion kWh, which was 779 million

kWh or 0.7% lower than in 2021 due to a decrease in power generation by Kazakhstan's power generating organisations.

ELECTRICITY GENERATION-CONSUMPTION BALANCING

Electricity generation-consumption balancing

bln kWh



The actual amount of electricity generation-consumption balancing services in 2022 was 203.12 billion kWh, which was 2.03 billion kWh, or 1%, less than in 2021 due to a

decline in power generation-consumption in Kazakhstan's wholesale market.



ELECTRICITY PURCHASE AND SALE TRANSACTIONS

In line with the Law of the Republic of Kazakhstan 'On Electric Power Industry', KEGOC serves as the system operator of the Republic of Kazakhstan's UPS for interaction with surrounding states' power systems in order to manage and ensure the stability of the parallel operation.

During the day, electricity consumption in Kazakhstan UPS fluctuates noticeably: consumption falls at night, rises at the start of the working day, and peaks (reaches its greatest) levels in the evening hours. At the same time, Kazakhstan UPS, where the majority of generation is thermal power plants that operate in base-load mode and are unable to adjust their load quickly owing to their technology. As a result, Kazakhstan's own power facilities are unable to satisfy the variable consumption schedule, resulting in mismatches between electricity generation and demand. The shortage of flexible generating capacities in Kazakhstan UPS is aggravated further by emergency shutdowns of running power plant equipment and high rates of commissioning of renewable energy plants, which are infamous for their intermittent generation. In this sense, Kazakhstan UPS, among other things, provides power frequency maintenance and coverage of developing imbalances through interaction within the context of parallel operation with the Russian UES.

In accordance with the Agreement on Measures to Ensure Parallel Operation of the Parties' Power Systems dated 20 November 2009, KEGOC and Inter RAO PJSC annually conclude electricity sale and purchase agreements to compensate unscheduled hourly volumes of deviations of the actual interstate balance of electricity flow at the border of Kazakhstan UPS and Russia UES. According to this Agreement, the financial outcome of deviation purchase and sale is a reasonable payment for the physical compensation

regulation of deviations by the Russian energy system in Kazakhstan UPS.

In 2022, KEGOC paid KZT 28,394.5 million (20.05 KZT / kWh) for 1,416.2 million kWh of electricity to compensate for hourly unscheduled deviations of the actual interstate power flow balance at the border of Kazakhstan UPS of and Russia UES.

KEGOC sold 1,416.2 million kWh for KZT 10,457.9 million (7.38 KZT/kWh) to compensate for hourly unscheduled deviations of the actual interstate power flow balance at the border of Kazakhstan UPS of and Russia UES.

Consumer Relations

KEGOC has created an internal standard called 'Management of System Services and Consumer Claims' to improve the quality of services supplied. It requires that surveys be given to all system service users at least once every six months. The questionnaires include a request to assess the performance the Company's personnel, the dependability of the provided business and technical information, the promptness with which consumer claims are addressed, the quality of system services, the quality of RDC operational dispatch management services. The questionnaire also includes a feedback form for the consumer suggestions to improve KEGOC's service quality. Responses are examined in order to improve the quality of services provided. **2-24, 2-26**

In 2022, the average annual customer satisfaction score was 4.72 on a five-point scale. The criteria that need to be improved are being addressed. **2-25**

There have been no significant fines imposed on the Company for non-compliance with laws and regulations concerning the provision of services in 2022. **2-27**

Investment Activities

Rapid development of the electricity sector, including the power grid infrastructure, is required to ensure steady growth of the nation's economy.

The Company actively keeps putting large-scale investment projects into operation in order to increase efficiency, strengthen the reliability of NPG operation, and grid capacity. These initiatives are carried out with consideration for the development of renewable energy (PVPPs and WPPs, which are notorious for their intermitted generation), as well as for the suitable design of the power grid to guarantee the capacity output of major RES facilities.

The Company carried out the following significant investment projects and activities in 2022:



Rehabilitation of 220-500 kV OHTL at Aktyubinskiye MES branch, Sarbaiskiye MES branch and Zapadnye MES branch of KEGOC, phase 1.

Project objective

Large-scale project to upgrade and rehabilitate 24 overhead lines.

Source of funding

Financing for the project comes from equity funds and borrowed funds raised through the listing of KEGOC green bonds on the trading floor of the Kazakhstan Stock Exchange (KASE).

Status of project implementation

- Construction and installation work was finished on 20 of 24 transmission lines in 2022, and these activities were completed on 18 transmission lines, 16 of which were commissioned.
- Since the project's inception, 1,749 km of the 2,029 km of overhead lines have been restored, including 442.3 km in 2022.

Capital expenditure in 2022 amounted to





West Kazakhstan Electricity Transmission Reinforcement Project.

Project objective

Increase the transmission capacity and reliability of power supply to consumers in Zone West of the UPS of Kazakhstan by reinforcing 220 kV power grids connecting western regions of Kazakhstan.

Source of funding

Financing for the project comes from equity funds and borrowed funds raised through the listing of KEGOC green bonds on the trading floor of the Kazakhstan Stock Exchange (KASE).

Status of project implementation

- In 2022, construction and installation work was in progress:
- since the start of the project 2,898 (69%) out of 4,182 towers have been installed, including 1,760 (42%) in 2022;
 - since the start of the project, 297.8 km of 779.7 km (38%) of conductor have been installed, including 244.4 km in 2022;
 - construction and installation work was carried out on 220 kV Uralskaya, Pravoberezhnaya, Inder, Kulsary, Tengiz and 220 kV Karabatan substations.

Capital investments in 2022 amounted to



Turkestan External Power Supply Reinforcement Project.

Project objective

Providing conditions for the development of the local electricity distribution network of 110 kV and below in accordance with the Comprehensive Plan for socio-economic development of Turkestan Oblast until 2024, and the Road Map for the implementation of priority measures for the development of Turkestan.

Source of funding

Financing of the project: Company's equity funds.

Status of project implementation

- The Company finished construction, installation, and commissioning work in 2022. A new 220 kV Ortalyk substation near Turkestan has been built, which will be used as a connection point of the local 110 kV and lower electricity distribution network.
- The facility was put into operation on 28 October 2022.**

The capital expenditure in 2022 was



KEGOC builds its investment project portfolio using a scenario methodology based on the evolution and annual update of Kazakhstan's expected balance of energy and generation capacity. Furthermore, climate change risks, particularly natural factors (floods, hurricanes, earthquakes, epidemics) that contribute to the formation of emergency hazards, are considered. In order to assure grid reliability and reduce the key risk of operational asset failure, the Company intends to implement the following NPG development investment projects in the near future:

1 South Kazakhstan Electricity Transmission Reinforcement Project.

The project envisages the reinforcement of the power system of Zone South of the UPS of Kazakhstan across the territory of the Republic of Kazakhstan to ensure the reliability of power supply to consumers in Zone South and to strengthen the power connection between the regions of Zone South.

Based on the results of the feasibility study, the construction of two 500 kV Shu-Zhambyl and Zhambyl-Shymkent overhead lines was approved, as well as the reinforcement of 220 kV networks of the Almaty power region.

The project shall be completed in 2027.

2 West Kazakhstan Power System Interconnection Project.

The project envisages the interconnection of Zone West of Kazakhstan with the main part of the UPS to ensure energy security and energy independence of the western regions of Kazakhstan and to improve the reliability of electricity supply to consumers in Zone West.

A feasibility study for the project is currently underway. It shall determine the main option for the construction of the transmission line based on the plans to develop generating capacity and prospective investment projects of consumers.

The approximate deadline for project implementation is 2028. The parameters and timing of the project will be finalised in a feasibility study.

3 Rehabilitation of 220-500 kV OHTLs at KEGOC, Phase II.

The aim of the project is to improve the reliability of Kazakhstan's NPG through the rehabilitation of existing transmission lines that either have reached or will reach their standard service life in the coming years.

The project covers 48 overhead lines of 220-500 kV of Akmolinskiye, Tsentralnye, Vostochnye, and Severnye MES branches with a total length of 4,236 km. The feasibility study is in progress.

4 Rehabilitation of 220-500 kV OHTLs at KEGOC, Phase III.

- This project necessitates from the following reasons:
- some overhead lines of 220-500 kV have reached and exceeded their standard service life;
 - reliability of electricity supply to consumers, electricity transmission, and evacuation of electricity from power plant shall be enhanced.

The project will cover 44 overhead lines of 220-500 kV of Almatinskiye MES, Tsentralnye MES, and Yuzhnye MES branches with a total length of 4,332 km. The feasibility study is in progress.



Research and Development

Introduction of modern innovative and digital technologies, Smart Grid.

The introduction of various components of intelligent control of grid facilities (measurement, monitoring, and control systems) is the foundation of the Company's continued research in the area of technological development of the electricity sector, which is in line with the current global trend. On this foundation, a new generation of electricity grids, the so-called 'Smart Grid,' can be built.

The Company began updating the NPG Kazakhstan's supervisory control and data acquisition (SCADA/EMS), substation monitoring and control (SM&C), and synchronphasor-based monitoring system (WAMS) in 2022.

The Company will, after consideration and justification, hire a contractor to carry out the SCADA/EMS upgrade.

The Company's R&D management activities are governed by the corresponding internal documents, which define consistent requirements for the organisation, planning, accounting, execution control, and acceptance of R&D carried out under KEGOC's order. R&D is viewed as a process covering all stages from definition of objective to evaluation to assessment of the real impact of on the Company's activities.

The Company completed the R&D projects of 'The technical and economic study of FACTS devices needed for reactive power compensation in UPS of Kazakhstan' and 'Research on the efficiency of automatic excitation control settings for generators at important national power generation facilities to maintain the static and dynamic stability of 500-220 kV intersystem electric networks'.

The company has launched an 'R&D study of RES impact on transients occurring during close short-circuits'.

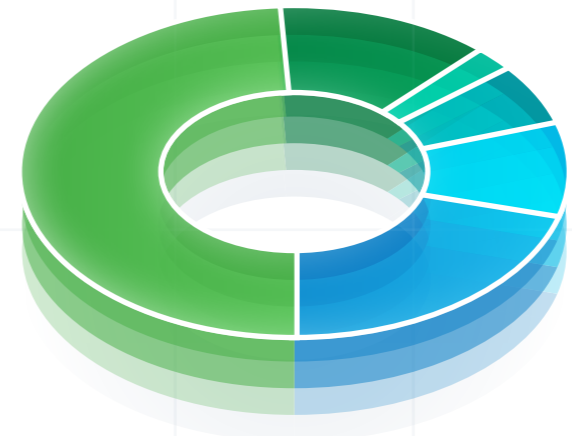
Network Reliability

The Republic of Kazakhstan's core industries, such as metallurgy and oil and gas production, are marked by high energy intensity, hence the electrical industry is significant for the nation. Accordingly, a consistent and high-quality energy supply to customers is crucial to the competitiveness of Kazakhstan's economy and the quality of life of the population.

41 technological failures on lines and 12 technological failures on substations were among the 53 level II faults that the Company observed and investigated in 2022. There weren't any serious mishaps or breakdowns. Compared to 2021, this performance measure increased by 28.4%.



Technological failure by features



Feature	Percentage
Structural and manufacturing defects	6%
Design defects	2%
Installation and construction defects	13%
Natural disasters	49%
Third party impact	21%
Unclassified causes	9%

%



International practice uses the following indices to assess the level of network reliability:

SAIDI

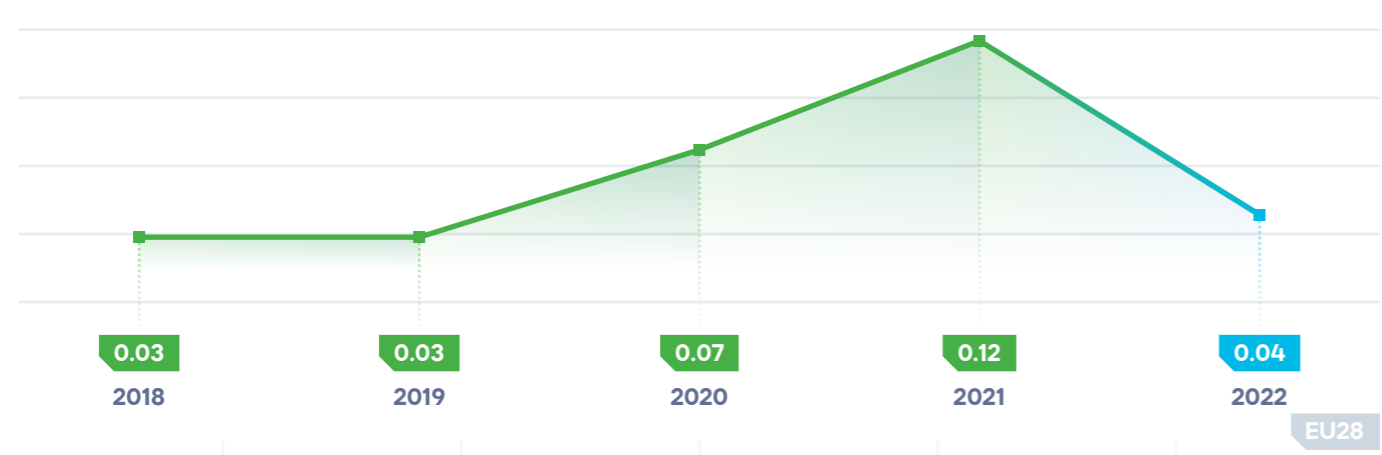
(System Average Interruption Duration Index) – describes the average duration per system outage per year in minutes.



EU29

SAIFI

(System Average Interruption Frequency Index) – describes the average frequency of power outages for consumers.



EU28

Natural occurrences were the cause of 26 technological failures (49% of the total).

The climate change increases in the amount of severe and extreme weather events that endanger our facilities, such as days of high winds and rain, hail, hurricanes, cyclones, droughts, and the risk of fire and flooding, to name a few. Extreme weather and temperature fluctuations can overload the system, lowering efficiency and potentially disrupting client service.

The main unfavourable weather factors include strong winds, thunderstorm overvoltages, and natural icing and de-icing on overhead power line conductors and lightning rods. The Company has developed a risk register that takes into account climatic factors and analyses probable scenarios that the Company may face, such as weather variability and an increase in the severity and frequency of extreme weather events. The climate change risks have been incorporated into the Company's 2022 Risk Register, which is used to manage change.

For example, climate conditions such as the impact of natural occurrences might increase the risk of operational asset failure. To mitigate this risk, the Company takes the following steps:

- training personnel in emergency and recovery operations;
- ensuring that vehicles and special equipment are prepared for emergency and recovery work;
- stocking branches with emergency supplies;
- insuring substation equipment;
- conducting emergency drills; and
- proposing innovative solutions to reduce the impact of natural occurrences on the Company's operational assets.

Natural disasters (floods, hurricanes, earthquakes, and diseases) are exacerbated by climate change. To mitigate this risk, the Company conducts emergency drills according to the approved topics on an annual basis; participates in 'Koktem', 'Kys', and 'Zher', the annual national command-staff exercises to practice measures to eliminate the consequences of natural disasters (floods, hurricanes, earthquakes); and purchases personal protective equipment.

Additionally, the Company implemented the following measures to increase network reliability and lower the primary risk of operational asset failure in 2022:

- replacement of high-voltage bushings on power equipment;
- technical certification of substation equipment and transmission lines with the help of expert organisations;
- technical examination of the condition of the substation equipment and transmission lines with the help of expert organisations;
- asset modernization and rehabilitation;
- technological study of power network faults, etc.

201-2

As part of business continuity, Emergency Response Plans (ERPs) and Emergency Response Action Plans (ERAPs) specific to the Company's operations have been developed for the business continuity process to deal with large scale emergencies.

The ERPs define the goals, ranges, and order of activities to be taken in the event of an emergency, as well as who is in charge of making sure they are done. Regular fire and emergency drills serve as a means of the ERP testing.



The ERAPs outline the steps to be followed in the event of an emergency, including the respective timeline. The most frequent emergency at the Company's facilities may be a fire as a result of disregard for fire safety regulations and other emergencies. The emergency response plan also outlines steps to take in the event of terrorist threats, which could lead to fatalities, major property damage, or other serious repercussions. Fire Extinguishing Plans and Communication and Notification Plans, both of which are a part of the emergency response plan, are put into practise for the quick notice of the Company's employees in the event of an emergency and for emergency response.

To check its readiness to respond to potential emergencies, the Company takes part in annual national command-staff

exercises and conducts site training and seismic exercises in areas with a high risk of earthquakes (South, East, West). The thoroughness of plans development, the coherence of civil protection formations, and the actions of forces and means during emergency recovery activities at TESS are all assessed during these exercises.

2-25

Grid Availability (GA or Grid Availability, measured in percent for the reporting year) and AIT (Average Interruption Time, measured in minutes) have been named as key performance metrics for Strategic Goal 1.

At the end of the reporting year 2022, the Company's strategic KPIs have been met and exceeded their targets:

Indicators for Goal 1

KPI	2018 fact	2019 fact	2020 fact	2021 fact	2022 plan	2022 fact
GA, %	indicators defined in December 2021				99.99874	99.99987
AIT, min					6.607	0.682





Professionalism, safety and values

SUSTAINABLE DEVELOPMENT



KEGOC REALIZES THE IMPORTANCE OF ITS IMPACT ON THE ECONOMY, ENVIRONMENT AND SOCIETY, PURSUES THE LONG-TERM SUSTAINABLE DEVELOPMENT ENDEAVOURING TO INCREASE THE LONG-TERM VALUE WHILE MAINTAINING THE UN SDG AND ESG PRINCIPLES.

0.45

lost time injury frequency rate

LTIFR

In 2022 KEGOC held first occupational health and safety forum.

86

social responsiveness scale (SRS)

%

KEGOC protects and respects the internationally proclaimed human rights and the rights envisaged by the Constitution of the Republic of Kazakhstan and continues the practice of creating equal working conditions for all employees.





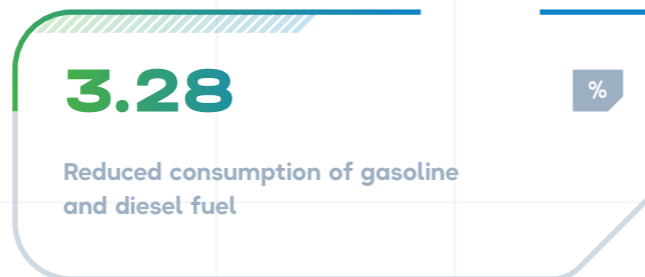
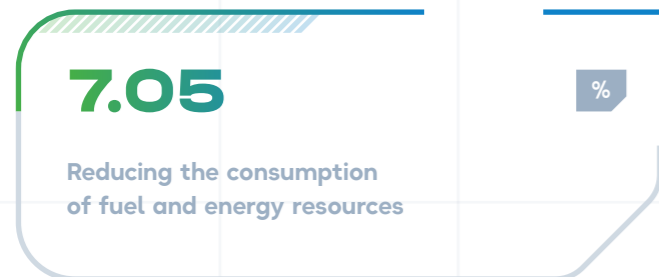
Environment

KEY INDICATORS

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION



KEGOC issued its first green bonds. KEGOC successfully placed green bonds on KASE in December 2022 with a total volume of KZT 16.1 billion and a margin of 3%.

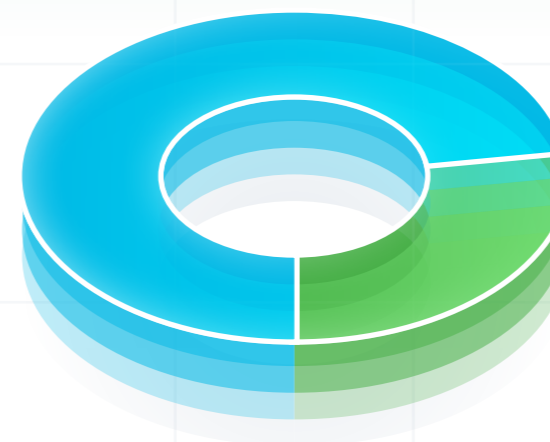
KEGOC has developed a 2060 Carbon Footprint Reduction Programme.

MANAGEMENT SYSTEM

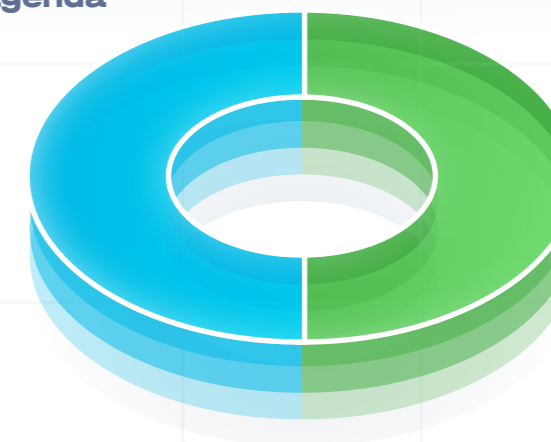
Key documents

- 2022-2031 Development Strategy
- Sustainability Management System Handbook
- Environmental Policy
- Quality, Environment, Occupational Health and Safety Goals
- Significant Environmental Aspects Register
- Standard of Environmental Management System Planning Management
- Waste Management Standard

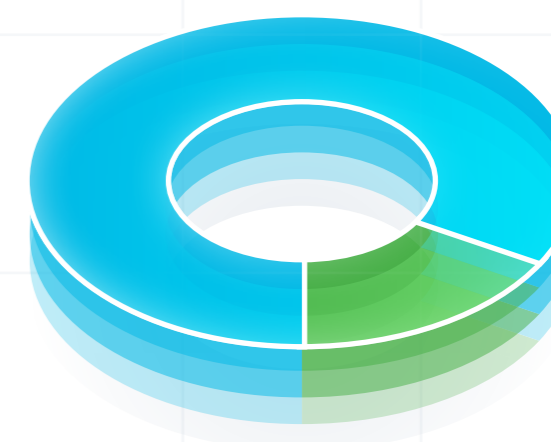
KEGOC Board of Directors agenda



Occupational Health, Safety and Environmental Protection Committee agenda



KEGOC Management Board agenda





Environmental Policy

KEGOC considers environmental activities as an integral part of its day-to-day operations. Environmental responsibility is a key principle of KEGOC Environmental Policy.

The goals of the KEGOC Environmental Policy are to minimise negative environmental impact, increase environmental safety, take responsibility for the environmental security of Kazakhstan National Grid development, promote energy savings, and rational use of environmental and energy resources in the Company's operations. KEGOC's management takes the responsibility for implementation of obligations taken in accordance with Environmental Policy on continuous improvement and pollution prevention, as well as obligation to meet applicable legislative and other requirements related to KEGOC in terms of its environmental aspects. All employees of the Company as well as employees of contractors working for the Company shall review KEGOC's Environmental Policy. **2-23, 2-24**

The Company implemented the environmental management system, which is certified for compliance with the requirements of international standard ISO 14001. The system operates as part of KEGOC's integrated management system. The primary goal of its implementation and operation is to adopt innovative management approaches in order to have a greater impact on the environmental aspects of the Company's operational and economic activities. The environmental aspects management is a component of the corporate risk management system in KEGOC.

For efficient management, the Company developed registers of its environmental aspects for 2022. To identify the aspects, the Company analyses all components of the environmental impact (energy saving, water, soil, emissions, waste). Activities to manage environmental aspects are specified in the Company's Environmental Program for 2022. In 2022, 'waste potentially containing polychlorinated biphenyls (PCBs),' 'transformer oil,' and 'waste transformer oil' were recognised as key environmental aspects. "Waste potentially containing polychlorinated biphenyls (PCBs)" aspect is significant because the Environmental Code of the Republic of Kazakhstan recognize polychlorinated biphenyl as a hazardous substance. The 'spent transformer oil' and 'transformer oil' aspects are critical due to the existence of oil-filled equipment.

There were no financial or non-financial sanctions or fines imposed on KEGOC for non-compliance with environmental laws and regulations in 2022. **2-27**

There have been no environmental impact concerns filed with the Company.

Ambient Air Impact

According to a recent amendment of the Kazakhstani Environmental Code, the authorised body for environmental protection has classified the majority of MES branches as items falling under category IV, for which there are no specified emission criteria.

However, an internal Environmental Control Programme was created to monitor the branches, and in 2022,

stationary source emissions reports were generated in the MES branches on a quarterly basis. The number of operating hours of each piece of equipment and the amount of materials consumed were used as the basis for the calculation of pollutant emissions.

In category II branches the environmental monitoring has been done by expert entities using calculations or laboratory measurements.

Gross emissions of pollutants from stationary sources totalled 9.34 tonnes in 2022 vs the regulatory limit of 11.63 tonnes. Thus, gross emissions from stationary sources (with regard to standard rate) dropped by 20%. **305-7**

According to the Code of the Republic of Kazakhstan "On taxes and other mandatory payments to the budget" the emissions from mobile sources shall not be measured, reports shall specify the amount of the used fuel. The vehicles were tested for toxicity and opacity of exhaust gas.

The Company does not emit any ozone-depleting substances influencing the climate change. **305-6, EU5**

Ensuring the decarbonization of the economy through the development and integration of RES into Kazakhstan's energy system are the main business's strategic goals and objectives, as well as the most significant beneficial environmental impact of KEGOC as a network company and System Operator.

To mitigate transitional climate risk in 2022, the Company adopted its 2031 Low-Carbon Development Programme

and a 2060 carbon neutrality vision based on Kazakhstan's 2060 Strategy for Achieving Carbon Neutrality, Samruk-Kazyna JSC's Low-Carbon Development Concept, and KEGOC's 2022-2031 Development Strategy.

KEGOC contributes to the reduction of greenhouse gas emissions in accordance with the Development Strategy of Samruk-Kazyna JSC for 2022-2031, which aims to reduce the carbon footprint in the Fund's group of firms to 10% by 2031. The incorporation of the low-carbon agenda will allow the Company to contribute not only as a network company and System Operator connecting renewable energy sources, but also to increase KEGOC's investment attractiveness, competitiveness in the context of the energy transition, and declare the Company's climate ambitions.

The Programme's goal is to systematise the primary approaches and actions for reducing the carbon footprint, including:

1. Analysis and evaluation of capability and potential to lower the current business's carbon footprint;
2. Identification of key decarbonization areas and actions to reduce the carbon footprint;
3. Forecasting of trends in CO₂ emissions up to 2060;
4. Raising of the awareness of the Company's personnel, including about ongoing global trends in reducing the carbon footprint.

The current situation has been examined as part of the Programme development, and the main sources and indicators of direct and indirect CO₂ emissions (Scopes 1 and 2) have been identified, including actions to reduce the Company's carbon footprint of its operations and key indicators to monitor the carbon footprint reduction.



The following are the primary sources of direct greenhouse gas emissions (Scope 1) in KEGOC:

- **mobile sources**, vehicles utilised in the execution of the main categories of business operations, including maintenance and repair;
- **stationary sources**, stationary and portable power plants, and generators of electrical energy used to assure the reliability of power supply in communication facility emergency situations, as well as during maintenance and repair operations.
- **SF6 circuit breakers**, a necessary piece of substation equipment for KEGOC's Intersystem Electric Networks branches.

Indirect emission sources (Scope 2) include:

- **emissions generated during the generation of electricity purchased by the Company for technological purposes**, including compensation of the technical losses of electricity during its transmission through Kazakhstan NPG, as well as auxiliary consumption of heating, lighting of buildings, premises, territories and etc.
- **emissions generated during the generation of heat purchased by the Company** for heating of industrial and non-industrial premises.

As System Operator and grid operator, the Company is not permitted to develop or implement its own renewable generating or RES construction projects, as this would create a potential conflict of interest in the fulfilment of the System Operator functions of the UPS of Kazakhstan.

The Company sees the key measure of its own Carbon Footprint Reduction Programme as the purchase of green electricity through:

1. country scheme to support the implementation of RES projects in accordance with the current legislation (*current at about 4%*) and / or
2. bilateral contracts for existing and prospective renewable energy facilities.

Another important focus of the Programme will be the implementation of necessary resource and energy efficiency measures with corresponding potential energy saving and energy efficiency measures. Eg, the main mechanisms for implementing the Programme will be energy audits, both present and future, the development of energy efficiency actions, and the implementation of energy efficiency and resource efficiency programmes.

It is also worth noting that the best results of the Company in the area of resource saving and energy efficiency include the introduction of an energy efficiency policy and tools to motivate Company employees to make rationalisation proposals, introduction of new technologies through R&D, implementation of pilot projects and tests.

The Programme sets out the low-carbon development targets by 2031:

- **for Scope 1 (direct emissions)**: gradual replacement of passenger cars with internal combustion engines with similar modes of transport using low-carbon fuels (electric vehicles, LPG) to achieve a 2% reduction in emissions by 2030;
- **for Scope 2 (indirect emissions)**: gradual increase the share of 'green' RES electricity to compensate for losses in KEGOC's networks and reach 20% by 2031.

201-2, 2-24

According to the Environmental Code of Kazakhstan, 'A quotable installation is an installation whose quota greenhouse gas emissions exceed twenty thousand tonnes of carbon dioxide per year in the regulated sectors of the economy'. KEGOC is not subject to quotas. However, in accordance with the terms of the UN Framework Convention on Climate Change, the Kyoto Protocol, the Paris Agreement following the results of 2022, KEGOC developed and verified the Greenhouse Gas Emissions Inventory Report. The data is consolidated at the corporate level using an operational approach. It includes greenhouse gases: CO₂, CH₄, N₂O, SF₆. Greenhouse gas emissions from air conditioning systems are excluded from Scope1 emissions due to insufficient data and their

Emissions	Total	CO ₂	CH ₄	N ₂ O	SF ₆
	t CO ₂ eqv	t	t CO ₂ eqv	t CO ₂ eqv	t CO ₂ eqv
Scope 1	8,887	8,721	40	126	0
Scope 2	2,632,728	2,632,72	-	-	0

305-1, 305-2

The majority of Scope 2 indirect emissions are created during the generation of power acquired by the Company to compensate for the technological consumption of electricity during its transmission through Kazakhstan's NPG (transmission losses). The amount of technology consumption is proportional to the length of transit transmission lines and is determined by the operational states of neighbouring nations' energy systems (transit, export and import of power), climatic circumstances, and cannot be avoided by the Company.

insignificance. Scope 3 greenhouse gas emissions are not included in the report due to insufficient data. 305-3

The base year 2022 is chosen as the GHG Protocol Greenhouse Gas Inventory Report has been prepared by KEGOC for the first time. The base year will be recalculated if a new category is added or if a switch to a more accurate methodology is made.

Emission factors are calculated according to the IPCC Guidelines for National Greenhouse Gas Inventories for the Electricity Sector (Intergovernmental Panel on Climate Change (IPCC)); the climate change factors are taken from the Report of the Nineteenth Session of the UN Working Group on Climate Change.

The 2022 Greenhouse Gas Inventory Report (Scope 1, Scope 2) has been validated by the validation and verification body in accordance with the requirements of ST RK ISO 14064-3-2019 for compliance with the Greenhouse Gas Protocol (GHG Protocol), WRI/WBCSD GRI 305 Emissions 2016, CDP Climate Change 2021 Reporting Guidance on a reasonable assurance basis with a 2% materiality level. 2-23



The Company uses SF6 equipment such as SF6 circuit breakers. Modern 110–500 kV SF6 circuit breakers built by ABB, Siemens, and GE have been installed in substations as part of the company’s technical upgrading. They are of high quality, reliable, and ecologically friendly. The SF6 circuit breakers are operated in strict accordance with the instructions and regulations; the use of SF6 gas is monitored and managed; there was an average yearly leakage rate of 0.03% from 2016 to 2022; there was no leakage in 2022.

There are currently no 220–500 kV vacuum circuit breakers available, and SF6 circuit breakers are the only option in this voltage class. Since the use of 110 kV vacuum circuit breakers is not common throughout the world, the Company does not currently use these breakers.

However, the use of ecologically friendly vacuum circuit breakers with a voltage range of 6–10–35 kV in substations helps to limit the usage of SF6 in rehabilitation projects.

The specific greenhouse gas emission factor (total for Scope 1 and Scope 2) is 0.045 tonnes of CO 2 per MWh of transmitted electricity. **305-4**

In 2022, in order to contribute to improving the environment and supporting global trends in reducing the carbon footprint, the Company’s employees planted about 570 seedlings of trees and shrubs in Astana, in the Almaty, Western and Northern regions of Kazakhstan.

Waste Management

The Company generates production wastes during substation equipment operation, maintenance, and

rehabilitation. The Environmental Code of Kazakhstan and KEGOC’s Waste Management Organisation Standard, which classifies all waste as hazardous and non-hazardous, are followed when managing waste at the Company.

Waste Volume in KEGOC Divisions

Description, tonnes	2022
Hazardous waste	11,312
Non-hazardous waste	2624,673
Total	2635,985

The list of waste and their hazard level is updated as required.

MES branches annually develop or amend the waste datasheets for each type of waste containing the description of waste production processes by their origin, quantitative and qualitative indicators, handling rules, monitoring techniques, environmental impact, waste producers information.

For safe handling of industrial and consumer wastes, MES branches defined the areas for temporary safe and separate waste storage, prepared schematic maps of waste disposal on the territory of facilities with the explication and ensure timely removal for the subsequent disposal.

The effort to detect PCBs in the equipment at KEGOC substations continued in 2022 in accordance with the Law of the Republic of Kazakhstan ‘On Ratification of the Stockholm Convention on Persistent Organic Pollutants’ and

the ‘Rules for Handling of Persistent Organic Pollutants and Wastes containing such Pollutants’ (approved by the order of the Minister of Environment Protection of the Republic of Kazakhstan). MES Branches updated the PCBs containing equipment registers; the registers were submitted to the territorial environmental authorities within the established deadlines.

In 2022, the planned and conducted laboratory analyses for the presence of PCBs in the oil-filled equipment of Akmolinskiye MES branch, Vostochnye MES branch, Zapadnye MES branch, Sarbaiskiye MES branch, and Tsentralnye MES branch detected no PCB.

The total amount of disposed waste was 2,635,985 tonnes including 11,312 tonnes of hazardous waste, which is 0.5% of the total waste. The following quantities were transferred by the Company in 2022 on a contractual basis for recycling or other uses:

- **1,131.16 tonnes** of ferrous metal scrap;
- **37,697 tonnes** on non-ferrous metal scrap;
- **2,413,088 tonnes** of used conductor.

To help reduce waste, the Company’s employees engaged in a waste paper collection initiative in 2022, and together with the ‘Assistance to People in Need’ Charity Fund gathered 960 kg of material for further recycling and reuse. The proceeds were used for the needs of the Orphanage in Astana.

Water Body Impact

Water is not used in the Company’s technological process. The Company’s water usage is negligible, and KEGOC

operations have no major impact on used water sources. Water is consumed and discharged in accordance with contracts concluded by MES branches with specialized organisations. There are no discharges into water facilities and relief. 7 branches of KEGOC have artesian water supply and wells are operated in accordance with the permits obtained. The specialised organisations are contracted to permanently monitor the ground water intake facilities in accordance with the Water Code of Kazakhstan.

Possible sources of water and soil pollution at the Company’s facilities are transformer oil used in oil-filled equipment, as well as waste water resulting from the use of water for household needs. Environmental friendliness is one of the top considerations when choosing KEGOC equipment; oil circuit breakers are routinely replaced with gas-insulated and vacuum circuit breakers, which permits cutting down on the amount of transformer oil used in the substations of the MES branches. The oil free equipment increases reliability and fire safety and excludes pollution of ground water and soil. Oil-filled equipment has oil receiving devices or oil soak pits that prevent oil from spilling on the soil. The containment of oil receiving devices shall be checked on regular basis.

Biodiversity Impact

As a power grid company and system operator, KEGOC has no significant impact on fauna and flora.

The Company adopts a holistic approach to environmental protection and biodiversity conservation when completing projects, including investment initiatives.



To manage environmental risks during the design stage of power grid facilities, overhead line routes and substation sites are prohibited from passing through settlement lands and territories, including those designated for future development of villages, settlements and cities, as well as those intended for agricultural development, natural reserves, forest farms, water protection zones, irrigated farmlands, specially protected territories and cultural heritage sites. The majority of the overhead lines travel through steppe and semi-desert areas.

KEGOC functions in accordance with the principles of Kazakhstan's environmental legislation, particularly the concepts of environmental information accessibility and public engagement. When any construction or reconstruction projects are being considered, public hearings or debates on the project EIA are required.

2-26

The EIA considers all processes that could have a substantial environmental impact on the planned activity, such as air, water bodies, and groundwater, terrain, biodiversity conservation, and wildlife. Project risks are identified and assessed on a continual basis and at all phases of project implementation. PESTEL analysis is used to assess project hazards, including social and environmental concerns. The results of the environmental impact assessment, including biodiversity, are considered, and the alternative that causes the least environmental harm is chosen.

The beneficial influence of KEGOC on biodiversity is that it promotes the conservation of traditional habitats

in power line right-of-ways and sanitary zones near substations.

According to global studies, power lines with voltages ranging from 0.4 to 10 kV are hazardous to birds due to the short distances between the earthed cross-arm or other earthed areas of the transmission tower and live conductors. Birds can cause a fatal short-circuit when they brush an earthed cross-arm and a live conductor while lifting off or flying by.

99.4% of KEGOC's overhead lines are high-voltage lines of 110 kV or above, with a minimum distance of 1.5 metres between earthed and current-carrying parts of the overhead lines. As a result, such line design effectively eliminates the risk of electric shock to birds and bats because the wingspan of birds cannot close the gap the conductors and earthed parts of a line. However, in areas where birds may land on the traverse of the lines, KEGOC has installed more than 7,000 unique bird-protection devices.

The company is always monitoring the market for advancements in the field of biodiversity protection, learning from the experiences of other enterprises, and collaborating with nature conservation agencies. For example, on December 7, the Company participated in a round table discussion on 'Birds and Energy: In Search of Sustainable Development' organised by the BRCC Research&Conservation Public Foundation with the support of the Critical Ecosystem Partnership Fund (CEPF), The Altai Project International Organisation, and the Russian Raptor Research and Conservation Network (RRRCN).

Energy Efficiency

KEGOC's main goals in energy saving and energy efficiency improvement are to reduce the volume of consumed fuel and energy resources, including by reducing auxiliary energy consumption at KEGOC facilities, reducing technological

losses of electricity in the NPG, improving energy consumption control mechanisms and equipment of Company facilities with electricity and other fuel and energy resource metres, and organising information collection on energy consumption.

Fuel and energy consumption in 2022, GJ¹

Electricity	10,169,639.51
Heat power	84,842.87
Fuel	120,145.7
including:	
■ motor gasoline	40,918.42
■ diesel fuel	75,481.13
■ natural gas	3,237.41
■ liquefied gas	508.78
Total	10,374,628.12

¹ When converted to Joule, the international system of units (SI) was used.

Fuel and energy consumption in 2022 declined by 788,170.43 GJ compared to 2021 due to a decrease in supply to the grid and, as a result, a decrease in electricity losses.

302-1, 302-4, 302-5

In 2022, specific energy consumption amounted to 0.18 GJ per 1,000 kWh of transmitted electricity.

302-3

The most effective, in terms of reducing the energy consumption, are the measures on reduction of technological consumption of electricity in transmission lines.

Kazakhstan's electric power system is best known for the concentration of large energy sources in the grid's Zone North and the long (approximately 1,000 km) transmission lines (mainly connecting Kazakhstan's northern and southern regions, as well as Pavlodar and Aktobe oblasts) - this is due to the country's large territory and has a significant impact on the level of technological electricity consumption (technical losses). The technical losses in KEGOC's network also depend on the operation states of energy systems of neighbouring countries (transit, export and import of electricity) and climatic conditions.



Structure of electricity losses of KEGOC for 2022

%



- Substation auxiliary power supply 3%
- Load in lines 63%
- Corona 20%
- Load in transformers 1%
- No-load in transformers 4%
- Reactors 9%

The technical losses in KEGOC networks in 2022 amounted to 2.796 billion kWh or 4.9% of electricity supply to the grid.

EU12

It should be understood that technical loss of electric power means the loss of electric power resulting from the physical processes in conductors and electrical equipment which occur during the electricity transmission across transmission lines. Thus, the main goal of planning and taking the measures on reduction of electric power losses is to bring the actual amounts of technological loss to its optimal level.

The risk of excessive losses in power transmission could increase as a result of climate change. Therefore, when developing measures to mitigate this risk, as well as to reduce electricity losses, the Company analyses climatic factors and analyses actual electricity losses in KEGOC's networks.

Due to measures on electricity loss reduction implemented, in 2022 the reduction of electricity consumption amounted to 3.932 million kWh.

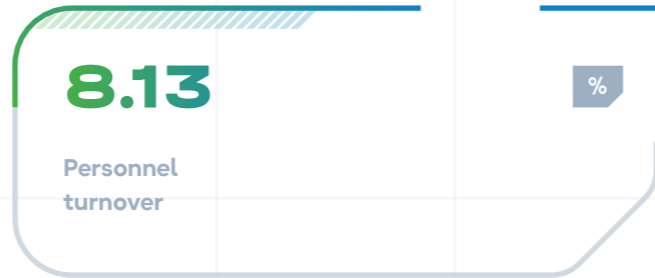
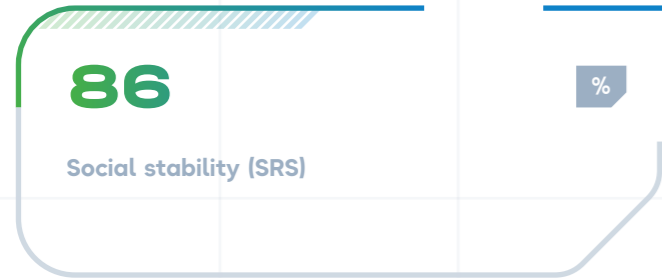


Activity	Outcomes	
	million kWh	GJ
Line tripping under low-load conditions	0.260	936
Shutdown of power transformers under low load conditions	3.672	13,219
Total for KEGOC	3.932	14,155

302-4, 302-5

HR Policy

KEY INDICATORS



On the occasion of KEGOC's 25th anniversary, 1,047 employees received awards and commemorative medals for their special services, and a one-time bonus was paid to all employees.

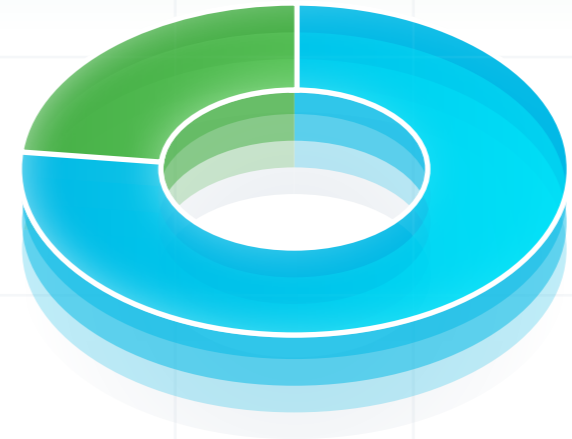
Employees' salaries were increased.

MANAGEMENT SYSTEM

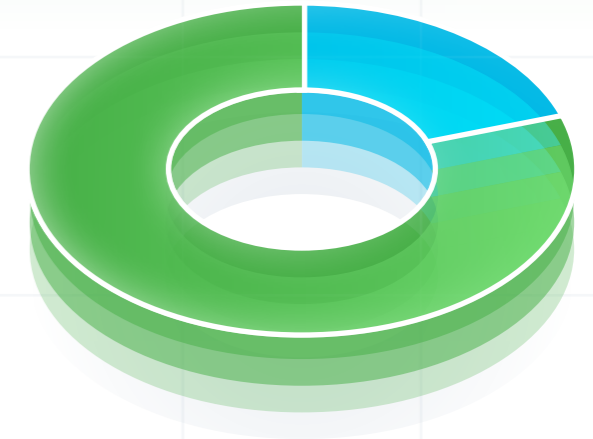
Key documents

- 2022-2031 Development Strategy
- Code of Conduct (Business Ethics Code)
- Sustainability Management System Handbook
- KEGOC's HR policy 2018-2028
- Staff Training and Development Standard
- Search and Recruitment Rules
- Employee Performance Assessment Rules
- Talent Management Rules
- Staff Pay and Bonus Rules
- Employee Social Support Rules
- Employees Promoting and Recognising Rules

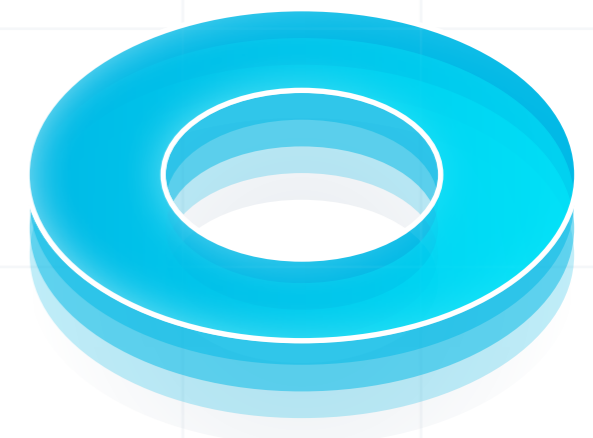
KEGOC Board of Directors agenda



KEGOC Management Board agenda



Nomination and Remuneration Committee agenda



The human resources of KEGOC are the most important strategic factor for the Company's development success. KEGOC manages its human resources based on the principles of the Corporate Governance Code, Code of Conduct (Business Ethics Code), the integrated management system, HR Policy and internal documents relating to KEGOC's HR motivation.

KEGOC protects and respects internationally proclaimed human rights under the Constitution of the Republic of Kazakhstan and continues to practice equal working conditions for all employees, excluding any form of harassment or discrimination based on gender, language, race, religion, sexual orientation or gender identity. KEGOC does not use child or forced labour in its operations. **2-23, 406-1**

KEGOC's human resources policy is aimed at the formation of human resources as the most important intellectual and professional resource to ensure the implementation of KEGOC's Development Strategy through an effective corporate culture focused on achieving high results and meritocracy.

The HR policy was developed on the basis of the Development Strategies of Samruk-Kazyna and KEGOC, the Personnel Policy Concept, the Corporate Standard for Group Human Resources Management, the Corporate Standard for Group Human Resources Planning, and the

Reference Model for Human Resources Management for Samruk-Kazyna portfolio companies.

The Human Resources Policy is a strategic human resources management document to support the implementation of KEGOC's Development Strategy.

To implement the Development Strategy of KEGOC, the HR Policy's objectives are to:

- ensure the commitment to the principles of meritocracy, including recruitment, training and development, assessment of employee performance and remuneration management;
- develop target corporate culture;
- improve talent pool management and career planning system;
- regulate social and labour relations contributing to the Company's successful operation;
- comply with the succession policy and knowledge transfer;
- train specialists on the application of digital technologies.

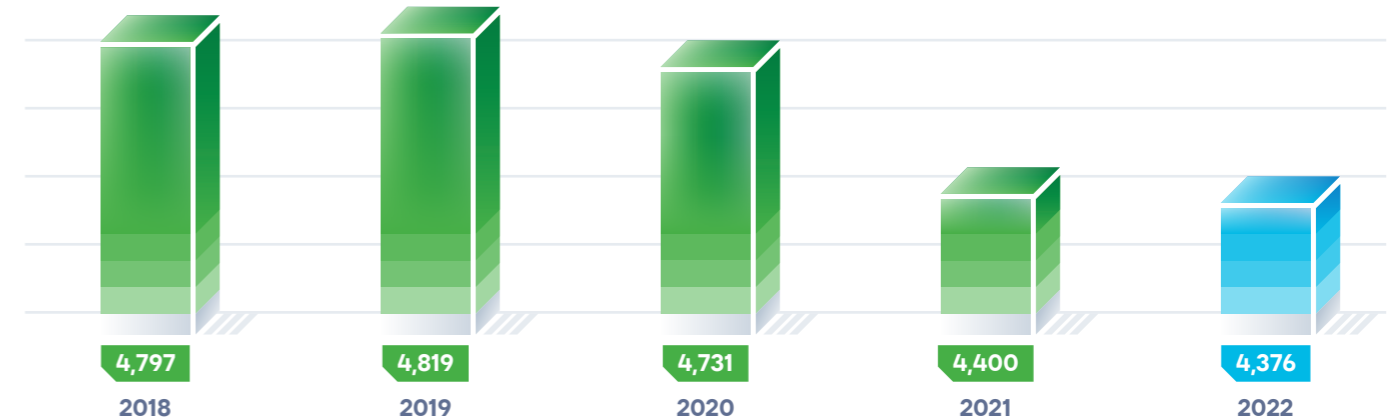
One of the key indicators of KEGOC's HR policy is the level of social stability determined among operational personnel. In 2022, the SRS index was 86%, which generally indicates a favourable social environment and successful social policy pursued by the Company.

Description	2018	2019	2020	2021	2022
SRS index	85	90	91	85	86

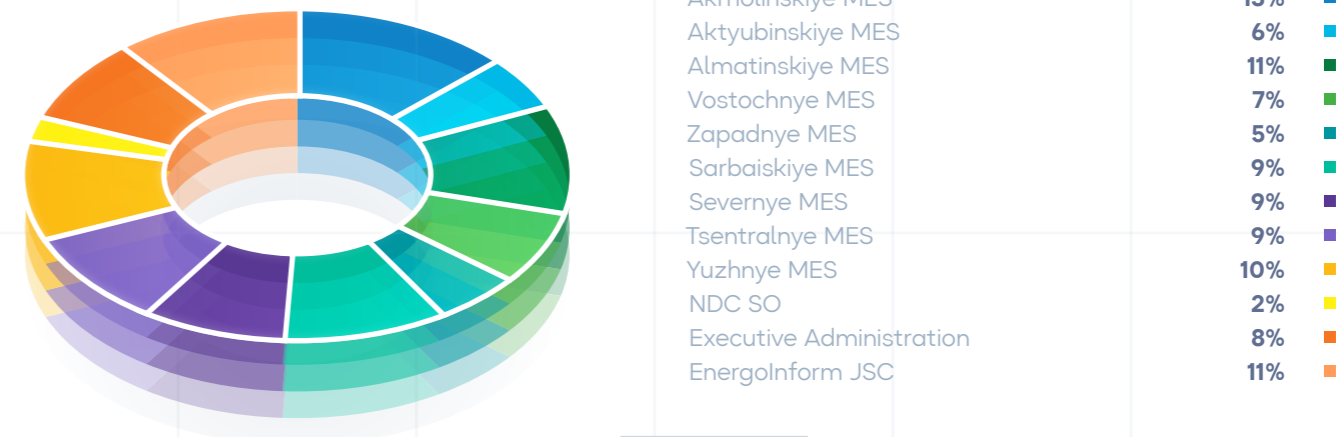
Personnel Structure

The Company's headcount (including subsidiaries) as at 31 December 2022 was 4,376 employees. **2-7**

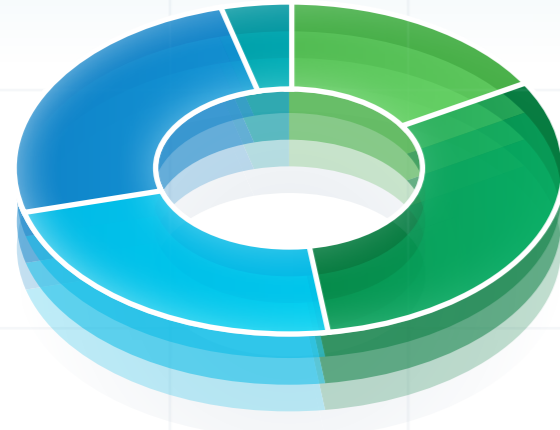
Number of employees



Personnel structure by region



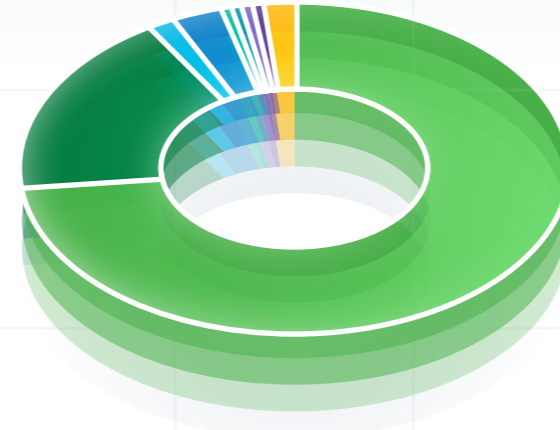
Personnel structure by age



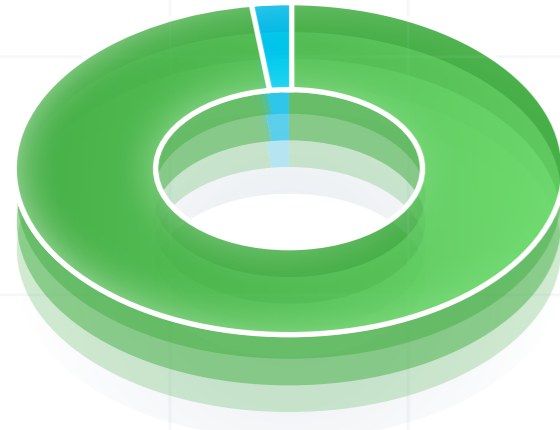
Personnel structure by length of service



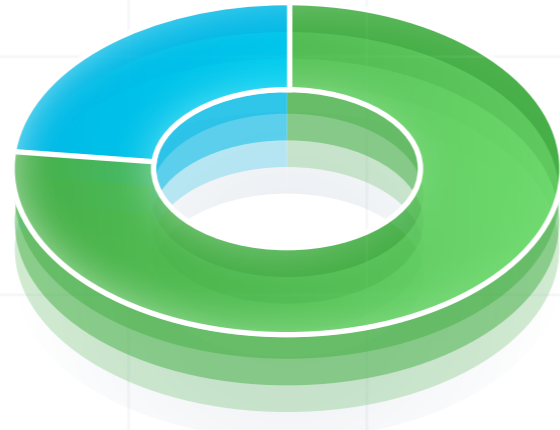
Personnel structure by ethnic origin



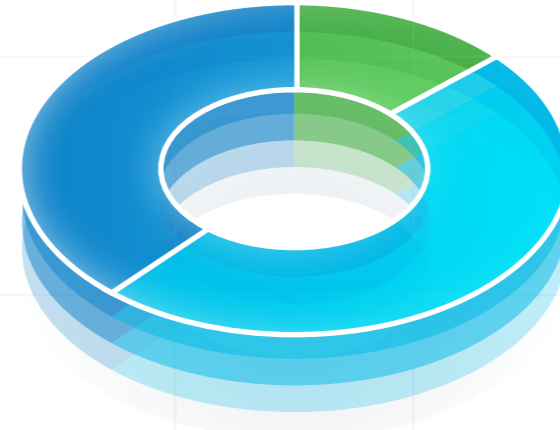
Personnel structure by employment



Personnel structure by gender



Personnel structure by category



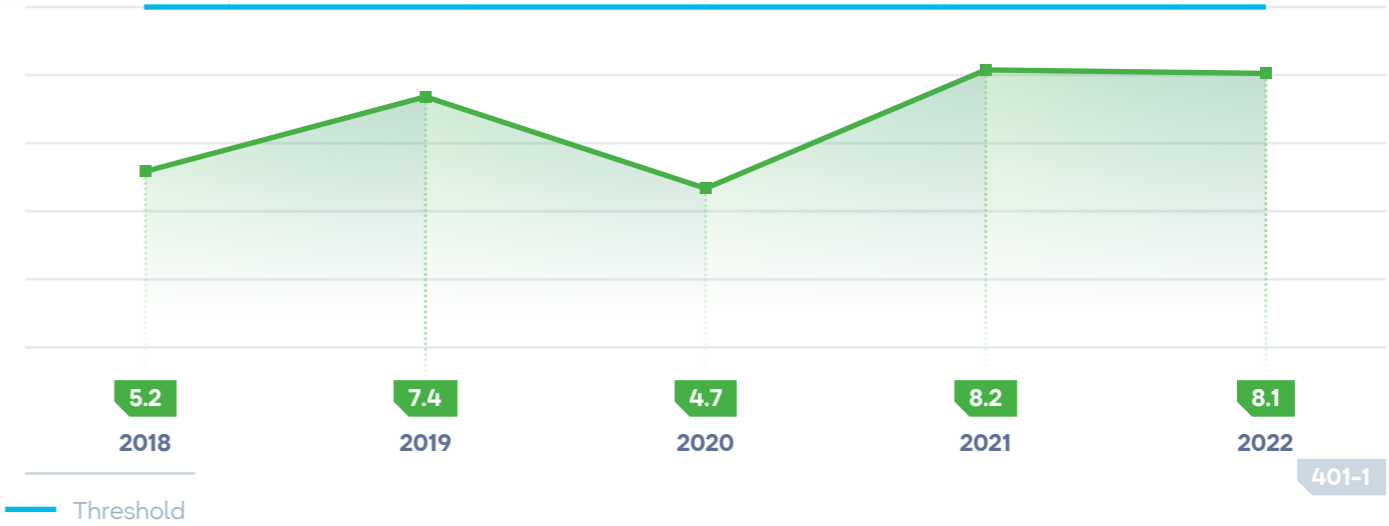
Personnel structure by education





Indicator	Total	Proportion, %	Administration and management	Operational	Managers	Management proportion, %
Number of people on the payroll	4,376	100	535	3,841	619	100.0
Gender	men	3,367	166	3,201	552	89.2
	women	1,009	369	640	67	10.8
Ethnic groups	kazakh	3,179	463	2,716	451	72.9
	russian	802	46	756	110	17.8
	ukrainian	123	4	119	19	3.1
	tatar	62	5	57	12	1.9
	germans	57	4	53	7	1.1
	other	153	13	140	20	3.2
	Age groups	under 30	730	53	677	49
30 to 50		2,319	376	1,943	355	57.4
over 50		1,327	106	1,221	215	34.7

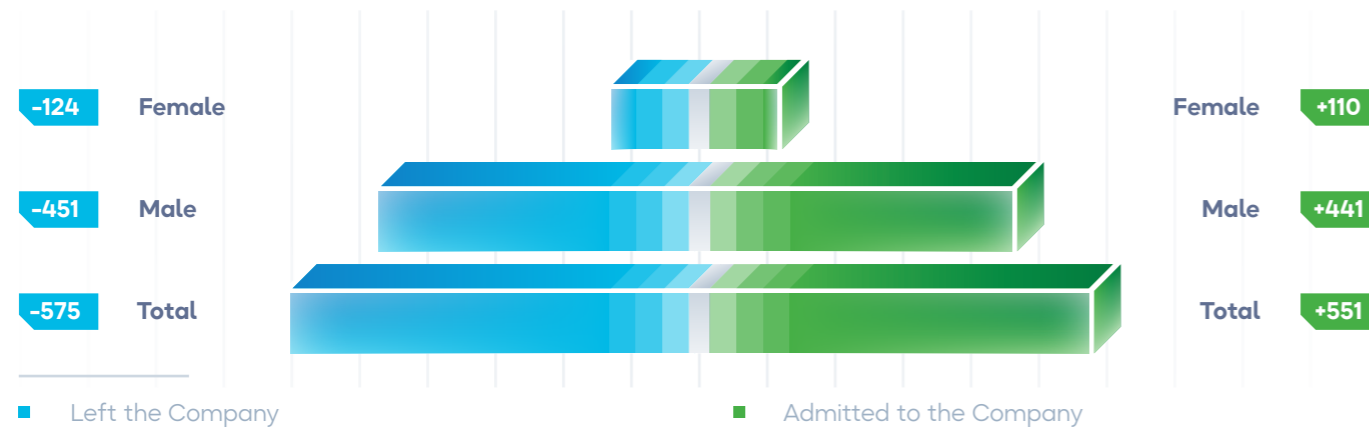
Personnel turnover



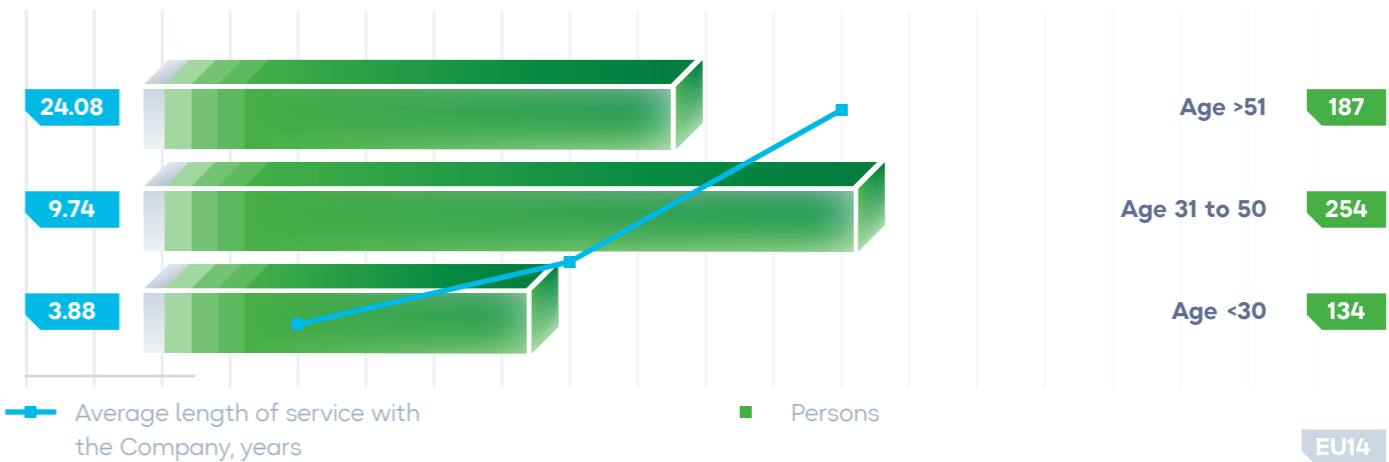
The total proportion of senior executives (members of KEGOC's Board of Directors and Management Board) hired

from the local community (citizens of Kazakhstan) is 90.9% as at 31 December 2022.

Personnel in 2022



Duration of Work of KEGOC Employees who Left the Company in 2022





The actual KEGOC staff turnover rate for 2022 was 8.13%, falling under the predetermined limit of 10%. The turnover rate for men was 7.35% and 3.23% for women. Average work duration of male employees quitted KEGOC in 2022, was 13.5 years (451 employees), and female employees 14.2 years (124 employees).

401-1, EU14

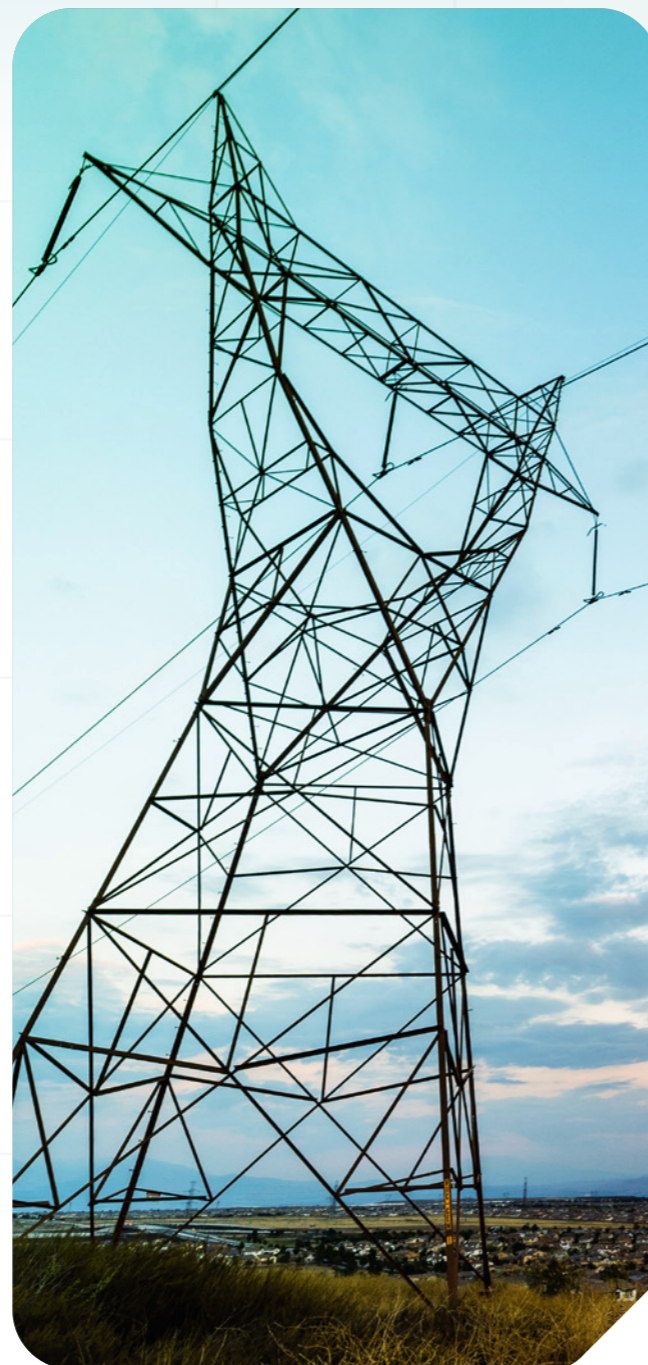
The following preventive actions are taken by the company to manage the risk of employee turnover:

- provision of social support, promotion and recognition of merits, procedures for talent management, training and development;
- monitoring of average market wages, improvement of the wage system;
- conducting social ranking surveys.

Recruitment Policy

The search and selection are aimed at appointing the most suitable candidates who meet the requirements in terms of qualifications, professional, business and personal qualities. Candidates are selected on the basis of a competitive selection process, respecting the principles of meritocracy, transparency and objectivity. Under equal conditions, priority is given to internal candidates in order to implement succession and talent management programmes.

KEGOC provides equal opportunities to all candidates regardless of their nationality, race, gender, age, marital and social status or other distinguishing characteristics.



Incentive System

Remuneration of the Company's employees is made in accordance with the legislation of the Republic of Kazakhstan, the Collective Agreement, employment contracts, internal documents on remuneration and bonuses.

From 1 February 2022, salaries have been increased, considering social justice and the effect on wages in absolute terms. Thus, all working staff salaries were increased by KZT 45,000 or an average of 25%. Salaries of engineers, technicians and specialists have also been raised

by KZT 45,000, or 18 per cent on average. And salaries of middle managers increased by KZT 30,000 or an average of 4%.

On 1 July 2022, the salaries of certain categories of operational staff were increased by 6 and 3%.

In 2022, bonuses were awarded on the basis of planned funds in the budget, and employees were additionally rewarded with bonuses for the Company's anniversary and for Republic Day.

Remuneration system at KEGOC

	Material remuneration	Intangible remuneration
Basic part	Variable part	Social support for employees
(wages, supplements and allowances)	(performance bonuses, lump sum bonuses, executive and managerial remuneration)	-

The Company provides for equal remuneration for men and women, as well as a unified approach to determining wages for men and women at KEGOC

branches located in all regions of the country. The official salaries of KEGOC employees in 2022 exceeded the minimum wage set in the Republic of Kazakhstan.



Ratio of standard entry level wages of workers of KEGOC to the minimum wage set in the Republic of Kazakhstan for 2022

Minimum wage in the Republic of Kazakhstan in 2022, tenge	Minimum wage at KEGOC* in 2022, tenge	Difference, %
60,000*	130,000**	152.5%

* Minimum wage fixed as of 1 January 2022, in accordance with Law No. 77-VII of 2 December 2021 on the State Budget for 2022-2024.

** The minimum wage refers to the salary of a watchman of a subsidiary of EnergoInform S.A.

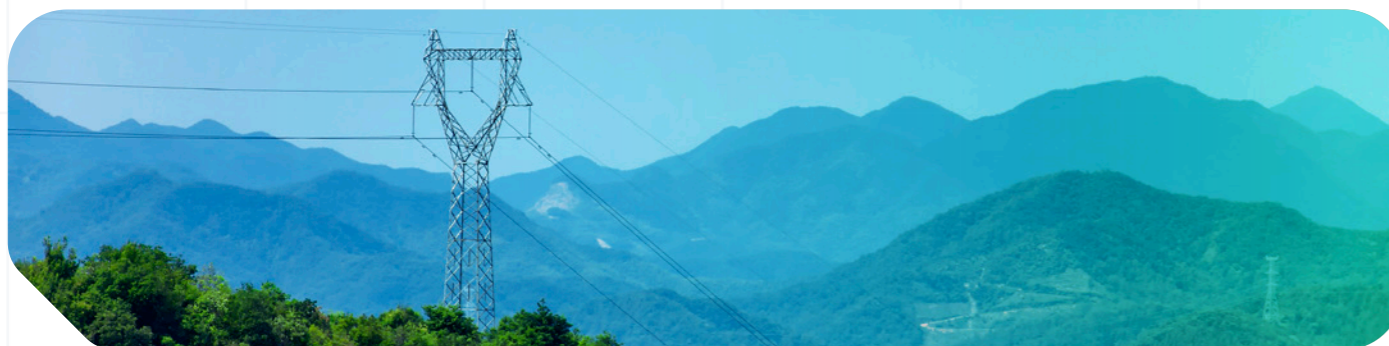
Average industrial wage in the Republic of Kazakhstan in 2022, tenge	Average salary level in KEGOC* in 2022, tenge	Difference, %
416,225*	401,121**	- 3.6%

* According to the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan.

** KEGOC's average monthly salary for 2022

In order to develop the personnel motivation system and evaluate the contribution of employees to the development of the Company, 1,047 employees were rewarded with state

and industry awards and jubilee medals on the occasion of the 25th anniversary of KEGOC in 2022, as well as on national and professional holidays.



Social Protection for Employees

The Company's social support activities for employees are governed by the following internal documents:

- Collective bargaining agreement;
- KEGOC Human Resources Policy 2018 - 2028
- Rules on social support for workers;
- Rules for the promotion and recognition of employees.

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

2-24, 401-2

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

1. material assistance;
2. compensation payments;
3. assistance with housing issues.

In order to create favourable conditions for efficient work and increase loyalty, KEGOC provides social support to the Company's employees: recreational financial aid when providing paid annual leave, for anniversary date, in connection with the birth of a child, in connection with the death of an employee, employee's family members and pensioners registered with KEGOC, for payment of medical treatment of an employee and disabled children, disabled since childhood, regardless of the disability group and age.

Also, KEGOC shall pay maternity leave, leave for employees who have adopted a newborn child (children), with retained average wage less the amount of social payment for loss of income in connection with pregnancy and childbirth, adoption of a newborn child (children) made in accordance with the legislation of the Republic of Kazakhstan on compulsory social insurance.

In 2022, the Company started granting social leaves with pay in cases of marriage registration, childbirth, funeral of close relatives, anniversary celebrations (50, 60 years old) and women, single fathers, guardians raising children from 6 to 9 years old - the first day of the school year, parents of graduating class - 1 (one) day, on the school's 'last bell' day. Vacation days are also provided for preventive vaccinations and to parents with disabled children up to the age of 18 years old with pay.

401-2

In addition, in accordance with the Labour Code of the Republic of Kazakhstan, the Company grants leave without pay to an employee to care for a child up to the age of three years: at the choice of the parents - the mother or the father of the child; the parent raising the child alone; another relative who is actually raising a child without parental care, or a guardian; the employee who has adopted a newborn child (children). An employee may use the leave to care for a child up to the age of three years in full or in parts. The employee shall retain his/her job (position) for the period of leave. In case of quitting work before the expiry of the leave until the child reaches the age of three, the employee shall notify the employer of his/her intention one month in advance. Thus, in 2022 such leave was granted to 73 employees of the Company (1 man and 72 women). Twenty-nine women returned from maternity leave in 2022.

401-3

In 2022, the Company assisted 117 employees in resolving housing issues through partial reimbursement of housing costs in the amount of KZT 127.7 million. Also, in 2022, KEGOC's Management Board approved the KEGOC Soft Loan Programme, which aims to provide social support to employees in order to retain and attract the highly qualified personnel demanded by the Company.

To date 157 applications of KEGOC employees for preferential mortgage loans have been considered by KEGOC Social Support Commission, of which 45 employees are collecting necessary documents, searching for relevant accommodation and applying for mortgage loans. Applications from employees who have not been approved, other than those not eligible for the Programme, will be reviewed by the Commission as financial resources become available. **401-2**

Employees of retirement age are paid compensation upon their retirement, and lump sum material aid is paid annually for the professional holiday 'Power Engineer Day' to pensioners registered with the Company and on Victory Day to veterans of the Great Patriotic War and persons equated to them.

E.g., in 2022 the amount of funds allocated for social support of the Company's employees exceeded KZT 332.7 million. **401-2**

Personnel Development

KEGOC attaches great importance to personnel training and development and is guided by the following principles:

- Effectiveness of training and a performance-oriented, problem-solving approach to improve the Company's performance;
- Outstrip learning and development to support the Company's strategic development goals;
- Choosing training programmes that are appropriate given the goals and objectives established for the personnel;

- Integrity of the developmental system, continuity, and systematisation of learning.

KEGOC uses the following main types of staff training to ensure the continuity of the process

- Self-study (self-education);
- On-the-job training (apprenticeship training);
- Short off-the-job training at specialised training institutions.

Staff training was conducted using a full range of modern training methods: business workshops, seminars, trainings, internships, professional development, vocational training and retraining programmes, forums, and conferences.

2,385 employees were trained in the reporting year, which is 54.5% of the total headcount. Actual training expenditures of KEGOC in 2022 amounted to KZT 182.5 million or 54.5% of the plan, which is 43.4% more than in 2021.

The total number of training hours was 110,534.0 hours, of which 96,938.5 hours were for men and 13,595.5 hours for women; 14,890 hours for administrative and managerial employees, and 95,644 hours for operational employees.

The average annual number of training hours per employee was 27.6 hours, including 27.1 hours for administrative and managerial employees and 27.6 hours for operational employees.

The average number of training hours per employee was 27.7 hours for men and 26.9 hours for women. **404-1**

To improve the level of professional knowledge, skills, and abilities of young operational personnel, to assist them in their professional development, to retain the competences of experienced operational personnel, to adapt to the

corporate culture, to learn the traditions and rules of conduct, KEGOC has introduced and operates a mentoring system. The Company annually holds 'The Best Mentor of the Year' competition. **404-2**

KEGOC's talent pool is being systematically built up: the functional and management succession pools of 219 persons have been approved.

Personnel Assessment

To improve the Company's performance by setting performance requirements, evaluating the achievement of results, and providing employees with constructive feedback, staff performance evaluations are carried out.

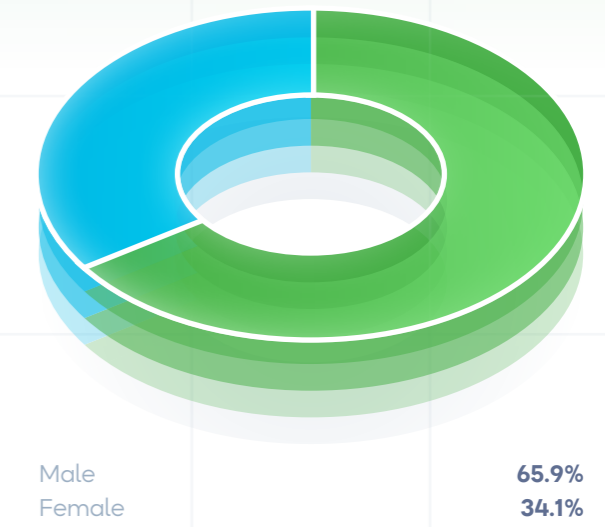
The ongoing (quarterly, annual) employee performance evaluation is based on the meritocracy principles and includes evaluations of KPIs/objectives and competencies (professionalism and potential).

Decisions on the use of employee incentives (physical and intangible), training and development, and career development tools can be made based on the findings of the performance evaluation.

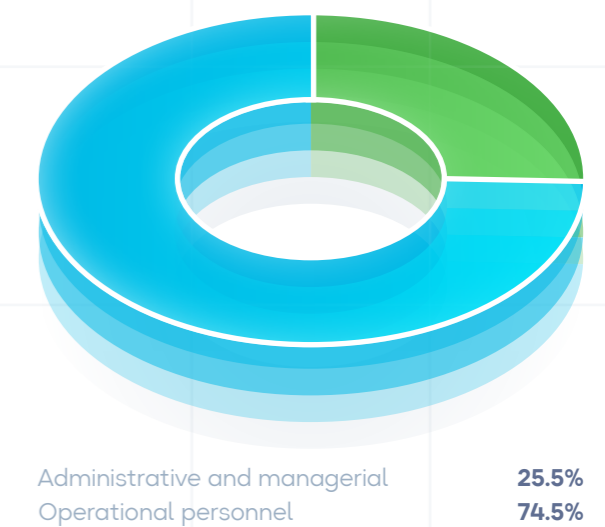
The number of employees of KEGOC who passed the 2022 comprehensive performance evaluation of the Company's employees was 1,987 or 50.9% of the total headcount of the Company. Including:

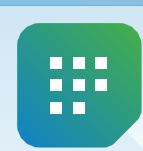
- 1,313 men and 674 women;
- 392 administrative and managerial employees and 1,595 operational employees. **404-3**

Gender structure of assessed workers %



Structure of assessed employees by category %





Collective Bargaining Agreement and Trade Union Activities

KEGOC supports freedom of association and recognises the right of employees to bargain collectively.

The collective bargaining agreement, developed after considering the suggestions of all Company employees, was reached between KEGOC and its labour collective for the years 2021-2025. It specifies procedures for accession, labour schedule regulation, including time off for social leaves, labour remuneration, ensuring labour safety and health protection of employees, social guarantees and compensations, measures for employee support and development of human resource potential, medical insurance, and cultural leisure activities. It also includes new amendments and additions pertaining to the provision of special clothing, special footwear, and other personal protective equipment to employees at the expense of the Company, as well as issues pertaining to social support of veterans of the Great Patriotic War and persons equated to them, veterans of power engineers, who are registered with the Company.

The collective bargaining agreement shall apply to all KEGOC employees (100%) irrespective of the type of employment. **2-30, 403-4**

In accordance with the terms of the agreement, based on the Republic of Kazakhstan's Labour Code, the employer shall give the employee written notice of the change in

working conditions at least fifteen (15) calendar days prior to the change in working conditions. The agreement also specifies a one-month notice requirement for employees whose employment contracts are terminated owing to a reduction in the number of employees. **2-23**

The trade union congress of KEGOC employees on March 27, 2003, led to the establishment of EnergoTekhProfSoyuz, the organisation representing workers in the energy sector. The purpose of this trade union is to oversee the preservation and application of guarantees, remuneration, and benefits, as well as compliance with labour laws.

Today, the structure of EnergoTekhProfSoyuz has 10 primary trade union organisations. The total number of KEGOC employees' trade union organisation members is more than 3,600, i.e., more than 90% of the Company's employees.

Six standing committees have been set up within the trade union committee:

- cultural affairs committee;
- sports affairs committee;
- recreational affairs committee;
- youth affairs committee;
- veterans' affairs committee;
- health and safety committee.

In addition, there are five joint commissions set up on a parity basis by the trade union and the employer:

- collective bargaining commission;
- conciliation commission;
- operational affairs council;
- awards committee;
- committee for summarising the results of the Labour Dynasties and Occupational Safety and Health competitions.

As a member of the Republican Association of Trade Unions of the Kazakhstan Confederation of Labour, our trade union organisation is a permanent member of the working committee and actively participates in the work of the Commission of the Ministry of Labour and Social Relations of Kazakhstan on the Labour Code and the Law on Trade Unions, and participated in the drafting of the General Agreement, the draft Social Code of Kazakhstan, and the draft Sectoral Agreement.

Trade unions pay special attention to health and safety issues. Public inspectors visit the Company's facilities, the results of which are carefully reviewed. For instance, changes to the collective bargaining agreement were made in response to employee requests to upgrade video recording equipment for work on power lines and substations and to provide some staff with safety gear. Competitions for workplace safety were held in 2022, including 'Best Mentor of the Year' and 'Best Branch in Observance of Occupational Safety.'

Trade union members benefit from discounts on recreational vouchers to health resorts in Kazakhstan, with approximately 120-140 employees treated there each year and over 400 trade union members treated in recreational facilities.

The trade union organisation works hard to create a healthy social environment in the workforce. Thus, in 2022 KEGOC celebrated its 25th anniversary. For the first time, a family holiday was organised for the Company's employees in Borovoye resort area.

Great attention is paid to veterans of the power industry and participants of the Great Patriotic War: financial and material support is provided; preferential recreational vouchers are provided; they are invited to all events held

by the Company. As part of KEGOC's 25th anniversary celebrations, more than 140 veterans who are retired from the Company were awarded a jubilee medal.

The Company maintains the record of:

- 58 participants in the Second World War and persons of equivalent status;
- more than 1,200 veterans of the energy industry. **401-2**

VOLUNTEERING

KEGOC volunteers continue to participate in various volunteer activities across the country.

The Company employees have traditionally taken part in the city's blood donor movement and 23 September 2022 has been declared: 'Blood Donor Day'.

761 first-graders from socially vulnerable groups in Aktobe, Atyrau, Akmola, Kyzylorda, Pavlodar, and Turkestan regions received backpacks filled with school materials and stationery as part of the 'Road to School' programme run by Samruk-Kazyna. Following an appeal to the eotinish.kz portal of the Spina Bifida Society public fund, employees of the Executive Directorate, the NDC SO branch and a subsidiary raised funds for the purchase of a wheelchair. Also, a charity event was organised and held among KEGOC personnel to assist in the treatment of the son of an employee of Yuzhnye MES branch.

Employees of KEGOC and EnergoTekhProfSoyuz took part in charity events to congratulate veterans of the Great Patriotic War and home front workers on Victory Day, and provided assistance to low-income pensioners and families for the Day of Older Persons, the Kurban Ait holiday and the Power Engineer Day, and sent money to victims of the Ekibastuz Thermal Power Plant accident.

Occupational health and safety

KEY INDICATORS



KEGOC held its first health and safety forum with representatives from the Ministry of Energy, Samruk-Kazyna and its PC, and companies from CIS countries.

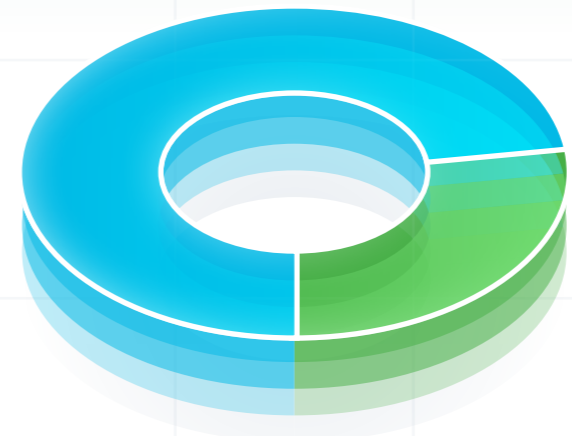


KEGOC has received Vision Zero certification.

MANAGEMENT SYSTEM

- Key documents**
- Development strategy 2022-2031
 - Sustainability management system manual
 - Occupational safety and health policy
 - Quality, environmental, occupational safety and health objectives
 - Hazard and risk register
 - Health and safety management system manual
 - Standard on health and safety management system planning management
 - Standard on behavioural auditing
 - Standard on safety management of contractors' work
 - Rules for the investigation and reporting of accidents, incidents and occupational health and safety
 - Health and safety regulations for work at height

KEGOC Board of Directors agenda



Committee on Health and Safety and the Environment agenda



KEGOC Management Board agenda



2-12, 2-13



The Company's unwavering priority are occupational safety and employee health protection. The Company is continually working to develop safe working conditions, prevent injuries during technological operations, improve operational and employee sanitary and living circumstances, and mitigate the influence of dangerous and unfavourable variables. **403-1**

In October 2022, KEGOC held its first Occupational Health and Safety Forum, which was attended by representatives of the Republic of Kazakhstan Ministry of Energy, executives and HSE (Health Safety Environment) experts from Samruk-Kazyna and its member companies, KEGOC, as well as representatives from CIS companies.

During the forum, which was conducted as part of the Year of Safety and Health at Work 2022, business executives and HSE leaders discussed industrial medicine and contemporary workplace safety equipment as well as best practises for ensuring safe working conditions.

KEGOC received a certificate at the occasion from the head of the Vision Zero Kazakhstan Business Council attesting to the company's membership in the global zero-accident movement (the Vision Zero concept, based on the three main aspects of all levels of work - safety, health and well-being, unites leading manufacturing companies all over the world).

With the aim of ensuring the effectiveness and improvement of health and safety performance and managing the pertinent risks related to the specific nature of the Company's business, the Company has a Health and Safety Management System that covers the activities of all the Company's business units and subsidiaries. Every year, a safety and health programme is created that outlines the required actions, associated expenses, and due dates. The Company effectively adopted the international standard ISO 45001:2018 and passed certification testing for conformity. **2-24, 403-1, 403-8**

Compulsory insurance of employees against accidents in the execution of labour (job) tasks is carried out in accordance with the requirements of Kazakhstani legislation. Furthermore, the Company's personnel are covered by life and health insurance against non-work-related incidents (24/7). **403-6**

Each branch has established Occupational Health and Safety Services whose tasks include carrying out organisational and technical measures for occupational health and safety, organising and implementing internal control on occupational health and safety, monitoring employees' compliance with the requirements of regulations on occupational health and safety, etc. **403-3**

To maintain the dialogue between employees and employers to improve safety conditions at KEGOC and in the branches, industrial safety and health councils have been established to combine employer and employee efforts to ensure safe work and health protection at workplaces, and technical inspectors have been appointed to participate in inspections of conditions, safety, and health at workplaces. When harmful conditions or actions are found, all workers have the obligation and right to stop work; supervisors are provided full support if workers stop work that they feel unsafe. **403-2, 403-4**

At least once a quarter, the operational affairs council reviews employees' proposals for improvement of occupational safety and health conditions and outlines measures binding on the employer and employees. **403-2, 403-3, 403-4**

Every year, workplace hazards are identified and evaluated, a risk register and a list of key health and safety risks are established, and risk mitigation strategies are developed based on the assessment results.

Risks are analysed in terms of their probability of occurrence and impact in case they materialise, and key risks that could adversely affect KEGOC's operations and the achievement of strategic goals and objectives are identified. Qualitative

or quantitative analyses, or a combination of both, are used in risk assessment. All KEGOC employees are involved in the identification, assessment, and analysis of hazardous and harmful factors.

Assessment, analysis, and management of hazards and risks are performed in order to define occupational safety and health management targets and achieve an acceptable level of impact of business operations on the environment and KEGOC employees.

The outcomes of hazard and risk assessment and analysis are used to generate targets and planning indicators. The assessment and analysis of hazards and risks is based on activity classifiers, hazards applicable to KEGOC activities, geographical area, and climate, and includes:

- classifier-based identification of hazards and risks;
- risk assessment with existing risk management measures in place;
- identification of any new risk management measures required;
- assessment of whether risk management measures are sufficient to decrease the risk to an acceptable level.

The FMEA approach is used to complete a risk register after identifying the exposure factors to which the workplaces of structural units are exposed. The evaluation results are used to create lists of significant occupational safety and health risks for KEGOC. To lower the amount of risk, necessary steps are identified and documented in the form of yearly Programs. **403-7**

The risk of work-related accidents is one of the most significant risks to the Company's operations. The following activities were carried out in 2022 to reduce this risk:

- Qualification checks on knowledge of occupational health and safety regulations;
- Analysis of video footage of operational switching operations and maintenance work;
- Safety Days;

- Unannounced inspections of workplaces in MES branches;
- Behavioural safety audits when carrying out work in the workplace;
- Monitoring of drivers' compliance with speed limits via satellite monitoring systems and review of video recorders, and so on.

At least once every three years, the Company's employees undergo all types of compulsory safety and labour protection training and qualification checks of their knowledge of regulations in the field of electric power industry. In 2022, additional training was conducted in accordance with the NEBOSH International General Certificate in Occupational Health and Safety standard.

Prior to admittance to work, employees are trained in safe work practices, in-service training, an initial qualification check, control drills, and workplace duplication performed under the supervision of a person responsible for training. **403-5**

Mandatory pre-shift medical examinations of employees engaged in heavy work and work in harmful and/or hazardous working conditions, as well as pre- and post-shift medical examinations of drivers are carried out. Also, annual medical examinations of operational personnel are carried out to determine their health status. **403-6**

No occupational diseases of the Company's employees were reported in 2022. **403-10**

KEGOC assesses the level of organisation of safe working conditions at KEGOC using the Lost Time Injury Frequency Rate (LTIFR), which includes work-related fatalities. The LTIFR is a crucial measure of a company's health and safety performance globally. The statistic indicates the number of Lost Time Injuries (LTIs) in relation to the total number of working hours worked by the Company (Work Hours, WH), normalised to 1 million man-hours. The LTIFR for 2022 was 0.45 (compared to 0.15 in 2021). **403-9**

When incidents occur, Company employees are guided by the rules governing the processes for investigating accidents, incidents and reporting on health and safety.

The causes of accidents inherent in the Company's operations are:

- a fall from a height;
- electrical injury;
- a road traffic accident.

In 2022 there were two (2) occupational accidents involving the Company employees.

On 8 March 2022, a hoist cradle with two employees fell at 500 kV Semey substation of the Vostochnye MES branch

because of a fracture of a hoist auxiliary knee lever. As a result of the accident, one worker died, and the second worker was assigned the 3rd disability group.

On 6 June 2022, an electrician for repair and maintenance of electrical equipment, while working on a 35 kV panel of 220 kV Vannovka substation of Yuzhnye MES branch, approached the equipment, which energised, at an impermissible distance, and got electro-injured. As a result of the accident, the employee was assigned disability group 3.

Based on the results of the accident investigation, corrective measures have been developed to prevent such accidents from occurring.

CONTRACTOR RELATIONS

The Company must be accountable for maintaining employee safety when contractors undertake work at KEGOC sites. When doing work or rendering services, KEGOC's contracts with contractors must contain provisions requiring them to completely abide by the laws of the Republic of Kazakhstan and internal KEGOC documents regarding occupational health and safety.

Before construction begins, kick-off meetings shall be held with the contractors. Admission to work shall be provided at a workplace. Prior to starting work, all employees of contractors shall receive a briefing. The accountable work supervisors shall deliver briefings on electrical installation

circuitry. A target briefing shall be held before each day's admission to work, outlining the safety precautions and risky industrial elements at the Company's facilities.

KEGOC shall perform internal control over contractor personnel's adherence to the requirements of legal acts of the Republic of Kazakhstan and KEGOC internal documents when performing works or providing services at the Company's sites. KEGOC shall also evaluate the occupational health and safety practises of the contractors. As a result, the KEGOC occupational health and safety management system covers 100% of the contractors' employees who work on Company-owned property, and in 2021, no injuries or accidents were reported among them.

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

Lost time injury frequency rate

LTIFR





Quality and efficiency

5

CORPORATE GOVERNANCE



KEGOC IS AWARE OF ITS RESPONSIBILITY NOT ONLY TO PARTNERS AND ITS OWN PERSONNEL, BUT TO SHAREHOLDERS AS WELL. THE COMPANY ADHERED TO THE DIVIDEND POLICY AND MADE A DECISION TO PAY DIVIDENDS TO SHAREHOLDERS TWICE TO THE TOTAL AMOUNT OF MORE THAN KZT 30.2 BILLION, OF WHICH KZT 13.2 BILLION BASED ON THE RESULTS OF 2021 AND KZT 17.0 BILLION BASED ON THE RESULTS OF THE FIRST HALF OF 2022.

BBB of corporate governance

rating

KEGOC's Development Strategy for 2022-2031 is aimed at improving the corporate governance to incorporate ESG principles.

ESG

The Company is preparing to obtain an ESG rating in 2023

Introducing ESG principles as an approach to doing business and developing corporate responsibility will contribute to net asset value growth and investment attractiveness improvement.





ORGANIZATIONAL STRUCTURE OF THE COMPANY



According to KEGOC's Corporate Governance Code, the corporate governance principles include:

- effective corporate governance system based on a clear division of responsibilities between the bodies;
- protection and enforcement of shareholder rights;
- equal conditions for shareholders;
- sustainable development and role of stakeholders in corporate governance;
- disclosure of information and transparency;
- efficient performance of the Board of Directors and Management Board of KEGOC.



EQUITY

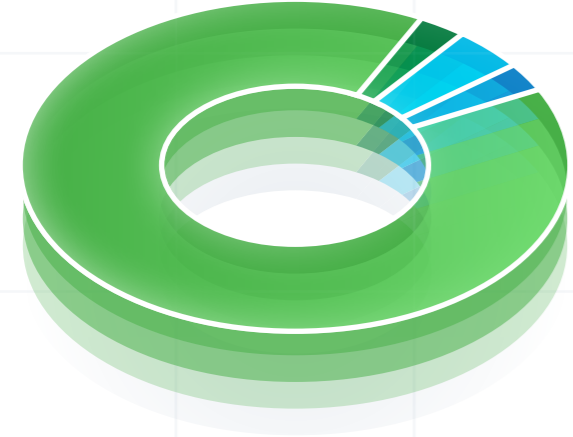
As of 31 December 2022, the number of authorised and placed ordinary shares of the Company is 260,000,000, of which 234,000,001 shares (90% plus one share) belong to Samruk-Kazyna, the major shareholder, and 25,998,609 shares

(9.9995%) belong to minority shareholders, the remaining 1,390 shares (0.0006%) are repurchased by KEGOC. **2-1**

In 2022 there were no material transactions or changes to shares and shareholders that own five or more per cent of the number of the placed shares of the Company. **2-6**

KEGOC's shareholders structure

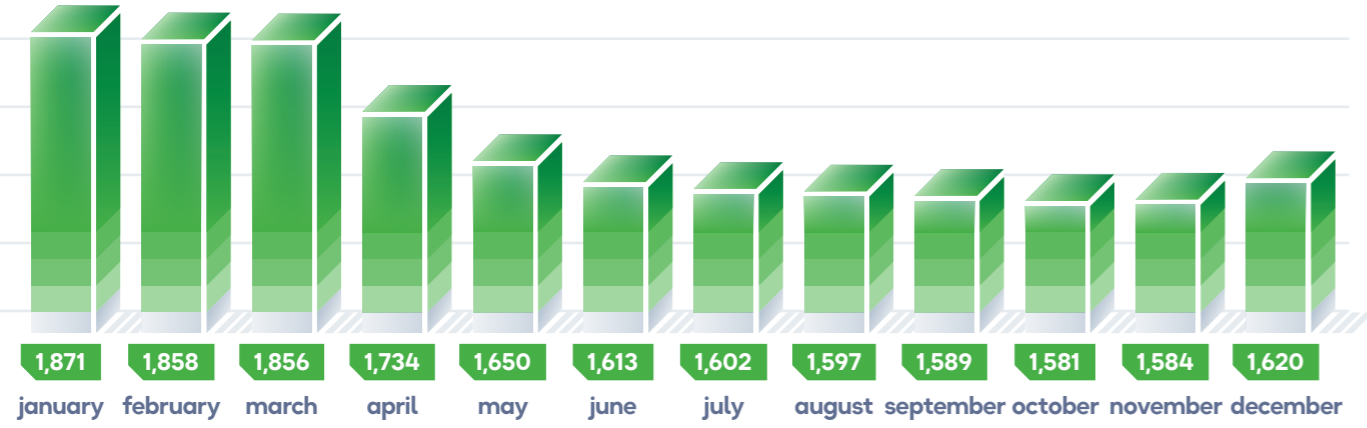
as of 31 December 2022



Samruk-Kazyna Sovereign Wealth Fund JSC	90% + 1 one share
Accumulative Pension Fund JSC	7.2%
36,689 individuals	1.9%
13 legal entities	0.9%

Change in the market valuation of KEGOC share in 2022

KZT



Data source: Kazakhstan Stock Exchange (<https://kase.kz>)

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the superior body of KEGOC.

The General Meeting of Shareholders runs its activities and exercises its rights in accordance with the Law of the Republic of Kazakhstan on Joint-Stock Companies, the Charter and the Regulations on the General Meeting of KEGOC Shareholders.

In 2022 the Board of Directors initiated convening of the General Meeting of Shareholders five (5) times:

- The extraordinary General Meeting of Shareholders was held on 10 March 2022 with the following agenda:**
 - Determination of threshold and target values of financial stability ratios of KEGOC;
 - Approval of amendments and addenda to the Regulations on the Board of Directors of KEGOC;
 - Approval of the Rules for the formation of the composition of KEGOC's Board of Directors, determination of remuneration and compensation for expenses of members of KEGOC's Board of Directors.
- The annual General Meeting of Shareholders was held on 26 May 2022 with the following agenda:**
 - Approval of the annual financial statements, distribution of the net income, decision to pay dividends on ordinary shares and approval of the amount of the dividend per one ordinary share of KEGOC for 2021;
 - Composition of the Counting Board of KEGOC;
 - Review of claims from the shareholders in relation to activities of KEGOC and its officials and results of consideration of such claims.
- The extraordinary General Meeting of Shareholders was held on 18 July 2022 with the following agenda:**

- Amendments to the composition of KEGOC's Board of Directors.
- 4. The extraordinary General Meeting of Shareholders was held on 27 October 2022 with the following agenda:**
 - Approval of the semi-annual financial statements of KEGOC as of and for the six months ended 30 June 2022, the procedure for distributing the net income, decision to pay dividends on ordinary shares and approval of the amount of dividend per one ordinary share of KEGOC for first half-year 2022.
- 5. The extraordinary General Meeting of Shareholders was held on 30 November 2022 with the following agenda:**
 - Approval of the new revision of KEGOC's Charter.

All decisions of the General Meeting of Shareholders were brought to the attention of the Board of Directors, the Management Board of KEGOC, and the orders were executed in full and on time.

DIVIDEND POLICY

The dividend policy of KEGOC is designed to observe the interests of shareholders in respect to the amount of dividend payments, enhance the Company's investment appeal and capitalization, respect and strictly observe the rights of shareholders stipulated by the laws of the Republic of Kazakhstan. The dividends payment conditions are: the availability of net profit of the Company for a reporting period, or retained profit; the absence of restrictions on payment of dividends envisaged by the laws of the Republic of Kazakhstan; and the decision of the General Meeting of Shareholders.



The source of dividends paid to shareholders is the net income for the relevant financial year or half-year, or retained profit accrued on the basis of KEGOC's consolidated financial statements prepared in accordance with the IFRS. A proposal on allocation of the net income for the financial year or half-year is prepared by the Company's Board of Directors with the amount allocated for dividends payment to be at least 40% of the net income. Decision to pay dividends on KEGOC's ordinary shares based on the results of the year is made by the annual General Meeting of Shareholders after the Company's annual financial statements are approved. Decision to pay dividends on KEGOC's ordinary shares based on the results of the half-year can be made by the extraordinary General Meeting of Shareholders within three (3) months after the audit of the Company's financial statements for the corresponding period.

The General Meeting of Shareholders, having reviewed proposals of the Board of Directors, at its discretion, makes a decision to pay dividends on KEGOC's ordinary shares, approves the amount of dividend per KEGOC's ordinary share, and defines a start date of dividend payment.

Dividend history

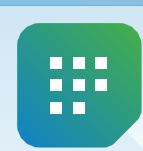
Period for which the dividends are accrued	2018		2019		2020		2021		2022
	first half-year	year	first half-year	year	first half-year	year	first half-year	year	first half-year
Amount of dividend per ordinary share, KZT	80.53	54.53	67.17	48.86	77.09	75.01	84.72	50.85	65.44
Total amount of accrued dividends, KZT thousand	35,115, 412		30,167, 638		39,545, 788		35,248,011		17,014, 309
Percentage of net profit as per IFRS paid for dividends, %	80 %	87.6 %	77.3 %	74.03 %	70 %	73.9 %	80 %	66.9 %	100 %
Name of the issuer governing body that took decision to pay dividends	General Meeting of Shareholders								
Date of the meeting of the issuer governing body where the decision was taken relating to payment of dividends, date and number of minutes	No. 11 dated 30 November 2018	No. 13 dated 3 May 2019	No. 14 dated 25 October 2019	No.17 dated 29 May 2020	No. 19 dated 23 October 2020	No. 21 dated 27 April 2021	No. 24 dated 29 October 2021	No. 27 dated 26 May 2022	No. 29 dated 27 October 2022
Date of preparing the list of persons having the right to dividends	11 December 2018	14 May 2019	4 November 2019	8 June 2020	29 October 2020	11 May 2021	8 November 2021	7 June 2022	15 December 2022

MINORITY SHAREHOLDERS RIGHTS

The corporate governance in the Company is built in such a way as to ensure equal rights and fair treatment of all shareholders. Rights, duties and competencies of shareholders are equal and determined according to the current legislation and stipulated in the Company's Charter. The shareholders' rights include, but are not limited to, timely receipt of information sufficient to make a decision

in the manner prescribed by the laws of the Republic of Kazakhstan, the Charter and internal documents of the Company on information disclosure; participation in the general meeting of shareholders and voting on the issues of their competence; participation in determining the number, term of office of the Board of Directors, election of its members and termination of their powers, as well

as determining the amount and terms for payment of remuneration; receiving dividends in amounts and terms determined by the decision of the General Meeting of Shareholders on the basis of a clear and transparent dividend policy, transfer of the vote right when participating in the GMS on the basis of a power of attorney as well as tag along right.



Report on the Activities of the Board of Directors



The Board of Directors is accountable to the General Meeting of Shareholders and is responsible for strategic and general management of the Company and supervises the operations of the Management Board, except for the issues referred to the competence of the General Meeting of Shareholders and (or) the Management Board according to the laws of the Republic of Kazakhstan and (or) KEGOC's Charter. **2-13**

In accordance with the Company's Charter, the Board of Directors determines the areas of the Company's activities, approves the Development Strategy including the establishment of goals, objectives, projects, as well as indicators of their achievement. In the process of developing/updating the Development Strategy, the Board of Directors holds regular meetings and consultations with key stakeholder groups to understand their expectations and concerns. The Board of Directors monitors the implementation of the Company's Development Strategy, achievement of goals and indicators, including in the area of sustainable development, on a quarterly basis by reviewing reports on the Strategy implementation, reports on occupational safety, health and environmental protection and risk reports. **2-12, 2-13**

The members of the Board of Directors are elected by the General Meeting of Shareholders based on clear and transparent procedures with due consideration of the competencies, skills, achievements, business reputation and professional background of candidates. When certain members or the entire membership of the Board of Directors are re-elected for another term, their contribution to the efficient operation of the Board of Directors is taken into account.

The Board of Directors have independent directors as its members, who have sufficient professional skills and are independent so that he/she could make independent and objective decisions not influenced by individual shareholders, Management Board or other interested parties.

The members of the Board of Directors are elected for a term not exceeding three (3) years.

An independent director cannot be re-elected to the Board of Directors for more than nine (9) years successively. In exceptional cases re-election can be made beyond the nine (9) years, but such independent director must be elected to the Board of Directors for each year with detailed clarification, why it is necessary to re-elect this member of the Board of Directors and how it will impact the independence of decision-making.

Rights and obligations of members of the Board of Directors are defined by the Charter of the Company.

The General Meeting of Shareholders decision dated 27 April 2018 (Minutes No. 8) elected the Board of Directors for three years, in accordance with the Rules for Selection and Election of Members of the Board of Directors of KEGOC, taking into account the candidates' compliance with the selection criteria and qualification requirements. **2-10**

Members of the Board of Directors as of 1 January 2022

- **Suinshlik Tiyessov**, Chairman of the Board of Directors, representative of Samruk-Kazyna JSC;

- **Zhanna Yegimbayeva**, representative of Samruk-Kazyna JSC;
- **Yernat Berdigulov**, representative of Samruk-Kazyna JSC;
- **Nurlan Akhazaripov**, independent director;
- **Zhanbota Bekenov**, independent director;
- **Ulf Wokurka**, independent director;
- **Kanysh Moldabayev**, Chairman of KEGOC's Management Board.

On 10 March 2022 (Minutes No. 26) the extraordinary General Meeting of Shareholders of KEGOC:

- early terminated the powers of representatives of Samruk-Kazyna JSC: Suinshlik Tiyessov, Chairman of the Board of Directors and Zhanna Yegimbayeva, member of the Board of Directors;
- elected representatives of Samruk-Kazyna JSC: Yernat Berdigulov, Chairman of the Board of Directors, and Alexey Repin and Almat Zhamiyev, members of the Board of Directors.

On 18 July 2022 (Minutes No. 28) the extraordinary General Meeting of Shareholders of KEGOC:

- early terminated the powers of Zhanbota Bekenov, independent director, on the basis of his application dated 25 June 2022.
- elected Damir Suyentayev as a member of the Board of Directors, independent director.



INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

(composition of the Board of Directors as of 31 December 2022)

2-9



YERNAT BERDIGULOV

Chairman of KEGOC's Board of Directors, representative of Samruk-Kazyna JSC

2-11

Born in 1987, citizen of the Republic of Kazakhstan.

ELECTED ON 24 NOVEMBER 2021 (MINUTES NO. 25) AND 10 MARCH 2022 (MINUTES NO. 26) BY DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS OF KEGOC.

Shares owned in KEGOC or its subsidiaries: none.

Education:

- **2004–2007:** Al-Farabi Kazakh National University, Faculty of International Relations, Almaty.
- **2007–2010:** University of Toronto, Public Policy and International Relations (majoring in International Economics), Toronto.
- **2015–2018:** University of Warwick, UK, Master of Business Administration, Coventry.
- **2022 – present:** Harvard Business School - Program for Leadership Development.

Work experience for the last five years:

- **2022 – present:** Managing Director for Strategy and Asset Management, Samruk-Kazyna JSC.
- **2021–2022:** Co-Managing Director for Strategy, Sustainable Development and Digital Transformation, Samruk-Kazyna JSC.
- **2019–2021:** Project Manager at Whiteshield Partners, the international consulting company (in different years – Senior Analyst, Consultant).
- **2018–2019:** Analyst of Asset Management Directorate, Samruk-Kazyna JSC.

Part-time work and membership in Board of Directors for the last five years:

- Member of the Board of Directors of other subsidiaries of Samruk-Kazyna JSC.



NURLAN AKHANZARIPOV

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

Born in 1965, citizen of the Republic of Kazakhstan.

ELECTED ON 26 JUNE 2020 (MINUTES NO. 18), 27 APRIL 2021 (MINUTES NO. 21) BY DECISION OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF KEGOC.

Shares owned in KEGOC or its subsidiaries: none.

Education:

- **1991:** Semipalatinsk Shakarim Technology University, Accountant-Economist, Semey.
- **1995:** KIMEP MBA, Master of Business Administration.
- **2015:** Kazakh National Satpayev Technical University, majoring in Geology and Exploration of Minerals.
- **Certified Independent Director (Cert IoD) Institute of Directors, UK.**

Work experience for the last five years:

- **2022 to present:** member of the Board of Directors, independent director of QazaqGaz NC JSC.
- **2021 to present:** member of the Board of Directors, independent director of Kazakhstan Temir Zholy NC JSC.
- **2017 – present:** member of the Board of Directors, independent director of AstanaGazKMG JSC.
- **2019–2020:** member of the Board of Directors of Centre for Engineering and Technology Transfer JSC (NMH Baiterek group).
- **2017 – 2018:** member of the Board of Directors, independent director of Kazakhstan Engineering NC JSC.

Part-time work and membership in Board of Directors for the last five years:

- **2013–2021:** member of the Governing Council of the Association of Taxpayers of Kazakhstan.
- **2013–2020:** member of the Expert Council of KazEnergy Association.



INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

(composition of the Board of Directors as of 31 December 2022)



ULF WOKURKA

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

Born in 1962, citizen of the Federal Republic of Germany.

ELECTED ON 30 JULY 2021 (MINUTES NO. 22) BY DECISION OF THE GENERAL MEETING OF SHAREHOLDERS OF KEGOC.

Shares owned in KEGOC or its subsidiaries: none.

Education:

- **1980–1981:** Martin Luther University in Halle am Saale.
- **1983–1989:** Moscow State Institute of International Relations of the USSR Ministry of Foreign Affairs (MGIMO), majoring in International Relations, Moscow.

Work experience

for the last five years:

- **2018–2019:** Chairman of the Management Board of TsesnaBank JSC, Astana.
- **2017–2018:** Chairman of the Management Board of KazKommertsBank JSC, Almaty.

Part-time work and membership in Board of Directors for the last five years:

- **2021 – present:** independent director of the Board of Directors of Kazakhstan Temir Zholy JSC.
- **2019–2022:** independent director of the Board of Directors of NurBank JSC, Almaty.
- **2016 – present:** independent director of the Board of Directors of AIFC Administration JSC, Astana.

- **2015 – present:** independent director, member of the Board of Directors of KAZAKH INVEST JSC.



DAMIR SUYENTAYEV

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

Born in 1984, citizen of the Republic of Kazakhstan.

ELECTED ON 18 JULY 2022 (MINUTES NO. 28) BY DECISION OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF KEGOC.

Shares owned in KEGOC or its subsidiaries: none.

Education:

- **2001–2006:** Kazakh State Law Academy, majoring in jurisprudence, Almaty.
- **2006–2008:** Kazakh Ryskulov Economic University, Bachelor of Economics, Almaty.
- **2012–2014:** Russian Academy of National Economy and Public Administration under the President of the Russian Federation, majoring in Innovation and Technology Business, MBA in Innovation and Project Management, Moscow.
- **2018–2022:** UK Institute of Directors, IoD Chartered Director Programme, London.

Work experience for the last five years:

- **2021 – present:** President of National Center for Expertise and Certification JSC.
- **2016 – present:** Chairman of Digital Finance Union association of legal entities.
- **2015 – present:** Advisor to the Chairman of the Management Board of the Union of Machine Builders of Kazakhstan association of legal entities

- **2015 – present:** entrepreneur, private business projects.
- **2011–2015:** Managing Director of Kazakhstan Engineering NC JSC.

Part-time work and membership in Board of Directors for the last five years:

- **2019 – present:** Kazakhstan Mortgage Company MO JSC / Baiterek NMH JSC, Chairman of the Audit Committee.
- **2020 – present:** SEGRES-2 JSC / Samruk-Kazyna JSC.
- **2018 – 2020:** Kazakhstan Operator of Electric Energy and Power JSC.
- **2018–2021:** Passenger Transportation JSC / Kazakhstan Temir Zholy NC JSC.
- **2018 – present:** KazAgroGarant JSC / KazAgro NMH JSC, Chairman of the Strategic Planning Committee.
- **2016 – present:** KazakhExport NC JSC, Baiterek National Managing Holding JSC, Chairman of the Audit Committee, Strategy Committee.



INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

(composition of the Board of Directors as of 31 December 2022)



ALEXEY REPIN

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

Born in 1961, citizen of the Republic of Kazakhstan.

ELECTED ON 10 MARCH 2022 (MINUTES NO. 26) BY DECISION OF THE GENERAL MEETING OF SHAREHOLDERS OF KEGOC.

Shares owned in KEGOC or its subsidiaries: none.

Education:

- **1982-1988:** Chelyabinsk Polytechnic Institute, Faculty of Energy, Electrical Engineer, Chelyabinsk.
- **2000-2002:** All-Russian Institute of Finance and Economics, majoring in Finance and Credit, Economist, Moscow.
- **2017-2002:** Certified Director, the Institute of Directors (IoD).
- **2019-2022:** Russian Academy of National Economy and Public Administration under the President of the Russian Federation (RANEPA), Top Manager MBA programme, majoring in Management, Moscow.

Work experience for the last five years:

- **2022 - present:** Head of Mining and Energy Assets Sector, Department of Oil and Gas, Mining and Energy Assets, Samruk-Kazyna JSC.
- **2012-2022:** Acting Director, Deputy Chief Director for Asset Management, Senior Expert of the Directorate for Management of Mining and Metallurgical and Electric Power Assets, Senior Expert of the Directorate for Management of Electric Power Assets of Samruk-Kazyna.

Part-time work and membership in Board of Directors for the last five years:

- **2022 - present:** member of the Board of Directors of Ekibastuz GRES-2 OJSC.
- **2019-2021:** Chairman of the Board of Directors of Kazakhstan Nuclear Power Plants JSC.
- **2018-2019:** member of the Supervisory Board of MAEC-KazAtomProm LLP.
- **2018-2021:** member of the Supervisory Board of FSC RES LLP.
- **2015 - 2018:** Chairman of KOREM's Board of Directors.
- **2014-2019:** member of the Board of Directors of Forum Muider B.V. (Bogatir Komir LLP).
- **Member of the Councils for Modernization and Business Transformation of Samruk-Energy JSC, KEGOC JSC, NAC KazAtomProm JSC.**
- **Current expert of the National Agency for Technological Development JSC, National Accreditation Centre LLP in Energy Management and Energy Audit according to ISO 50001:2011, eco-saving, energy efficiency.**



ALMAT ZHAMIYEV

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

Born in 1979, citizen of the Republic of Kazakhstan.

ELECTED ON 10 MARCH 2022 (MINUTES NO. 26) BY DECISION OF THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF KEGOC.

Shares owned in KEGOC or its subsidiaries: none.

Education:

- **1997-2001:** Al-Farabi Kazakh National University, legal expert, majoring in law, Almaty.
- **2001-2003:** Al-Farabi Kazakh National University, Master of Law, Almaty.
- **2003-2005:** Al-Farabi Kazakh National University, postgraduate study, Almaty.
- **2017-2019:** Nazarbayev University, Graduate School of Business (joint program with DUKE University, USA), Executive MBA (finance), Astana.

Work experience for the last five years:

- **2021 - present:** Head of the Legal Support Department of Samruk-Kazyna JSC.
- **2016-2021:** Head of the Department of Legal Support and Methodology of Samruk-Kazyna JSC.
- **2014-2016:** Deputy Chief Director for Legal Affairs of Samruk-Kazyna JSC.

Part-time work and membership in Board of Directors for the last five years:

- **2021 - present:** member of the Supervisory Board of KNPP LLP.

- **2020 - present:** member of the Supervisory Board of Samruk-Kazyna Business Service LLP.
- **2019-2021:** Samruk-Energy JSC, representative of Samruk-Kazyna
- **2018 - present:** member of the Board of Directors, Bolashaq Investments Ltd (the company is registered with the AIFC).
- **2017 - present:** member of the Board of Directors, representative of Samruk-Kazyna; Sekerbank, Turkey.



INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

(composition of the Board of Directors as of 31 December 2022)



KANYSH MOLDABAYEV

Chairman of Management Board, KEGOC

Born in 1963, citizen of the Republic of Kazakhstan.

ELECTED ON 27 APRIL 2021 (MINUTES NO. 21) AND 24 NOVEMBER 2021 (MINUTES NO. 25) BY DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS OF KEGOC.

Shares owned in KEGOC or its subsidiaries: none.

Education:

- **2016–2020:** Russian Academy of National Economy and Public Administration under the President of the Russian Federation, Doctor of Business Administration, Moscow.
- **2003–2004:** Academy of Civil Service under the President of the Republic of Kazakhstan, Public Service Manager, Astana.
- **1999–2002:** Karaganda State Technical University, majoring in Economics. Economist-Lawyer, Karaganda.
- **1981–1987:** Pavlodar Industrial Institute, major in Engineering, Electrical Engineer, Pavlodar.

Work experience for the last five years:

- **2021–present:** Chairman of Management Board, KEGOC.
- **2021–2021:** Director of the Directorate of Energy and Mining Assets of Samruk-Kazyna National Wealth Fund JSC.
- **2019–2021:** Head of Energy sector, Samruk-Kazyna National Wealth Fund JSC.
- **2018–2019:** Deputy General Director, Kazakhstan Nuclear Power Plants JSC.

- **2017–2018:** Managing Director for Development and Sales, member of the Management Board, Samruk-Energy JSC.

Part-time work and membership in Board of Directors for the last five years:

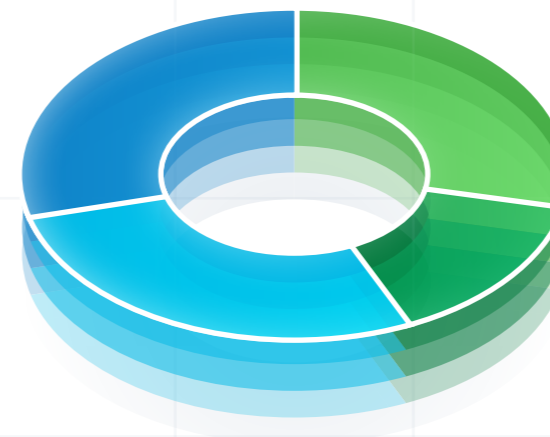
- **2019–2020:** Chairman of the Supervisory Board of MAEC-KazAtomProm LLP.

The term of office of each member of the Board of Directors of KEGOC is the same as the term of office of

the Board of Directors of KEGOC in general and expires in April 2024.

Age diversity of the Board of Directors

people



31–40
41–50
51–60
over 61

2
1
2
2

Independence of the Board of Directors

%



Independent directors
Executive directors
Non-executive directors
Chairman of the Board of Directors

42.9%
14.3%
28.6%
14.3%



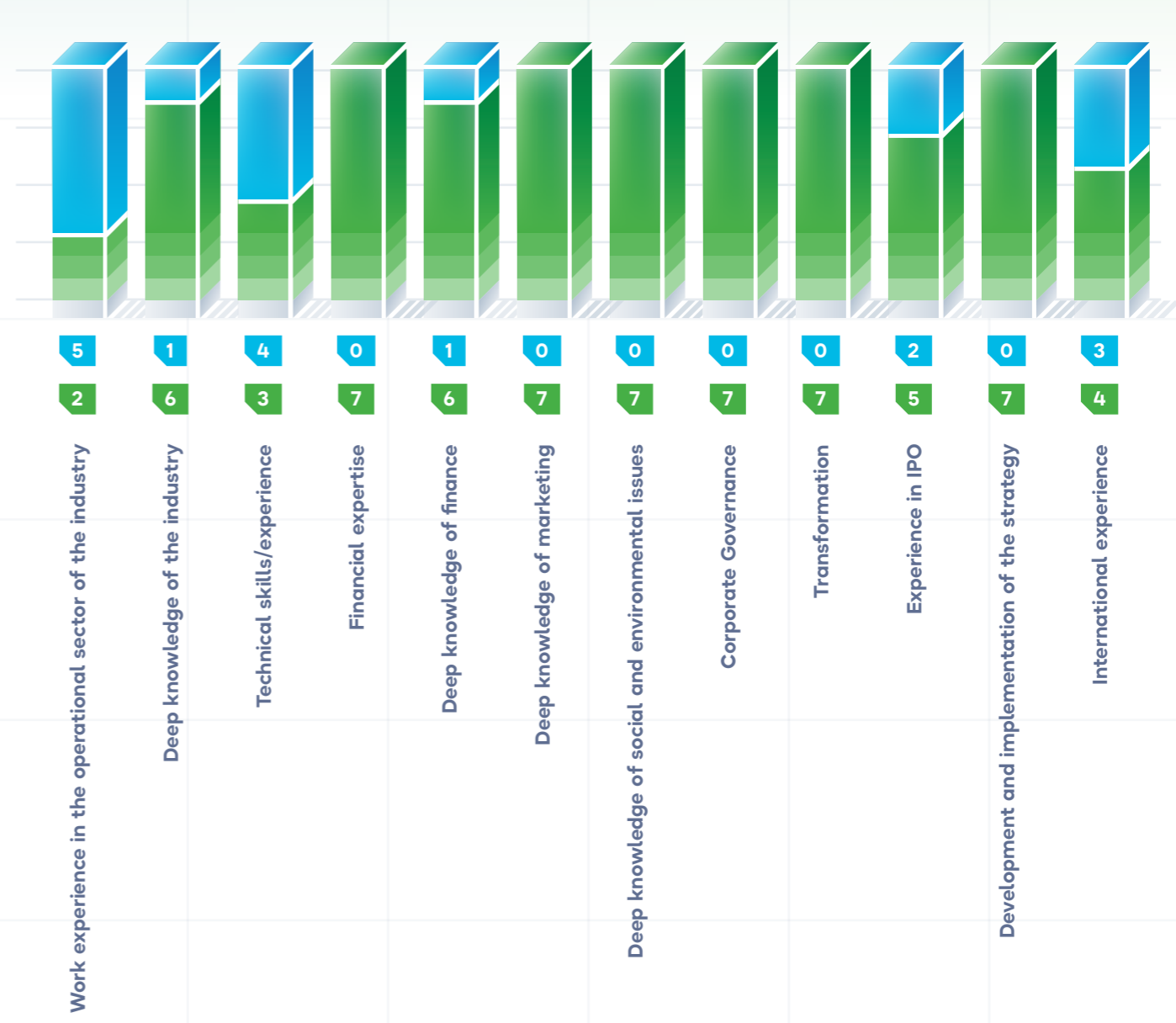


COMPETENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS

Members of the Board of Directors	Yernat Berdigulov	Nurlan Akhanzaripov	Ulf Wokurka	Damir Suyentayev	Alexey Repin	Almat Zhamiyev	Kanysh Moldabayev
Experience in the sector/total work experience, years	8/11	20/29	15/33	3.4/16	39/44	7.3/26	30/35
Core competencies							
Knowledge of the industry							
Work experience in the operational sector of the industry					■		■
Deep knowledge of the industry	■	■	■	■	■		■
Technical skills/experience		■		■	■		■
Specific skills and experience							
Financial expertise	■	■	■	■	■	■	■
Deep knowledge of finance	■	■	■	■	■		■
Deep knowledge of marketing	■	■	■	■	■	■	■
Deep knowledge of social and environmental issues	■	■	■	■	■	■	■
Experience in management and jurisprudence							
Corporate Governance	■	■	■	■	■	■	■
Transformation	■	■	■	■	■	■	■
Experience in IPO	■	■			■	■	■
Development and implementation of the strategy	■	■	■	■	■	■	■
International experience	■	■	■			■	

2-9, 2-10

Balance of competencies of the members of the Board of Directors





CRITERIA FOR SELECTION OF INDEPENDENT DIRECTORS

An independent director shall have sufficient professional skills and be independent so that he/she could make independent and objective decisions not influenced by individual shareholders, Management Board or other interested parties.

Independent directors comply with all legislative criteria of independence, their status, powers, rights and obligations are strictly regulated by the requirements of the Law of the Republic of Kazakhstan on Joint-Stock Companies, the Charter of KEGOC, the Corporate Governance Code of KEGOC and the Rules for Selection and Election of Members of the Board of Directors of KEGOC.

According to global corporate governance practices and requirements of the Law of the Republic of Kazakhstan on Joint Stock Companies, the number of members of the Board of Directors shall be at least three people. At least thirty percent of the Board of Directors shall be independent directors.

A director may be recognized as independent if he/she is:
- not an affiliate of the Company nor was as such within three years prior to his/her election to the Board of

- Directors (except for being an independent director of the Company);
- not an affiliated person in relation to the affiliated persons of the Company;
- not subordinated to officials of the Company or its affiliated companies within three years preceding his/her election to the Board of Directors;
- not a participant to the audit of the Company as an auditor working for an auditing organisation and has not taken part in such audit during the three years preceding his/her election to the Board of Directors;
- not a representative of a shareholder at the meetings of the Company's bodies and has not been as such within three years preceding his/her election to the Board of Directors;
- not a civil servant.

2-9, 2-10

Meetings of the Board of Directors of KEGOC

- In 2022 the Board of Directors held 12 meetings in praesentia.
- Total number of reviewed agenda items: 126.

2-13

Attendance at the meetings by the members of the Board of Directors in 2022:

Table with columns for dates (01.02.2022 to 15.12.2022) and percentage. Rows list board members: Suinshlik Tiyessov, Yernat Berdigulov, Nurlan Akhazaripov, Zhanbota Bekenov, Ulf Wokurka, Damir Suyentayev, Zhanna Yegimbayeva, Almat Zhamiyev, Alexey Repin, Kanysh Moldabayev. Total attendance is 99%.

was not a member of the Board of Directors

* Alexey Repin, member of the Board of Directors, was on vacation and was absent from the meeting of the Board of Directors on 23 September 2022.

In 2022, the meetings of the Board of Directors considered agenda items in strategic, financial, economic and investment areas, corporate governance and sustainable development,

risk management, internal control and audit, personnel policy, safety, occupational health and environment protection, activities of subsidiaries and other agenda items.



strategic, financial, economic and investment issues **22.2%**
 corporate governance issues **23.8%**
 RMS and ICS issues **15.9%**
 HR policy issues **23.0%**
 health and safety, and environment issues **1.6%**
 performance of subsidiaries **8.0%**
 other issues **5.5%**

2-13

COMMITTEES OF THE BOARD OF DIRECTORS

In order to create a platform for active discussion and detailed analysis of individual issues, the Board of Directors has four (4) committees:

- Audit Committee
- Nomination and Remuneration Committee
- Strategic Planning and Corporate Governance Committee
- Occupational Health, Safety and Environmental Protection Committee

The Committee is fully accountable to the Board of Directors. The members of the Committee are elected by the Board of Directors, the chairman of the Committee is an independent director, the Committee also includes a non-voting expert who submits to the Committee the recommendations based on the policies and visions of Samruk-Kazyna as a major shareholder of the Company.

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

Audit Committee

2-9

The Committee's operations are governed by the Regulations on the Audit Committee approved by KEGOC's Board of Directors (Minutes No. 12 dated 30 November 2018).

The Audit Committee consists of three independent directors and a (non-voting) expert.

As of 1 January 2022, the Committee included the following members of the Committee:

- **Zhanbota Bekenov**, Chairman of the Committee, independent director
- **Nurlan Akhanzaripov**, Chairman, independent director
- **Ulf Wokurka**, Chairman, independent director
- **Saken Pirmakhanov**, (non-voting) expert.

As of 31 December 2022, the Committee included the following members of the Committee:

- **Damir Suyentayev**, Chairman of the Committee, independent director
- **Nurlan Akhanzaripov**, member of the Committee, independent director
- **Ulf Wokurka**, member of the Committee, independent director
- **Yernar Mynzhanov**, (non-voting) expert

In accordance with the decision of the Board of Directors dated 26 August 2022 (Minutes No. 8), the Committee membership was amended.

Participation of AC members in meetings in 2022

Members of the Audit Committee	31.01.2022	02.03.2022	24.03.2022	19.04.2022	25.05.2022	24.06.2022	25.08.2022	23.09.2021	20.10.2022	17.11.2022	14.12.2022	%
Zhanbota Bekenov <i>Chairman of the Committee, independent director</i>	■	■	■	■	■	■						100
Nurlan Akhanzaripov <i>member of the Committee, senior independent director</i>	■	■	■	■	■	■	■	■	■	■	■	100
Ulf Wokurka <i>member of the Committee, independent director</i>	■	■	■	■	■	■	■	■	■	■	■	100
Damir Suyentayev <i>Chairman of the Committee, independent director</i>									■	■	■	100
Total, %												100

In 2022 the Committee held 11 meetings in praesentia and reviewed 64 issues.

2-13

Recommendations were submitted to the Board of Directors on issues of internal control and risk management,

financial reporting, external audit, including meetings with representatives of the external auditor who audits the financial statements of KEGOC, issues of the Internal Audit Service and the Compliance Officer operations, other questions.

Four meetings were held with the representatives of external auditor RSM Qazaqstan LLP to review reports on audit planning for the year ended 31 December 2021, results of audit of the consolidated financial statements for the year ended 31 December 2021, results of audit of

interim financial statements as of 30 June 2022 and for the six months ended on that date, results of interim audit procedures of consolidated financial statements for 2022, including issues related to confirmation of external auditor independence.

Agenda items reviewed by the AC in 2022



internal control issues 27%
 compliance issues 13%
 RMS and ICS issues 15%
 reporting issues 8%
 other 37%

At the same time, the Board of Directors did not reject any individual proposals/recommendations of the Committee when considering the issues in 2022.

Nomination and Remuneration Committee

2-9

The Committee's activities are regulated by the Regulations on the Nomination and Remuneration Committee as updated and approved by KEGOC's Board of Directors (Minutes No. 12 dated 15 December 2022).

The Committee is fully accountable to the Board of Directors. The members of the Committee are elected by the Board of Directors, the Chairman of the Committee is an independent

director, the Committee also includes a non-voting expert who submits to the Committee the recommendations based on the policies and visions of Samruk-Kazyna as a major shareholder of the Company.

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

The Committee consists of four (4) members including two (2) independent directors, one (1) representative of Samruk Kazyna, and a (non-voting) expert.

As of 1 January 2022, the Committee included the following members of the Committee:

- **Nurlan Akhanzaripov**, Chairman, independent director
- **Zhanbota Bekenov**, member of the Committee, independent director

- **Zhanna Yegimbayeva**, member of the Committee, representative of Samruk-Kazyna
- **Daulet Karimov**, (non-voting) expert.

In accordance with the decisions of the Board of Directors (Minutes No. 4 dated 20 April 2022, Minutes No. 8 dated 26 August 2022), the membership of the Committee was amended.

As of 31 December 2022, the Committee included the following members of the Committee:

- **Nurlan Akhanzaripov**, Chairman of the Committee, senior independent director;
- **Damir Suyentayev**, member of the Committee, independent director;
- **Almat Zhamiyev**, member of the Committee, representative of Samruk-Kazyna;
- **Syrym Tyutebayev**, (non-voting) expert.

Participation in the Committee meetings in 2022

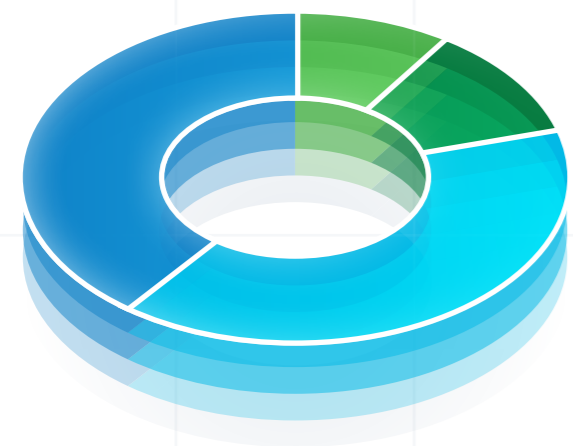
Members of the Nomination and Remuneration Committee	14.01.2022	31.01.2022	02.03.2022	24.03.2022	19.04.2022	21.04.2022	25.05.2022	24.06.2022	25.08.2022	20.10.2022	17.11.2022	14.12.2022	%
Nurlan Akhanzaripov <i>Chairman, independent director</i>	■	■	■	■	■	■	■	■	■	■	■	■	100
Zhanbota Bekenov <i>independent director</i>	■	■	■	■	■	■	■	■	■	■	■	■	100
Zhanna Yegimbayeva <i>representative of Samruk Kazyna</i>	■	■	■	powers terminated on 10 March 2022									100
Damir Suyentayev <i>independent director</i>	was not a member of the Committee								■	■	■	■	100
Almat Zhamiyev <i>representative of Samruk Kazyna</i>	■	■	■	■	■	■	■	■	■	■	■	■	100
Daulet Karimov <i>(non-voting) expert</i>	■	■	powers terminated on 18 February 2022										100
Yerzhan Dyussenov <i>(non-voting) expert</i>	was not a member of the Committee						■	■	■	■	■	■	100
Syrym Tyutebayev <i>(non-voting) expert</i>	was not an expert of the Committee								■	■	■		100
Total, %													100

- was not a member of the Committee
- powers terminated on 25 June 2022

■ powers terminated on 25 August 2022

In 2022 the Committee held 12 meetings in praesentia and reviewed 52 issues. 2-13

Agenda issues reviewed by the NRC in 2022



nomination issues **9.6%**
 remuneration issues **11.5%**
 succession and appraisal issues **38.5%**
 subsidiaries activity issues, etc. **40.4%**

In 2022, the recommendations were submitted to the Board of Directors on the appointment/election of qualified specialists to the Board of Directors and Management Board, to the position of Ombudsman; approval of the organizational structure of the Company, description and evaluation of the positions of members of the Management Board (CEO-1); performance of Pool Management and Functional Pool; review of the key performance indicators of the members of the Management Board and the goal map of the Corporate Secretary, the Ombudsman, the salary scheme of the Management Board, the Ombudsman and the Corporate Secretary; approval of the Plan for advanced training of members of the Board of Directors; execution of individual development plans for members of the Management Board and other issues.

In 2022, the Committee recommended to the Board of Directors to remove five (5) items from the agenda, of which three (3) items were resubmitted, taking into account the recommendations of the Committee; however, there were no rejections by the Board of Directors of individual proposals/

recommendations of the Committee when considering issues in 2022. 2-13

Strategic Planning and Corporate Governance Committee

The operations of the Committee are governed by the Regulations on the Strategic Planning and Corporate Governance Committee, approved and updated by the Board of Directors on 30 November 2019 (Minutes No. 10).

The Committee is fully accountable to the Board of Directors. The members of the Committee are elected by majority votes of the Board of Directors members. The Chairman of the Committee is an independent director, the Committee also includes a non-voting expert, who presents recommendations to the Committee based on the policies and visions of Samruk-Kazyna, the major shareholder of the Company.

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

The Committee consists of four (4) members including two (2) independent directors, one (1) representative of Samruk Kazyna, and a non-voting expert.

As of 1 January 2022, the Committee included the following members of the Committee:

- **Ulf Wokurka**, Chairman of the Committee, independent director;
- **Nurlan Akhanzaripov**, member of the Committee, independent director;
- **Yernat Berdigulov**, member of the Committee, representative of Samruk-Kazyna JSC;

- **Daulet Karimov**, non-voting expert.

In accordance with the decisions of the Board of Directors (Minutes No. 4 dated 20 April 2022, Minutes No. 8 dated 26 August 2022), the membership of the Committee was amended.

As of 31 December 2022, the Committee included the following members of the Committee:

- **Ulf Wokurka**, Chairman of the Committee, independent director;
- **Nurlan Akhanzaripov**, member of the Committee, independent director;
- **Alexey Repin**, member of the Committee, representative of Samruk-Kazyna;
- **Syrym Tyutebayev**, (non-voting) expert.

Composition and participation of SPCGC members in meetings in 2022

Members of the Strategic Planning and Corporate Governance Committee	31.01.2022	02.03.2022	24.03.2022	19.04.2022	25.05.2022	24.06.2022	25.08.2022	23.09.2022	20.10.2022	18.11.2022	14.12.2022	%
Ulf Wokurka <i>Chairman, independent director</i>	■	■	■	■	■	■	■	■	■	■	■	100
Nurlan Akhanzaripov <i>independent director</i>	■	■	■	■	■	■	■	■	■	■	■	100
Yernat Berdigulov <i>representative of Samruk Kazyna</i>	■	-	powers terminated on 10 March 2022								50*	
Alexey Repin <i>representative of Samruk Kazyna</i>	■	■	■	■	■	■	■	■	-	■	■	88.8*
Total, %												84.7

■ was not a member of the Committee

* Yernat Berdigulov, member of the Committee, was absent from the Committee meeting on 2 March 2022.
 * Alexey Repin, member of the Committee, was on leave and was absent from the meeting of the Committee on 23 September 2022



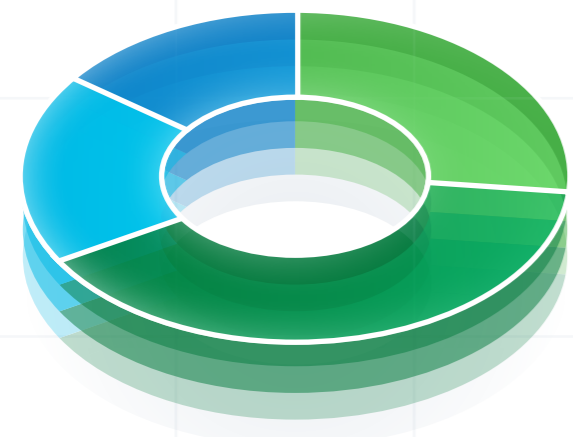
During the reporting period, the Committee held eleven (11) meetings in praesentia and considered twenty-six (26) agenda items. **2-13**

In 2022, the Committee for Strategic Planning and Corporate Governance considered strategic and economic, corporate

development and sustainable management, investment programme and other agenda items.

At the same time, the Board of Directors did not reject any individual proposals/recommendations of the Committee when considering the issues in 2022.

Agenda items reviewed by the SPCGC in 2022



strategic planning, Business Plan issues **27%**

corporate development and sustainability issues **39%**

implementation of investment projects **19%**

other issues **15%**

Occupational Health, Safety and Environmental Protection Committee

2-9

The Committee's activities are regulated by the Regulations on the Occupational Health, Safety and Environmental Protection Committee as updated and approved by the Board of Directors of KEGOC (Minutes No. 10 dated 30 November 2019).

The Committee is fully accountable to the Board of Directors. The members of the Committee were elected by majority votes of the Board of Directors members. The Chairman of the Committee is an independent director, the Committee also includes a non-voting expert, who presents recommendations to the Committee based on the policies and visions of Samruk-Kazyna, the major shareholder of the Company.

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

The Committee consists of four (4) members including one (1) independent director, two (2) representatives of Samruk Kazyna, and a non-voting expert.

As of 1 January 2022, the Committee included the following members of the Committee:

- **Ulf Wokurka**, Chairman of the Committee, independent director;
- **Zhanna Yegimbayeva**, member of the Committee, representative of Samruk-Kazyna JSC;
- **Yernat Berdigulov**, member of the Committee, representative of Samruk-Kazyna JSC;
- **Daulet Karimov**, (non-voting) expert.

In accordance with the decisions of the Board of Directors (Minutes No. 4 dated 20 April 2022, Minutes No. 8 dated 26 August 2022), the membership of the Committee was amended.

As of 31 December 2022, the Committee included the following members of the Committee:

- **Ulf Wokurka**, Chairman of the Committee, independent director;
- **Alexey Repin**, representative of Samruk-Kazyna JSC;
- **Almat Zhamiyev**, member of the Committee, representative of Samruk-Kazyna JSC;
- **Syrym Tyutebayev**, (non-voting) expert.

Participation of OHSEPC members in meetings in 2022

Members of the Occupational Health, Safety and Environmental Protection Committee	02.03.2022	25.08.2022	23.09.2022	%
Ulf Wokurka <i>Chairman, independent director</i>	■	■	■	100
Zhanna Yegimbayeva <i>representative of Samruk Kazyna</i>	■	powers terminated on 10 March 2022		100
Yernat Berdigulov <i>representative of Samruk Kazyna</i>	-	powers terminated on 10 March 2022		-*
Alexey Repin <i>representative of Samruk Kazyna</i>	■	■	-	50*
Almat Zhamiyev <i>representative of Samruk Kazyna</i>	■	■	■	100
Total, %				70

■ was not a member of the Committee

* Yernat Berdigulov, member of the Committee, was absent from the Committee meeting on 2 March 2022.

* Alexey Repin, member of the Committee, was on leave and was absent from the meeting of the Committee on 23 September 2022.

During the reporting period, the Committee held three (3) meetings in praesentia and considered four (4) agenda items. **2-13**

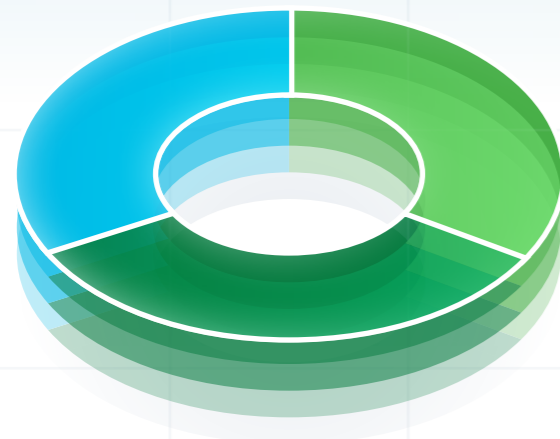
In 2022, the Committee on Occupational Health, Safety and Environmental Protection considered industrial and

information security, occupational health and environmental protection agenda items.

At the same time, the Board of Directors has not rejected any individual proposals/recommendations of the Committee when considering agenda in 2022.



Agenda items reviewed by the OHSEPC in 2022



safety and environment protection issues
 information security issues
 other issues

34%
 33%
 33%

2-13

The Company's Corporate Governance Code principles and provisions compliance analysis showed that in the reporting year the Company complies with all the Corporate Governance Code provisions applicable to the Company. The Corporate Governance Code principles and provisions compliance report 2022 is available at [link](#).

Executive Body

The day-to-day activities of KEGOC are governed by the Management Board, an executive collegial body, which makes the decisions on KEGOC business related issues that are beyond the competence of other bodies.

The Management Board operates in accordance with the law of Kazakhstan on Joint-Stock Companies, KEGOC's Charter, Corporate Governance Code and Regulations on KEGOC's Management Board.

2-13

The appointment (election) and early termination of the powers of the Chairman of the Management Board of the Company is the competence of the General Meeting of Shareholders. Determination of the number of members, terms of powers of the Management Board, election of members of the Management Board (except for the Chairman) and early termination of their powers is the exclusive competence of the Board of Directors of KEGOC and relies on principles of transparency, objective assessment of potential, professionalism and competence. KEGOC's Board of Directors appointed KEGOC's Management Board consisting of five (5) members, 100% of whom are the citizens of the Republic of Kazakhstan.



PROFESSIONAL DEVELOPMENT

The Board of Directors approves the Plan for advanced training of members of the Board of Directors. The Corporate Secretary ensures the implementation of these programmes. The director training includes informational meetings, participation in trainings, forums, conferences and working groups. To assist directors in fulfilling their duties, procedures are provided for the timely provision of necessary information to them.

On 25 May 2022, members of the Board of Directors visited the Akmolinskiye MES branch.

On 17 June 2022 the Issuer Day meeting was held by Kazakhstan Stock Exchange JSC (KASE) with the participation of the members of the Board of Directors, members of the Management Board, managing directors and investment community.

On 30 June 2022 SKILLS UP LLP held a seminar for members of the Board of Directors titled 'The sanctions regime against the Russian Federation and its consequences for KEGOC'.

On 30 September 2022, KPMG Tax and Advisory LLP held a seminar for the members of the Board of Directors titled 'Cases of ESG risks implementation'.

On 7 December 2022 Samruk Business Academy held a seminar for members of the Board of Directors titled 'Smart Grid: challenges of the future and the present in the activities of operators of national energy systems'.

2-17

CORPORATE GOVERNANCE CODE COMPLIANCE

The Corporate Governance Code of the Company was adopted based on Samruk-Kazyna's Corporate Governance Code. The Corporate Governance Code aims to improve corporate governance, ensure transparency of the governance and confirm commitment to follow proper corporate governance standards.



MEMBERS OF THE MANAGEMENT BOARD

(as of 31 December 2022)



KANYSH MOLDABAYEV

Chairman of the Management Board of KEGOC

Born in 1963, citizen of the Republic of Kazakhstan, experience in the sector is 29 years.

Education:

Pavlodar Industrial Institute majoring in Power Supply of Industrial Enterprises (1981-1987), Karaganda State Technical University majoring in Economics and Management (1999-2002), Academy of Public Administration under the President of the Republic of

Kazakhstan, State Administration, Public Service Manager (2003-2004), Russian Presidential Academy of National Economy and Public Administration, Doctor of Business Administration (2016-2020).

Work experience for the last five years:

- **2012-2018:** Director of the Department of Innovation and Technology Policy and Development, Managing Director for Development, Managing Director for Strategy and Sales, member of the Management Board, Managing Director for Development and Sales, member of the Management Board at Samruk-Energy JSC, Deputy Chairman of Management Board, First Deputy Chairman of Management Board.
- **2018-2019:** Deputy General Director of Kazakhstan Nuclear Power Plants JSC.
- **2019-2021:** Head of Energy Sector, Director of the Directorate of Energy and Mining Assets of Samruk-Kazyna JSC.
- **2021:** Chairman of Management Board at KEGOC.

Shares owned in KEGOC or its subsidiaries and affiliates: none.



BAKYTKHAN ZHAZYKBAYEV

Deputy Chairman of Management Board at KEGOC, member of Management Board since February 2017

Born in 1968, citizen of Kazakhstan, experience in the industry: 20 years.

Education:

Kazakh State Ryskulov Academy of Management majoring in Marketing and Commerce (1994), Toraigyrov Pavlodar State University majoring in Electrical Power Systems and Grids (2005), Narxos University, Master of Business Administration (2017)

Work experience for the last five years:

- **2015-2017:** Deputy Chairman of Management Board of KEGOC - Operations.
- **2017-2018:** Managing Director for Business Assets Management, KEGOC.
- **2018-2021:** Managing Director for Operations, KEGOC.
- **2021:** Deputy Chairman of Management Board at KEGOC.

Areas of responsibility at KEGOC:

plan activities on operation, repair, maintenance and diagnostics of assets; elaborate policies and procedures for assets management including the assets maintenance standards; develop and implement the medium-term development programme of MES branches; develop and fulfil the Development Plan (Budget and Investment Programme); coordinate works on management of strategic projects under implementation; coordinate and control works on users connection to the grid; control the process of concluding contracts for procurement of works/ services with contracting

organizations for capital construction projects; coordinate the search, selection and development of relations with contractors and subcontractors; coordinate the Information and Telecommunication System Development Strategy; manage IT, telecommunication and data control projects; coordinate repair works at KEGOC facilities.

Shares owned in KEGOC or its subsidiaries and affiliates: none.



MEMBERS OF THE MANAGEMENT BOARD

(as of 31 December 2022)



TOLEGEN SAFUANI

Managing Director – Legal Support and Risks (member of the Management Board since June 2017).

Born in 1979, citizen of the Republic of Kazakhstan, experience in the sector is 16 years.

Education:

Kazakh State Law Academy majoring in Legal Science (1996-2000), Kazakh University of Technology and Business majoring in State and Local

Administration, Master of Economics (2011-2013), Almaty Management University, Master of Business Administration (2018).

Work experience for the last five years:

- **2012–2017:** Head of Legal Department, KEGOC JSC.
- **2017:** Managing Director for Legal Support and Risks at KEGOC.

Areas of responsibility at KEGOC:

Areas of responsibility at KEGOC: legal issues; introduce and improve the systems of risk management, internal control, business continuity; improve the economic, technical and information security management systems; interact with state and non-state organizations on security issues at strategic sites and counteracting terrorism; coordinate claims works; ensure regulatory compliance of the operations and protection of its legal interests.

Member of the Board of Directors at EnergoInform JSC.

Shares owned in KEGOC or its subsidiaries and affiliates: none.



ELVIRA KONAKHBAYEVA

Managing Director for Strategy and Development, member of Management Board, since 14 January 2022.

Born in 1987, citizen of the Republic of Kazakhstan, duration of work experience in the industry is 7 years.

Education:

Education: Kazakhstan Institute of Management, Economics and Planning (KIMEP), Social Sciences Faculty, Bachelor of Economics (2003-2007).

Work experience for the last five years:

- **2015–2022:** Senior Manager, Corporate Governance Department, Director of Corporate Governance Department, Samruk-Kazyna JSC
- **Since 2022:** Managing Director for Strategy, Sustainable Development and Digital Transformation, KEGOC

Areas of responsibility at KEGOC:

development strategy of KEGOC, sustainable development, corporate development, technological development, R&D and innovation, digitalization and enhancement of business processes.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

MEMBERS OF THE MANAGEMENT BOARD

(as of 31 December 2022)



AIGUL AKIMBAYEVA

Managing Director for Finance and Accounting, Member of Management Board since 26 May 2022.

Born in 1978, citizen of the Republic of Kazakhstan, duration of work experience in the industry is 14 years.

Education:

Almaty Abai State University majoring in Finance and Credit, Banking (1999), University of International Business of Moscow International Higher

Business School MIRBIS, the non-state educational institution, majoring in Finance and Credit, Master of Business Administration (2009).

Work experience for the last five years:

- **2008–2021:** Director of Department, Samruk-Energy.
- **2021–2022:** Co-Managing Director for Economics and Finance, Samruk-Energy JSC.

Areas of responsibility at KEGOC:

manage financial and economic issues, pricing, manage and coordinate KEGOC's shares listing at KASE; interact with minority shareholders and other holders of KEGOC securities; coordinate activities on modification, adjustment and approval of tariffs and tariff estimates for KEGOC services; prepare the consolidated audited annual financial statements of KEGOC, cooperate with financial institutions and audit companies, manage the management reporting system and process performance indicators.

Shares owned in KEGOC or its subsidiaries and affiliates: none.

2-13

MANAGEMENT BOARD PERFORMANCE REPORT

The main principles of the Management Board activity are to serve interests of shareholders to the maximum extent, ensure fairness, good faith, expertise,

prudence, objectivity, soundness, and regularity. In 2022, KEGOC's Management Board held 34 meetings and reviewed 182 issues.

Issues reviewed by KEGOC's Management Board



%

2-13

MANAGEMENT BOARD COMMITTEES

In order to preliminarily review, take collegial decisions, and prepare recommendations on the supervised agenda items for KEGOC's Management Board, the company operates the following advisory bodies:

- Investment Committee
- Risk Committee
- Budget Committee
- Human Resources Development Committee

- Debtors and Creditors Committee
- Inventory committee.

In addition, to organize and perform works on sustainable development management, develop, implement and function KEGOC's integrated management system and constantly improve the management system performance, the Company established the advisory body, the Coordinating Council for Sustainable Development and IMS headed by KEGOC's Chairman of Management Board.



The Coordinating Council includes all managing directors and heads of affiliates. The main objectives of the Coordinating Council in sustainable development are to promote and ensure adherence to the principles of sustainable development, ensure implementation of plans, determine the responsibility for monitoring the sustainable development management matters, and determine the content of information on sustainable development activities disclosed for stakeholders. **2-19**

Management Assessment and Remuneration

The Board of Directors (Minutes No. 11 dated 18 November 2022) approved self-assessment as a method for assessing the performance of the Board of Directors and its committees, the Chairman and members of the Board of Directors, the Corporate Secretary of KEGOC for 2022.

The self-assessment of the activities of the Board of Directors and its committees, the Chairman and members of the Board of Directors, the Corporate Secretary for 2022, was carried out in accordance with the Methodological recommendations for assessing the activities of the Board of Directors and its committees, the Chairman, members of the Board of Directors and the Corporate Secretary in Samruk-Kazyna's organisations. The final rating is 95% at 'AA' level, this indicator confirms that the Board of Directors, its committees and the Corporate Secretary of KEGOC meet, in all material respects, most of the established criteria, and there is sufficient evidence that they work effectively. Members of the Board of Directors gave corresponding recommendations on aspects requiring further improvement.

In accordance with the Rules for assessing the performance of the Board of Directors and its committees, the Chairman,

members of the Board of Directors and the Corporate Secretary of KEGOC, none of the directors was involved in the process of his/her assessment, except for participation in the survey. **2-18**

In accordance with the Rules for establishment of the composition of the Board of Directors of KEGOC, determination of remuneration and reimbursement of expenses for members of the Board of Directors of KEGOC, approved by the General Meeting of Shareholders, the remuneration of directors consists of two parts: the annual fixed remuneration and additional remuneration for chairmanship or for participation in the meetings in praesentia of the committees of the Board of Directors, however, payments of additional remuneration to directors for participation in meetings in praesentia of the committees of the Board of Directors were excluded.

The Director is compensated for the expenses associated with his/her travel to meetings of the Board of Directors, committees of the Board of Directors and the meetings held beyond the place of permanent residence: transport including transfer, accommodation, daily allowance, telephone services (except mobile) in the Republic of Kazakhstan, documents scan, copy, fax, print, type services, access to the internet in Kazakhstan, courier and mail services. None of the members of the Board of Directors in 2022 took part in making decisions related to his/her own remuneration. **2-20**

The remuneration system for the Chairman and members of the Management Board includes a salary and a year-end bonus. A year-end bonus in KEGOC is paid within the limits of cash assets provided in the budget of KEGOC upon approval of the results of the financial and economic performance based on the audited financial statements. The payment of remuneration is mainly conditioned by the consolidated total income available for the reporting period.

The performance of the Chairman and members of the Management Board is assessed using the motivational KPIs for the reporting (short-term) period, which are developed through KEGOC strategic goals cascading by specific indicators on business processes/areas of KEGOC operations in the form of KPI maps for each member of KEGOC Management Board. The motivational KPIs

for the short-term period are divided into corporate and functional KPIs.

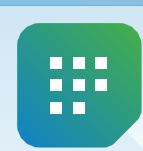
Corporate KPIs and functional KPIs of executive employees are approved by the Company's Board of Directors. Thus, KEGOC's Board of Directors approved motivational KPIs of the Management Board members and their target values for 2022.

Main motivational KPIs

Strategic goal 1	Strategic goal 2	Strategic goal 3
GA (Grid availability, % per year)	EBITDA	LTIFR
Number of technical disturbances on transmission lines and SS	Shareholder return	Social stability level of KEGOC
R&D for selection of FACTS devices for reactive power compensation in Kazakhstan UPS	ROACE	Implementation of actions under KEGOC's Plan for obtaining the ESG rating
Development of unattended digital substations concept	Achievement of target values of financial stability indicators	Implementation of activities of KEGOC's Corporate Governance Improvement Plan
	Kazakh content in the procured goods, works and services	

The right for remuneration for the reporting period results was owned by the members of the Management Board who actually worked during the reporting period not less than five (5) months, based on the approved KPIs for the reporting period.

The executives' motivational KPIs fulfilment is monitored periodically during the year. After the end of the reporting year, the actual KPIs of all levels are calculated. At the end of 2022, the target values of the corporate KPIs were achieved.



In 2022, there were no facts of refusals or agreements to refuse remuneration or future remuneration by members of the Board of Directors. Thus, the remuneration of key management personnel (members of the Board of Directors and the Management Board) and all other expenses related to them (taxes, deductions, sick pay, vacation pay, financial aid, etc.) included in salary expenses in the audited consolidated financial statements amounted to KZT 279.2 million for the year ended 31 December 2022.

Conflict of Interest

According to Business Ethics Code and Policy for Settlement of Conflict of Interest of KEGOC, for an employee to have better efficiency, the private interests of the employee or official should not conflict with the Company's interests or otherwise such conflict is to be timely identified and settled. All employees and officials of KEGOC shall behave so that they avoid the situations that may result in a conflict of interests with regard to them (or people related to them), or to others.

The principles of conflict of interest management at KEGOC are the following:

- respect for the rights of its employees and officials as private persons and recognize their right to be engaged into another activity at the time when they are free from their primary employment unless such activity is forbidden by the Laws of the Republic of Kazakhstan and does not affect their ability to fulfil their duties;
- the best balance of the Company interests and private interests of the employees and officials;
- prohibition for the employees and officials of the Company to participate or impact directly or indirectly the business decision, process or transaction in the

operating process should there be a real or potential conflict of their private interests with the Company's interests;

- mandatory disclosure of information about an actual and potential Conflict of interest or even the perception of such conflict;
- individual consideration and assessment of risk for the Company of each conflict of interest and settlement of each such event;
- confidentiality in the process of disclosing the information on the conflict of interest and in the process of settlement;
- protection of the employee from the pursuit due to the conflict of interest which was timely revealed by the employee.

Employees and officials shall:

- be guided only by the interests of the Company when solving the issues arising out of their duties;
- be personally responsible for timely identification of the conflict of his/her private interests with the Company's interests, timely reporting of the conflict of interest and for active participation in settling the real or potential conflict of interest;
- guarantee that their private interests, family, friendly or other relations, personal sympathy or antipathy will not affect the making of business decision;
- avoid any situations or circumstances when their private interests will conflict with KEGOC's interests;
- not compete with KEGOC including competition for any business transactions, planned or ongoing projects;
- not use the assets and their position in the Company and/or business opportunities arising from duties to satisfy their private and financial interests;
- avoid using business opportunities in the interests of a third party, which they have become aware of due to performance of the job duties;
- not participate in the decision making on his/her own appointment, election and re-election and remuneration.

- not take part in decision-making process or perform other actions, which affect or may affect their private or valuable interests in the process of consideration of the conflict of interest.

The officials and employees of the Company had no conflict of interest in 2022: there were no situations in which the personal interest could affect the proper performance of their duties; there were no situations with conflict of interest that affected or could potentially affect impartial decision-making; the officials who have an interest, did not participate in the discussion or adoption of such decisions. As a preventive measure (warning), KEGOC's Officials and Employees Conflict of Interest Settlement Policy was amended in 2022 with a declaration form approved on disclosure of potential conflict of interest. Only independent directors took part in the discussion and voting on non-arm's length transactions of the Board of Directors competence in 2022, no material transactions were made. 2-15

Corporate Ethics

The corporate ethics is a key element in uniting our employees.

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

- competence and professionalism (the Company's employees having quality education, work experience, decision-making skills, striving to improve their professional level);
- honesty and integrity (an important aspect in the organization's activities, in preserving its business reputation and eliminating conflicts between personal interests and professional activities);

- responsibility as a guarantee of the quality of the Company's activities;
- respect for the individual (every employee of the Company has the right to fair and just treatment regardless of race, language, political and religious beliefs, gender, ethnic and cultural background);
- safety, which is characterized by the desire to maintain commercial secret and ensure non-harmful and non-hazardous working conditions.

The Code of Conduct (Business Ethics Code), which is a set of practical rules to be followed by each employee in daily activities, is mandatory for fulfilment by all employees of the Company, including senior executives. The Code of Conduct was developed on the basis of generally accepted standards of corporate ethics and business conduct and documents defining best corporate governance practices. The Code of Conduct applies to all structural divisions, branches of the Company and subsidiaries. All employees of the Company, including officials, study the provisions of the Code of Conduct on a regular basis, when employed and in case of amendments to the Code. 2-23

The Ombudsman of the Company continues to work, which is accountable to the Board of Directors, one of the tasks of the Ombudsman is to ensure compliance with the Code of Conduct by officials and employees and explain the Code provisions. The basic principles of the Ombudsman work are independence, neutrality and impartiality, confidentiality and informality.

The procedure for consideration of employees' appeals is regulated by the Regulations on KEGOC's Ombudsman, according to which the Ombudsman has the right to request and receive information, materials and explanations necessary for consideration of the appeal from employees, officials, the IAS head and the Compliance Officer in accordance with the established procedure. Having accepted the appeal for consideration, within five (5) working



days the Ombudsman clarifies the ways and means that the applicant is entitled to use to protect his/her rights and/or eliminate violations of business ethics, and/or the decisions or actions (inactions) taken in violation of business ethics standards. The Ombudsman is also obliged to forward the complaint to the bodies of the Company that are authorised to resolve such complaints.

The Company's employees are regularly explained the Company's internal regulatory documents and procedures in order to prevent and avoid potential conflicts. Thus, in 2022, at the meetings with employees of the Severnye, Akmolinskiye, Tsentralnye, Vostochnye, Zapadnye, Sarbaiskiye, Aktyubinskiye and Yuzhnye MES branches, the Ombudsman informed about the goals and objectives of the Code of Conduct, the main provisions of the Labour Code of the Republic of Kazakhstan and the Collective Bargaining Agreement, the communication channels (contact numbers of the hotline, the Nysana call center, the Ombudsman), and clarified the obligations of the Company's employees and consequences of non-compliance with the Code of Conduct (Business Ethics Code). The Ombudsman held a personal meeting with those who wished to.

In 2022, KEGOC's Ombudsman received four appeals. The appeals raised issues of social and labour relations (the procedure for granting leave, wage issues, etc.). Each appeal was answered in accordance with the procedure established by the laws of the Republic of Kazakhstan.

No violations of human rights were found, and there were no cases of suits filed by the Company's employees in 2022 regarding non-compliance with the labour legislation. **406-1**

The Ombudsman informs the Board of Directors about all appeals and measures taken in response to such appeals as part of quarterly reports. **2-16, 2-24, 2-25, 2-26**

Anti-Corruption

KEGOC adheres to the policy of zero tolerance for corruption in all its manifestations in relations with all stakeholders as well as for concealment of corruption offences. The Company excludes any forms of bribery, including offering or receiving material remuneration, benefits or services of property, physical or moral nature for performance of works or rendering services for actions (inactions) in favour of persons who provided them, if such actions (inactions) are within the authority of the Company employees. The Company's employees do not offer or accept hospitality or gifts that may further entail any obligation of the parties. Officials and employees involved in corruption shall be dismissed and held accountable in accordance with the procedure stipulated by the Republic of Kazakhstan laws.

The corruption risk management identifies the main drivers of corruption risk:

- Using authority and related opportunities to obtain property gain;
- abusing the procurement of goods, works and services, as well as the relations with customers, suppliers and contractors of kegoc;
- using the company's material resources for personal gain or enrichment;
- lack of comprehensive and targeted information work to form anti-corruption behaviour models for the company's employees and public culture of zero-tolerance to corruption;
- giving bribes and other remuneration to third parties;
- poor response to incidents of corruption. **205-1**

KEGOC, in its daily operations, complies with the anti-corruption laws and takes maximum organizational and practical efforts to uncompromising anti-corruption efforts in all its forms and manifestations, and corruption risk

management. Contracts with the Company's counterparties contain anti-corruption commitments of the parties and their employees: the parties shall ensure the implementation of compliance verification procedures to prevent the risks of involving in corrupt activities. **205-2**

The Board of Directors approved amendments and addenda to the Anti-Corruption and Anti-Fraud Policy and the Proactive Whistle-Blower Policy. For example, in accordance with the requirement of the Law of the Republic of Kazakhstan on Combating Corruption, KEGOC has expanded the concept of an 'Official'. Now, apart from the members of KEGOC's Board of Directors and Management Board, the officials are the managerial employees performing managerial functions at KEGOC, including those authorised to make decisions on organising and holding procurement. In addition, the disciplinary responsibility of the top managers for committing corruption-related offences committed by the employees directly subordinated to them is regulated.

All employees of the Company (100%) are familiar with the above anti-corruption standards. The Company's officials accept anti-corruption restrictions by signing commitments to comply with anti-corruption legislation. Work is being done to comply with the Algorithm of actions to implement the institute of dismissal and bringing managers to responsibility for corruption-related offences committed by their subordinates. **205-2**

Forming the anti-corruption culture and intolerance to corrupt practices, KEGOC pays great attention to proactive and preventive work aimed at reducing corruption risks. Thus, in 2022, the Compliance Officer, in the course of meetings with branch employees, trained on topics: 'Creating integrity and anti-corruption culture. Strengthening public control in corporate governance'. During the training, the main aim was to increase the employees' awareness of the compliance function, promote the Hotline and provisions of KEGOC Anti-

Corruption and Anti-Fraud Regulations, and build interaction with the management of territorial branches and substations. **205-2**

In addition, all employees of the Company (100%) are periodically reminded to immediately report the facts of concern relating to:

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

The adaptation courses are also conducted with newly hired employees in accordance with the Rules for Personnel Administration at KEGOC on the provisions of the Code of Conduct (Business Ethics) of KEGOC (61 employees). During the adaptation course, the information and explanatory work was carried out on the provisions of the organisational standards Proactive Whistleblow Policy ('Hotline'), Policy on Combating Fraud and Corruption, Policy on Settlement of Conflict of Interest of the Officials and Employees.

Samruk-Kazyna organized a hotline for stakeholders of its portfolio companies, including KEGOC. All KEGOC stakeholders may report their concerns regarding actual or alleged violations of the law, regulatory requirements, as well as internal policies and procedures on corruption and ethics. They can do it by sending a confidential and anonymous message. Their confidentiality and anonymity are guaranteed, and 100 % reported cases are considered. The hotline is open 24 hours a day, 7 days a week. **2-26**

In 2022, KEGOC's hotline received 8 messages. All complaints were thoroughly investigated: the facts stated in the appeals were not confirmed. The Compliance Officer informs the Board of Directors about all appeals and measures taken in response to such appeals as part of quarterly reports. **2-16, 2-25, 205-3**

Risk Management and Internal Control Systems

In 2007 KEGOC successfully implemented and since then has been operating the risk management system compliant with generally accepted conceptual models of risk management developed by the Committee of Sponsoring Organizations of the Treadway Commission – COSO ERM ‘Risk Management. Integrated Model’ and requirements of Samruk-Kazyna.

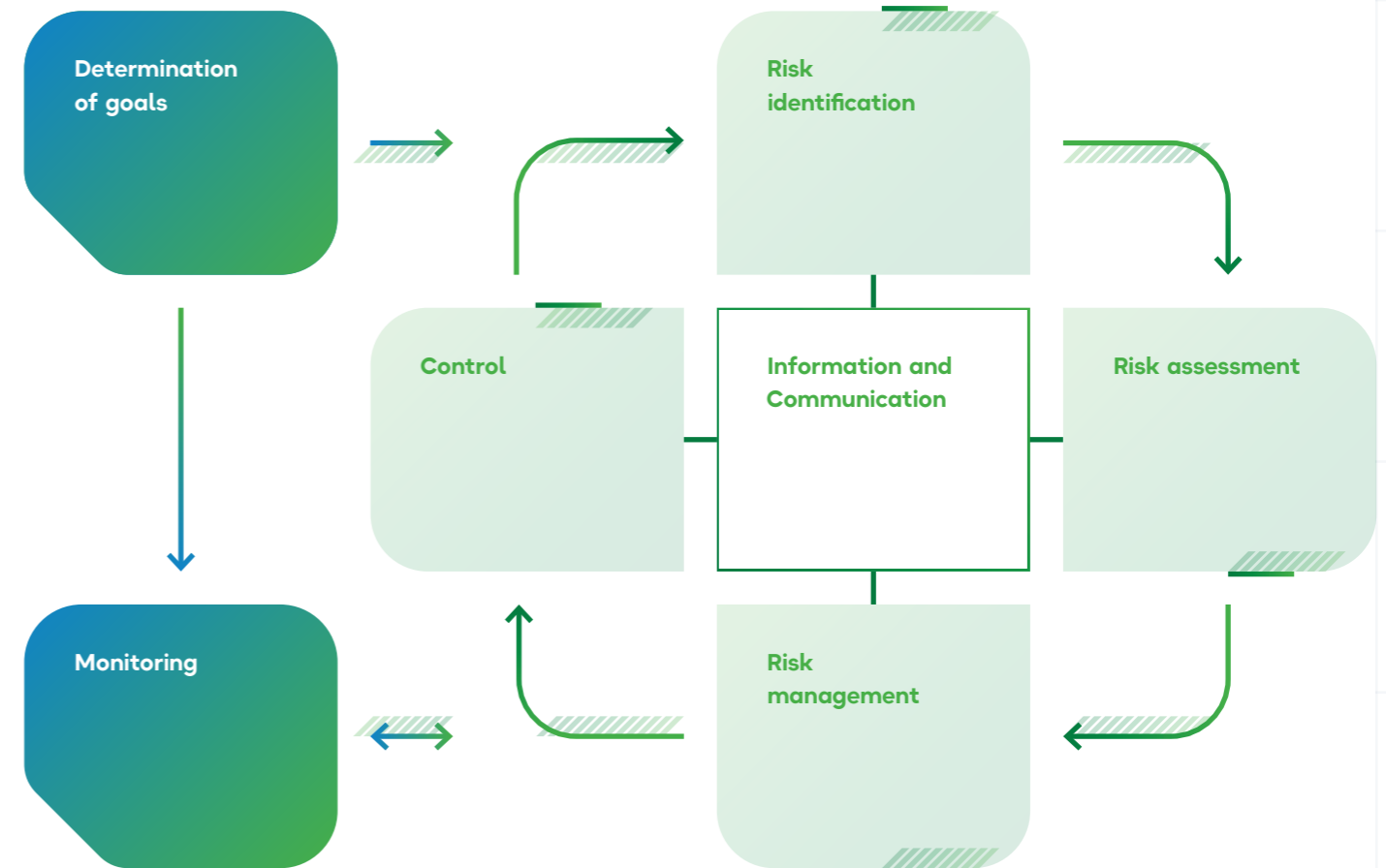
The corporate risk management system is a key component of the corporate governance system that timely identifies risks, evaluates them and develops risk management measures that can adversely affect the achievement of strategic and operational objectives of KEGOC.

The objective of the current corporate risk management system (RMS) is to ensure continuity and stability of operations by mitigating the exposure to internal and external adverse impact on KEGOC’s activity.

The main principles of the risk management system are:

- engagement of KEGOC’s executives in risk management;
- continuous improvement of the risk management system;
- continuous learning and knowledge sharing by the Company employees on risk management;
- transparency and integrity in submitting reports and risk escalation.

RISK MANAGEMENT PROCESS





The risk management involves the Board of Directors, the Management Board, the Internal Audit Service, structural subdivisions (risk owners) and the structural subdivision responsible for risk management.

The Board of Directors is responsible for effective functioning and development of the overall RMS, sets the tone for risk management, and is responsible for implementing mechanisms that would reflect this tone throughout the Company and subsidiaries.

There is also a Risk Committee, which is responsible for KEGOC risk management decision-making and preparation of risk management recommendations to KEGOC's Management Board. In 2022, the Committee held 12 meetings.

KEGOC conducts its business operations taking into account a wide range of business-related risks: strategic risks, financial risks, operational risks, legal and compliance risks. Based on the results of risk identification and assessment, the Company's Risk Register for 2023 includes 49 risks. The risk management measures have been developed and risk owners have been identified for each risk. The dynamics of key risks and implementation of mitigation measures are continuously monitored through quarterly risk reporting to the Company's Management Board and Board of Directors.

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

- risk of work-related accidents;
- operational assets failure;
- risk of capacity shortages in Kazakhstan UPS;
- risk of decrease in the amount of rendered system services against the business plan;
- foreign exchange risk;
- risk of increase of overdue receivables for rendered system services.

More detailed information on key risks management is disclosed in the relevant sections of this report by activity areas and strategic goals of the Company.

KEGOC's internal control system policy defines internal control as a process carried out by the participants of the internal control system in order to achieve the set objectives in three key areas:

- operating activity;
- preparing financial statements;
- compliance with laws and regulations.

KEGOC's internal control system (ICS) is a management system capable of responding quickly to process risks, controlling the core and supporting business processes and daily operations, and immediately informing the appropriate level of management of any significant deficiencies and areas for improvement.

In accordance with KEGOC's Internal Control System Regulations, the competence of the bodies that make up the ICS is delineated according to their role in the processes of development, approval, application and evaluation of the ICS efficiency. The operation of the Board of Directors and the Management Board of the Company is based on the Three Lines of Defence model. The ICS participants are the Board of Directors, the Management Board, the Audit Committee, the Internal Audit Service, structural subdivisions - owners of business processes and sub-processes, control procedure performers, and the structural subdivision responsible for risk management.

The Company has introduced the business continuity management system that defines business processes/sub-processes requiring the BCM plans. In 2022, work was carried out to identify critical business processes/sub-processes of the Company for which the BCM plans were developed and tested, in particular, to provide technical dispatching

services of the system operator, ensure occupational safety and equipment reliability, provide and support ITC services, manage information security incidents and carry out KEGOC activities in case of emergency.

KEGOC's Internal Audit Service assesses the effectiveness of the CRMS and ICS on an annual basis. Based on the results of assessment conducted by the IAS in 2022, the internal control and risk management systems function in an admissible form providing reasonable guarantees for achieving the Company's goals. For all detected inconsistencies and based on the IAS recommendations, the relevant corrective action plans are developed and monitored constantly in terms of fulfilment.

2-12

Internal Audit Service

The Internal Audit Service is established by the decision of KEGOC's Board of Directors in 2006. As of 31 December 2022 the approved staff in the IAS consists of eight (8) people.

The mission of the Service is to provide necessary support to the Board of Directors and executive body in performance of their duties to achieve the strategic objectives of the Company. The main objective of the Service is to provide the Board of Directors with independent and objective information needed to secure efficient management of the Company by introducing the system approach to improvement of the risk management, internal control and corporate governance systems.

During 2022 the Service activities were regulated by the following documents:

- international professional standards of internal audit;

- the Code of Ethics of the Institute of Internal Auditors;
- the Regulations on the Internal Audit Service at KEGOC as approved by the Board of Directors of KEGOC;
- the Rules of the Internal Audit Management at KEGOC as approved by the Board of Directors of KEGOC;
- job descriptions for the Service employees as approved by the Chairman of the Board of Directors of KEGOC.

All audit engagements were planned with respect to the mission and the main objective of the Service. The risk-based approach was used to plan the internal audit, i.e. the priority was given to the business processes that are most vulnerable to negative events.

The IAS Annual Audit Plan for 2022 is approved by KEGOC's Board of Directors decision dated 30 November 2022 (Minutes No. 13). The plan provides for execution of 17 engagements. Subjects of audit assignments performed by the Service in accordance with the Annual Audit Plan for 2022 covered due diligence of the Company branches, audit of business processes on planning, development and management of supply chains, audit of actions in reducing the risk of capacity shortages in Kazakhstan's UPS, audit of the Company's compliance with the requirements of the Corporate Standard for Strategic and Business Planning, Corporate Standard for HR Management, audit of execution of IRD requirements and other IT documents, audit of metrological support, audit of business performance indicators system, audit of risk management and internal control systems, analysis of the results of EnergoInform's corporate governance diagnostics conducted by IAS.

In 2022 the Service also audited the procurement of goods, works and services under a special procedure according to Samruk-Kazyna's Order No. 97-p dated 27 June 2022 on Observance of the Principle of Optimal and Efficient Disbursement of Funds Used for Procurement.



In addition, in 2022 the Service audited the compliance with the current availability standards for vehicles, business trips abroad and representation expenses for the period from 1 January 2019 to 30 June 2022, in accordance with the instruction of Samruk-Kazyna's Chairman of Management Board given at the meeting regarding the implementation of an expanded roadmap pursuant to instructions of the Republic of Kazakhstan President on the Fund reforming.

All engagements are performed. No material inconsistencies were found that can impact the Company's activities.

Following the results of audit engagements performed in 2022, the Service provided the relevant recommendations for the Company to eliminate the found inconsistencies. The audited entities together with the Service prepared the Corrective Action Plans. Every quarter the Service monitors the execution of the issued recommendations.

Goal 2 Achievement Indicators

Name of KPI	2018 actual	2019 actual	2020 actual	2021 actual	2022 plan	2022 actual
LTIFR, ratio	0.29	0	0	0.15	1.02	0.45
Corporate governance rating	BB	BB	BB	BBB	BBB	BBB





Company value increase for shareholders and investors

6 FINANCIAL SUSTAINABILITY



KEGOC ISSUED THE FIRST 'GREEN' BONDS. IN DECEMBER 2022 KEGOC SUCCESSFULLY PLACED 'GREEN' BONDS ON KAZAKHSTAN STOCK EXCHANGE (KASE) FOR THE TOTAL AMOUNT OF KZT 16.1 BILLION WITH A MARGIN OF 3%.

26.7

net profit

KZT bln

In 2022 KEGOC 13 years ahead of the schedule fully repaid the loan of the International Bank for Reconstruction and Development to the amount of USD 46.3 million.

30.2

paid dividends

KZT bln

Since the IPO, the Company has paid dividends to the total amount of approximately KZT 205 billion.



Tariff Policy

KEGOC's operations are governed by the Law of Kazakhstan on Natural Monopolies, according to which the services provided by KEGOC as the natural monopoly are as follows:

- electricity transmission in the NPG;
- technical dispatching of electricity supply and consumption in the grid;
- electricity generation and consumption balancing.

Since its establishment, KEGOC has consistently worked to improve the tariff policy for regulated services and has actively participated in the work of the relevant organisations to improve it.

In accordance with the legislation of the Republic of Kazakhstan, KEGOC submits applications to the Committee for the Regulation of Natural Monopolies to approve (revise) tariffs for regulated services relating to the natural monopoly.

The company's tariffs are based on costs-plus approach that uses the Company's estimates of its operating and financial costs and a fair rate of return on capital for the purpose to set a tariff for a certain period of time.

In 2013, KEGOC switched to the regulated cap tariffs mechanism. The principles of the cap tariff estimation are similar to the estimation of the annual tariffs except that the cap tariffs are approved for a period of several consecutive years. With the cap tariffs the Company can plan ahead for long periods, and the shareholders have more complete information about the Company.

The Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan approved the tariffs, tariff estimates for regulated services of KEGOC for 2021-2026 (by order No. 79-OD dated 16 August 2021) effective 1 October 2021 to 30 September 2026 in the following rates:

KZT/kWh	01/10/2021-30/09/2022	01/10/2022-30/09/2023	01/10/2023-30/09/2024	01/10/2024-30/09/2025	01/10/2025-30/09/2026
Electricity transmission in the power grid	2.797	2.848	3.004	3.106	3.134
Technical dispatching of the electricity supply and consumption in the grid	0.306	0.314	0.333	0.348	0.355
Management of electricity generation and consumption balancing	0.098	0.102	0.105	0.108	0.110

Based on KEGOC's application, the Committee on Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (Order No. 130-OD dated 27 August 2022) approved the adjustment of tariff estimates for KEGOC's regulated services for the first regulated period (from 1 October 2021 to 30 September 2022).

Meanwhile, the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (Order No. 67-OD dated 22 April 2022) approved the compensatory tariffs for regulated services of KEGOC effective 1 June 2022 to 31 May 2023.

KEGOC has challenged in court this decision of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan. In accordance with the provisions of the current legislation the order has been suspended for the duration of the trial.

According to the requirements of legal acts the Company arranges annual hearings to report its activities with respect to regulated services to strengthen the protection of consumers' rights, ensure transparency of activities for consumers and other interested parties.

Procurement Practices

The Company has built an effective procurement system, based on the principles of information openness, transparency, equality and development of fair competition.

In 2022, KEGOC carried out procurement activity in accordance with the Procedure of Procurement by Samruk-Kazyna Sovereign Wealth Fund joint-stock company and organizations fifty and more percent of voting shares (participatory interest) of which directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management, approved by the Board of Directors of Samruk-Kazyna JSC.

The priorities of the procurement activities are:

- purchase of goods from disabled persons' organizations included in the Register of disabled persons' organizations of Samruk-Kazyna group of companies (disabled individual entrepreneurs) that manufacture the procured goods;
- purchase of goods from manufacturers of procured goods, included in the Register of manufacturers of Samruk-Kazyna group of companies;
- procurement among qualified potential suppliers.

The procurement applies preliminary qualification model of potential suppliers, i.e. the process of evaluation of potential suppliers for compliance with the qualification requirements defined in accordance with the above-mentioned procedure through questionnaires and audits. During the preliminary qualification the potential suppliers are evaluated by the following criteria: legal component; contractual work arranged by the potential supplier; the potential supplier's resources; quality of goods, works and services; project and risk management; occupational health and safety; environmental protection, etc.



During the procurement KEGOC also took measures stipulated by the procedure to support the manufacturers of procured goods.

The potential suppliers may not participate in procurement conducted by the Company, if:

1. the potential supplier or its subcontractor (co-executor) or consortium participant is in the register of unfair participants of public procurement and (or) in the register of unfair procurement participants, and (or) in the list of unscrupulous potential suppliers (vendors) of the Fund, and (or) in the list of debtors, in respect of which the court decision on recognition of their bankruptcy took legal effect;
2. the potential supplier and (or) subcontractor (co-executor) engaged by it, and (or) their manager, and (or) founders (shareholders) are included in the list of organizations and persons connected with financing of terrorism and extremism, or the list of organizations and persons connected with financing of weapons of mass destruction proliferation, in the procedure established by the Law of the Republic of Kazakhstan on Counteracting the Legalization (Laundering) of Criminal Income, and Terrorism Financing;
3. the potential supplier and (or) subcontractor (co-executor) engaged by it, and (or) founders (shareholders) are legal entities whose place of incorporation is a state or territory included in the list of tax havens approved by the competent authority responsible for ensuring tax revenues and other compulsory payments to the budget.

Therefore, the procurement procedures inspect potential suppliers regarding the presence or absence of restrictions established by the Procedure.

Appeals/complaints of potential suppliers against actions (inaction) of the procurement organizer or the tender

commission, the expert procurement commission are also reviewed. Based on the review results, the decisions are made to confirm/not confirm the arguments outlined in the appeals/complaints. 2-26

For convenient communication with suppliers, the procurement procedures are conducted through Samruk-Kazyna's electronic procurement portal www.zakup.sk.kz, which facilitates involvement of a greater number of suppliers of goods, works and services and establishes a competitive environment that contributes to the efficiency of procurement.

The current Annual Procurement Plan for goods, works and services and the Long-Term Procurement Plan for goods, works and services of KEGOC are published on Samruk-Kazyna's procurement portal (www.zakup.sk.kz), as well as on the website www.kegoc.kz in Procurement section.



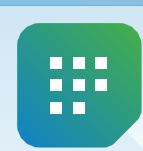
Procurement in 2022

KZT mln	KEGOC JSC	EnergInform JSC	Total
Goods (excluding electricity from near abroad including Russia and Kyrgyzstan)	15,441	385.60	15,826.60
Works	7,501	7.76	7,508.76
Services	4,114	296.11	4,410.11
Electricity	67,610	-	67,610.00
Total	94,667	689.47	95,355.47

KEGOC works on implementing KEGOC's and the Fund's procurement category strategies (PCS) aimed at optimizing the approaches to procurement of goods, works and services based on maximizing benefits in the long or short term and incorporating the results of analyses of the previous periods expenditures, future needs, supply market, and business requirements. In 2022, the following PCS are implemented at KEGOC's level: 'Reinforced Concrete and Steel Structures', 'Line Hardware and Glass Insulators'.

At the Fund's level, the PCS for categories Cables and Wires, Special Clothing and Fuel are implemented.

In 2022, the share of local content in KEGOC's procurement of goods, works and services is 76 %, including 82% in goods (excluding electricity from near abroad) and 70% in works and services. The share of local content in EnergInform's procurement is 7% in goods and 95% in works and services. 2-6



Analysis of Financial and Economic Indicators

PLAN VS ACTUAL ANALYSIS

KZT mln	2022 plan	2022 actual	De- via- tion	Main reasons for deviations
Consolidated income	245,042.9	227,027.3	92.6%	
operating income	236,201.2	217,255.5	92.0%	<p>Failure to fulfil the plan is mainly due to the decrease in:</p> <ul style="list-style-type: none"> income from the sale of balancing electricity on the Kazakhstan balancing market by KZT 23,725.8 million as a result of non-commissioning of the balancing market. income from electricity sale to settle unscheduled electricity flows to Central Asia by KZT 1,468.9 million; dispatching by KZT 282.5 million due to decrease in actual volumes by 906.6 million kWh; income from services on balancing of generation and consumption of electricity by KZT 212.8 million as a result of decrease in actual volumes by 2,107.0 million kWh; income from sale of power control services by KZT 169.1 million as a result of decrease in actual volumes; <p>At the same time, the plan was exceeded in terms of income:</p> <ul style="list-style-type: none"> on electricity transmission by KZT 5,994.5 million due to increase in actually paid volume by 2,108.0 million kWh. from sale of electricity to compensate for hourly unscheduled deviations of the actual interstate balance power flows by KZT 3,914.5 million.
Consolidated expenses	221,608.1	194,559.3	87.8%	

cost of sales	195,712.7	166,355.9	85.0%	<p>Decrease of 15.0% is mainly due to:</p> <ul style="list-style-type: none"> lack of actual expenses for purchase of balancing electricity on the Kazakhstan balancing market by KZT 23,725.8 million as a result of the non-commissioning of the balancing market. reduction of expenses for technical losses of electricity by KZT 4,480.6 million due to decrease in actual volumes by 504.1 million kWh the expenses decreased by KZT 4,240.9 million as well as due to decrease in the weighted average price from 8.41 to 8.33 KZT/kWh the expenses decreased by KZT 239.7 million; decrease in property tax by KZT 3,676.5 million due to changes in assets classifier; reduction in depreciation by KZT 4,143.5 million due to revision of assets useful life since 1 September of the current year. reduction in costs for the purchase of electricity to settle the unplanned overflows in Central Asia by KZT 1,468.9 million. <p>At the same time, compared with the planned figures, the expenses increased on electricity purchase to compensate for the hourly deviations of the actual interstate balance power flows by KZT 9,995.8 million due to increase in the actual volume of electricity and the actual average weighted price.</p>
general and administrative expenses	9,552.6	9,020.4	94.4%	Decrease as a result of the existing savings on current expenses
selling expenses	314.6	310.4	98.6%	Decrease as a result of the existing savings on current expenses
Operating profit	30,621.3	37,993.9	124.1%	

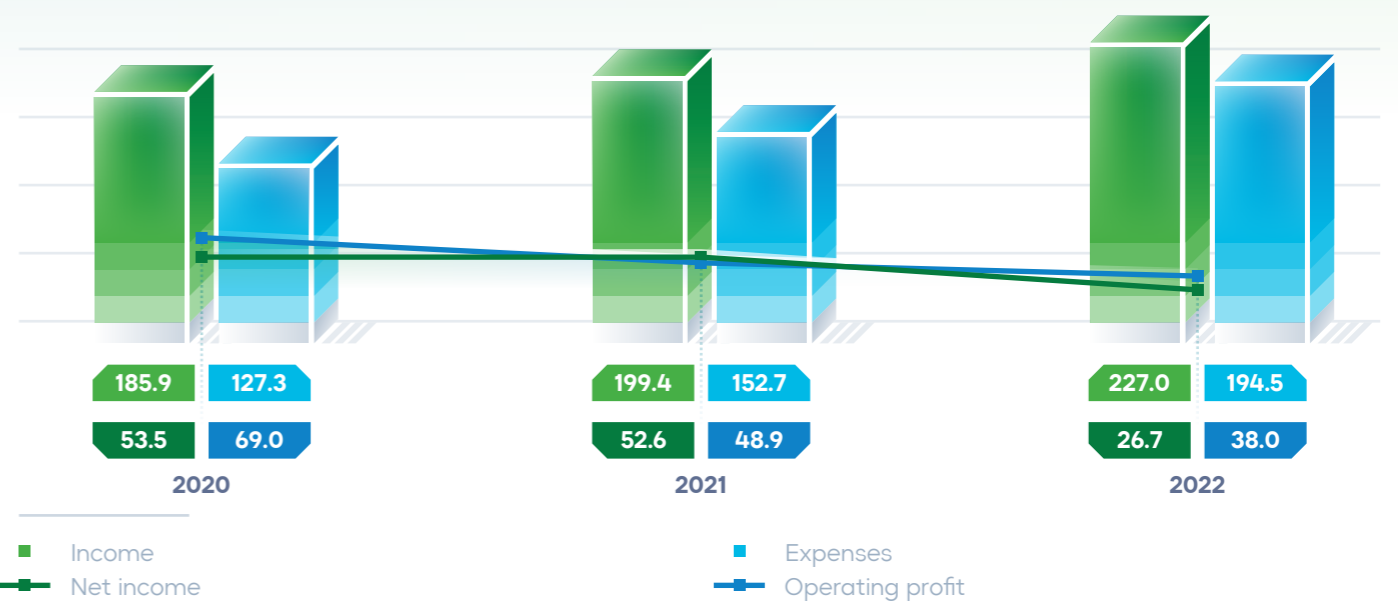


ANALYSIS OF ACTUAL INCOME AND EXPENSES IN 2022 VS 2021

KZT mln	2021 actual	2022 actual	De- via- tion	Main reasons for deviations
Consolidated income	199,424.1	227,027.3	113.8 %	
operating income	186,443.1	217,255.5	116.5 %	Growth by 16.5% is mainly from income from regulated services by KZT 27,559.0 million resulted from the growth of tariffs and rendered volumes, as well as income from the sale of electricity to compensate hourly deviations of the actual interstate balance power flows by KZT 3,390.1 million. At the same time, the income decreased from sale of power control services by KZT 232.9 million.
Consolidated expenses	152,651.8	194,559.3	127.5 %	
cost of sales	120,682.9	166,355.9	137.8 %	Growth by 37.8% is mainly due to the increase in depreciation expenses by KZT 24,399.9 million and property tax expenses by KZT 3,100.2 million as a result of fixed assets revaluation, payroll expenses with deductions by KZT 6,213.1 million, expenses for purchase of electricity to compensate for hourly deviations of the actual interstate balance power flow by KZT 6,236.7 million.
general and administrative expenses	8,539.8	9,020.4	105.6 %	Decrease as a result of the existing savings on current expenses
selling expenses	381.2	310.4	81.4 %	Decrease as a result of the existing savings on current expenses
Operating profit	48,895.2	37,993.9	77.7 %	

2-6

Dynamics of financial and economic indicators



RATIO ANALYSIS

Indicator	2020	2021	2022
ROACE, %	9.48	7.7	4.2
EBITDA, KZT million	103,391.9	93,865.0	102,519.6
Loan agreement covenants			
Current liquidity ratio, not less than 1	1.69	1.61	1.89
Covenants established by Samruk-Kazyna JSC			
Debt/EBITDA, not more than 3.80	1.49	1.82	1.53
Debt/Capital, not more than 1.40	0.32	0.23	0.24



Based on 2022 results, the ROACE ratio decreased versus 2021 by 3,534 percentage points, including by 2,879 percentage points due to decrease in adjusted profit (NOPAT) by KZT 24,73 billion, as well as by 0,655 percentage points due to increase of average capital employed (ACE) by KZT 73,16 billion.

EBITDA for 2022 versus 2021 increased by KZT 8,655 billion as a result of changes in volumes (+ KZT 7,717 billion) and tariffs for regulated services (+ KZT 19,842 billion). The ratio change was also influenced by the growth of labour costs with deductions by KZT 6,213 billion, the expenses for purchase of capacity from FSC RES LLP in 2021 were reclassified to discontinued operations to the amount of KZT 4,701 billion, growth of property tax expenses due to the revaluation of fixed assets by KZT 3,100 billion, growth of losses from electricity purchase and sale transactions to compensate for hourly deviations in the actual interstate balance power flows by KZT 2,847 billion, growth of power control services purchase expenses to the amount of KZT 1,800 billion and other factors.

During 2022, the established financial stability indicators and covenants were not violated.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic component of KEGOC's activities is of strategic importance both for the Company and for the economy of the state. It is aimed at increasing the long-term value for shareholders and investors of KEGOC.

Procedures for formation and approval of the Business Plan and budgets (including the capital investment plan for implementation of investment projects for construction, rehabilitation and modernization of the Company's facilities) are regulated by the Rules for development, coordination, approval, amendment, execution and monitoring of execution of the Business Plan (Development Plan) and Budgets of KEGOC. The Business Plan is prepared in a consolidated manner, i.e. includes plans of the subsidiaries for a five-year period on a rolling basis. The annual budget is approved for the Business Plan implementation. The Business Plan progress is monitored by KEGOC's Board of Directors on a quarterly basis.

Economic value distribution

KZT mln	2020*	2021	2022
Total capitalization	663,590.51	908,336.27	809,916.87
■ equity capital	502,556.47	737,136.82	653,565.16
■ borrowed funds	161,034.04	171,199.45	156,351.70
Funds from the government	-	-	-
Economic value generated	185,852.94	199,424.10	227,003.95
■ operating income	179,097.56	186,443.14	217,255.55
■ financial income	5,480.24	5,368.22	5,726.12
■ other income	1,275.13	7,612.74	4,022.29
Economic value distributed:	170,101.47	201,789.23	217,270.65
■ payroll expenses	21,101.73	23,672.49	26,755.43
■ expenses on taxes and duties to the national budget	21,334.15	14,047.26	18,026.52
■ payments to capital providers	43,952.81	53,200.01	30,309.24
■ charity and sponsor support*	-	-	-
■ other operating expenses	77,761.28	99,492.06	136,625.19
■ other non-operating expenses*	5,951.50	11,377.43	5,554.26
Profit after tax for the year from discontinued operations	4,967.04	13,471.47	-
Economic value of distribution	20,718.50	11,106.33	9,733.30

* recalculated with the FSC RES alienation taken into

2-6, 201-1, 201-4

BALANCE ANALYSIS

Indicator, KZT mln	2018	2019	2020	2021	2022	2022/2021
Non-current assets	698,081.7	659,175.9	695,192.5	1,019,820.4	873,932.8	-14.3%
Current assets	57,769.0	97,111.0	116,820.1	73,396.9	112,679.4	53.5%
Total assets	755,850.7	756,987.7	812,012.6	1,093,217.3	986,612.2	-9.8%
Equity	472,693.8	481,838.0	502,556.5	737,136.8	653,565.2	-11.3%
Non-current liabilities	236,958.6	230,808.2	239,766.9	310,396.6	273,569.6	-11.9%
Current liabilities	46,198.3	44,341.5	69,689.2	45,683.9	59,477.4	30.2%
Total liabilities	283,156.9	275,149.7	309,456.1	356,080.5	333,047.0	-6.5%
Total equity and liabilities	755,850.7	756,987.7	812,012.6	1,093,217.3	986,612.2	-9.8%





The Company assets as of 31 December 2022 amounted to KZT 986,612.2 million and reduced by 9.8% compared to 2021. Non-current assets make 88.6 % of the balance sheet structure, which are mostly represented by the fixed assets. Based on the year results the long-term assets decreased by 14.3 % (or by KZT 145,887.6 million) and amounted to KZT 873,932.8 million. Decrease in non-current assets is mainly due to revaluation of fixed assets as at 1 December 2022, as well as transfer from non-current financial assets to short-term bonds of Samruk-Kazyna.

Current assets make 11.4% of the balance sheet. In 2022 they increased by 53.5 %, (or by KZT 39,282,5 million) and amounted to 112,679.4 million by the end of the year. The growth is due to increase in trade receivables due to the growth of the volume of services provided and transfer of electricity transmission contracts from prepayment to actual payment, increase in financial assets due to transfer from non-current financial assets to short-term bonds of Samruk-Kazyna, and growth of cash and cash equivalents.

The capital at the end of 2022 amounts to KZT 653,565.2 million which is by 11.3%, or by KZT 83,571.6 million less than in 2021. The reduction is connected with the reserve decrease in fixed assets revaluation. The capital share in the balance sheet structure was 66.2%.

The liabilities for the year amounted to KZT 333,047.0 million, a decrease by 6.5% or KZT 23,033.5 million compared to 2021. Non-current liabilities make 82.1%, and current liabilities make 17.9%. The change is mainly due to decrease in loan liabilities by KZT 32,595.3 million due to early repayment of some loans, decrease in deferred income tax liability by KZT 27,498.9 million related to revaluation of NPG assets. At the same time, liabilities on bonds increased by KZT 17,747.5 million due to the issue of new bonds and accrued dividends payable for H1 2022 by KZT 17,014.3 million.

In order to reduce foreign exchange risk, debt burden and foreign currency loan servicing costs, in September 2022 KEGOC made early full repayment of the International Bank for Reconstruction and Development loan in the amount of 46.3 million US dollars. The loan funds in the amount of USD 71.4 million were raised in 2010 for the implementation of Alma Electricity Transmission Project, for a period of 25 years, with the last repayment in 2035. Effect: decrease in net foreign currency liabilities from USD 80.2 million to USD 32.1 million, as well as decrease in foreign exchange losses by approximately KZT 0.6 billion as a result of changes in foreign exchange positions.

On 8 September 2022 the Agency of the Republic of Kazakhstan on Regulation and Development of Financial Market registered amendments and addenda to the prospectus of the second issue of KEGOC non-government bonds (amounting to KZT 35 billion), issued within the framework of the second bond programme of the Company. The type of KEGOC bonds changed to 'green'. The effect from issue of 'green' bonds will allow:

- ensuring a higher demand for the securities during their placement, which means an opportunity for KEGOC to attract more funds, including from international development institutions;
- make it easier for KEGOC to obtain international ESG rating;
- in order to finance future promising investment projects, facilitate access to borrowed funds (including from international institutions) in view of the documents already developed in accordance with the requirements of laws of the Republic of Kazakhstan and the availability of verification of the Company implementing 'green' projects.

The stable financial performance of the Company enables it to fulfil in a timely manner its obligations before the main stakeholders:

- on payment of salary and provision of social support;
- on payment of dividends to shareholders;

- on implementation of investment projects and improvement of the quality and reliability of the NPG operation;

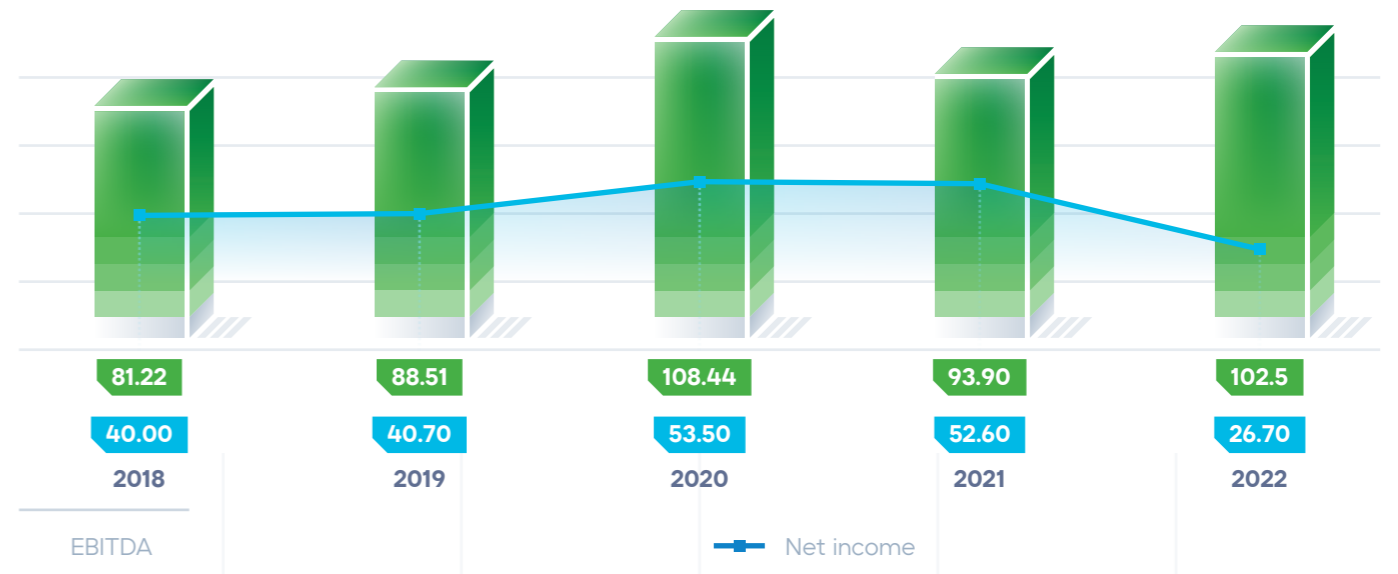
- on timely payments to suppliers;
- on tax payments.

Goal 3 Achievement Indicators

Name of KPI	2018 actual	2019 actual	2020 actual	2021 actual	2022 plan*	2022 actual
EBITDA, KZT billion	81.2	88.5	108.4	93.9	96.4	102.5
TSR (total shareholder return),%	indicators defined in December 2021				3.8	-10.7

* the planned values set by Business Plan for 2022-2026

Profitability



The EBITDA growth was influenced by the growth in transmission volume and increase in tariffs for regulated services, while the actual value of TSR was influenced by decrease in the Company's share price in 2022 to KZT 1,620 per share against the

planned KZT 1,780 per share. The decrease in the market price of shares is due to a stricter monetary policy of the National Bank, including growth of the base rate to 16.75%, aimed at combating high inflation, which at the end of 2022 made 20.3%.



APPENDIX 1. ABOUT THE REPORT

This Annual Report of KEGOC for 2022 is a comprehensive review of the Company's activities in all key areas including sustainability development and audited financial statements for 2022. The information on sustainable development activities is presented in the form and volume in which KEGOC has traditionally presented it since 2009. The Company continues the practice of releasing information on sustainable development to the public in the second quarter on an annual basis. 2-3

In accordance with KEGOC's Charter, Annual Reports and Sustainability Reports prepared by the Management Board and preliminarily reviewed by the Strategic Planning and Corporate Governance Committee and the Audit Committee are approved by KEGOC's Board of Directors. The previous KEGOC's Sustainability Report 2021 included in the Annual Report 2021 was approved by KEGOC's Board of Directors and published in May 2022. All the Company's reports are available on KEGOC's official website. 2-14

The Company engaged an independent party to verify the selective indicators given in this Report due to increased stakeholder requirements for the climate agenda. KEGOC will further consider possible independent assurance of a more comprehensive list of sustainability reporting indicators (Appendix 6). 2-5

KEGOC prepared this Report at the corporate level: the sustainability data given in this Report include the data of KEGOC's subsidiary, EnergoInform JSC. 2-2

The sustainability information included in this Report was prepared in accordance with the GRI Universal standards 2021 taking into account the requirements of Stakeholder Engagement Standard AA1000SES and describes the relevant activities of the Company from 1 January 2022 to 31 December 2022.

Any information concerning the plans referred to in this Annual Report is forward-looking and reflects the current views of KEGOC with respect to future events and is exposed to certain risks, uncertainties and assumptions relating to the business, financial condition, operating results, growth strategy and liquidity of KEGOC.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

This Report contains information confirming KEGOC's commitment to the principles of the UN Global Compact, as well as information on the work on the sustainable

development goals adopted by all UN member states in 2015 as part of the 2030 Agenda for Sustainable Development.

We believe that the main contribution of any business to the achievement of the SDGs lies in employment opportunities, taxes and socio-economic development, as well as respect for the environment. In addition, real and long-term positive changes can be achieved only by taking into account the management of our environmental impact (in a broad sense), focused response, cooperation with key players and stakeholders and expansion of our efforts.

Each year we will report on work on specific SDGs that have the strongest links to our work. In addition, we analyse areas where we have the greatest potential to make a difference. We look at where negative impact can be, and also look for directions where we have unique opportunities for making positive changes together with interested parties. The evaluation analyses factors such as the relevance of goals and objectives for our value chain, compliance with our aspirations to develop responsibly and sustainably, our ability to use our skills, competencies and resources to stimulate change, and the importance of issues for our stakeholders.

The key highlighted SDGs for this year on which work has been carried out are shown below.



SUSTAINABLE DEVELOPMENT GOALS



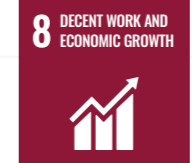
4 QUALITY EDUCATION

Section: HR Policy 038 page



7 AFFORDABLE AND CLEAN ENERGY

Section: Energy Efficiency 036 page



8 DECENT WORK AND ECONOMIC GROWTH

Section: HR Policy 038 page



12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Section: Operating Activity 024 page



13 CLIMATE ACTION

Section: Environmental Protection 032 page



COMPLIANCE WITH THE PRINCIPLES OF THE UN GLOBAL COMPACT

Principles of the Global Compact	pages
Human Rights Principles	
Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.	69, 38, 46
Principle 2. Businesses should make sure that they are not complicit in human rights abuses.	69, 38, 46
Labour Principles	
Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	45
Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	38
Principle 5. Businesses should uphold the effective abolition of child labour.	38
Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	38
Environment Principles	
Principle 7. Businesses should support a precautionary approach to environmental challenges.	32
Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	32
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	32
Anti-Corruption Principles	
Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	69, 70, 90

PRINCIPLES OF REPORT PREPARATION

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

Accuracy	This Report's information is collected based on documented data and allows the stakeholders evaluating the Company's performance. The Report sections relating to economy were prepared based on audited financial statements drafted in accordance with the IFRS.
Balance	This Report reflects the positive and negative of KEGOC's performance.
Clarity	KEGOC seeks to make this Report understandable and accessible to a wide range of stakeholders. The glossary at the end of this report clarifies the specific terms and abbreviations.
Comparability	The Report is prepared in accordance with GRI standards allowing the stakeholders to compare KEGOC's activities with the other organizations. This Report discloses the dynamics of indicators for the last three years.
Completeness	This Report includes information on operations of all intersystem electric networks branches (MES branches), the National Dispatch Centre of the System Operator branch (NDC SO), the Executive Administration, and EnergoInform subsidiary with regard to all significant sector-specific impacts on the economy, environment and society. In some cases, in order to avoid duplication of information, links to KEGOC's website or publicly available documents are provided.
Sustainability context	The data in the Report are given in the context of sustainable development defined by KEGOC's Corporate Governance Code including three pillars: economic, environmental and social. KEGOC's Development Strategy defines the sustainability goals, objectives, main initiatives and strategic KPIs, the information on their achievement in 2021 is included in this Report.
Timeliness	The Report is prepared on a scheduled basis, published in the second quarter of the year following the reported year.
Verifiability	All information in the Report is based on data that can be verified, including official statistical reports, reports to regulatory bodies, information posted on the Company's website and the Kazakhstan Stock Exchange, SAP ERP digital platform, audited financial statements, etc.



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

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

- have an effectively functioning policy of interaction with stakeholders;
- achieve openness and mutually beneficial cooperation with all interested parties;
- achieve an understanding by stakeholders of the measures taken by the Company to minimize and eliminate all real risks in the implementation of the Development Strategy;
- create for interested parties a reliable source of information about the activities of the Company and ensure prompt delivery of reliable information about KEGOC's activities to target groups of stakeholders.

KEGOC determined the groups of stakeholders identified jointly with all structural divisions of the Company, as well

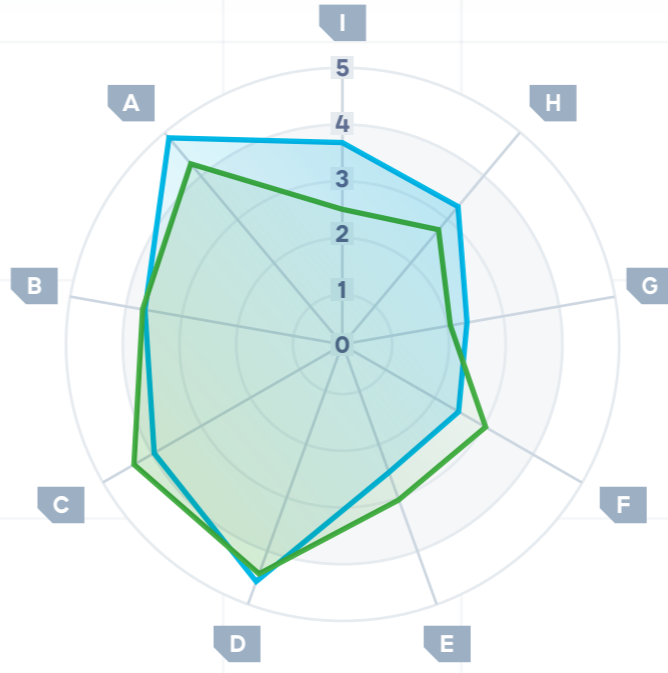
as the degree of their influence on the achievement of the Development Strategy goals and the exposure to the impact of the Company's activities on them on a five-point scale. At the same time, when summarizing the analysis, special attention was paid to the opinions of experts, that is structural units that directly interact with specific groups of stakeholders.

KEGOC is engaged in continuous open dialogue with them and regularly discloses information relating to KEGOC, including sustainability. The Company approved a Stakeholder Map, a Communication Strategy that defines the main channels of interaction, as well as a Communication Plan with all interested parties specifying the frequency of interaction, which is developed annually in support of the Development Strategy implementation.

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STAKEHOLDER MAP

- Level of stakeholders' impact on the company
- Level of the Company's impact on stakeholders



- A. Shareholders
- B. Power systems in neighbouring states
- C. Subsidiaries
- D. Staff
- E. Consumers
- F. Suppliers
- G. Professional and expert organizations, public organizations, mass media
- H. Authorities and supervisory bodies
- I. Funding groups



STAKEHOLDER RELATIONS

2-29

Stakeholders	Engagement objectives	Engagement channels
1. Shareholders	The Company's relations with shareholders are aimed to protect and respect the rights and legitimate interests of shareholders envisaged by KEGOC's Corporate Governance Code and Charter.	Publication of the Company's annual and interim reports, information on corporate events, transactions, information on holding general meetings of shareholders, meetings with the investment community, responses to inquiries. From 1 January to 31 December 2022, there were no claims from the shareholders in relation to activities of KEGOC and its officials.
2. Funding groups	The Company timely and fully fulfils its financial liabilities to investors and seeks for long-term cooperation based on mutual trust.	Publication of annual and interim reports of the Company, submission of periodic reports to IFI and information on requests, meetings, missions and visits of the IFI delegations under implemented projects through loan proceeds, and placing information on web-site.
3. Authorities and supervisory bodies	Being a strategic company in the Republic of Kazakhstan and a natural monopoly, KEGOC realizes its responsibility to the state and seeks to fulfil legal and ethical obligations, as well as observe the laws.	Regular reporting, participation in the development of legal acts, programme and sector documents, working meetings, replies to requests, operational meetings.
4. Professional and expert organizations, public organizations, mass media	KEGOC is a member and participant of international, regional and national sectoral organizations, and focuses on integration deepening mechanisms and coordinated power sector development strategy in the Republic of Kazakhstan and beyond. The Company furnishes creation of goodwill and positive image in mass media through engagement and disclosure of information based on urgency, accuracy, accessibility and harmony principles.	Active participation in energy organizations activity; elaboration of programme and sectoral documents and initiatives, public hearings on investment projects, disclosure of information on the activity on website and in mass media, replies to requests, conducting briefings and press conferences.

2-26

5. Suppliers	During procurement of goods, works and services the Company relies on the following principles: publicity and transparency of procurement process; purchase of qualitative goods, works and services; granting to all potential suppliers equal opportunities provided that disabled people organisations are supported; fair competition among potential suppliers; control and responsibility for taken decisions; minimizing participation of mediators in procurement process.	Fulfilment of contractual obligations, preliminary discussion of draft tender documentation with potential suppliers, informing of procurement activities.
6. Consumers	The Company has implemented and adheres to the consumer-oriented principle, has established and secures the mechanism for defining and meeting the consumer requirements.	Regular assessment of customer satisfaction, public hearings, annual report to consumers, meetings with consumers, publication on website of spare capacities access and availability in operations areas.
7. Staff	The Company respects and appreciates its employees; it is oriented at needs of the employees, seeks to provide safe labour conditions, adequate level of labour payment and social allowances, professional training and advancement to its employees.	Reporting meetings of management with the staff at year-end and for future plans, questioning the staff on topical issues, informing and getting feedback through internal portal, annual social stability rating, institute of ombudsman, and hotline.
8. Subsidiaries	The Company seeks for balanced development of subsidiaries based on efficient corporate governance mechanisms.	The interaction is within corporate procedures. KEGOC governs through the representatives in subsidiary governing bodies and renders methodological support to the subsidiaries activity.
9. Powers systems in neighbouring states	The Company strives for mutually profitable and efficient cooperation with the Russian Federation and Central Asian countries to ensure parallel operation of the power systems in the Republic of Kazakhstan and neighbouring countries.	Meetings on a regular basis (Central Asia Coordination Electric Power Council, CIS Electric Power Council, etc.), coordination of power systems operation modes and regulatory documentation.

2-26

2-26

2-12



In 2022, KEGOC continued to implement the information policy following the principles of equitable, complete, fair and prompt disclosure of information to stakeholders.

KEGOC actively interacts with the investment community, so in the reporting period, in addition to timely disclosure of information affecting the interests of shareholders and investors, the Company held the Issuer's Day at the Kazakhstan Stock Exchange (KASE) where investors, professional securities market participants and media representatives reviewed the company performance, the progress of strategic plans and implementation of investment projects.

In order to form a positive investment image KEGOC continued to work on formation of trust relationship between the company and the expert community, provision of information and analytical service and formation of trustful interaction of the company's management with investors and shareholders. To ensure promptness and availability of information essential for KEGOC users, materials on operational and financial activities, results and achievements for 25 years of the System Operator's operation, holding the first health and safety forum, issuing first 'green' bonds, early repayment of a large loan, commissioning of new 220 kV Ortalyk substation are published in mass media as well as on the corporate website and Company's pages in Facebook and Twitter social networks. Interviews and speeches by top management were also organised, and public hearings were held with the participation of stakeholders to provide broad coverage of KEGOC's investment activities and implementation of its objectives.

KEGOC discloses information subject to protection of information constituting commercial, official and other secret protected by the laws, as well as limited distribution information.

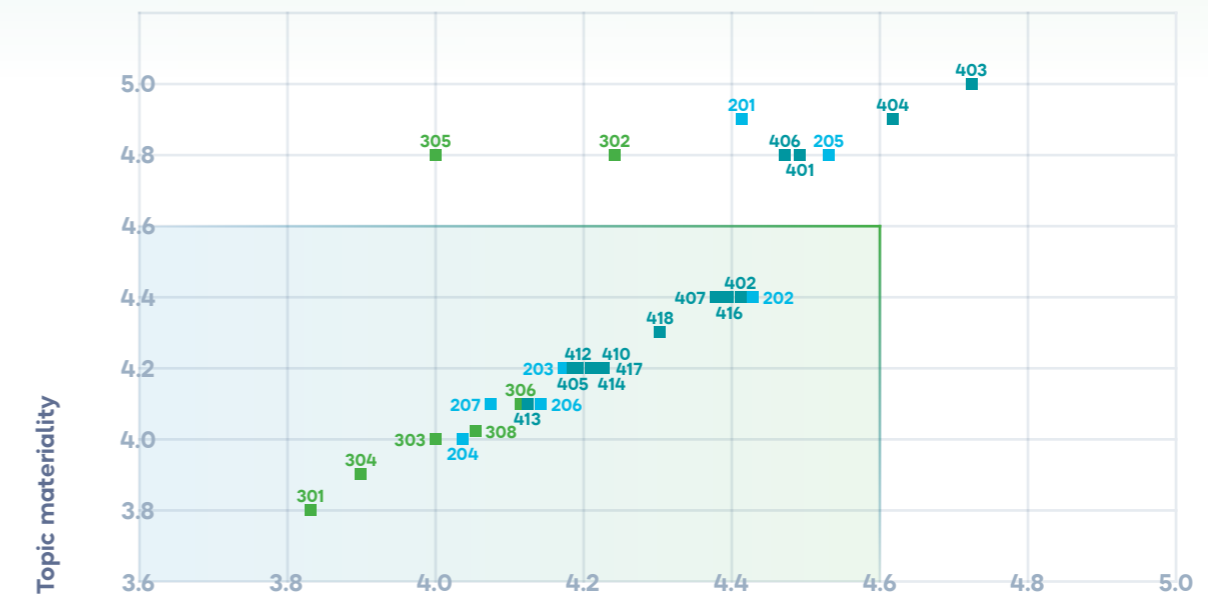
MATERIALITY ANALYSIS

The Company's Annual Report seeks to reflect the relevant and material information for stakeholders. For the purpose of this Annual Report preparation, KEGOC analysed the materiality of sustainability topics. The material topics considered the fullest list covering sector-specific governance of the Company, economic performance, observance of human rights, and Company's impacts on the society and environment. In accordance with the GRI standard materiality principle, to define most relevant sustainability topics to be disclosed in 2022 Report an evaluation questionnaire survey was conducted based on a five-score scale of internal and external stakeholders that have the most significant impact on the Company. As part of this Report, stakeholders have been surveyed, including 212 received questionnaires completed by: shareholders (55), consumers (56) and personnel (101).

After reviewing the results of the analysis of the questionnaires, the Coordinating Council for Sustainable Development and the IMS also assessed on the basis of a five-score scale the materiality of the economic, environmental and social impacts of the relevant topics on stakeholder assessments and decisions.

The Materiality Matrix (Table 1) prepared based on the two assessments above revealed eight topics of most interest to KEGOC stakeholders, material for the Company.

Materiality Matrix



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

- Economic themes: 201 Economic Performance, 205 Anti-corruption
Environmental themes: 302 Energy, 305 Effluents and Waste
Social themes: 401 Employment, 403 Occupational Health and Safety, 404 Training and Education, 406 Non-discrimination

In addition to topics disclosed in the Annual Report 2021, the topics 'Anti-Corruption', 'Training and Education' and 'Non-discrimination' were selected by stakeholders as material. However, most GRI topics are disclosed in this Report for compliance with the requirements of the Disclosure Rules by the initiators of the admission of securities of Kazakhstan Stock Exchange, prepared using TCFD recommendations.



APPENDIX 2. INDICATORS



HR POLICY

404-1

Indicator	Unit of Measure	2018	2019	2020	2021	2022	2022/2021	2022/2021, %
Personnel indicators								
Staff listing	people	4,797	4,819	4,371	4,400	4,376	-24	- 0.55%
including:								
male employees	people	3,499 (72.9%)	3,502 (72.7 %)	3,465 (73.2 %)	3,377 (76.8 %)	3,367 (76.9 %)	- 10	-0.30%
female employees	people	1,298 (27.1 %)	1,317 (27.3 %)	1,266 (26.8 %)	1,023 (23.2 %)	1,009 (23.1 %)	- 14	-1.37%
SRS index	%	85	90	91	85	86	1	1.18%
Employee engagement index	%	69	74	90	85	-	-	-
Development and training								
Average annual hours for one employee	hours	37.9	25.2	23.0	22.3	27.6	5.3	23.77%
including:								
male employees	hours	39.8	25.9	22.7	21.9	27.7	5.8	26.48%
female employees	hours	41.7	21.3	26.3	25.5	26.9	1.4	5.49%
AMP	hours	48.0	18.9	23.7	21.5	27.1	5.6	26.05%
OP	hours	36.2	26.3	22.9	22.4	27.6	5.2	23.21%

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT AND GENDER AS OF 31/12/2022, PEOPLE

2-7

Unit	Full-time employees			Rotational employees			Part-time employees			Total
	total	male	female	total	male	female	total	male	female	
Akmolinskiye MES	562	462	100	0			5	5		567
Aktjubinskiye MES	250	204	46	0			0			250
Almatinskiye MES	455	382	73	5	5		2	1	1	462
Vostochnye MES	287	234	53	0			1	1		288
Zapadnye MES	199	146	53	39	39		0			238
Sarbaijskiye MES	407	337	70	0			0			407
Severnye MES	380	291	89	0			1	1		381
Tsentralnye MES	404	328	76	6	6		0			410
Yuzhnye MES	438	367	71	0			1	1		439
NDC SO	100	59	41	0			0			100
Executive Administration	361	179	182	0			0			361
Energoinform JSC	469	315	154	2	2		2	2		473
Total	4,312	3,304	1,008	52	52	0	12	11	1	4,376

* According to Article 70 of Kazakhstan Labour Code, an employer, upon a written application from a pregnant woman, one of the parents (adoptive parent) having a child (children) under the age of three years, as well as an employee caring for a sick family member in accordance with a medical report, is obliged to set part-time work for them.



TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT AND GENDER AS OF 31/12/2022, PEOPLE

2-7

Unit	Regular employees			Temporary employees*			Total
	total	male	female	total	male	female	
Akmolinskiye MES	559	467	92	8		8	567
Aktyubinskiye MES	246	202	44	4	2	2	250
Almatinskiye MES	453	384	69	9	4	5	462
Vostochnye MES	284	235	49	4		4	288
Zapadnye MES	230	184	46	8	1	7	238
Sarbaiskiye MES	404	336	68	3	1	2	407
Severnye MES	377	291	86	4	1	3	381
Tsentralnye MES	403	330	73	7	4	3	410
Yuzhnye MES	431	365	66	8	3	5	439
NDC SO	99	58	41	1	1		100
Executive Administration	341	173	168	20	6	14	361
Energoinform JSC	459	314	145	14	5	9	473
Total	4,286	3,339	947	90	28	62	4,376

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

TOTAL WORKFORCE BY REGION AND GENDER AS OF 31/12/2022, PEOPLE

2-7

All employees	where:	
	male	female
Akmolinskiye MES	467	100
Aktyubinskiye MES	204	46
Almatinskiye MES	388	74
Vostochnye MES	235	53
Zapadnye MES	185	53
Sarbaiskiye MES	337	70
Severnye MES	292	89
Tsentralnye MES	334	76
Yuzhnye MES	368	71
NDC SO	59	41
Executive Administration	179	182
Energoinform JSC	319	154
Total	3,367	1,009

PERSONNEL TURNOVER STRUCTURE, PEOPLE

401-1

Name of the branch	As on 01/01/2022			As on 31/12/2022			Turnover for period: 01/01/2022 - 31/12/2022		
	total	including:		total	including:		total	including:	
		male	female		male	female		male	female
Akmolinskiye MES	576	467	109	567	467	100	8.63%	7.35%	3.82%
Aktyubinskiye MES	254	205	49	250	204	46	7.94%	8.35%	0.79%
Almatinskiye MES	469	391	78	462	388	74	7.76%	6.57%	3.43%
Vostochnye MES	296	240	56	288	235	53	5.17%	4.92%	1.37%
Zapadnye MES	237	185	52	238	185	53	10.55%	8.98%	5.06%
Sarbaiskiye MES	415	347	68	407	337	70	9.05%	8.75%	1.98%
Severnye MES	372	286	86	381	292	89	5.04%	4.80%	1.59%
Tsentralnye MES	403	330	73	410	334	76	8.09%	8.11%	1.47%
Yuzhnye MES	427	358	69	439	368	71	3.47%	3.01%	1.37%
NDC SO	97	56	41	100	59	41	3.06%	3.85%	0.00%
Executive Administration	354	175	179	361	179	182	11.27%	9.33%	8.38%
Energoinform JSC	500	337	163	473	319	154	13.14%	12.10%	6.22%
Total	4,400	3,377	1,023	4,376	3,367	1,009	8.13%	7.35%	3.23%

* Turnover rate is estimated as per Samruk-Kazyna Methodology, according to which the estimate includes the number of employees released from the post on their own request only. The turnover estimate does not include employees: released from the post within the Samruk-Kazyna group of companies for reasons not attributable to the will of the parties, at the initiative of the employer, upon expiration of the employment contract, reduction in the number of employees, termination of the employment contract, cancellation of the employment contract due to transfer of an employee to another job (post) or assignment to a post.



NUMBER OF HIRED AND QUITTED EMPLOYEES AT THE COMPANY, PEOPLE

401-1

Indicator	2018		2019		2020		2021		2022		2022/2021	
	people	%	people	%	people	%	people	%	people	%	people	%
Total number of hired employees	523	10.9	590	12.24	343	7.25	451	10.25	551	12.59	100	22.17
by age:												
under 30	256	5.34	261	5.42	140	2.96	214	47.45	222	5.07	+ 8	3.74
from 31 to 50	226	4.71	250	5.19	168	3.55	194	43.02	276	6.31	+ 82	42.27
51 and over	41	0.85	79	1.64	35	0.74	43	9.53	53	1.21	+ 10	23.26
by gender:												
male employees	361	7.53	404	8.38	263	5.56	364	80.71	441	10.08	+ 77	21.15
female employees	162	3.38	186	3.86	80	1.69	87	19.29	110	2.51	+ 23	26.44
by regions:												
Executive Administration	52	1.08	59	15.28	15	4.03	26	7.34	70	19.39	+ 44	169.23
Akmolinskiye MES	61	1.27	83	14.26	46	8.01	69	11.98	72	12.70	+ 3	4.35
Aktyubinskiye MES	20	0.42	21	8.27	15	5.93	27	10.63	28	11.20	+ 1	3.70
Almatinskiye MES	63	1.31	49	10.27	29	6.12	35	7.46	57	12.34	+ 22	62.86
Vostochnye MES	42	0.88	30	10.10	17	5.94	29	9.80	20	6.94	-9	-31.03
Zapadnye MES	31	0.65	31	13.66	28	12.23	39	16.46	36	15.13	-3	-7.69
Sarbaikiye MES	25	0.52	35	8.20	17	4.10	49	11.81	47	11.55	-2	-4.08
Severnye MES	32	0.67	36	9.23	16	4.29	42	11.29	43	11.29	+ 1	2.38
Tsentralnye MES	49	1.02	27	6.55	26	6.25	23	5.71	56	13.66	+33	143.48
Yuzhnye MES	19	0.40	29	6.65	24	5.58	28	6.56	47	10.71	+ 19	67.86
NDC SO	8	0.17	10	10.87	6	6.32	8	8.25	9	9.00	+ 1	12.50
EnergoInform JSC	109	2.27	153	19.08	92	11.79	76	15.20	66	13.95	- 10	-13.16
Total number of quitted employees	457	9.53	568	11.79	421	8.90	748	17.0	575	13.14	-173	-23.13
by age:												
under 30	111	2.31	168	3.49	82	1.73	161	3.65	134	3.06	-27	-16.77
from 31 to 50	203	4.23	223	4.63	170	3.59	362	8.22	254	5.80	-108	-29.83
51 and over	143	2.98	177	3.67	169	3.57	225	5.11	187	4.27	-38	-16.89
by gender: %												
male employees	326	6.80	395	8.20	290	6.13	438	9.95	451	10.31	13	2.97
female employees	131	2.73	173	3.59	131	2.77	310	7.04	124	2.83	-186	-60.00
by regions:												
Executive Administration	44	0.92	54	13.99	29	7.80	44	5.88	63	13.32	19	43.18
Akmolinskiye MES	62	1.29	72	12.37	54	9.41	67	8.96	81	14.29	14	20.90
Aktyubinskiye MES	20	0.42	20	7.87	16	6.32	26	3.48	32	12.80	6	23.08
Almatinskiye MES	46	0.96	49	10.27	32	6.75	40	5.35	64	13.85	24	60.00
Vostochnye MES	28	0.58	32	10.77	28	9.79	19	2.54	28	9.72	9	47.37
Zapadnye MES	29	0.60	28	12.33	26	11.35	31	4.14	35	14.71	4	12.90
Sarbaikiye MES	29	0.60	28	6.56	29	6.99	49	6.55	55	13.51	6	12.24
Severnye MES	31	0.65	34	8.72	33	8.85	43	5.75	34	8.92	-9	-20.93
Tsentralnye MES	36	0.75	36	8.74	22	5.29	36	4.81	49	11.95	13	36.11
Yuzhnye MES	14	0.29	27	6.19	30	6.98	31	4.14	35	7.97	4	12.90
NDC SO	8	0.17	10	10.87	3	3.16	6	0.80	6	6.00	0	0.00
EnergoInform JSC	104	2.17	162	20.20	104	13.33	356	47.59	93	19.66	-263	-73.88
Total personnel turnover, %		5.2		7.4		4.7		8.22		8.13		

NUMBER OF EMPLOYEES ELIGIBLE TO RETIRE, PEOPLE

EU15

Unit	Total, people	Number of employees who can retire in the period 2022-2026		Number of employees who can retire in the period 2022-2031		Share of employees who can retire, %			
		total	including		total	including			
			AMP	OP		AMP	OP	2022-2026	2022-2031
Akmolinskiye MES	567	71	2	69	152	5	147	12.52	26.81
Aktyubinskiye MES	250	26	1	25	54	1	53	10.40	21.60
Almatinskiye MES	462	42	3	39	88	4	84	9.09	19.05
Vostochnye MES	288	26	1	25	65	4	61	9.03	22.57
Zapadnye MES	238	24	1	23	37	2	35	10.08	15.55
Sarbaikiye MES	407	60	2	58	130	6	124	14.74	31.94
Severnye MES	381	55	-	55	104	1	103	14.44	27.30
Tsentralnye MES	410	55	3	52	106	4	102	13.41	25.85
Yuzhnye MES	439	49	1	48	108	1	107	11.16	24.60
NDC SO	100	3	-	3	10	-	10	3.00	10.00
Executive Administration	361	27	18	9	62	46	16	7.48	17.17
EnergoInform JSC	473	58	1	57	103	3	100	12.26	21.78
Total	4,376	496	33	463	1,019	77	942	11.33	23.29



PERFORMANCE INDICATORS

EU1, EU3, EU4, EU28, EU29, 2-6

Indicator	Unit of Measure	2018	2019	2020	2021	2022	2022/2021	2022/2021, %
Installed capacity by power sources and control mode	MVA	38,660.05	38,246.05	38,746.05	38,742.90	38,992.9	+ 250.0	+ 2.10
including:								
1,150 kV SS	MVA	9,384.10	9,384.10	9,384.10	9,384.10	9,384.10	-	-
500 kV SS	MVA	16,111.50	17,447.50	17,447.50	17,447.50	17,447.50	-	-
220 kV SS	MVA	11,136.25	11,391.25	11,891.25	11,888.10	12,138.1	+ 250.0	+ 2.10
110 kV SS	MVA	5.00	-	-	-	-	-	-
35 kV SS	MVA	23.20	23.20	23.20	23.20	23.2	-	-
Length of OHTLs and underground transmission lines by control mode (circuit)	km	26,775.27	26,900.91	26,997.92	26,973.23	26,977.22	+ 3.99	+ 0.02
including:								
1,150 kV	km	1,421.23	1,421.23	1,421.23	1,421.23	1,421.23	-	-
500 kV	km	8,287.98	8,287.98	8,287.98	8,282.26	8,282.26	-	-
330 kV	km	1,864.09	1,863.28	1,863.28	1,863.28	1,863.28	-	-
220 kV	km	14,693.99	14,816.35	14,898.86	14,893.06	14,890.22	- 2.84	- 0.02
110 kV	km	352.84	352.84	352.84	352.84	352.84	-	-
35 kV	km	44.13	44.13	44.13	44.13	44.13	-	-
under 35 kV	km	111.01	115.10	129.61	116.44	123.26	+ 6.82	+ 5.53
Number of electricity consumers (number of contracts)	pc.	656	797	861	951	1,141	+ 190	+ 19.98
System average interruption frequency - SAIFI		0.03	0.03	0.07	0.12	0.04	- 0.08	- 66.67
System average interruption duration - SAIDI	hours	0.18	0.01	0.16	0.09	0.06	- 0.03	- 33.33
Volumes of rendered services								
Electricity transmission	billion kWh	42.71	43.97	46.16	54.65	58.57	3.9	7.2
Technical dispatch control	billion kWh	97.65	97.06	98.99	105.04	104.26	- 0.78	- 0.7
Management of electricity generation and consumption balancing	billion kWh	183.36	188.77	192.86	205.15	203.12	- 2.03	- 1.0

ECONOMIC INDICATORS

201-1, 201-4

Indicator	Unit of Measure	2018	2019	2020*	2021	2022	2022/2021	2022/2021, %
Total capitalization:	KZT million	634,752.89	632,163.54	663,590.50	908,336.27	809,916.87	- 98,419.40	- 10.84
equity capital	KZT million	472,693.80	481,838.02	502,556.47	737,136.82	653,565.16	- 83,571.66	- 11.34
borrowed funds	KZT million	162,059.09	150,325.52	161,034.03	171,199.45	156,351.70	- 14,847.75	- 8.67
Funds from the government	KZT million	-	-	-	-	-	-	-
Economic value generated:	KZT million	185,017.94	160,158.80	185,852.94	199,424.10	227,003.95	27,579.85	13.83
operating income	KZT million	175,797.39	154,629.42	179,097.56	186,443.14	217,255.55	30,812.41	16.53
financial income	KZT million	4,951.34	3,581.81	5,480.24	5,368.22	5,726.12	357.90	6.67
other income	KZT million	4,269.22	1,947.57	1,275.13	7,612.74	4,022.29	- 3,590.45	- 47.16
Economic value generated:	KZT million	176,346.50	157,587.49	170,101.47	201,789.23	217,270.65	15,481.42	7.67
payroll expenses	KZT million	21,048.03	20,167.09	21,101.73	23,672.49	26,755.43	3,082.94	13.02
expenses on taxes and duties to the national budget	KZT million	18,553.89	17,932.84	21,334.15	14,047.26	18,026.52	3,979.26	28.33
payments to capital providers	KZT million	35,233.94	40,842.53	43,952.81	53,200.01	30,309.24	- 22,890.77	- 43.03
charity and sponsor support	KZT million	-	-	-	-	-	-	-
other operating expenses	KZT million	92,442.60	78,260.29	77,761.28	99,492.06	136,625.19	37,133.13	37.32
other non-operating expenses	KZT million	9,068.04	384.74	5,951.50	11,377.43	5,554.26	- 5,823.17	- 51.18
Profit after tax for the year from discontinued operations	KZT million	-	6,535.83	4,967.04	13,471.47	-	-	-
Economic value of distribution	KZT million	8,671.44	9,107.14	20,718.50	11,106.33	9,733.30	- 1,373.03	- 12.36
Proportion of senior management hired from the local community at significant locations of operation	%	69	83	90.9	90.9	90.9	-	0.00

* Recalculated with the FSC RES alienation taken into account



COMPLIANCE WITH LAWS AND REGULATIONS

2-27

Indicator	Unit of Measure	2019	2020	2021	2022
Confirmed incidents of corruption and actions taken*	-	0	0	0	0
Monetary amount of significant fines and total number of non-monetary sanctions for non-compliance with social-economic laws and regulations	KZT million	0	0	0	0
including:					
monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	KZT million	0	0	0	0
monetary value of significant fines and total number of non-monetary sanctions imposed for non-compliance with environmental laws and regulations	KZT million	0	0	0	0

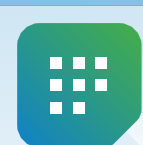
* No incidents were registered in 2022 where employees were dismissed or subject to disciplinary punishment for corruption, or contracts were terminated with business partners due to corruption-related violations, or corruption-related cases took place against the Company or its employees.

ENVIRONMENTAL INDICATORS

EU12, 302-1, 302-4

Indicator	Unit of Measure	2018	2019	2020	2021	2022	2022/2021	2022/2021, %
Power consumption								
Percentage of losses in electricity transmission*	%	6.3	6.4	6.0	5.6	4.9	- 0.7	- 27%
Effect of measures to reduce losses (energy saving)	GJ	16,560	17,222	15,340	15,810	14,155	-1,655	- 11.69%
Energy consumption within the organization	GJ	10,780, 276	10,710,622	10,350,517	11,162,799	10,374, 628	- 788,171	- 7.06%
including:								
electricity	GJ	10,510, 491	10,502,753	10,068,339	10,951,741	10,169, 639	- 782,102	- 7.14%
heat power	GJ	90,375	87,399	81,396	87,536	84,843	- 2,693	- 3.08%
fuel	GJ	119,410	120,470	114,065	123,521	120,146	- 3,375	- 2.73%
including:								
motor gasoline	GJ	53,680	53,935	44,768	41,681	40,918.42	- 762.58	- 1.83%
diesel fuel	GJ	61,712	62,911	65,250	77,941	75,481.13	- 2,459.87	- 3.16%
natural gas	GJ	3,716	3,314	3,911	3,749	3,237.41	- 511.59	- 13.65%
liquefied gas	GJ	302	310	135	150	508.78	+ 358.78	239.19%

* Technical losses from electricity supplied to the grid during transmission



OCCUPATIONAL HEALTH INDICATORS

403-9

Indicator	2018	2019	2020	2021	2022
Frequency of registered occupational injuries	0.07	0	0	0.03	0
By regions:					
Executive Administration	0	0	0	0	0
Akmolinskiye MES	0.20	0	0	0	0
Aktyubinskiye MES	0.45	0	0	0.45	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0	0
Zapadnye MES	0	0	0	0	0
Sarbaikiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0	0
NDC SO	0	0	0	0	0
Frequency of severe injuries (except fatalities)	0.07	0	0	0.03	0.05
By regions:					
Executive Administration	0	0	0	0	0
Akmolinskiye MES	0.20	0	0	0	0
Aktyubinskiye MES	0.45	0	0	0.45	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0	0.41
Zapadnye MES	0	0	0	0	0
Sarbaikiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0	0.27
NDC SO	0	0	0	0	0
Number of severe injuries (except fatalities)	1	0	0	0	2

OCCUPATIONAL HEALTH INDICATORS

(continued)

Indicator	2018	2019	2020	2021	2022
Frequency of fatalities	-	0	0	0	0.02
By regions:					
Executive Administration	0	0	0	0	0
Akmolinskiye MES	0.45	0	0	0	0
Aktyubinskiye MES	0	0	0	0.45	0
Almatinskiye MES	0	0	0	0	0
Vostochnye MES	0	0	0	0	0.41
Zapadnye MES	0	0	0	0	0
Sarbaikiye MES	0	0	0	0	0
Severnye MES	0	0	0	0	0
Tsentralnye MES	0	0	0	0	0
Yuzhnye MES	0	0	0	0	0
NDC SO	0	0	0	0	0
Number of fatal accidents	1	0	0	0	1
Civil defence and emergency situations trainings, exercises and drills					
National command-staff exercises	4	2	2	2	-
Staff exercises	11	12	4	2	-
Facility-based exercises	11	4	2	2	20
Special tactical exercises with civil defence divisions	11	1	2	3	21
Earthquake exercises	16	15	4	4	11
National and oblast emergencies and civil defence training course	42	14	32	36	11

The indicator is calculated based on 200,000 hours worked and shows the number of occupational injuries per 100 full-time employees per year.



APPENDIX 3. GRI CONTENT INDEX

Statement of use

Kazakhstan Electricity Grid Operating Company JSC (KEGOC) has reported in accordance with the GRI Standards for the period 01/01/2022-31/12/2022

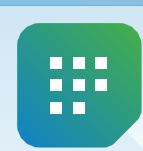
GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standards

GRI Electric Utilities (2016)

GRI standard/other source	Disclosure	Location	Omission			GRI sector standard ref. No.
			Requirement(s) omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	18, 50, 158				
	2-2 Entities included in the organization's sustainability reporting	81				
	2-3 Reporting period, frequency and contact point	81, 158				
	2-4 Restatements of information				no restatements	
	2-5 External assurance	81				
	2-6 Activities, value chain and other business relationships	13, 18, 19, 20, 24, 50, 76, 77, 78, 79, 89				
	2-7 Employees	39, 86, 87				
	2-8 Workers who are not employees		yes	not applicable	there are no freelance employees in the Company	
	2-9 Governance structure and composition	50, 54, 58, 59, 60, 61, 62, 63				
	2-10 Nomination and selection of the highest governance body	53, 58, 59				
	2-11 Chair of the highest governance body	54				
	2-12 Role of the highest governance body in overseeing the management of impacts	22, 32, 38, 46, 53, 72, 84, 85				



2-13 Delegation of responsibility for managing impacts	32,38, 46, 53, 59, 60, 61, 62, 63, 64, 67			
2-14 Role of the highest governance body in sustainability reporting	81			
2-15 Conflicts of interest	69			
2-16 Communication of critical concerns	70, 71			
2-17 Collective knowledge of the highest governance body	64			
2-18 Evaluation of the performance of the highest governance body	68			
2-19 Remuneration policies	69			
2-20 Process to determine remuneration	68			
2-21 Annual total compensation ratio		yes	Confidential restrictions	the compensation information is disclosed according to the Rules for information disclosure by admittance initiators of securities of the Kazakhstan Stock Exchange JSC
2-22 Statement on sustainable development strategy	3, 4, 22			
2-23 Policy commitments	22, 33, 34, 39, 45, 70			
2-24 Embedding policy commitments	22, 26, 33, 34, 43, 47, 70, 75			
2-25 Processes to remediate negative impacts	26, 30, 70, 71			
2-26 Mechanisms for seeking advice and raising concerns	26, 36, 70, 71, 76, 84			
2-27 Compliance with laws and regulations	26, 33, 90			
2-28 Membership associations	18			
2-29 Approach to stakeholder engagement	83, 84, 85			
2-30 Collective bargaining agreements	45			

GRI Electric Utilities General disclosures (2016)

EU1 Installed capacity, broken down by primary energy source and by regulatory regime	20, 21, 89			
EU2 Net energy output broken down by primary energy source and by regulatory regime		yes	not applicable	KEGOC is not a power generating company
EU3 Number of customer accounts	24, 89			
EU4 Length of above and underground transmission lines by regulatory regime	20, 89			
EU5 Allocation of CO2e emissions allowances or equivalent, broken down by carbon trading framework	33			

Material topics**GRI 3: Material topics 2021**

3-1 Process to determine material topics	85			
3-2 List of material topics	85			



Economic Performance

GRI 3: Material topics 2021	3-3 Management of material topic	77				
GRI 201: Economic Performance (2016)	201-1 Direct economic value generated and distributed	79, 89				
	201-2 Financial implications and other risks and opportunities due to climate change	28, 29, 34				
	201-3 Defined benefit plan obligations and other retirement plans		yes	not applicable	Kazakhstan's pension laws regulate the procedure for pension contributions to the UAPF	
	201- 4 Financial assistance received from government	79, 89				
GRI 3: Material topics 2021	3-3 Management of material topic	70				
GRI 205: Anti-corruption (2016)	205-1 Operations assessed for risks related to corruption	70				
	205-2 Communication and training about anti-corruption policies and procedures	70, 71				
	205-3 Confirmed incidents of corruption an actions taken	71				
GRI 3: Material topics 2021	3-3 Management of material topic	36				
GRI 302: Energy (2016)	302-1 Energy consumption within the organization	36, 90			currently the Company counts the energy resources consumption within the organization only, therefore the energy consumption outside the organization is not reflected in this Report.	
	302-2 Energy consumption outside the organization					
	302-3 Energy intensity	36				
	302-4 Reduction of energy consumption	36, 37, 90				
	302-5 Reductions in energy requirements of products and services (transmission losses)	36, 37				
	Energy Efficiency	EU12 Percentage of losses in electricity transmission and distribution	37, 90			
	GRI 3: Material topics 2021	3-3 Management of material topic	36			
GRI 305: Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	34			currently the Company does not count indirect (Scope 3) GHG emissions	
	305-2 Energy indirect (Scope 2) GHG emissions including the purchased electricity according to EU	34				
	305-3 Other indirect (Scope 3) GHG emissions	34				
	305-4 GHG emissions intensity	35				
	305-5 Reduction of GHG emissions	34				
	305-6 Emissions of ozone-depleting substances (ODS)	33				
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	33				
GRI 3: Material topics 2021	3-3 Management of material topic	38, 39, 42, 44				



GRI 401: Employment (2016)	401-1 Total number and rates of new employee hires and employee turnover by age, gender and region Sector additions to the ratio: Average work duration of employees leaved employment during the reporting period by gender and age group	41, 42, 48, 87, 88				MA (EU14) EU15, EU18
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	43, 44, 45				
	401-3 Parental leave	43				
	EU17 Number of days worked by employees of contractors and subcontractors involved in construction, operation and maintenance		yes	NA	the Company does not count the days worked by employees of contractors and subcontractors	
GRI 3: Material topics 2021	3-3 Management of material topic	46, 47				
GRI 403: Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	47				
	403-2 Hazard identification, risk assessment, and incident investigation	47				
	403-3 Occupational health services	47				
	403-4 Worker participation, and communication on occupational health and safety	45, 47				
	403-5 Worker training on occupational health and safety	48				
	403-6 Promotion of worker health	47, 48				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47, 48				
	403-8 Workers covered by an occupational health and safety management system	47, 48				
	403-9 Types and rates of work-related injuries, number of lost workdays, and the absentee rate	48, 91				
	403-10 Work-related ill health	48				
GRI 3: Material topics 2021	3-3 Management of material topic	44				
GRI 404: Training and Education (2016)	404-1 Average hours of training per year per employee	44, 86				
	404-2 Programs for upgrading employee skills	44				
	404-3 Percentage of employees receiving regular performance and career development reviews	44				
GRI 3: Material topics 2021	3-3 Management of material topic	39				
GRI 406: Non-discrimination (2016)	406-1 Incidents of discrimination and corrective actions taken	39, 70				
Electric Utilities: EU Access (2013)	EU 28 Power outage frequency	29, 89				
	EU 29 Average power outage duration	29, 89				



APPENDIX 4. CONSOLIDATED FINANCIAL STATEMENTS

Kazakhstan Electricity Grid Operating Company JSC

For the year ended 31 December 2022
with independent Auditor's report



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In the process of preparing the financial statements, there is a risk of 'Incorrect disclosure of financial statements' which is not a key risk, but is significant for ensuring the effective operation of KEGOC. The factors of this risk are as follows:

- inadequate qualification of the Company's personnel;
- lack of control over changes in IFRS and regulatory documents requirements;
- errors made during manual data input into the accounting system;
- dishonest actions of employees;
- provision of unreliable primary documentation by structural subdivisions.

In order to minimise this risk, while preparing the 2022 financial statements the Company:

- trained employees;
- monitored the legal information database;
- audited financial statements;
- ensured multi-level control over data entry into the accounting system;
- controlled the submission of reliable primary information by KEGOC structural divisions and subsidiaries.

In addition, while auditing the financial statements the auditor:

- identifies and assesses the risks of material misstatement of the consolidated financial statements due to fraud or error;
- designs and performs audit procedures in response to the risks;
- reviews internal control systems to design audit procedures;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- concludes on the legitimacy of management's use of admissions of the activity continuity;
- evaluates the overall presentation, structure and content of 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;
- collects sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the consolidated financial statements.

The auditor to audit the financial statements of KEGOC group of companies was selected according to the Rules for selection of an auditor for Samruk-Kazyna JSC and organizations, more than fifty percent of voting shares (participatory shares) of which are directly or indirectly belong to Samruk-Kazyna JSC on the right of ownership or trust management, and based on the decision of the annual General Meeting of Shareholders of KEGOC (Minutes No. 22 dated 31 May 2021). A long-term contract was concluded with RSM Qazaqstan LLP, an independent audit organization, member of the professional organization of the Chamber of Auditors of the Republic of Kazakhstan. The amount of remuneration for audit services of the financial statements 2021-2023 was KZT 116.22 million, including VAT, this includes KZT 35.98 million for 2021, KZT 38.55 million for 2022 and KZT 41.69 million for 2023.

For the purpose of preserving the independence and according to the External Audit Policy of KEGOC, if one audit organization carries out an audit during five successive years, the audit partner shall be changed. RSM Qazaqstan LLP did not provide non-audit services to KEGOC in 2022.



Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Kazakhstan Electricity Grid Operating Company JSC and its subsidiary (hereinafter the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 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 opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Key audit matter

Valuation of property, plant and equipment

As of 31 December 2022, the carrying value of assets of the National Electricity Grid ("NES") amounted to 733,464,524 thousand tenge (31 December 2021: 879,981,350 thousand tenge).

The NES assets are accounted for at fair value in accordance with the Group's accounting policy. At each reporting date, the Group analyzes to what extent the fair value of the NES assets differs significantly from their carrying value. In order to assess the possible fluctuations in the fair values Management of the Group determines the replacement cost of assets most exposed to the risk of changes in fair value.

Due to the significance of the carrying amount of the NES assets, as well as significant use of professional judgement and estimates by Management when analyzing changes in the fair value of the NES assets, this issue was one of the key audit matters.

Information on the NES assets and analysis of changed in fair value of the NES assets is presented in Notes 4 and 6 to the consolidated financial statements.

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Compliance with covenants under credit facility agreements

In accordance with terms of loan agreements and bond programs, the Group is required to comply with certain financial and not financial covenants. Breaching of these covenants may lead to the request of early repayment of loans and bonds and funding shortages.

Compliance with covenants was one of the matters of most significance in the audit, because it has major impact on the going concern assumption used in preparation of the consolidated financial statements, and on classification of loans and bonds in the consolidated statement of financial position.

Information on compliance with covenants is disclosed in Note 29 to the consolidated financial statements.

Other information included in the Group's 2022 annual report

Other information consists of the information included in the Group's 2022 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2022 Annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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RSM

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

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

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RSM

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

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

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

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

RSM Qazaqstan LLP

Aisulu Narbayeva

Aisulu Narbayeva
Auditor / General Director
RSM Qazaqstan LLP



Auditor qualification certificate # 0000137
dated 21 October 1994

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

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

28 February 2023

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Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

<i>In thousands of Tenge</i>	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	6	859,129,917	976,001,316
Intangible assets		3,453,791	3,165,491
Advances paid for non-current assets	6	6,118,449	5,431,849
Investment in associate	7	2,747,455	2,278,332
Long-term receivables from related parties	27	514,613	634,192
Other financial assets, non-current portion	11	1,968,564	32,309,237
		873,932,789	1,019,820,417
Current assets			
Inventories	8	3,207,155	2,590,383
Trade account receivable	9	21,047,390	12,991,260
VAT recoverable and other prepaid taxes		871,258	3,231,654
Prepaid corporate income tax		128,400	817,245
Other current assets	10	1,649,971	974,072
Other financial assets, current portion	11	57,196,672	40,187,573
Restricted cash	12	1,015,462	670,902
Cash and cash equivalents	13	27,563,092	11,933,828
		112,679,400	73,396,917
Total assets		986,612,189	1,093,217,334

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

<i>In thousands of Tenge</i>	Notes	31 December 2022	31 December 2021
Equity and liabilities			
Equity			
Share capital	14	126,799,554	126,799,554
Treasury shares	14	(930)	(930)
Asset revaluation reserve	14	489,297,133	569,845,780
Retained earnings		37,469,407	40,492,413
		653,565,164	737,136,817
Non-current liabilities			
Borrowings, non-current portion	15	11,367,844	35,639,645
Bonds payable, non-current portion	16	133,394,155	117,142,516
Deferred tax liability	25	123,971,284	151,470,158
Long-term payables	17	4,146,691	5,972,684
Deferred income, non-current portion		676,138	-
Other liabilities, non-current portion		13,522	171,628
		273,569,634	310,396,631
Current liabilities			
Borrowings, current portion	15	5,530,813	13,854,307
Bonds payable, current portion	16	6,058,889	4,562,983
Trade and other accounts payable, current portion	17	21,713,025	18,512,531
Dividends payable	14	17,014,309	-
Contract liabilities		1,669,590	2,064,346
Deferred income, current portion		53,243	18,325
Lease liabilities, current portion	27	-	111,895
Taxes payable other than income tax	18	1,933,096	2,403,728
Income tax payable		267,335	-
Other current liabilities	19	5,237,091	4,155,771
		59,477,391	45,683,886
Total liabilities		333,047,025	356,080,517
Total equity and liabilities		986,612,189	1,093,217,334
Book value per ordinary share (in Tenge)	14	2,500	2,823



CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

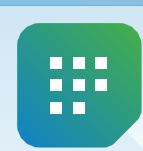
For the year ended 31 December 2022

In thousands of Tenge	Notes	2022	2021
Continuing operations			
Revenue from contracts with customers	20	217,255,548	186,443,137
Cost of sales	21	(166,355,885)	(120,682,903)
Gross profit		50,899,663	65,760,234
General and administrative expenses	22	(9,020,431)	(8,539,823)
Selling expenses		(310,355)	(381,235)
Gain from recovery of loss from revaluation of property, plant and equipment	6	949,895	2,869,512
Loss from revaluation of property, plant and equipment	6	(4,524,870)	(10,813,536)
Operating profit		37,993,902	48,895,152
Finance income	23	5,726,115	5,368,222
Finance costs	23	(13,294,934)	(11,670,429)
Foreign exchange gain, net	24	114,963	451,045
Share of profit of an associate	7	469,123	260,739
Income from sale of an asset held for sale	27	-	2,182,037
Other income		2,488,310	1,739,332
Other expenses		(500,704)	(563,892)
(Accrual)/recovery of provision for expected credit losses	9, 10, 11, 12, 13	(528,687)	110,078
Profit before tax		32,468,088	46,772,284
Corporate income tax expense	25	(5,720,479)	(7,607,838)
Profit for the year from continuing operations		26,747,609	39,164,446
Discontinued operations			
Profit after tax for the year from discontinued operations	26	-	13,471,466
Profit for the year		26,747,609	52,635,912
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax			
(Loss)/gain from revaluation of property, plant and equipment	4	(100,105,029)	325,744,754
Income tax effect	25	20,021,005	(65,148,951)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods, net of tax		(80,084,024)	260,595,803
Total comprehensive (loss)/income for the year, net of tax		(53,336,415)	313,231,715
Earnings per share			
Basic and diluted profit for the year attributable to ordinary equity holders of the parent (in tenge)	14	102,88	202,45
Earnings per share from continuing operations			
Basic and diluted profit for the year attributable to ordinary equity holders of the parent (in tenge)	14	102,88	150,63

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

In thousands of Tenge	Notes	2022	2021
Operating activities			
Profit before tax from continuing operations		32,468,088	46,772,284
Profit before tax from discontinued operations	26	-	17,506,488
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation		61,202,463	36,867,809
Finance costs	23	13,294,934	11,681,665
Finance income	23	(5,726,115)	(7,562,497)
Foreign exchange gain/(loss), net		(114,963)	(451,045)
Accrual of provision for expected credit losses		528,687	297,853
Accrual of allowance for obsolete inventories		77,931	1,074
Loss from disposal of property, plant and equipment and intangible assets		94,956	151,639
Gain from recovery of loss from revaluation of property, plant and equipment	6	(949,895)	(2,869,512)
Loss from revaluation of property, plant and equipment	6	4,524,870	10,813,536
Share of profit of an associate	7	(469,123)	(260,739)
Income from government grants		(42,708)	(30,430)
Working capital adjustments			
Change in inventories		(694,703)	(197,629)
Change in trade accounts receivable		(8,847,516)	(12,850,642)
Change in other current assets		(924,897)	2,037,418
Change in VAT recoverable and other prepaid taxes		2,360,396	(2,753,788)
Change in trade and other accounts payable		5,505,375	5,894,563
Change in contract liabilities		(394,756)	(1,245,578)
Change in other non-current liabilities		(158,106)	69,216
Change in taxes payable other than corporate income tax		(427,761)	2,400,671
Change in other current liabilities		740,453	(324,363)
Cash flows from operating activities		102,047,610	105,947,993
Interest paid	28	(1,336,740)	(1,167,132)
Coupon interest paid	28	(12,727,000)	(11,538,332)
Lease interest paid		-	(45,050)
Commissions paid on bank guarantees		(723,176)	(990,818)
Interest received		5,658,863	5,971,573
Corporate income tax paid		(12,240,835)	(14,309,266)
Net cash flows received from operating activities		80,678,722	83,868,968



CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

In thousands of Tenge	Notes	2022	2021
Investing activities			
Withdraw of bank deposits		44.735.130	97.222.309
Replenishment of bank deposits		(23.523.047)	(93.421.164)
Gain from sale of property, plant and equipment and intangible assets		2.378.537	203.673
Purchase of property, plant and equipment		(49.476.255)	(40.214.058)
Purchase of intangible assets		(693.486)	(36.653)
Acquisition of debt securities (National Bank notes, bills of Ministry of Finance of the Republic of Kazakhstan)	11	(36.933.373)	(66.747.566)
Redemption of debt securities (National Bank notes, bills of Ministry of Finance of the Republic of Kazakhstan)	11	32.117.343	78.930.920
Repurchase of DSFK bonds by the issuer	11	12.671	54.453
Partial return of funds from Kazinvestbank and Eximbank Kazakhstan		173.876	331.697
Dividends from an associate		-	203.095
Cash and cash equivalent of disposed company (RFC)	26	-	(38.847.799)
Net cash flows used in investing activities		(31.208.604)	(62.321.093)
Financing activities			
Issue of bonds	28	16.141.100	25.235.121
Dividends paid	14	(13.220.929)	(41.529.578)
Repayment of borrowings	28	(35.865.915)	(14.614.808)
Principal repayment of lease liability	28	(111.895)	(436.606)
Net cash flows used in financing activities		(33.057.639)	(31.345.871)
Net change in cash and cash equivalents		16.412.479	(9.797.996)
Effect of exchange rate changes on cash and cash equivalents		(600.425)	(115.531)
Effect of accrual of provision on expected credit losses on cash and cash equivalents		(182.790)	(19.850)
Cash and cash equivalent, as at 1 January		11.933.828	21.867.205
Cash and cash equivalents, as at 31 December	13	27.563.092	11.933.828

Non-cash operations:

During 2022, the Group capitalized the cost of coupon interest on bonds in the cost of property, plant and equipment in the amount of 3,401,402 thousand tenge (Note 6).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

In thousands of Tenge	Share capital	Treasury shares	Asset revaluation reserve	Retained earnings	Total
As at 1 January 2021	126.799.554	(930)	309.836.582	65.921.264	502.556.470
Profit for the year	-	-	-	52.635.912	52.635.912
Income from revaluation of property, plant and equipment, net of income tax (Note 4)	-	-	260.595.803	-	260.595.803
Total comprehensive income	-	-	260.595.803	52.635.912	313.231.715
Dividends (Note 14)	-	-	-	(41.529.578)	(41.529.578)
Disposal of a subsidiary (Note 26)	-	-	-	(37.121.790)	(37.121.790)
Transfer of asset revaluation reserve (Note 14)	-	-	(586.605)	586.605	-
As at 31 December 2021	126.799.554	(930)	569.845.780	40.492.413	737.136.817
Profit for the year	-	-	-	26.747.609	26.747.609
Gain from revaluation of property, plant and equipment, net of income tax (Note 4)	-	-	(80.084.024)	-	(80.084.024)
Total comprehensive income	-	-	(80.084.024)	26.747.609	(53.336.415)
Dividends (Note 14)	-	-	-	(30.235.238)	(30.235.238)
Transfer of asset revaluation reserve (Note 14)	-	-	(464.623)	464.623	-
As at 31 December 2022	126.799.554	(930)	489.297.133	37.469.407	653.565.164



Notes to the consolidated financial statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

Kazakhstan Electricity Grid Operating Company JSC (the "Company" or "KEGOC") was established in accordance with the Government Resolution of the Republic of Kazakhstan №1188 dated 28 September 1996 by transferring of some assets of the former National Energy System "Kazakhstanenergo".

As at 31 December 2022 the Company's major shareholder was Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter "Samruk-Kazyna") (90 percent plus one share). Samruk-Kazyna is controlled by the Government of the Republic of Kazakhstan.

In 2014 the Company placed 10 percent minus one share on the Kazakhstan Stock Exchange.

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

As at 31 December 2022 and 31 December 2021 the Company owned the following subsidiary:

Companies	Activities	Percentage of ownership	
		31 December 2022	31 December 2021
Energoinform JSC ("Energoinform")	Maintenance of the KEGOC's IT system	100%	100%

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

In accordance with Decree of the Government of the Republic of Kazakhstan #858 from 30 November 2021 and gift contract from 30 December 2021, the Group transferred free of charge 100% of shares in subsidiary RFC LLP to ownership of State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan. As of 31 December 2021, RFC LLP has been classified as discontinued operations and disposed from the Group (Note 26).

The Company's registered office is located at 59 Tauelsyzdyk Ave., Astana, Z00T2D0, the Republic of Kazakhstan.

These consolidated financial statements were approved by the Chairman of the Management Board and Chief Accountant of the Company on 28 February 2023.

2. BASIS OF PREPARATION

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

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

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the following term apply:

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



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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company during the year adopted the following new and revised standards effective from 1 January 2022:

- Amendments to IFRS 3: References to the Conceptual Framework;
- Amendments to IAS 16 Leases: Rental concessions related to Covid-19 effective after 30 June 2021;
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract;

- Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards - subsidiary adopts International Financial Reporting Standards for the first time;
- Amendments to IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities.

Amendments to IAS 16 Leases : Rental concessions related to Covid-19 effective after 30 June 2021

In May 2021, the IASB issued a document "Property, Plant and Equipment: Receipts before Intended Use", which prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

These amendments are effective for annual periods beginning on or after 1 January 2022 and must be applied retrospectively to those items of property, plant and equipment that became available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. These amendments did not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 9 Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities

The IASB issued an amendment to IFRS 9 Financial Instruments as part of Annual Improvements to IFRS Standards 2018-2020. The amendment to IFRS 9 clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. Such amounts include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity shall apply this amendment to financial liabilities that have been modified or replaced on or after the start date of the annual reporting period in which the entity first applies this amendment.

This amendment did not have any impact on the Group's consolidated financial statements.

The management believes that amendments to IFRS 3, IAS 37 and IFRS 1 - are not applicable to the Group.

New and revised IFRS - issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.



- IFRS 17 Insurance Contracts;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current;
- Amendments to IAS 8: Definition of Accounting Estimates;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.
- Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on the current classification of liabilities.

Amendments to IAS 8: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 for application of IFRS "Making Materiality Judgements" in which it provides guidance and examples to help entities to apply materiality judgements in disclosure of information about accounting policy. The amendments aim to help entities to provide accounting policy disclosures that are

more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of materiality to accounting policy information, declare of an effective date for these amendments is not necessary.

Amendments to IAS 12: - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 that narrow the scope of the initial recognition of exemption of deferred taxes on initial recognition of assets and liabilities in accordance with IAS 12, so that it no longer applies to transactions that result in give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. The Group is currently analyzing the possible impact of these amendments.

The management believes that IFRS 17 Insurance Contracts are not applicable to the Group's consolidated financial statements.

Current versus non-current classification

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

An asset as current when it is:

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

All other assets are classified as non-current.



A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

Fair value measurement

The Group measures financial instruments, such as financial assets measured at fair value at each reporting date, and non-financial assets (NES assets) at fair value when fair value differs materially from their carrying value. Also, fair values of financial instruments measured at amortized cost are disclosed in *Note 28*.

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

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

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

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

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

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

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

- **Level 3** - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

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

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

Foreign currency transactions

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

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

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



All differences arising on settlement or translation of monetary items are recognized in consolidated statement of comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.

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

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

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

Exchange rate as at the end of the year (to KZT)	31 December 2022	31 December 2021
1 USD	462,65	431,80
1 EUR	492,86	489,10
1 RUB	6,43	5,76
Average exchange rate for the year (to KZT)	2022	2021
1 USD	460,48	426,03
1 EUR	484,22	503,88
1 RUB	6,96	5,79

Property, plant and equipment

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

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection

is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

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

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

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

Land is not depreciated.

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

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

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



Intangible assets

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

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

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Impairment of non-financial assets

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

that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on value in use, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

Investments in an associate

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

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

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



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

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

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

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

Financial instruments – initial recognition and subsequent measurement

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

Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

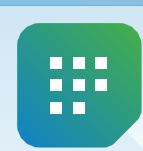
- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)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

Financial assets at amortized cost (debt instruments)

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

Financial assets at fair value through profit or loss

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



Derecognition

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

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

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

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

Recognition of expected credit losses

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

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

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

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the

next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Borrowings and bonds - issued

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



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

Trade and other payables

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

Derecognition

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

Offsetting of financial instruments

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

Inventory

Inventories are accounted for on a FIFO basis.

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

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

Cash and cash equivalents

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

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

Restricted cash

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

Provisions

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

Revenue recognition

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

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

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

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



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

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

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

Also, until 30 December 2021, with the launch of the energy capacity market in the Republic of Kazakhstan, the Group provides services to ensure the readiness of electricity capacity to bear the power load. Revenues from the provision of services to ensure the readiness of electricity capacity to bear the power load are recognized monthly based on the volume of services rendered. The volume of the service for ensuring the readiness of electric power to bear the power load for each specific buyer is the maximum, for the respective month, electric power consumption, indicated in the act on the actual maximum volume of electric power consumption for a month. The Group terminated the provision of these services on 30 December 2021 due to the disposal of RFC LLP (Note 26).

Trade account receivables

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

Contract liabilities

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

Interest income

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

Borrowing costs

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

Lease

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

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

ii) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Software – 5 years



If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment

ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

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

Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Group deducted 10% of employees' salaries, but no more than 300,000 tenge per month (2021: 212,500 tenge) to accumulative pension funds. Pension fund payments are withheld from employees' salaries and included with payroll expenses in the consolidated statement of comprehensive income when they are incurred. The Group has no other retirement benefit obligations.

Current corporate income tax

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

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

Deferred tax

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

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

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

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

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

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



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

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

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

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

Dividends

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

Contingent liabilities and contingent assets

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures, and the disclosure of contingent liabilities and assets. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

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

Fair value of property, plant and equipment

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

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

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

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

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

The decrease in the fair value of NES assets based on the results of the valuation is mainly due to decrease in metal prices by about 15% compared to the previous year.



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

Discount rate (WACC)	12,97%
Long term growth rate	3,09%
Average remaining useful life of the primary asset	40 years

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

Useful life of property, plant and equipment

During 2022, the Group carried out a technical inventory of NES assets to determine the technical condition of fixed assets. Based on the results of the inventory, the remaining useful lives of property, plant and equipment were revised. The total effect of changes in useful lives amounted to 3.732.520 thousand tenge (additional depreciation expense), which was recognized in profit or loss in the statement of comprehensive income for the year ended 31 December 2022.

The useful lives and residual values of property, plant and equipment are reviewed at the end of each annual reporting period and adjusted if necessary.

Taxes

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

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

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted

cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value reported in the consolidated financial statements.

Bonds DSFK

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

Management of the Group believed that at 31 December 2021 DSFK bonds were non-recoverable. Accordingly, management of the Group believed that fair value of DSFK bonds were limited to their recoverable amount that was equal to the fair value of the guarantee. The Group does not hold the bonds for all contractual cash flows, so as at 31 December 2021, the bonds were classified as financial instruments at fair value through profit or loss. As at 31 December 2022, the Group revalued the fair value of the bonds at a discount rate of 18,9% which represented the market discount rate as at 31 December 2022.

Estimated allowance for expected credit losses on receivables

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

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

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



5. OPERATING SEGMENTS INFORMATION

Geographic information

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

In thousands of Tenge	2022	2021
Revenue from Kazakhstan customers	189,094,392	168,375,485
Revenue from Russian customers	27,488,474	17,155,351
Revenue from Uzbekistan customers	645,538	878,486
Revenue from Kyrgyz customers	27,144	33,815
Total revenue per consolidated statement of comprehensive income	217,255,548	186,443,137

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

For the year ended 31 December 2022 the revenue from one customer, Samruk-Energo Group, including its joint-ventures, amounted to 25,301,707 thousand tenge and includes revenue from electricity transmission and the provision of related support (for the year ended 31 December 2021: 24,780,095 thousand tenge).

Operating segments

For management purposes, until 30 December 2021 the Group's activities are organized into business units based on their services, and has three reportable operating segments, as follows:

- **Electricity transmission services and related support.** Electricity transmission is regulated by the Law as the Group is a natural monopolist in electricity transmission, technical dispatch and electricity production-consumption balancing services. According to the Law, the Group's electricity transmission, technical dispatch and electricity production-consumption tariffs are approved by the Committee;
- **Ensure readiness of electricity capacity to bear the power load.** From 1 January 2019, the electricity capacity market was put into operation in the Republic of Kazakhstan, the main purpose of which is to ensure the balance of the sustainability of the power system of the Republic of Kazakhstan. Balance sustainability refers to the ability of a power system to meet consumer demand for electricity at any given time;
- **Sale of purchased electricity.** The sale of purchased electricity segment includes the renewable energy sector (hereinafter - "RES") created by the Government of the Republic of Kazakhstan in order to create conditions for the development of the RES. The renewable energy sector is regulated by the Law of the Republic of Kazakhstan dated 4 July 2009 No. 165-IV *On Supporting the Use of Renewable Energy Sources*.

Due to disposal of the subsidiary RFC LLP on 30 December 2021, disclosure of information on operating segments does not seem appropriate, since the lines of activity *Ensuring the readiness of electricity capacity to bear the power load and Sale of purchased electricity* were excluded from ongoing activity (Note 26).

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

In thousands of Tenge	Land	Building	NES assets	Vehicles and other property, plant and equipment	Construction-in-progress	Total
Cost						
As at 1 January 2021	1,965,212	18,716,304	1,177,808,066	45,140,958	35,810,371	1,279,440,911
Additions	-	256,716	7,314	766,419	41,715,516	42,745,965
Transfers	-	162,809	14,769,795	2,661,509	(17,594,113)	-
Transfers to intangible assets	-	-	693,824,746	-	-	693,824,746
Transfers from inventory	-	-	(9,559,573)	-	-	(9,559,573)
Transfers to non-current assets for sale	-	-	-	-	(297,463)	(297,463)
Disposals	-	(25,558)	(2,351,999)	(539,854)	(203,326)	(3,120,737)
Disposals SDC	-	-	-	(59,522)	-	(59,522)
As at 31 December 2021	1,965,212	19,110,271	1,874,498,349	47,969,510	59,430,985	2,002,974,327
Additions	8,013	866,801	5,412	2,127,904	44,884,834	47,892,964
Transfers	-	530,713	13,996,038	2,139,303	(16,666,054)	-
Gain on revaluation (OCI)	-	-	(310,481,158)	-	-	(310,481,158)
Revaluation (through profit or loss)	-	-	(5,013,211)	-	-	(5,013,211)
Transfers to intangible assets	-	-	-	-	(444,355)	(444,355)
Disposals	-	(27,016)	(1,399,907)	(707,598)	(50,264)	(2,184,785)
As at 31 December 2022	1,973,225	20,480,769	1,571,605,523	51,529,119	87,155,146	1,732,743,782
Accumulated depreciation and impairment						
As at 1 January 2021	-	(4,504,237)	(597,351,150)	(24,866,176)	(240,904)	(626,962,467)
Charge for the period	-	(447,684)	(32,774,688)	(2,935,735)	-	(36,158,107)
Transfers	-	135	(135)	-	-	-
Gain on revaluation (OCI)	-	-	1,703,832	-	-	1,703,832
Disposals	-	15,895	1,985,134	535,286	43,736	2,580,051
Reversal of impairment	-	-	-	-	(88,283)	(88,283)
Disposals SDC	-	-	-	31,955	-	31,955
As at 31 December 2021	-	(4,935,891)	(994,516,999)	(27,234,670)	(285,451)	(1,026,973,011)
Charge for the period	-	(476,778)	(56,659,373)	(3,229,783)	-	(60,365,934)
Transfers	-	1,022	28,559	(29,581)	-	-
Gain on revaluation (OCI)	-	-	210,376,129	-	-	210,376,129
Revaluation (through profit or loss)	-	-	1,414,851	-	23,385	1,438,236
Disposals	-	17,612	1,215,834	675,429	1,840	1,910,715
As at 31 December 2022	-	(5,394,035)	(838,140,999)	(29,818,605)	(260,226)	(873,613,865)
Net book value						
As at 1 January 2021	1,965,212	14,212,067	580,456,916	20,274,782	35,569,467	652,478,444
As at 31 December 2021	1,965,212	14,174,380	879,981,350	20,734,840	59,145,534	976,001,316
As at 31 December 2022	1,973,225	15,086,734	733,464,524	21,710,514	86,894,920	859,129,917



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

In thousands of Tenge	31 December 2022	31 December 2021
Cost	449,000,591	435,418,856
Accumulated depreciation	(147,975,065)	(135,932,403)
Net book value	301,025,526	299,486,453

As at 31 December 2022 and 31 December 2021 the cost of fully amortized property, plant and equipment, which is still in use amounted to 13,720,023 thousand tenge and 13,679,221 thousand tenge, respectively.

Capitalized costs on issued bonds

During the year ended 31 December 2022 the Group capitalized the cost of coupon interest on issued bonds amounted to 3,401,402 thousand tenge less investment income (2021 year: 1,592,927 thousand tenge) (Note 16).

Construction in progress

Construction in progress is mainly represented by equipment and construction works as part of the implementation of the project "Reconstruction of 220-500 kW overhead lines of KEGOC JSC branches "Aktobe MES", "Sarbaiskie MES", and "Western MES" (stage 1)" and "Strengthening the Electricity Grid of the Western Zone of the UES of Kazakhstan Construction of power grid facilities" with the planned date of commissioning in the 4th quarter of 2023.

Advances paid for non-current asset

As at 31 December 2022 advances paid for non-current assets are mainly represented by advances paid to suppliers for construction work and services under the project of Strengthening the Electricity Grid of the Western Zone of the UES of Kazakhstan Construction of power grid facilities" and other projects.

7. INVESTMENTS IN ASSOCIATE

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

In thousands of Tenge	31 December 2022	31 December 2021
Current assets	20,914,108	20,480,453
Non-current assets	16,890,064	12,136,672
Current liabilities	(4,078,403)	(6,285,494)
Non-current liabilities	(19,988,494)	(14,939,971)
Net assets	13,737,275	11,391,660

In thousands of Tenge	31 December 2022	31 December 2021
Group's share in net assets	2,747,455	2,278,332
Carrying amount of the investments	2,747,455	2,278,332

In thousands of Tenge	31 December 2022	31 December 2021
Revenue	11,754,864	9,505,004
Net profit	2,345,615	1,303,697
Group's share in profit of Batys Transit	469,123	260,739

As at 31 December 2022 and 31 December 2021, the associate had no contingent liabilities or future capital commitments.

8. INVENTORIES

In thousands of Tenge	31 December 2022	31 December 2021
Raw and other materials	1,387,482	1,390,943
Spare parts	1,694,995	1,175,291
Fuel and lubricants	113,467	87,850
Other inventory	420,418	274,285
Less: allowance for obsolete inventories	(409,207)	(337,986)
	3,207,155	2,590,383



Movement in the allowance for obsolete inventories was as follows:

<i>In thousands of Tenge</i>	2022	2021
At 1 January	337.986	363.273
Charge	284.593	99.941
Reversal	(206.662)	(98.867)
Write-off	(6.710)	(26.361)
At 31 December	409.207	337.986

9. TRADE ACCOUNTS RECEIVABLE

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Trade accounts receivable	23.661.039	15.265.245
Less: allowance for expected credit losses and impairment	(2.613.649)	(2.273.985)
	21.047.390	12.991.260

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

<i>In thousands of Tenge</i>	2022	2021
At 1 January	2.273.985	2.902.262
Charge	1.419.642	2.681.628
Reversal	(956.972)	(2.151.483)
Write-off	(123.006)	(1.158.422)
At 31 December	2.613.649	2.273.985

As at 31 December 2022 trade accounts receivable included accounts receivable from the customer National Electric Grids of Uzbekistan JSC, in the amount of 1.797.097 thousand tenge (31 December 2021: 1.583.830 thousand tenge).

As at 31 December 2022 provision for debts from National Electric Grids of Uzbekistan JSC amounted to 1.612.146 thousand tenge (31 December 2021: 1.503.743 thousand tenge).

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

<i>In thousands of Tenge</i>	Trade account receivables					
	Total	Current	Days past due			
30-90 days			91-180 days	181-270 days	Above 271 days	
31 December 2022						
Percentage of expected credit losses	10.05%	0.67%	15.04%	46.65%	78.78%	98.34%
Estimated total gross carrying amount in case of default	23.661.039	20.877.332	227.223	64.951	207.166	2.284.367
Expected credit losses	(2.613.649)	(139.479)	(34.172)	(30.302)	(163.200)	(2.246.496)
	21.047.390	20.737.853	193.051	34.649	43.966	37.871
31 December 2021						
Percentage of expected credit losses	14.90%	0.69%	10.01%	31.06%	54.95%	98.73%
Estimated total gross carrying amount in case of default	15.265.245	12.610.051	390.392	108.326	34.134	2.122.342
Expected credit losses	(2.273.985)	(87.068)	(39.084)	(33.651)	(18.756)	(2.095.426)
	12.991.260	12.522.983	351.308	74.675	15.378	26.916

Trade accounts receivable were denominated in the following currencies:

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Tenge	20.862.439	11.902.968
Russian Rouble	184.951	79.644
US Dollars	-	1.008.648
	21.047.390	12.991.260

10. OTHER CURRENT ASSETS

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Advances paid for goods and services	1.263.783	491.362
Other receivables for property, plant and equipment and constructions (Note 27)	399.974	399.974
Deferred expenses	35.224	201.238
Loans receivable from employees	469	469
Other	691.913	366.962
Less: provision for expected credit losses and impairment	(741.392)	(485.933)
	1.649.971	974.072



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

In thousands of Tenge	2022	2021
At 1 January	485.933	608.794
Charge	292.784	196.394
Reversal	(29.926)	(276.349)
Write-off	(7.399)	(42.906)
At 31 December	741.392	485.933

11. OTHER FINANCIAL ASSETS

In thousands of Tenge	31 December 2022	31 December 2021
Financial assets at amortized cost		
Bonds of Samruk-Kazyna	30.072.911	30.144.252
Bank deposits	19.062.907	13.646.481
Notes of the National Bank of the Republic of Kazakhstan	7.434.744	26.529.980
Placements with Eximbank Kazakhstan	2.165.823	2.308.946
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	1.968.564	1.850.569
Placements with DeltaBank	1.230.000	1.230.000
Placements with Kazinvestbank	1.201.850	1.201.850
Interest accrued on Samruk-Kazyna bonds	254.333	254.333
Interest accrued on Ministry of Finance Eurobonds of the Republic of Kazakhstan	18.945	18.305
Less: provision for impairment of placements with Eximbank Kazakhstan	(2.165.823)	(2.308.946)
Less: provision for impairment of placements with DeltaBank	(1.230.000)	(1.230.000)
Less: provision for impairment of placements with Kazinvestbank	(1.201.850)	(1.201.850)
Less: provision for expected credit losses	(24.899)	(261.528)
	58.787.505	72.182.392
Financial assets at fair value through profit or loss		
Bonds of Special Financial Company DSFK	377.731	314.418
	377.731	314.418
Total other financial assets	59.165.236	72.496.810
Other current financial assets	57.196.672	40.187.573
Other non-current financial assets	1.968.564	32.309.237
Total other financial assets	59.165.236	72.496.810

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

In thousands of Tenge	2022	2021
At 1 January	5.002.324	5.174.037
Charge	42.482	420.248
Reversal	(422.234)	(591.942)
Write-off	-	(19)
At 31 December	4.622.572	5.002.324

Bonds of Samruk-Kazyna JSC

On 3 December 2020, the Group purchased coupon bonds of SWF Samruk-Kazyna JSC on the Kazakhstan Stock Exchange. The bond circulation period is 3 December 2023. The bond were classified as carried at amortized cost and were initially recognized at fair value using a discount rate of 10,9%. Also, on 7 December 2020, the Group purchased coupon bonds of SWF Samruk-Kazyna JSC on the Kazakhstan Stock Exchange. The bond circulation is 3 December 2023. The bonds were classified as carried at amortized cost and were initially recognized at fair value using a discount rate of 10,9%.

On initial recognition, premium of 213.089 thousand tenge was accrued on the purchased coupon bonds. During 12 months of 2022, the amount of the premium amortization amounted to 71.341 thousand tenge (during 12 months of 2021: 68.837 thousand tenge).

Notes of the National Bank of the Republic of Kazakhstan

During the year of 2022 the Group acquired discount notes of the National Bank of the Republic of Kazakhstan at the Kazakhstan Stock Exchange in general amount of 36.933.373 thousand tenge (2021: 66.747.566 thousand tenge). The amount of repayments of notes of the National Bank of the Republic of Kazakhstan for the year ended 31 December 2022 amounted to 32.117.343 thousand tenge (2021: 78.930.920 thousand tenge). During the year ended 31 December 2022 the Group recognized a finance income of 600.395 thousand tenge (681.430 thousand tenge) (Note 23).

Bank deposits

As at 31 December 2022 and 31 December 2021 the deposits include accrued interest income in the amount of 1.482 thousand tenge and 67.429 thousand tenge, respectively. Information about banks is provided in Note 28 under credit risk.



Placements with Eximbank Kazakhstan JSC (hereinafter – Eximbank Kazakhstan)

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

During 2022 the Liquidation Commission of Eximbank Kazakhstan made payment to the Group in the amount of 395 thousand US dollars (equivalent to 173.876 thousand tenge as at the date of payment) in accordance with the approved register of creditors' claims dated 13 June 2019. The Group recognized a corresponding reversal of the allowance for impairment losses (2021: 726 thousand US dollars, equivalent to 363.558 thousand tenge).

Kazinvestbank

On 2 April 2021 and 8 October 2021, the Liquidation Commission of Kazinvestbank JSC made a payment according to the approved register of creditors' claims in the amount of 18,0 thousand US dollars and 34,4 thousand US dollars (equivalent to 17.167 thousand tenge as of the date of payment), respectively. The Group recognized a corresponding reversal of the allowance for impairment losses.

No payments were made during 12 months of 2022.

Eurobonds of the Ministry of Finance of the Republic of Kazakhstan

On 26 April 2019, the Group acquired Eurobonds of the Ministry of Finance of the Republic of Kazakhstan in the amount of 4.200.000 bonds at a rate of 3,875% per annum and maturity until October 2024 at a price higher than the nominal amount of 4.368 thousand US dollars (equivalent to 1.968.564 thousand tenge).

Bonds of Special Financial Company DSFK LLP

During the years ended 31 December 2022 and 2021, Special Financial Company DSFK LLP redeemed bonds in the amounts of 12.671 thousand tenge and 54.453 thousand tenge, respectively.

As at 31 December 2022, the Group reassessed the fair value of bonds and increased their carrying amount to 377.731 thousand tenge, recognizing gain from revaluation of financial instruments in the amount of 75.986 thousand tenge as a finance income in the consolidated statement of comprehensive income (2021: 58.696 thousand tenge) (Note 23).

Other financial assets were represented in the following currencies:

<i>In thousands of Tenge</i>	Interest rate	31 December 2022	31 December 2021
Tenge	0,01 – 15,5%	49.771.142	44.550.133
US Dollar	1 – 3,875%	9.394.094	27.946.677
		59.165.236	72.496.810

12. RESTRICTED CASH

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Cash reserved for return on guarantee obligations	1.015.833	671.160
Less: provision for expected credit losses	(371)	(258)
	1.015.462	670.902

During 2022 and 2021 interest was not charged on restricted cash.

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

<i>In thousands of Tenge</i>	2022	2021
At 1 January	258	698
Charge	197	277
Reversal	(84)	(717)
At 31 December	371	258

As at 31 December 2022 and 31 December 2021, restricted cash, including funds expected to be redeemed, was denominated in tenge.

13. CASH AND CASH EQUIVALENTS

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Short-term deposits, in Tenge	22.775.139	9.992.991
Current accounts with banks, in Tenge	4.918.470	1.760.179
Current accounts with banks, in foreign currencies	48.162	168.534
Cash on hand, in Tenge	4.232	11.788
Cash at special accounts, in Tenge	654	1.111
Less: provision for expected credit losses	(183.565)	(775)
	27.563.092	11.933.828



As at 31 December 2022, the Group placed short-term deposits with banks at 14,75-15,75% per annum in tenge, as well as current accounts with banks at 0,02% per annum.

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

In thousands of Tenge	2022	2021
As at 1 January	775	9.165
Charge	256.739	35.908
Reversal	(73.949)	(16.058)
Write-off	-	(28.240)
As at 31 December	183.565	775

As at 31 December 2022 and 31 December 2021, cash and cash equivalents were denominated in the following currencies:

In thousands of Tenge	31 December 2022	31 December 2021
Tenge	27.514.941	11.765.355
US dollar	47.775	168.094
Russian rouble	14	-
Euro	1	1
Others	361	378
	27.563.092	11.933.828

14. EQUITY

As at 31 December 2022 and 31 December 2021, the share capital of the Group comprised of 260.000.000 shares, of which 259.998.610 shares were issued and fully paid for the total amount of 126.799.554 thousand tenge.

Treasury shares

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

Dividends

In May 2021, shareholders approved the distribution of dividends for the second half of 2020. The dividends to be paid amounted to 19.502.496 thousand tenge for all common shareholders of the Group, which was equal to 75,01 tenge per ordinary share. The total distribution for 2020 resulted to 74% of net income for the year.

In November 2021, the shareholders approved the distribution of 80% of net profit for the first half of 2021. Amount to be paid was 22.027.082 thousand tenge for all common shareholders of the Group, which was equal to 84.72 tenge per ordinary share. The total amount of declared and paid dividends during 2021 was to 41.529.578 thousand tenge.

In May 2022, shareholders approved the distribution of dividends for the second half of 2021. The amount to be paid was 13.220.929 thousand tenge for all common shareholders of the Group, which was equal to 50.85 tenge per ordinary share. The final distribution for 2021 amounted to 67% of the net profit for the year, which amounted to 35.248.011 thousand tenge.

In October 2022, shareholders approved the distribution of 100% of net profit for the first half of 2022 and a part of retained earnings of prior periods. Amount to be paid was 17.014.309 thousand tenge for all common shareholders of the Group, which was equal to 65.44 tenge per ordinary share. Dividends were paid on 12 January 2023.

Earnings per share

Basic and diluted earnings per share are calculated by dividing net profit for the period by the weighted average number of common shares outstanding during the period. The Group had weighted average number of common shares in circulation in the amount of 259.998.610 shares during the year ended 31 December 2022 (for the year ended 31 December 2021: 259.998.610 shares). For the year ended 31 December 2022 and 2021, basic and diluted earnings per share were 102,88 tenge and 202,45 tenge, respectively.

Book value per share

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



In thousands of Tenge

31 December 2022 31 December 2021

Total assets	986.612.189	1.093.217.334
Less: intangible assets	(3.453.791)	(3.165.491)
Less: total liabilities	(333.047.025)	(356.080.517)
Net assets	650.111.373	733.971.326
Number of ordinary shares	259.998.610	259.998.610
Book value per ordinary share, Tenge	2.500	2.823

Asset revaluation reserve

Asset revaluation reserve represents revaluation surplus recognized as a result of revaluation of Group's NES assets as at 1 December 2022 (previous revaluation was held as at 1 December 2021) (Note 6). Transfer from asset revaluation reserve to retained earnings as a result of disposal of NES assets for the year ended 31 December 2022 amounted to 464.623 thousand tenge (for the year ended 31 December 2021: 586.605 thousand tenge).

15. BORROWINGS

In thousands of Tenge

31 December 2022 31 December 2021

International Bank of Reconstruction and Development (IBRD)	12.575.944	36.708.534
European Bank of Reconstruction and Development (EBRD)	4.322.713	12.785.418
	16.898.657	49.493.952
Less: current portion of loans repayable within 12 months	(5.530.813)	(13.854.307)
	11.367.844	35.639.645

As at 31 December 2022 and 31 December 2021 the accrued and unpaid interest payable amounted to 252.227 thousand tenge and 196.888 thousand tenge, respectively. As at 31 December 2022 and 31 December 2021 the unamortized portion of loan origination fees amounted to 20.450 thousand tenge and 244.426 thousand tenge, respectively.

The movement of loans for reconciliation with cash flow statement is presented in Note 28.

Loans were denominated in the following currencies

In thousands of Tenge

31 December 2022 31 December 2021

US Dollars	12.575.944	36.708.534
Euro	4.322.713	12.785.418
	16.898.657	49.493.952

Construction of the second North-South 500 kW Electricity Transmission line

In 2005 for the purpose of implementation of the Phase II of the "Construction of the second North-South 500 kW Electricity Transmission line", the Group received a credit line facility of 100.000 thousand US dollars provided by IBRD for a period of 17 (seventeen) years of which first 5 (five) years are a grace period. This credit line facility is secured by a guarantee of the Government of the Republic of Kazakhstan. An interest at LIBOR dollar rate plus general spread is paid semi-annually. In 2011 the non-disbursed part of this IBRD credit line in the amount of 1.918 thousand US dollars was cancelled due to the fact that actual costs incurred within this project were less than expected. As at 31 December 2022 the principal amount of the loan was repaid in full (as at 31 December 2021: 8.195 thousand US dollars (equivalent to 3.538.547 thousand tenge).

Kazakhstan National Electricity Transmission Rehabilitation Project, Phase 2

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

Two credit-line facilities of 127.500 thousand euro and 75.000 thousand euro from EBRD for 15 (fifteen) years, of which the first 4 (four) years are a grace period. An interest at the interbank six months EURIBOR rate plus a 3,85% margin is payable semi-annually. The outstanding balances as at 31 December 2022 and 31 December 2021 are 8.626 thousand euro (equivalent to 4.251.360 thousand tenge) and 25.878 thousand euro (equivalent to 12.656.781 thousand tenge), respectively.



Moinak Electricity Transmission Project

In 2009, for the realization of the "Moinak Electricity Transmission Project" a credit line facility from IBRD of 48.000 thousand US dollars was opened for 25 (twenty-five) years, of which the first 5 (five) years are a grace period. The credit line facility is secured by the guarantee of the Government of the Republic of Kazakhstan. An interest rate is LIBOR US dollar rate plus fixed spread 0,85% is payable semi-annually. In May 2013 unused portion of the credit line from the IBRD in the amount of 3.274 thousand US dollars was cancelled since the amount of actual expenses incurred during the project was less than expected. The outstanding balances as at 31 December 2022 and 31 December 2021 are 26.836 thousand US dollars (equivalent to 12.415.520 thousand tenge) and 29.072 thousand US dollars (equivalent to 12.553.276 thousand tenge), respectively.

Construction of the Alma 500 kW substation with connection to NES of Kazakhstan with the voltage of 500, 200 kW

In 2010 for the realization of the project "Construction of the Alma 500 kW substation with connection to NES of Kazakhstan with the voltage of 500, 200 kW" the Group received a credit line facility of 78.000 thousand US dollars from IBRD for 25 (twenty-five) years, of which the first 5 (five) years are a grace period. The credit line facility is secured by a guarantee of the Government of the Republic of Kazakhstan. An interest at LIBOR US dollar rate plus fixed spread 1,15% is repayable semi-annually. In July 2014 undeveloped part of the credit line from the IBRD in the amount 6.644 thousand US dollars has been cancelled since the amount of actual costs was less than expected costs. As at 31 December 2022 the principal debt on the loan was repaid in full ahead of schedule (as at 31 December 2021: 48.165 thousand US dollars (the equivalent to 20.792.886 thousand tenge).

16. BONDS PAYABLE

In thousands of Tenge	31 December 2022	31 December 2021
Nominal value of issued bonds	134.941.100	118.800.000
Accrued coupon interest	6.058.889	4.562.983
Less: discount on bonds issued	(1.457.789)	(1.577.690)
Less: transaction costs	(89.156)	(79.794)
	139.453.044	121.705.499
Less: current portion of bonds repayable within 12 months	(6.058.889)	(4.562.983)
	133.394.155	117.142.516

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

(a) During the period from June to August 2016 the Group issued coupon bonds with nominal amount of 47.500.000 thousand tenge under floating interest rate equal to the inflation rate in Republic of Kazakhstan plus 2.9% with the maturity of 2031

(the minimum rate of the consumer price index is set at 5%). The coupon rate for the period from 26 May 2020 to 26 May 2021 was 9.3% per annum. The coupon rate for the period from 26 May 2021 to 31 December 2021 was 9.9% per annum. The coupon rate for the period from 1 January 2022 to 31 December 2022 was 14,9% per annum.

All bonds under this program were acquired by Unified Accumulative Pension Fund.

Bonds were issued with discount in the amount of 111.945 thousand tenge.

(b) In August 2017, the Group placed the second tranche of coupon bonds amounting to 36.300.000 thousand tenge with a fixed rate of 11,5%.

All bonds under this program were acquired by Unified Accumulative Pension Fund and other entities.

To implement the investment project "Reconstruction of 220-500 kW overhead lines of branches of KEGOC JSC" on 28 May 2020, KEGOC's bonds were placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 9.700.000 thousand tenge and 11% annual yield. The bonds were placed at a discount of 667.593 thousand tenge. As a result of trades, 89.6% of bonds were purchased by STB (second-tier banks), 9,9% - by other institutional investors, 0,5% - by other legal entities.

On 27 January 2021, KEGOC's bonds were placed on Kazakhstan Stock Exchange JSC (KASE) with nominal volume of 8.869.672 thousand tenge with an average weighted yield to maturity of 11,62% per annum. The bonds were placed with a discount in the amount of 380.267 thousand tenge. Accrued coupon interest on the date of placement amounted to 159.900 thousand tenge. As a result of trades, 22.6% of bonds were purchased by broker-dealer organizations, 72.8% by other institutional investors, 4,6%- by other legal entities.

On 21 October 2021, bonds of KEGOC JSC were successfully placed on Kazakhstan Stock Exchange JSC with a nominal value 16.430.328 thousand tenge and weighted average yield to maturity of 11,5% per annum. The bonds were placed at a discount of 562.427 thousand tenge, accrued coupon interest on the placement date was 717.914 thousand tenge. As a result of trades, 86.7% of the bonds were purchases by Eurasian Development bank JSC and other banks, 13,3% - by other institutional investors.

On 21 December 2022, KEGOC's green bonds were successfully placed on Kazakhstan Stock Exchange JSC (KASE) with nominal value of 16.141.100 thousand tenge, with a 3% margin. Securities were placed as a part of the second issue of bonds under the second bond program with the total amount of 35 billion tenge, with the maturity term until 2037. As a result of trades, 50,4% of the of the bonds were purchased by banks, 49,6% - by other institutional investors.

During the year ended 31 December 2022 the Group capitalized the borrowing costs of coupon interest on the issued bonds less investment income in the amount of 3.401.402 thousand tenge (year 2021: 1.592.927 thousand tenge) (Note 23).

The movement of the bonds for reconciliation with cash flow statement is presented in Note 28.



17. TRADE AND OTHER ACCOUNTS PAYABLE

As at 31 December 2022 and 31 December 2021 trade and other accounts payable:

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Accounts payable for property, plant and equipment and construction works	17,076,998	19,189,917
Accounts payable for electricity purchased	6,986,171	3,805,412
Accounts payable for inventories, works and services	2,493,858	2,756,581
Less: discount	(697,311)	(1,266,695)
	25,859,716	24,485,215
Less: current portion of trade payables repayable within 12 months	21,713,025	18,512,531
	4,146,691	5,972,684

As at 31 December 2022 and 31 December 2021 trade and other accounts payable are denominated in the following currencies:

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Tenge	19,480,873	21,907,917
Russian rouble	6,325,079	2,517,368
US dollar	53,764	59,930
	25,859,716	24,485,215

The non-current portion of accounts payable represents payables to a related party Karabatan Utility Solutions LLP, details of which are disclosed in Note 27.

18. TAXES PAYABLE OTHER THAN CORPORATE INCOME TAX

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
VAT payable	682,925	1,373,572
Contributions payable to pension fund	401,717	340,706
Personal income tax	350,859	258,593
Social tax	282,789	230,351
Social contribution payable	185,992	114,309
Property tax	3,190	66,442
Other	25,624	19,755
	1,933,096	2,403,728

19. OTHER CURRENT LIABILITIES

In thousands of Tenge

	31 December 2022	31 December 2021
Due to employees	3,996,978	3,266,946
Other	1,240,113	888,825
	5,237,091	4,155,771

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

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

In thousands of Tenge

	2022	2021
Electricity transmission services	151,863,107	129,355,940
Technical dispatch	32,130,461	28,902,579
Balancing of electricity production and consumption	20,124,496	17,958,864
Sale of electricity for compensation of the interstate balances of electricity flows	10,457,891	7,067,781
Power regulation services	645,538	878,486
Revenue from sale of purchased electricity	27,144	33,897
Other	2,006,911	2,245,590
	217,255,548	186,443,137

In MW/hour

	2022	2021
Electricity transmission services	53,897,849	50,824,342
Technical dispatch	104,263,919	105,042,897
Balancing of electricity production and consumption	203,123,771	205,149,438
Sale of electricity for compensation of the interstate balances of electricity flows	1,294,044	1,389,803
Power regulation services	604	900
Revenue from the sale of purchased electricity	3,628	5,837

In thousands of Tenge

	2022	2021
Revenue recognition timeline		
The goods are transferred at a certain point in time	10,485,035	7,101,678
The services are provided over a period of time	206,770,513	179,341,459
Total revenue from contracts with customers	217,255,548	186,443,137

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



21. COST OF SALES

In thousands of Tenge

	2022	2021
Depreciation and amortization	60,253,195	35,950,880
Cost of purchased electricity for compensation of interstate balances of electricity flows	28,394,524	22,157,785
Payroll expenses and related taxes	24,612,591	18,320,948
Technical losses of electric energy	23,279,882	24,866,088
Taxes other than income tax	9,283,619	6,185,051
Repair and maintenance expenses	8,910,057	7,683,172
For the purchase of services to ensure the readiness of power to bear the load	4,701,427	-
Security services	1,475,501	1,292,485
Inventories	1,185,808	1,070,326
Cost of purchased electricity	27,144	30,974
Other	4,232,137	3,125,194
	166,355,885	120,682,903

22. GENERAL AND ADMINISTRATIVE EXPENSES

In thousands of Tenge

	2022	2021
Payroll expenses and related taxes	5,134,881	5,229,216
Depreciation and amortization	923,604	878,698
Third-party company services	638,305	465,032
Software maintenance expense	577,552	595,690
Consulting services	251,294	176,264
Taxes other than corporate income tax	163,872	238,204
Materials	80,542	66,149
Communal expenses	76,207	70,873
Expenses for the Board of Directors	67,450	44,587
Business trip expenses	63,847	54,581
Trainings	41,896	46,806
Insurance	26,169	26,027
Charge for obsolete inventories	77,931	1,074
Other	896,881	646,622
	9,020,431	8,539,823

23. FINANCE INCOME/(COSTS)

In thousands of Tenge

	2022	2021
Finance income		
Interest income on deposits, current accounts and quoted bonds	5,620,959	6,148,449
Income from the National Bank notes (Note 11)	600,395	681,430
Amortization of discount on accounts receivable (Note 27)	76,925	88,160
Income from revaluation of DSFK financial instruments (Note 11)	75,986	58,696
	6,374,265	6,976,735
Less: interest capitalized into cost of qualifying asset (Note 6)	(648,150)	(1,608,513)
	5,726,115	5,368,222
Finance costs		
Bond coupon (Note 28)	14,222,906	11,962,857
Interest on loans (Note 28)	937,558	1,024,707
Commission on bank guarantees	703,746	981,849
Amortization of discount on accounts payable and bonds	695,916	723,342
Amortization of commission for arranging a loan	680,494	49,009
Amortization of premium on other financial assets	85,561	81,950
Interest expense on rent	-	31,786
Other expenses on issued bonds	18,305	16,369
	17,344,486	14,871,869
Less: interest capitalized into cost of qualifying assets (Note 6)	(4,049,552)	(3,201,440)
	13,294,934	11,670,429

The discounting expense is mainly represented by the amortization of the discount on long-term payables to related party Karabatan Utility Solutions LLP (Note 27).

24. FOREIGN EXCHANGE GAIN, NET

Due to the change in the Tenge's exchange rate for the year ended 31 December 2022, the Group recognized net foreign exchange gain of 114,963 thousand tenge (for the year ended 31 December 2021: net foreign exchange gain was 451,045 thousand tenge).



25. INCOME TAX EXPENSE

In thousands of Tenge

	2022	2021
Current corporate income tax		
Current corporate income tax expense	13,229,631	10,675,241
Adjustments in respect of current income tax of previous year	(31,283)	(64,776)
Deferred tax		
Deferred tax relief	(7,477,869)	(3,002,627)
Total income tax expense reported in consolidated statement of comprehensive income	5,720,479	7,607,838
Deferred income tax related to items recognized in other comprehensive income during the year		
(Benefit)/deferred tax expense from revaluation of NES assets	(20,021,005)	65,148,951

The income tax rate in the Republic of Kazakhstan was 20% in 2022 and 2021.

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

In thousands of Tenge

	2022	2021
Profit before tax from continuing operations	32,468,088	46,772,284
Profit before tax from discontinued operations	-	17,506,488
Tax at statutory income tax rate of 20%	6,493,618	12,855,754
(Reversal)/accrual of provision for expected credit loss	(39,370)	(30,457)
Adjustments in respect of current income tax of previous year	(31,284)	(64,776)
Accrual/(reversal) of allowance for doubtful accounts receivable from non-residents	22,141	(14,524)
Interest income from securities	(669,015)	(667,913)
Income from changes in fair value	(77,022)	(418,513)
Other permanent differences	21,411	(16,711)
Income tax expense reported in profit or loss including	5,720,479	11,642,860
Income tax from discontinued operations	5,720,479	7,607,838
Income tax from continuing operations	-	4,035,022

Tax effect on temporary differences leading to deferred income tax assets and liabilities at 31 December 2022 and 31 December 2021 is provided below:

	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	31 December 2022	31 December 2021	2022	2021
<i>In thousands of Tenge</i>				
Trade accounts receivable	241,886	196,234	45,652	(43,748)
Accrued liabilities	805,685	610,002	195,684	(73,121)
Property, plant and equipment	(125,018,855)	(152,276,394)	7,236,533	3,119,496
Deferred tax benefit	-	-	7,477,869	3,002,627
Net deferred tax liabilities	(123,971,284)	(151,470,158)	-	-

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

	2022	2021
<i>In thousands of Tenge</i>		
At 1 January	(151,470,158)	(89,164,183)
Deferred corporate income tax benefit recognized in profit or loss	7,477,868	3,002,627
Corporate income tax expense on discontinued operations	-	(159,651)
Corporate income tax benefit/(expense) recognized in OCI (Note 3)	20,021,005	(65,148,951)
At 31 December	(123,971,284)	(151,470,158)

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

As 31 December 2022 the corporate income tax prepayment amounted to 128,400 thousand tenge (as at 31 December 2021: 817,245 thousand tenge).

26. DISCONTINUED OPERATIONS

In accordance with Decree of the Government of the Republic of Kazakhstan №858 from 30 November 2021 and donation agreement from 30 December 2021, the Group transferred free of charge 100% of shares in subsidiary RFC LLP to ownership of State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan. As of 30 December 2021, RFC LLP has been classified as discontinued operations and disposed from the Group.



Assets and liabilities of RFC LLP as of the date of disposal are presented as follows:

In thousands of Tenge

	30 December 2021
Assets	
Property, plant and equipment	27.567
Intangible assets	14.836
Deferred tax assets	234.733
Inventories	155.465
Trade accounts receivable	25.777.422
Advances paid	983
Other current assets	15.874
Other financial assets, current portion	5.151.508
Cash and cash equivalents	38.847.799
Total assets	70.226.187
Trade accounts payable	31.602.053
Taxes payable other than income tax	1.147.572
Income tax payable	261.182
Other liabilities	93.590
Total liabilities	33.104.397
Retired net assets	37.121.790

Losses on disposal of RFC LLP in the amount of 37.121.790 thousand tenge were recognized in the consolidated statement of changes in equity.

The results of discontinued operations included in the consolidated statement of comprehensive income is presented as follows:

In thousands of Tenge

	2021
Revenue from contracts with customers	211.591.935
Cost of Sales	(195.598.700)
General and administrative expenses	(343.451)
Finance income	2.194.275
Finance expense	(11.236)
Other income	81.625
Other expense	(29)
Accrual of allowance for expected credit losses	(407.931)
Profit before income tax	17.506.488
Income tax expense	(4.035.022)
Profit for the year from discontinued operations	13.471.466
Earnings per share from discontinued operations	51,81
<small>Basic and diluted profit for the year attributable to common shareholders of the parent (in Tenge)</small>	

The net cash flows from discontinued operations are as follows:

In thousands of Tenge

	2021
Net cash flows received from operating activities	15.342.483
Net cash flows used in investing activities	9.203.509
Net cash flows used in financing activities	-

27. TRANSACTIONS WITH RELATED PARTIES

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

Transactions with related parties for 2022 and 2021 are presented as follows:

In thousands of Tenge

		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
Sale of services	2022	39.817.193	8.352.832	2.463.455	621.219
	2021	88.141.984	13.158.299	4.311.519	658.453
Sale of land plots	2022	-	-	-	-
	2021	2.182.037	-	-	-
Purchase goods and services	2022	25.437.643	1.933.556	12.936	89.968
	2021	61.259.441	2.395.243	-	73.620
Amortization of discount on long-term receivables	2022	76.925	-	-	-
	2021	88.160	-	-	-
Amortization of discount on long-term accounts payable	2022	569.384	-	-	-
	2021	712.262	-	-	-



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

<i>In thousands of Tenge</i>		Subsidiaries of Samruk-Kazyna	Associated of Samruk-Kazyna	Entities under joint control of Samruk-Kazyna	Associated of the Group
	2022	-	-	-	-
Advances given for non-current assets	2021	2182.037	-	-	-
	2022	4.196.537	706.405	137.722	58.744
Current trade accounts receivables for the sale of services	2021	2171.300	280.180	146.229	39.473
	2022	694.735	-	-	-
Accounts receivable for sale of property, plant and equipment	2021	814.315	-	-	-
	2022	6.379.501	-	-	-
Accounts payables for property complex	2021	8.169.055	-	-	-
	2022	1.446.569	208.615	582	8.821
Current trade and other accounts payable for the services purchased	2021	1.831.950	175.735	-	8.596
	2022	-	-	-	-
Lease liabilities	2021	111.895	-	-	-

Revenue and cost of sales, trade accounts receivable and payable

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

Sale of land plots

On January 2021, the Group sold land plots, classified as assets held for sale of 5.126 thousand tenge as of 31 December 2020, to related party Samruk-Kazyna Construction JSC for 2.182.037 thousand tenge. In accordance with sale agreement, Samruk-Kazyna Construction JSC obliged to transfer premises to the ownership of the Group for the amount 2.182.037 thousand tenge.

Other accounts receivable

On 30 September 2015 the Group sold buildings and structures with a complex of equipment and adjacent land plots located in Astana to a related party - Kazpost JSC for 2.161.476 thousand tenge. In accordance with the sale agreement, Kazpost JSC pays the debt in equal monthly installments until June 2027. Accordingly, the Group has discounted future cash flows at a market discount rate of 10,37%. As at 31 December 2022 the unamortized discount on receivables from Kazpost JSC amounted to 173.120 thousand tenge. As at 31 December 2022 net debt amounted to 694.735 thousand tenge, where 514.613 thousand tenge was included in long-term receivables from related parties. During 2022, the Group recognized income from discount amortization in the amount of 76.925 thousand tenge (2021: 88.160 thousand tenge) (Note 23).

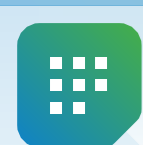
As at 31 December 2022 the Group had receivables from the sale of property, plant and equipment to to a related party - Balkhashskaya TPP JSC , in the amount of 220.494 thousand tenge (as at 31 December 2021: 220.494 thousand tenge). In accordance with the sales contract, Balkhashskaya TPP JSC had to pay the debt by the end of 2018, however, as at 31 December 2021 the debt was not repaid. Due to the suspension of the construction of the Balkhashskaya TPP, the management of the Group, in 2018, decided to accrue a provision for the expected credit losses in the amount of 100%.

The total ECL for trade accounts receivables from related parties as at 31 December 2022 was 312.336 thousand tenge (31 December 2021: 271.744 thousand tenge).

Accounts payables for property complex and amortization of discount

In November-December 2020, the Group acquired a property complex from a related party - Karabatan Utility Solutions LLP in the amount of 11.794.689 thousand tenge. In accordance with the sale and purchase agreement, the Group will pay by equal annual installments until 25 March 2025. Accordingly, the Group discounted future cash flows at a discount rate of 10,25%, which is the best estimate of the market rate by the Group's Management. As of 31 December 2022, discount on accounts payable of Karabatan Utility Solutions LLP amounted to 697.311 thousand tenge (as of 31 December 2021: 1.266.695 thousand tenge).

As at 31 December 2022, the amount of payable net of the discount was 6.379.501 thousand tenge, 4.146.691 thousand tenge of which were included within long-term payables from related parties. For the year ended 31 December 2022, the Group recognized expense from amortization of discount of long-term trade payables in the amount of 569.384 thousand tenge.



Lease liabilities

In 2017, the Group signed long-term agreement with related party - Samruk-Kazyna Business Service LLP, on provision of rights of use on software. As at 31 December 2022, the Group's lease liability was fully repaid (as of 31 December 2021 the outstanding balance was 111.895 thousand tenge)

Other

As of 31 December 2022 the amount of guarantee of the Government of the Republic of Kazakhstan under the IBRD loan amounted to 12.590.206 thousand tenge (as of 31 December 2021: 37.835.274 thousand tenge).

Compensation to key management personnel and all other related expenses (taxes, deductions, sick leave, holiday pay, material assistance, etc.) included in payroll expenses in the accompanying consolidated statement of comprehensive income amounted to 279.176 thousand tenge for the year ended 31 December 2022 (for the year ended 31 December 2021: 313.976 thousand tenge). The remuneration of key management personnel mainly consists of contractual salaries and performances based remuneration.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

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

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

<i>In thousands of Tenge</i>	Increase/ (decrease) in basis points* / in percentage	Effect on profit before tax
For the year ended 31 December 2022		
LIBOR	245/(245)	(304.180)/304.180
EURIBOR	136/(136)	(57.818)/57.818
Inflation rate in the Republic of Kazakhstan	1%/0%	(635.452)/-
For the year ended 31 December 2021		
LIBOR	125/(25)	(461.059)/92.212
EURIBOR	20/(20)	(25.314)/25.314
Inflation rate in the Republic of Kazakhstan	1%/0%	(474.139)/-

* 1 basis point= 0,01%.

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

Foreign currency risk

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

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



In thousands of Tenge	Increase/(decrease) in the exchange rate in absolute terms (Tenge)	Increase/(decrease) in exchange rate	Effect on profit before tax
At 31 December 2022			
US dollar	97,16/(97,16)	21%/(21%)	(630.606)/630.606
Euro	88,67/(88,67)	17,99%/(17,99%)	(777.656)/777.656
Russian rouble	1,42/(1,42)	22,05%/(22,05%)	(1.394.677)/1.394.677
At 31 December 2021			
US dollar	86,33/(43,18)	20%/(10%)	(1.714.810)/857.405
Euro	97,56/(48,91)	20%/(10%)	(2.557.083)/1.278.542
Russian rouble	0,75/(0,75)	13%/(13%)	(196.134)/196.134

Credit risk

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

Trade accounts receivable

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

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual

basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December 2022 and 31 December 2021, is represented by their carrying amount.

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

In thousands of Tenge	Location	Rating		31 December 2022	31 December 2021
		2022	2021		
Halyk Bank Kazakhstan JSC	Kazakhstan	BB+/stable	BB+/stable	14.981.871	15.699.990
Jysan Bank JSC	Kazakhstan	B+/stable	B1/stable	12.227.652	12.140.947
ForteBank JSC	Kazakhstan	BB-/ negative	B+/positive	6.161.681	11.019.346
Bank Center Credit JSC	Kazakhstan	B+/stable	B/stable	2.612.282	-
Eurasian Bank JSC	Kazakhstan	B/positive	-	12	-
Kazpost JSC	Kazakhstan	-	-	9	-
CB Moskommertsbank (JSC)	Russia	-	-	6	-
				35.983.513	38.860.283

Liquidity risk

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

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

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



In thousands of Tenge

	On demand	Due more than 1 month but not later than 3 months	Due more than 3 months but not later than 1 year	Due more than 1 year but not later than 5 years	Due more than 5 years	Total
At 31 December 2022						
Borrowings	-	4.936.035	1.070.082	5.852.617	8.347.857	20.206.591
Bonds payable	-	4.532.400	13.597.200	72.518.399	240.497.448	331.145.447
Trade and other accounts payable	-	19.480.214	2.358.938	4.717.875	-	26.557.027
	-	26.980.796	17.026.220	83.088.891	248.845.305	375.941.212
At 31 December 2021						
Borrowings	-	5.666.360	9.472.295	15.526.933	22.684.097	53.349.685
Bonds payable	-	3.181.750	9.545.250	50.908.000	198.719.155	262.354.155
Trade and other accounts payable	-	18.675.097	-	7.076.813	-	25.751.910
Lease liability	-	111.895	-	-	-	111.895
	-	27.635.102	19.017.545	73.511.746	221.403.252	341.567.645

Capital management

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

In thousands of Tenge

	31 December 2022	31 December 2021
Debt/capital	0,16	0,16

In thousands of Tenge

	31 December 2022	31 December 2021
Long-term borrowings and long-term bonds payable	144.761.999	152.782.161
Short-term borrowings and short-term bonds payable	11.589.702	18.417.290
Debt	156.351.701	171.199.451
Total liabilities	333.047.025	356.080.517
Equity	653.565.164	737.136.817
Total equity and liabilities	986.612.189	1.093.217.334

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

Fair value hierarchy

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

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

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

Assets measured at fair value

In thousands of Tenge

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

In thousands of Tenge

	31 December 2021	Level 1	Level 2	Level 3
Revalued property, plant and equipment				
NES assets (Note 6)	879.981.350	-	-	879.981.350
Bonds of "Special Financial Company DSFK LLP" (Note 11)	314.418	-	-	314.418

Assets for which fair values are disclosed

In thousands of Tenge

	31 December 2022	Level 1	Level 2	Level 3
Financial assets				
Other financial assets (Note 11)	58.787.505	-	58.787.505	-

In thousands of Tenge

	31 December 2021	Level 1	Level 2	Level 3
Financial assets				
Other financial assets (Note 11)	72.182.392	-	72.182.392	-



Assets for which fair values are disclosed

In thousands of Tenge	31 December 2022	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable (Note 16)	139,453,044	-	139,453,044	-
Borrowings (Note 15)	16,898,657	-	16,898,657	-

In thousands of Tenge	31 December 2021	Level 1	Level 2	Level 3
Financial liabilities				
Bonds payable (Note 16)	121,705,499	-	121,705,499	-
Borrowings (Note 15)	49,493,952	-	49,493,952	-

For the years ended 31 December 2022 and 31 December 2021, there were no transitions between Level 1, 2, and 3 of the fair value of financial instruments.

Fair values of financial instruments

As at 31 December 2022 and 31 December 2021 the management assessed that the fair value of financial instruments of the Group, such as trade accounts receivable and payable, other financial assets, cash and cash equivalents, cash restricted in use, approximates their carrying amounts largely due to the short-term maturities of these instruments. Borrowings and bonds payable are stated at amortized costs which approximate their fair values.

Change in liabilities arising from financing activities

In thousands of Tenge	1 January 2022	Cash flows	Accrued interest	Paid interest	Foreign exchange movement	Other	31 December 2022
Borrowings	49,493,952	(35,865,915)	937,558	(1,336,740)	2,989,308	680,494	16,898,657
Bond payable	121,705,499	16,141,100	14,222,906	(12,727,000)	-	110,539	139,453,044
Lease liability	111,895	(111,895)	-	-	-	-	-
Total	171,311,346	(19,836,710)	15,160,464	(14,063,740)	2,989,308	791,033	156,351,701

In thousands of Tenge	1 January 2021	Cash flows	Accrued interest	Paid interest	Foreign exchange movement	Other	31 December 2021
Borrowings	64,177,892	(14,614,808)	1,024,707	(1,167,132)	24,284	49,009	49,493,952
Bond payable	96,856,143	25,235,121	11,962,857	(11,538,332)	-	(810,290)	121,705,499
Lease liability	561,765	(436,606)	31,786	(45,050)	-	-	111,895
Total	161,595,800	10,183,707	13,019,350	(12,750,514)	24,284	(761,281)	171,311,346

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

29. COMMITMENTS AND CONTINGENCIES

Operating environment

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

Interest rates in Tenge remain high. Combination of these factors resulted in a reduced access to capital, a higher cost of capital, increased uncertainty regarding further economic growth, which could negatively affect the Group's financial position, results of operations and business prospects. Management of the Group believes it is taking appropriate measures to support the sustainability of the Group's business in the current circumstances.

Since March 2020, there has been significant volatility in the stock, foreign exchange and commodity markets, including the depreciation of the Tenge against the US Dollar and the Euro. The extent and duration of these events remains uncertain. However, management does not expect a significant impact on the profit, cash flows and financial condition of the Group.



Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including an opinion on the IFRS approach regarding revenue, expenses and other accounts of financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 50–80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1,25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for 5 calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2022.

Terms of loan agreements

As disclosed in *Note 15*, the Group has entered into loan agreements with the EBRD and IBRD. According to the agreements, the Group is obliged to comply with the following terms (covenants):

- Current ratio of not less than 1:1;
- Total debt to total capital of not more than 50%;
- Earnings before interest, income tax, depreciation and amortization ("EBITDA") to interest expense of not less than 3:1;
- Net debt to EBITDA of not more than 4:1.

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

- Total debt to EBITDA of not more than 3:1;
- Total debt to equity of not more than 0.6:1.

The management believes that the Group complied with all loan covenants with EBRD and IBRD as at 31 December 2022 and 31 December 2021. The Group excludes from EBITDA the foreign exchange gain and loss, as management believes that gain and loss from foreign exchange meets the definition of non-cash transaction and shall be excluded from calculation of EBITDA as provided in the loan agreement. As at 31 December 2022, the Group excluded from EBITDA foreign exchange gain of 114.963 thousand tenge for the year ended 31 December 2022 (for the year ended 31 December 2021: excluded foreign exchange gain was 451.045 thousand tenge). Also, the management of the Group believes that it complied with the covenants of the issued bonds.

Insurance

As at 31 December 2022, the Group insured production assets with a cost of 542,550,435 thousand tenge. The specified amount does not include the result of the revaluation of NES assets carried as at 1 December 2022, since the procedure for concluding an insurance contract was carried out before 1 December 2022. In the event of an insured event, the insurance payment is made within the insured amount. The Group did not insure its other property. Since absence of any insurance does not imply a reduction of the cost of assets or origination of liabilities, no provision has been made in these consolidated financial statements for unexpected expenses associated with damage or loss of such assets.

Contractual commitments

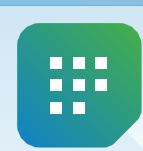
To ensure the reliability of the national electricity grid through the reconstruction of 220–500 kV transmission lines that have already reached and will reach their standard useful life in coming years and to improve the reliability of electricity supply of consumers in the Western zone of UES of Kazakhstan,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

Five year (2021–2025) investment program of KEGOC JSC for a total amount of 274.760.648 thousand tenge approved by the joint order №122 of the sectoral state body dated 7 April 2021 and the department of the authorized body №21-OD dated 11 March 2021 in accordance with legislation on natural monopolies of the Republic of Kazakhstan and is subject to 100% execution. However, KEGOC JSC may make changes to it and adjust the cost and timing of individual events.

As at 31 December 2022, capital commitments under the contracts entered by the Group under the investment plan amounted to 57.388.081 thousand tenge (31 December 2021: 100.950.878 thousand tenge).

In 2020–2021, due to the unstable epidemiological situation and the introduction of sanitary measures almost everywhere, it was objectively difficult to organize and ensure the timely completion of construction and installation works in full, as part of the capital investment plan.

Due to the fact that a significant part of open contracts is equipment purchased outside the Republic of Kazakhstan, the pace of production and logistics was negatively affected by the reduction in shifts and the limitation of the number of personnel at manufacturing plants, which leads to a delay in the supply of basic power equipment and, accordingly, the timing of contractual obligations of a capital nature. In addition, there is a possibility of fluctuations in the value of contractual obligations, the main reason for which is the impact of a possible change in the exchange rates of the national currency.



Activity regulation

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

The company provided regulated services from January 1 to September 30, 2021, at the following tariffs:

- for the transmission of electricity in the amount of 2.448 tenge per kWh (excluding VAT);
- for technical dispatching of supply to the grid and consumption of electric energy in the amount of 0.264 tenge per kWh (excluding VAT);
- organization of balancing the production and consumption of electricity in the amount of 0.086 tenge per kWh (excluding VAT).

These tariffs on regulated services of KEGOC JSC are determined in accordance with requirements of paragraph 3 of Article 15 of the Law of the Republic of Kazakhstan "On natural monopolies", in accordance with which the funds allocated for the implementation of the approved investment program (amortized contributions and profits) are excluded from the current approved tariff for 2020, with the exception of fund used to repay the principal amount of loans raised for the implementation of investment program.

In accordance with order №79-OD of the Committee for the Regulation of Natural monopolies of the Ministry of National Economy of the Republic of Kazakhstan dated August 16, 2021, the following tariffs were approved:

1. transmission of electric energy:

- from 1 October 2021 to 30 September 2022 - 2.797 tenge/kWh (excluding VAT);
- from 1 October 2022 to 30 September 2023 - 2.848 tenge/kWh (excluding VAT);
- from 1 October 2023 to 30 September 2024 - 3.004 tenge/kWh (excluding VAT);
- from 1 October 2024 to 30 September 2025 - 3.106 tenge/kWh (excluding VAT);
- from 1 October 2025 to 30 September 2026 - 3.134 tenge/kWh (excluding VAT).

2. technical dispatching of supply to the grid and consumption of electric energy:

- from 1 October 2021 to 30 September 2022 - 0.306 tenge/kWh (excluding VAT);
- from 1 October 2022 to 30 September 2023 - 0.314 tenge/kWh (excluding VAT);
- from 1 October 2023 to 30 September 2024 - 0.333 tenge/kWh (excluding VAT);
- from 1 October 2024 to 30 September 2025 - 0.348 tenge/kWh (excluding VAT);
- from 1 October 2025 to 30 September 2026 - 0.355 tenge/kWh (excluding VAT).

3. organization of balancing of production and consumption of electric energy:

- from 1 October 2021 to 30 September 2022 - 0.098 tenge/kWh (excluding VAT);
- from 1 October 2022 to 30 September 2023 - 0.102 tenge/kWh (excluding VAT);

- from 1 October 2023 to 30 September 2024 - 0.105 tenge/kWh (excluding VAT);
- from 1 October 2024 to 30 September 2025 - 0.108 tenge/kWh (excluding VAT);
- from 1 October 2025 to 30 September 2026 - 0.110 tenge/kWh (excluding VAT).

By the order of the Committee for Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan №67-OD dated 22 April 2022, temporary compensatory tariffs (hereinafter referred to as TCT) for regulated services of KEGOC JSC were approved due to non-fulfillment of cost items in the tariffs estimates as a result of savings on purchased electricity for technological electricity consumption based on the results of 2017 and 2018, with the entry into force from 1 June 2022 to 31 May 2023:

For the transmission of electrical energy:

- from 1 June to 30 September 2022 - 2.594 tenge / kWh (without VAT);
- from 1 October 2022 to 31 May 2023 - 2.645 tenge / kWh (without VAT);

For technical dispatching of supply to the network and consumption of electrical energy:

- from 1 June to 30 September 2022 - 0.285 tenge / kWh (excluding VAT);
- from 1 October 2022 to 31 May 2023 - 0.294 tenge/kWh (excluding VAT);

On the organization of balancing the production of electricity consumption:

- from 1 June to 30 September 2022 - 0.091 tenge / kWh (excluding VAT);
- from 1 October 2022 to 31 May 312023 - 0.095 tenge/kWh (excluding VAT).

KEGOC JSC does not agree with the above mentioned order due to the fact that, in accordance with the Law of the Republic of Kazakhstan on natural monopolies, the savings accumulated on the cost items of the tariffs estimates in 2017 and 2018 were directed to the implementation of the Investment Program. Thus, KEGOC JSC did not inflict any losses for consumers and did not receive unjustified income. In this connection, the Order № 67-OD dated 22 April 2022 is being challenged by KEGOC JSC in court.

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

If the Group had applied the temporary compensatory tariff, the Group's profit for the 12 months ended 31 December 2022 would have decreased by 6.890.583 thousand tenge.

30. SUBSEQUENT EVENTS

On 12 January 2023, dividends for the first half of 2022 were paid in the amount of 17.014.309 thousand tenge to all common shareholders of KEGOC JSC.



APPENDIX 5. THE MANAGEMENT'S COMMENTS ON THE FINANCIAL PERFORMANCE

Kazakhstan Electricity Grid Operating Company JSC

As of and for a year
ended on 31 December 2022

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The set forth explanations and comments on the financial results disclosed in the consolidated financial statements of KEGOC for a year ended on 31 December 2022 shall be read in conjunction with the consolidated financial statements of KEGOC and notes thereto for that period. In addition, this overview includes forecast statements. These forecast statements are subject to risks, uncertainties and other factors outlined in the investment memorandum, which can cause the significant deviation of our actual results from the results indicated in these statements or arising from them. Our actual results may differ from those provided in these forecast statements.

OVERVIEW

Kazakhstan Electricity Grid Operating Company KEGOC (hereinafter - the Company or KEGOC) is a company established in Kazakhstan, rendering the services of electricity transmission, technical dispatching of electricity supply to the grid and electricity generation/consumption balancing in Kazakhstan.

The company was established in 1997 under the initiative of the Government to restructure the management of the power system of the Republic of Kazakhstan. The Sovereign Wealth Fund Samruk-Kazyna JSC (hereinafter - the Fund or Samruk-Kazyna) owns 234,000,001 ordinary shares of KEGOC (90% plus one share), 25,998,609 ordinary shares of KEGOC belong to minority shareholders and 1,390 ordinary shares of KEGOC were repurchased by the Company.

As of 31 December 2022, KEGOC's authorized capital and equity amounted to KZT 126,799,554 thousand and KZT 653,565,164 thousand, respectively.

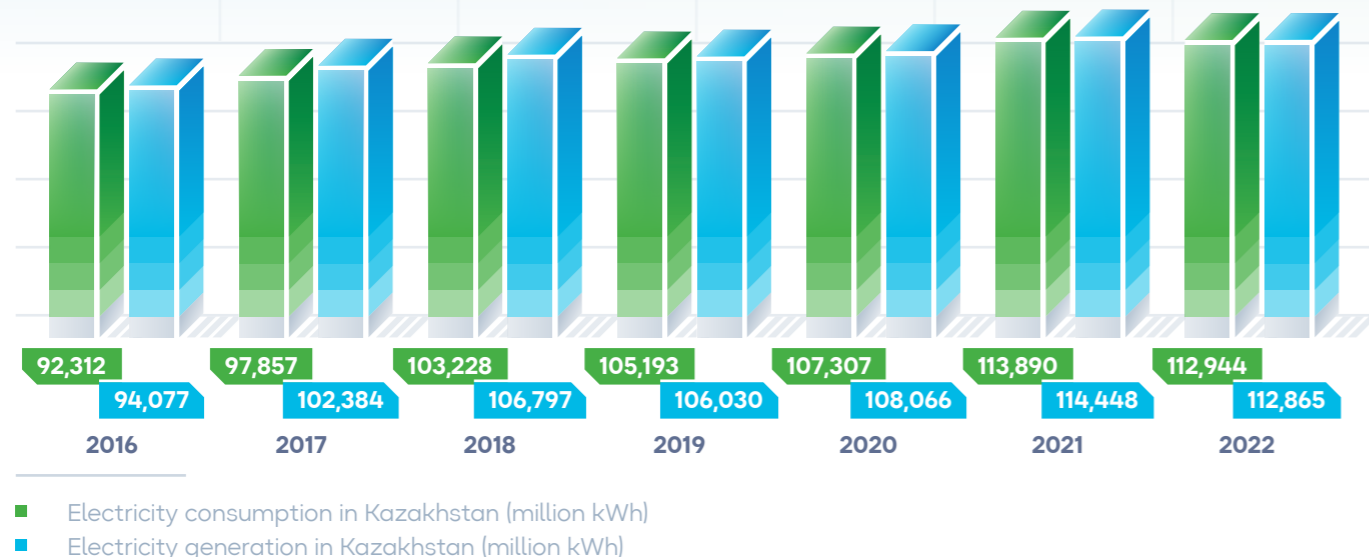
As a state assigned System Operator, the Company operates the Unified Power System of Kazakhstan (UPS). As of 31 December 2022, the UPS consists of (a) the National Power Grid (NPG); (b) 138 power plants (including 8 power plants of national importance); (c) 21 power distribution organizations; and (d) 324 wholesale market participants with contracts for system services. KEGOC owns and manages NPG assets, consisting of 35-1,150 kV high-voltage transmission lines 26,854 km long, and 82 substations, and provides maintenance and repair of these assets as well.

The payroll as of 31 December 2022 amounted to 3,903 people.



Electricity consumption and generation amount in Kazakhstan

in the period from 2016 to 2022



CHARACTERISTICS OF THE GRID ASSETS

As of 31 December 2022 MES branches own 82 electric substations of 35-1,150 kV, with the installed transformer capacity of 38,992.9 MVA, including:

- 3 substations of **1,150 kV** with total capacity of 9,384.1 MVA;
- 20 substations of **500 kV** with total capacity of 17,447.5 MVA;
- 57 substations of **220 kV** with total capacity of 12,138.1 MVA;
- 2 substations of **35 kV** with total capacity of 23.2 MVA.

The total length of 35-1,150 kV overhead transmission lines is 26,854.345 circuit km, including by voltage:

- 1,150 kV OHTL**, 1,421.225 km;
- 500 kV OHTL**, 8,282.258 km;
- 330 kV OHTL**, 1,863.28 km;
- 220 kV OHTL**, 14,890.611 km;
- 110 kV OHTL**, 352.841 km;
- 35 kV OHTL**, 44.13 km.

KEGOC transmits electricity via interstate and interregional transmission lines and connects power stations with the regional power grid companies and large consumers. The remaining assets of UPS belong to the third parties. KEGOC does not own shares or equity interests in power plants generating electricity or in the companies engaged in the operation of distribution networks. In general, KEGOC is responsible for the transmission of electricity from power plants to distribution companies and large consumers. KEGOC does not transmit electricity to the population.

KEGOC's shareholders structure

as of 31 December 2022



Samruk-Kazyna Sovereign Wealth Fund JSC **90% + 1 one share**

Accumulative Pension Fund JSC **7.2%**

36,689 individuals **1.9%**

13 legal entities **0.9%**

KEGOC's Development Strategy

The business of KEGOC has a strategic importance for the development of the entire economy of Kazakhstan and can affect the interests of a wide range of stakeholders. The Company takes this into account when making decisions and building a long-term strategy. The Company focuses on careful consideration of the interests of the society, ensuring reliable operation of Kazakhstan UPS, proactive development of Kazakhstan NPG, decent working conditions and welfare of people, and protection of the environment. This is reflected in KEGOC's Development Strategy for 2022-2031 approved on 21 December 2021 by KEGOC's Board of Directors (Minutes No. 14).

To pursue the development and transformation of the energy system, ensure decarbonization and sustainable economic growth of Kazakhstan, the Company has defined its strategic vision as follows:

'Leader in the electric power industry, contributing to the future energy system and the market changes in the context of an energy transition; and to the development of a sustainable electricity system through infrastructure planning and clean energy development'.

Mission of the Company - Ensure reliability, availability and advanced development of the energy system of Kazakhstan.



In accordance with the mission of the Company, the following strategic areas of activity have been identified:

1. Provide quality system services. The goal is to ensure the transmission, balancing and technical dispatching of electrical energy.
2. Increase in the net asset value. The goal is financial stability, identification of a portfolio of projects and initiatives, implementation of large investment and profitable projects, including advanced clean technology and digitalisation projects, reduction of own carbon footprint and improvement of corporate governance taking into account ESG principles.

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

Goal 1. Ensure reliable operation of the Kazakhstan UPS in an energy transition environment, which is achieved through i) delivery of functions of the System Operator of Kazakhstan UPS; ii) outstripping development of NPG of Kazakhstan, and effective integration of 15% renewable energy sources target; iii) implementation of modern innovative and digital technologies, Smart Grid.

Goal 2. Ensuring sustainable development in accordance with ESG principles through i) carbon footprint reduction, ii) human capital development, iii) enhancement of the corporate governance and iv) occupational safety system improvement.

Goal 3. Increase in the net asset value through i) strengthening of financial stability and ii) developing new types of business and iii) international cooperation.

For the year ended 31 December 2022 the Company received operating revenues in the amount of KZT 217,255,548 thousand. This includes KZT 151,863,107 thousand from electricity transmission in the Company's networks, KZT 32,130,461 thousand from the dispatching of electricity supply and consumption in the grid, and KZT 20,124,496 thousand from the electricity generation and consumption balancing.

The rest of the operating revenues was gained from:

- sale of electricity to compensate for hourly unscheduled deviations (KZT 10,457,891 thousand);
- sale of power control services (KZT 645,538 thousand);
- revenues from sale of purchased energy (KZT 27,144 thousand);
- sale of other services (KZT 2,006,911 thousand).

The carrying value of fixed assets as of 31 December 2022 amounted to KZT 859,129,917 thousand and decreased by KZT 116,871,399 thousand compared to the beginning of the year as of 31 December 2021: KZT 976,001,316 thousand). The carrying value of fixed assets reduced due to revaluation of NPG assets as of 1 December 2022.

As a result of revaluation the fair value of NPG assets as of the revaluation date made KZT 774,045,986 thousand. Decrease in the revalued value of NPG assets in the amount of KZT 103,703,389 thousand resulted from decline in prices for metals by about 15% compared to the previous year.

At the same time, according to the results of revaluation of NPG assets conducted as of 1 December 2021, the value of NPG assets increased by KZT 317,800,730 thousand. Thus, the total increase in the value of NPG assets since 2020 was KZT 214,097,341 thousand.

It should be noted that the growth of asset value in the long term will lead to an increase in profitability of the Company's core business due to the growth of the regulated asset base included in the tariffs for regulated services.

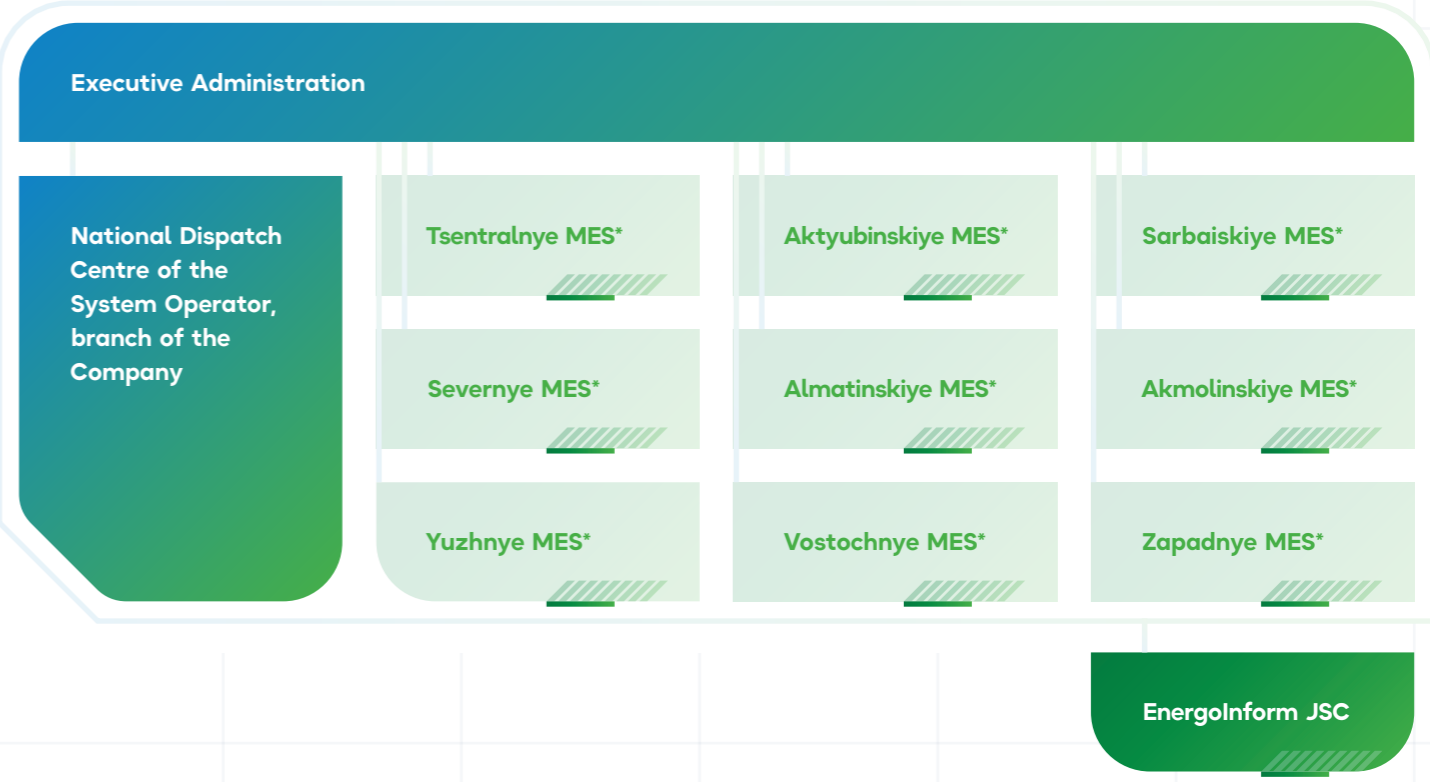
OUR OPERATION SEGMENTS

For management purposes, the Group's activities are organized into business units based on their services, and has three reportable operating segments, as follows:

- Transmission of electricity, technical dispatch of electricity supply and consumption in the grid, and electricity generation and consumption balancing.
- Power regulation services.
- Sale of the purchased electricity.

OPERATING STRUCTURE OF KEGOC

* MES - Intersystem Electric Networks





INFORMATION ON SUBSIDIARIES

As on 31 December 2022 and 31 December 2021 the Company had ownership share in the following subsidiaries:

Company	Activity	Ownership share	
		31 December 2022	31 December 2021
Energolnform JSC (hereinafter - Energolnform)	Maintenance of the KEGOC's IT system	100%	100%
Batys Transit JSC	Implement project for Construction of Interregional Transmission Line Northern Kazakhstan - Aktobe Oblast	20%	20%

Energolnform JSC

Energolnform was established in 2002 as a non-profit organization and a legal entity for support in servicing of KEGOC information and telecommunication complex. In November 2010, Energolnform was reorganized into a joint stock company and KEGOC owns 100% of the voting shares of Energolnform. Energolnform's authorized capital was KZT 2,179,700 thousand as on 31 December 2021.

Mission: Ensure the reliable operation and effective development of the information and telecommunication system of RK UPS using the world's best practices and innovative technologies.

Strategic goals of Energolnform:

- Secure reliable operation of the information and telecommunication complex (hereinafter - ITC) of KEGOC and entities of the Kazakhstan UPS;
- Introduce smart solutions to the controls of the energy market of Kazakhstan;
- Develop infrastructure facilities of Kazakhstan energy market entities;
- Diversify sources of growth of the Company's value.

The main consumer of Energolnform services is the System Operator of the Unified Power System of Kazakhstan - KEGOC.

The total income of Energolnform in 2022

KZT thousand



Total income 4,524,512

Total expenses 4,066,233

Net profit 458,278

THE NATURE OF RELATIONS BETWEEN THE GOVERNMENT AND MAJOR SHAREHOLDER

KEGOC was established by the Government of Kazakhstan in accordance with Resolution No. 1188 dated 28 September 1996 on Certain Measures to Restructure Kazakhstan Power System Management.

Until 2006, 100% of KEGOC shares had been owned by the Government. The Government of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan was the sole shareholder of KEGOC.

In accordance with Resolution of the Government of Kazakhstan No. 117 dated 23 February 2006 on measures to implement Decree of the President of Kazakhstan No. 50 dated 28 January 2006, the Government's shares in the Company (100%) were transferred as payment for shares of Kazakhstan holding company for management of public assets Samruk JSC.



The Sovereign Wealth Fund Samruk-Kazyna, a legal successor of Kazakhstan Holding Company on Management of the State Assets Samruk JSC, was established through a merger of Sustainable Development Fund Kazyna and Kazakhstan Holding Company on Management of the State Assets Samruk in accordance with Decree No. 669 dated 13 October 2008 of the President of the Republic of Kazakhstan on certain measures to ensure competitiveness and sustainability of the national economy and Resolution No. 962 dated 17 October 2008 of the Government of the Republic of Kazakhstan on measures to implement Decree No. 669 dated 13 October 2008 of the President of the Republic of Kazakhstan. Thus, 100% of KEGOC shares were transferred to the ownership of Samruk-Kazyna Sovereign Wealth Fund controlled by the Government of Kazakhstan.

In accordance with the Programme for floating the stocks of subsidiaries and affiliates of the Samruk-Kazyna on the securities market, approved by Decree of the Government of the Republic of Kazakhstan No. 1027 dated 8 September 2011 (People's IPO Programme), KEGOC floated 25,999,999 shares on the Kazakhstan stock exchange in 2014.

The participation and influence of the Government of Kazakhstan on the Company's operations is high, because KEGOC is the system operator of the Unified Power Grid of Kazakhstan. In accordance with the Law of the Republic of Kazakhstan on Electric Power Industry the Government of Kazakhstan works out the main areas of the state policy in the power industry sector.

BUSINESS TRANSFORMATION PROGRAMME

The President of the Republic of Kazakhstan in his address titled 'Kazakhstan 2050 Strategy: new political course of the matured nation' set the national goal to join the top thirty most competitive countries in the world by 2050.

To achieve this goal, the government shall substantially increase the investment in the economy and enhance labour, capital and resource productivity.

Samruk-Kazyna owns a number of largest assets in Kazakhstan and plays a crucial role in providing necessary conditions for achieving the Strategy goals.

Performance indicators of investments and operations of the Fund and its portfolio companies are not sufficient for achieving the goals of the national Strategy.

To improve investments and operations efficiency the Fund has developed a programme of large-scale transformation in Samruk-Kazyna and controlled portfolio companies.

KEGOC's Business Transformation Programme

The implementation of the Business Transformation Programme (hereinafter referred to as BTP) shall support financial and economic stability of the Company, prompt response to internal and external challenges, as well as rational use of hidden reserves, concentrate resources on priority business areas, ensure the growth of labour productivity and the introduction of advanced management practices, and technologies.

On 18 August 2020 the Board of Directors of KEGOC (minutes No. 8) approved the new revision of Roadmap for 2020-2023 for KEGOC's Business Transformation Programme. The updated Project Portfolio includes the following efforts: Research of use of data analysis in operations, Automation of HSE business processes, Enhancement of project and portfolio management.

The line part of Development of fiber-optic communication lines for data transmission project has been completed, commissioning is in progress. A working commission is being formed for the acceptance of works.

Tender documents have been prepared for the 'extended' target processes of Implementation of enterprise processes project. On 26 August 2020 the Fund's Modernization Council signed off the project for commercial operations.

Tender procedures have been completed for Cybersecurity project. Set up of systems and supply equipment is underway for connection to the operational centre of information security. Until the end of this year it is planned to approve the draft test protocols by the Sponsor and approve the report on the activities performed.

The Culture Transformation initiative was updated for Leadership Development, Corporate Culture Development, and Development of HR competencies efforts.

As part of the 'Reduction of IT costs' effort, the pilot stage of the 'Services Centralization' event was completed for 4 branches of the Company. The printing-as-service was implemented in Executive Administration, Akmolinskiye MES, Aktyubinskiye MES, Almatinskiye MES, Vostochnye MES, Zapadnye MES, Sarbaiskiye MES, Severnye MES, Tsentralnye MES and Yuzhnye MES branches.

As part of 'Development of a methodology for managing the company's procurement activities and conducting diagnostics' effort, the Procurement Rules for a new procurement model of the Fund were developed and approved. An action plan has been devised and measures are being taken to implement a new procurement model. Event signed-off into operations.

For 'Development of the company's data architecture' effort in accordance with the approved schedule the company completed implementation of the Conceptual Design phase moved to the implementation phase.

To raise loyalty to the Transformation Programme on the part of stakeholders, as well as increase involvement in the implementation of initiatives, the company has been building communications with internal and external auditors.



TARIFF POLICY

KEGOC operations are regulated by the Law on Natural Monopolies in Kazakhstan (hereinafter referred to as 'the Law'). The Law refers the following KEGOC services to the natural monopoly services:

- electricity transmission via networks of the National Power Grid;
- technical dispatching of the electricity supply to the grid and electricity consumption;
- management of electricity generation and consumption balancing.

On 1 January 2008 the electricity balancing market was launched in the Republic of Kazakhstan in accordance with the Kazakhstan Law on Electric Power Industry. Pursuant to this law the Company is responsible for the operation of electricity balancing market. Since 2008, such activity has been carried out in the simulation mode without actual financial settlements for the electricity purchased/sold on the balancing market. Since 2009, the service for electricity generation and consumption balancing has been referred to the natural monopoly service. In 2009, the Committee on Regulation of Natural Monopolies and Protection of Competition of the Republic of Kazakhstan (hereinafter - CRNMPC) developed and approved the Methodology on calculating the tariff for electricity generation and consumption balancing. On 18 May 2009 the tariff for this service was set at 0.018 KZT/kWh. This Methodology on calculating the tariff was changed in 2010 and included the difference between expenses and revenues from the purchase and sale electric energy to compensate hourly deviations on the border Kazakhstan-Russia. The methodology approved by Order of CRNMPC No. 372-OD dated 3 December 2013 is currently effective.

On 20 November 2009 the Government of Kazakhstan and the Government of Russia signed an agreement on measures to ensure the parallel operation of the unified power systems of Russia and Kazakhstan. In accordance with this intergovernmental agreement, the Company in 2010 entered into agreements with INTER RAO UES JSC (Russia) to purchase and sale electric energy in order to compensate for the hourly deviations of the actual interstate balance of electric energy flows as compared to the scheduled ones at the Kazakhstan-Russia border. These agreements were signed for one year and subject to extension by mutual consent of the parties.

Under the agreements, the Company, as necessary, buys electric energy from Russia during periods of peak consumption in order to cover the deficit in the power system of Kazakhstan. And during the off-peak consumption the Company sells extra electricity to Russia. Due to the fact that the price of electric energy during peak consumption hours is higher than the price of electric energy during off-peak, the Company incurs certain costs, which are offset by the tariff for the balancing of production-consumption of electric energy, by including these costs in the reasonable costs category.

As per the intergovernmental agreement on measures to ensure the parallel operation of the Unified Power System of Kazakhstan and Russia, the financial result (difference) of purchase and sale of hourly deviation volumes is a fair price for the physical settlement provided by the unified energy system of Russia of deviations between the actual interstate balance flows and the planned ones.

The Company's tariffs are set on a 'costs-plus basis', whereby the Company, in order to set a tariff for a certain period of time, considers the corresponding estimates of operating and financial costs and a fair rate of return on capital.

Tariff = allowable revenue/expected volume of services

allowable revenue = justified costs + allowable rate of return

The CRNM defines the allowable rate of return as the product of the rate of return on the regulated base of assets (**RAB**) by the regulated assets index (**RAI**).

allowable rate of return = RAB * RAI * Rate of Return

where:

- *RAB (regulated base of involved assets) is a regulated value of assets owned by the natural monopoly (NM) used to produce and provide services that the NM is entitled to have profit from;*
- *RAI (regulated assets index) is a percentage of the NM's actual use (involvement) of fixed assets when producing and rendering the natural monopoly services from the engineering capacity of the fixed assets.*

In 2010 CRNMPC made changes to the tariff methodology for electricity transmission via the Company's networks in order to introduce a single tariff for electricity transmission via the Company's networks. The zonal tariffs were abolished on 1 August 2010 upon the introduction of the single tariff for electricity transmission via the Company's networks in accordance with the above procedure and the order of CRNMPC. The introduction of the single tariff improved the Company's operation, provided equal access to the NPG for all its consumers and provided transparency in pricing.

In 2013, KEGOC made a decision to switch to the regulated cap tariff levels. The principles of calculating the cap tariffs are similar to the calculation of annual tariffs except that the cap tariffs shall be approved for a period of several consecutive years. With the cap tariffs the Company can plan its capacity for longer periods, and shareholders have more information about the Company.

In 2016–2020 KEGOC provided the regulated services at the cap tariffs approved by order of the authorized body in 2015 for a five-year period, including in 2020:

- 2.797 KZT/kWh for electricity transmission;
- 0.306 KZT/kWh for technical dispatching of electricity delivery and consumption in the grid;
- 0.098 KZT/kWh for electricity production and consumption balancing.

From 1 January 2021 to 30 September 2021, KEGOC provided regulated services at the following rates until new ones were approved:

- 2.448 KZT/kWh for electricity transmission;
- 0.264 KZT/kWh for technical dispatching of electricity delivery and consumption in the grid;
- 0.086 KZT/kWh for electricity production and consumption balancing.



These tariffs have been set in accordance with the requirements of paragraph 3 of Article 15 of the Law on Natural Monopolies, which requires excluding the costs of the approved investment programme (depreciation and profit) from the current approved tariff for 2020, with the exception of funds allocated for repayment of the principal debt for the loans raised for the implementation of the approved investment programme.

The CRNM approved the tariffs, tariff estimates for regulated services for the transmission of electricity, for the technical dispatching of electricity supply and consumption of electricity, for balancing of production and consumption of electricity by KEGOC for 2021- 2026 (by order No. 79-OD dated 16.08.2021) effective 1 October 2021 to 30 September 2026 as follows:

KZT/kWh (exclusive of VAT)	01.10.2021-30.09.2022	01.10.2022-30.09.2023	01.10.2023-30.09.2024	01.10.2024-30.09.2025	01.10.2025-30.09.2026
Electricity transmission in the grid	2.797	2.848	3.004	3.106	3.134
Technical dispatching of the electricity supply and consumption in the grid	0.306	0.314	0.333	0.348	0.355
Management of electricity production and consumption balancing	0.098	0.102	0.105	0.108	0.110

Also, the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan (Order No. 67-OD dated 22 April 2022) approved the compensatory tariffs for regulated services of KEGOC effective 1 June 2022 to 31 May 2023.

Currently this is being challenged by KEGOC in court. As a precautionary measure, the Company filed a motion to suspend the order until the court's decision is rendered.

For the period of court proceedings, Order No. 79-OD of 16 August 2021 is effective on approval of tariffs and tariff estimates for KEGOC's regulated services on electricity transmission, technical dispatch of electricity supply in the grid and consumption and electricity production-consumption balancing for 2021-2026.

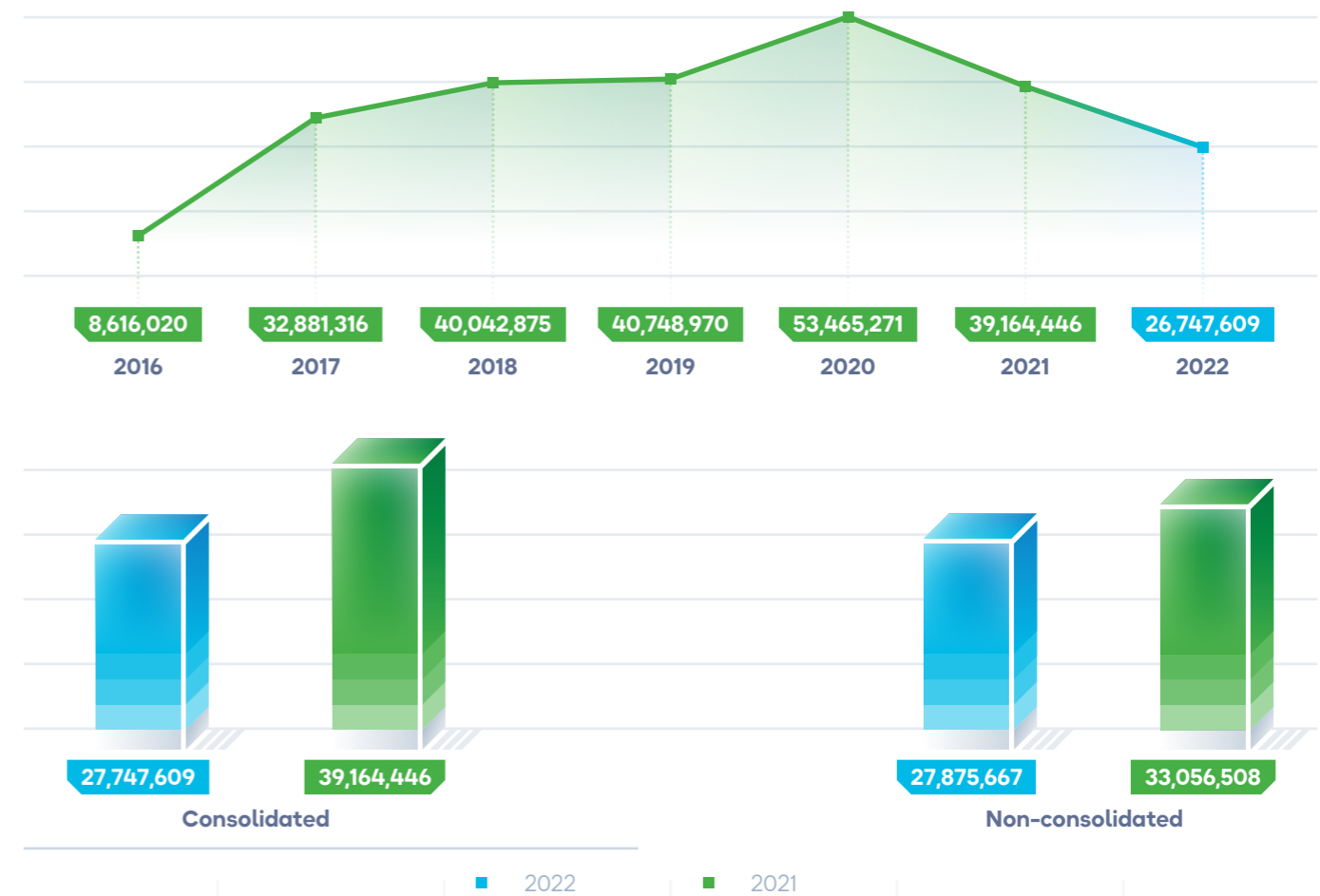
Based on KEGOC's application, the CRNM issued Order No. 130-ОД dated 27 August 2022 to approve the adjustment of tariff estimates for KEGOC's regulated services for the first regulated period (from 1 October 2021 to 30 September 2022).

In accordance with Kazakhstan Law on Supporting the Use of Renewable Energy Sources, in 12 months 2022 the company delivered 4,558 million kWh of electricity transmission services free of charge to the energy producing organizations that use renewable energy sources.

Consolidated net income

KZT thousand

The net consolidated profit from the continuing operations of KEGOC for 12 months of 2022 decreased by 31% or KZT 12,416,837 thousand and amounted to KZT 26,747,609 thousand (KZT 39,164,446 thousand for 12 months of 2021), including KZT 27,875,667 thousand of net non-consolidated profit of KEGOC (net profit of EnergoInform JSC amounted to KZT 458,278 thousand, elimination made KZT 2,055,459 thousand).





OPERATION RESULTS

The below table shows the KEGOC performance for the year ended 31 December 2022 and 2021:

in KZT thousand	Year ended		Change	
	31 December 2022	31 December 2021	absolute value	%
Income	217,255,548	186,443,137	30,812,411	17
Cost of services	(166,355,885)	(120,682,903)	(45,672,982)	38
Gross profit	50,899,663	65,760,234	(14,860,571)	(23)
General and administrative expenses	(9,020,431)	(8,539,823)	(480,608)	6
Selling expenses	(310,355)	(381,235)	70,880	(19)
Income from recovery of loss from revaluation of PPE	949,895	2,869,512	(1,919,617)	(67)
Loss from revaluation of PPE	(4,524,870)	(10,813,536)	6,176,998	(58)
Operating profit	37,993,902	48,895,152	(10,901,250)	(22)
Financial income	5,726,115	5,368,222	357,893	7
Financial expenses	(13,294,934)	(11,670,429)	(1,624,505)	14
Foreign exchange gain/loss, net	114,963	451,045	(336,082)	(75)
Share in profit of an associate	469,123	260,739	208,384	80
Income from the sale of an asset held for sale	-	2,182,037	(2,182,037)	(100)
Other income	2,488,310	1,739,332	748,978	43
Other expenses	(500,704)	(563,892)	63,188	(11)
(Accrual)/reversal of provision for expected credit losses	(528,687)	110,078	(638,765)	(580)
Profit before taxation	32,468,088	46,772,284	(14,304,196)	(31)
Corporate income tax expense	(5,720,479)	(7,607,838)	1,887,359	(25)
Profit for the year from continuing operations	26,747,609	39,164,446	(12,416,837)	(32)
Discontinued operations				
Profit after tax for the year from discontinued operations	-	13,471,466	(13,471,466)	(100)
Profit for the year	26,747,609	52,635,912	(25,888,303)	(49)

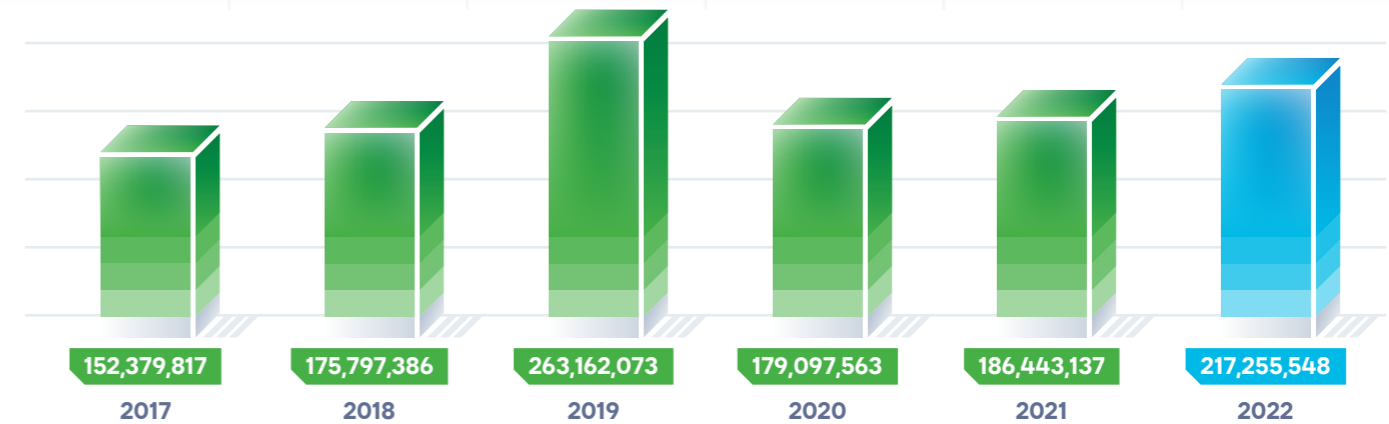
According to consolidated statement on aggregate income

- The total income of the Company for 2022 amounted to KZT 227,027,339 thousand.
- The total expenses of the Company in 2022 amounted to KZT 200,279,730 thousand.

Revenue of KEGOC

KZT thousand

Operating income for 2022 amounted to KZT 217,255,548 thousand, which is higher than in the same period of 2021 by 16.5% or KZT 30,812,411 thousand.



The table below shows the consolidated data of KEGOC on the income from sale of services for the year ended on 31 December 2022 and 2021:

in KZT thousand	Year ended		Deviation	
	31 December 2022	31 December 2021	absolute value	%
Electricity Transmission	151,863,107	129,355,940	22,507,167	17
Technical dispatching services	32,130,461	28,902,579	3,227,882	11
Electricity generation and consumption balancing services	20,124,496	17,958,864	2,165,632	12
Sale of electricity for compensation of the interstate balances of electricity flows	10,457,891	7,067,781	3,390,110	48
Power regulation services	645,538	878,486	(232,948)	(27)
Revenue from sale of the purchased electricity	27,144	33,897	(6,753)	(20)
Other	2,006,911	2,245,590	(238,679)	(11)
Total income from sale	217,255,548	186,443,137	30,812,411	16.53



The table below shows the calculation of revenues from regulated services based on the tariffs approved by CRNM for 2022 and 2021:

Electricity Transmission

	Unit of measure	For 12 months ended		
		31 December 2022	31 December 2021	% of change
Income from electricity transmission (discounted)	KZT thousand	151,863,107	129,355,940	16.5
Actual amount of electricity transmission	million kWh	58,570	54,652	7.2
<i>including the paid amount of electricity transmission</i>	million kWh	54,012	50,824	6
Average tariff	KZT/kWh	2.812	2.545	10

The increase in revenues from electricity transmission amounted to KZT 22,507 million compared to the actual of the same period in 2021, due to tariff increase by 10% (from 2,545 to 2,812 KZT/kWh), which leads to income increase by KZT 14,394 million. In addition, due to the growth of the paid volume of electricity transmission services, incomes increased by KZT 8,113 million.

Thus, the actual amount of electricity transmission services in the national power grid for 12 months of 2022 amounted to 58.570 billion kWh including 54.012 billion kWh of paid volume of services.

In comparison with the actual for the same period in 2021, there was an increase in services by 3.918 billion kWh or 7.2 % (the paid, by 3.188 billion kWh or 6.3 %), which is due to an increase in electricity transmission services for the participants of the wholesale market of Kazakhstan by 2.446 billion kWh, and an increase in interstate transit (Russia-Kazakhstan-Russia) by 2.096 billion kWh. At the same time, there was a decrease in the amount of export electricity by 0.624 billion kWh.

Income from technical dispatching services

	Unit of measure	For 12 months ended		
		31 December 2022	31 December 2021	% of change
Revenue from technical dispatching	KZT thousand	32,130,461	28,902,579	11
Amount of technical dispatching services	million kWh	104,264	105,043	(0.7)
Average tariff	KZT/kWh	0.308	0.275	12

The income from technical dispatching of supply and consumption of electricity increased by KZT 3,228 million compared to the actual of the same period in 2021, due to tariff increase by 12 % (from 0,275 to 0,308 KZT/kWh), which caused income increase by KZT 3,442 million. At the same time, due to reduction of the amount of technical dispatching services, incomes decreased by KZT 214 million.

The actual volume of services for technical dispatching of electricity supply and consumption for 12 months of 2022 amounted to 104,264 million kWh. In comparison with the actual for the same period in 2021, there was a decrease by 779 million kWh or 0.7%.

Income from electricity generation and consumption balancing service

	Unit of measure	For 12 months ended		
		31 December 2022	31 December 2021	% of change
Income from electricity generation and consumption balancing services	KZT thousand	20,124,496	17,958,864	12
Amount of electricity generation and consumption balancing services	million kWh	203,116	205,149	(1)
Average tariff	KZT/kWh	0.099	0.089	11

The income from the balancing of production and consumption of electricity increased by KZT 2,165 million compared to the actual of the same period in 2021, due to tariff increase by 12 % (from 0,089 to 0,099 KZT/kWh), which caused income increase by 2,005 million.

The actual amount of electricity generation and consumption balancing services for twelve months of 2022 amounted to 203.116 billion kWh. Compared to 2021 there was a decrease by 2.034 billion kWh or 1 %, which was caused by decrease in the electricity generation and consumption volume at the wholesale market of the Republic of Kazakhstan.

Income from electricity sale to compensate for hourly deviations of the interstate electricity balance flows

	Unit of measure	For 12 months ended		
		31 December 2022	31 December 2021	% of change
Income from electricity sale to compensate for unscheduled hourly deviations of the interstate electricity balance flows	KZT thousand	10,457,891	7,067,781	48
Amount of electricity sale to compensate for unscheduled hourly deviations of the interstate electricity balance flows	thousand kW * hour	1,416,150	1,267,697	12
weighted average price	KZT / kW * hour	7.38	5.58	32

Income from the electricity sale to compensate for unscheduled hourly deviations of the interstate electricity balance flows increased by KZT 3,390,111 thousand (48%) compared to the same period of previous year due to an increase in sales of electricity from Kazakhstan to Russia by 148.5 million kW/h (or by KZT 827,700 thousand) and the weighted average price from 5.58 to 7.38 KZT/kWh (or by KZT 2,562,441 thousand).



Revenue from sales of power control services

Unit of measure	For 12 months ended			
	31 December 2022	31 December 2021	% of change	
Revenue from sales of power control services	KZT thousand	645,538	878,486	-27
Amount of power control services	MW	604	900	-33
weighted average price	KZT/kW	1,068.83	976.10	9.5

The income from the sale of power control services to non-residents (National power grid of Uzbekistan) in 2022 (KZT 645,538 thousand) as compared to 2021 (KZT 878,486 thousand) decreased by 27 % or KZT 232,948 thousand, which is caused by reduction of rendered services volume by 296 MW (or KZT 288,924 thousand) and increase in the weighted average price from 976.1 to 1,068.83 KZT/kW (or by KZT 56,014 thousand) due to increase in FX rate from 424.39 KZT/USD (2021) to 464.71 KZT/USD (2022).

Revenue from sale of the purchased electricity

Unit of measure	For 12 months ended			
	31 December 2022	31 December 2021	% of change	
Revenue from sale of the purchased electricity	KZT thousand	27,144	33,897	-20
Amount of sale of the purchased electricity	thousand kWh	3,627	5,837	-38
Price	KZT/kWh	7.48	5.81	29

Income from the sale of purchased electricity in a year ended on 31 December 2022, amounted to KZT 27,144 thousand and decreased by KZT 6,753 thousand compared to the same period in 2021 (KZT 33,897 thousand), mainly due to decrease in the volume of planned electricity flow to the Kyrgyz Republic by 2,207 thousand kWh (from 5,837 to 3,629 thousand kWh) and price increased from 5.8 to 7.48 KZT/kWh.

Cost of sales



The below table shows the consolidated data of KEGOC on the cost of sales for 2022 and 2021, ended 31 December:

	Year ended 31 December 2022		Year ended 31 December 2021	
	KZT thousand	% of the cost of sales	KZT thousand	% of the cost of sales
Depreciation and amortisation	60,253,95	36	35,950,880	30
Costs for purchase of electricity to compensate for interstate electricity balance flows	28,394,524	17	22,157,785	18
Payroll expenses and other deductions associated with payroll	24,612,591	15	18,320,948	15
Technical losses of electric energy	23,279,882	14	2,866,088	21
Taxes	9,283,619	6	6,185,051	5
Operation and maintenance costs	8,910,057	5	7,683,172	6
For the purchase of services Guarantee maintaining readiness of electric capacity to bear the load	4,701,427	3	-	0
Security expenses	1,475,501	1	1,292,485	1
Inventories	1,185,808	1	1,070,326	1
Cost of purchased electricity	27,144	0	30,974	0
Other	4,232,137	3	3,125,194	3
Total cost of sales	166,355,885	100%	120,682,903	100%



Cost of sales increased by 38%, or KZT 45,672,982 thousand. In 2022 as compared to the same period in 2021, the cost of sales structure changed as follows:

- Depreciation and amortisation increased by KZT 24,302,315 thousand (68%);
- Costs of purchase of electricity to compensate for hourly deviations of interstate electricity balance flows increased by KZT 6,236,739 thousand (28%);
- Payroll expenses and other deductions associated with payroll increased by 6,291,643 thousand tenge (34%);
- Technical losses of electricity decreased by KZT 1,586,206 thousand (6%).

Depreciation and amortisation

Total amortisation expenses for 2022 amounted to KZT 60,235,195 thousand, this 68% (KZT 24,302,315 thousand) higher than the same period in 2021.

Depreciation deductions increased due to the increased book value of fixed assets as a result of the revaluation of NPG assets as of 1 December 2021, which increased the NPG value by KZT 317,800,730 thousand.

Costs of purchase of electricity to compensate for hourly deviations of interstate electricity balance flows

Expenses for electricity purchase to compensate for hourly deviations of the interstate electricity balance flows for 2022 increased by 28% or KZT 6,236,739 thousand as compared to 2021.

The cause of this change was due to:

- increase in costs by KZT 3,641,960 thousand as a result of an increase in the average weighted price from 17.48 to 20.05 KZT/kWh;
- increase in costs by KZT 2,594,779 thousand as a result of an increase by 148.5 million kWh in electricity purchase from Russia for compensation of hourly deviations.

Payroll expenses and other deductions associated with payroll

The labour costs for 2022 amounted to KZT 24,612,591 thousand, which is KZT 6,291,643 thousand or 34% higher compared with the same period previous year. The increase was mainly caused by the following:

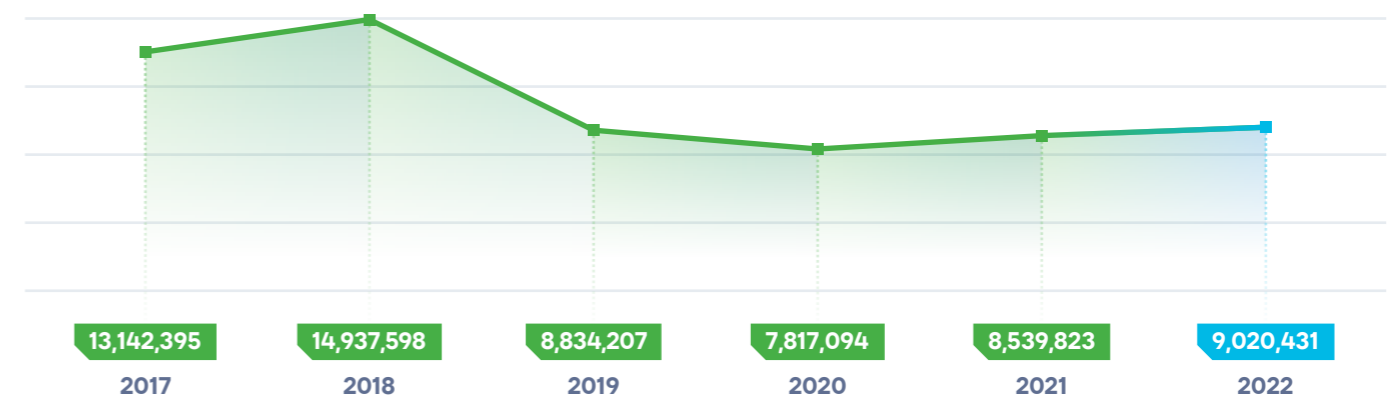
- increase in the salaries/tariff rates since 1 July 2021 and 1 February 2022;
- transfer from administrative personnel to operational personnel of 92 staff units since 1 January 2022 and 23 staff units since 4 April 2022;
- payment of one-time bonus for KEGOC's anniversary date and Day of the Republic.

Technical losses of electric energy

In 2022 the costs of technical electricity losses decreased compared to same period previous year by 6% or KZT 1,586,206 thousand. The decrease of the costs is due to lower volumes for technical losses from 3,029,912 to 2,795,870 thousand kWh.

General and administrative expenses

KZT thousand





The below table shows the consolidated data of KEGOC on the general and administrative expenses for the year ended 31 December 2022 and 2021:

	Year ended 31 December 2022		Year ended 31 December 2021	
	KZT thousand	% of general and administrative costs	KZT thousand	% of general and administrative costs
Payroll expenses and other deductions associated with payroll	5,134,881	57	5,229,216	61
Depreciation and amortisation	923,604	11	878,698	10
Third-party company services	638,305	7	465,032	5
Software costs	577,552	7	595,690	7
Consulting services	251,294	3	176,264	2
Taxes excluding income tax	163,872	2	238,204	3
Materials	80,542	1	66,149	1
Utility service costs	76,207	1	70,873	1
Expenses for the Board of Directors	67,450	1	44,587	1
Business trip expenses	63,847	1	54,581	1
Trainings	41,896	0	46,806	1
Insurance expenses	26,169	0	26,027	0
Accrual of provision for obsolete inventories	77,931	1	1,074	0
Other	896,881	11	646,622	8
Total general and administrative expenses	9,020,431	100%	8,539,823	100%

General and administrative expenses amounted to KZT 9,020,431 thousand, which is higher by KZT 480,608 thousand than the same period previous year.

Payroll expenses and other deductions associated with payroll

The labour costs for 2022 amounted to KZT 5,134,881 thousand, decrease KZT 94,335 thousand or 2% compared with the same period previous year. Mainly due to:

- headcount reduction by 43 units;
- due to transfer on 30 December 2021 on the state ownership of FSC RES LLP;
- transfer from administrative personnel to operational personnel of 92 staff units since 1 January 2022 and 23 staff units since 4 April 2022;
- reversal of reserve entry for 2022 for the payment of performance bonuses for 2021.

Also, salaries/tariff rates increased since 1 July 2021 and 1 February 2022.

Depreciation and amortization of administrative expenses

Amortization of administrative expenses amounted to KZT 923,604 thousand, which is KZT 44,906 thousand or 5% higher compared to the same period in 2021 as a result of revaluation of fixed assets.

Third-party company services

Expenses for third-party services amounted to KZT 638,305 thousand, which is more by KZT 173,273 thousand or 37% compared to the same period of 2021 as a result of outsourcing of some services to ensure purchase of services in the competitive market.

Technical support costs

Expenses for technical support amounted to KZT 577,552 thousand, which is higher than in 2021 by KZT 18,138 thousand as a result of increase of number of information communication systems (automation of activity).

Consultancy services

Consulting services expenses increased by KZT 75,030 thousand or 43% as compared to the same period of the previous year due to reclassification of some expenses on services of rating agencies into consulting services.

Taxes excluding income tax

The tax expenses made KZT 163,872 thousand, this by KZT 74,332 thousand lower than in the same period of 2021 mainly due to reduction of labour costs.

Cash flows

The table below summarises the results of the operating, investment and financing activities for the specified periods:



in KZT thousand	Year ended	
	31 December 2022	31 December 2021
Net cash from operations	80,678,722	83,868,968
Net cash from investment activities	(31,208,604)	(62,321,093)
Net cash from financing activities	(33,057,639)	(31,345,871)
Net change in cash and cash equivalents	16,412,479	(9,797,996)
Effect of FX changes on foreign currencies cash balance	(600,425)	(115,531)
Cash and cash equivalents as of the beginning of the period	11,933,828	21,867,205
Cash and cash equivalents as of the end of the period	27,563,092	11,933,828

As of 31 December 2022, cash and cash equivalents amounted to KZT 27,563,092 thousand, and increased by KZT 15,629,264 thousand (130%) as compared to the same period in 2021.

Net Cash from Operating Activities

Net cash flow from operations for 2022 amounted to KZT 80,678,722 thousand, which is lower than the same in 2021 by KZT 3,190,246 thousand, or 3.8%.

Net cash from investments

Net cash outflow for investing activities in 2022 amounted to KZT 31,208,604 thousand, which is KZT 31,112,489 thousand or 50% lower compared to the same in 2021, mainly due to withdrawal of cash from deposit accounts for early repayment of the loan of the International Bank for Reconstruction and Development to the amount of USD 46.3 million for the Alma Electricity Transmission Project.

Net cash from financing activities

Net cash outflow from financial activities for a year ended on 31 December 2022, amounted to KZT 33,057,639 thousand, which is KZT 1,711,768 thousand higher compared to the same period in 2021, mainly due to early repayment of the loan of the International Bank for Reconstruction and Development to the amount of USD 46.3 million for the Alma Electricity Transmission Project.

Liquidity

The below table shows the calculation of KEGOC's net debt:

(in KZT thousand)	Currency	As on	
		31 December 2022	31 December 2021
Non-current liabilities under the loans received ⁽¹⁾	USD / EUR	(11,367,844)	(35,639,645)
Current liabilities under the loans received ⁽¹⁾	KZT	(5,530,813)	(13,854,307)
Non-current liabilities under the outstanding bonds	KZT	(133,394,155)	(117,142,516)
Current liabilities under the charged coupon interests	KZT	(6,058,889)	(4,562,983)
Cash and cash equivalents	KZT	27,563,092	11,933,828
Bonds of Samruk-Kazyna	USD/KZT	30,072,911	30,144,252
Notes of the National Bank of the Republic of Kazakhstan	KZT	19,062,907	13,646,481
Bank deposits ⁽²⁾	KZT	7,434,744	26,529,980
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	KZT	1,968,564	1,850,569
Interest accrued on Samruk-Kazyna bonds	KZT	254,333	254,333
Interest accrued on Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	KZT	18,945	18,305
Bonds of Special Financial Company DSFK	KZT	377,731	314,418
Net debt		(69,598,474)	(86,507,285)

⁽¹⁾ Liabilities include financial guarantees, credits and loans of the company which represent the major amount of liabilities.

⁽²⁾ Bank deposits include short-term deposits at local banks.

As of 31 December 2022, cash and cash equivalents amounted to KZT 27,563,092 thousand. Outstanding loan amounted to KZT 156,351,701 thousand and decreased by KZT 14,847,750 thousand compared to the same period in 2021.

Net debt amounted to KZT 69,598,474 thousand and decreased by KZT 16,908,811 thousand compared to the same period previous year.

Cash at the deposits by currency:

Deposit currency in thousand	31 December 2022		31 December 2021	
	Foreign Currency	KZT	Foreign Currency	KZT
USD	16,009	7,406,745	60,393	263,39,490
KZT		3,100		190,490
Total in KZT thousand		7,409,845		26,529,980



Outstanding loan and bond liabilities

Loans

As of 31 December 2022 the outstanding loan balance included the loans provided by the International Bank for Reconstruction and Development (IBRD) and European Bank for Reconstruction and Development (EBRD). These loans were provided under credit facilities for implementation of the following projects: Kazakhstan Electricity Transmission Rehabilitation Project, Phase II, and Moinak Electricity Transmission Project.

Maturity period, security and amount for each loan are shown in the table below:

Loan agreement	Bank	Outstanding amount for the loan as on 31 December 2022			Maturity date	Loan security
		KZT thousand	USD thousand	Euro thousand		
KC 38647 dated 5 June 2008	EBRD	4,322,713	-	8,626	2 times a year Facility A and B(a): until 12 February 2023, Facility B(b): until 12 February 2020, Facility B (c): until 12 February 2017	Unsecured
KC 7738-KZ dated 12 November 2009	IBRD	12,575,460	26,836	-	2 times a year until 15 September 2034	No. 11CFT004 dated 12 November 2009
Total		16,898,657	26,836	8,626		

As on 31 December 2022 and 31 December 2021 the outstanding loan liabilities are as follows:

KZT thousand	As on	
	31 December 2022	31 December 2021
International Bank for Reconstruction and Development (IBRD)	12,575,944	36,708,534
European Bank for Reconstruction and Development (EBRD)	4,322,713	12,785,418
Total	16,898,657	49,493,952
Due within 12 months less current outstanding amount under the loans provided by IBRD and EBRD	(5,530,813)	(13,854,307)
	11,367,844	35,639,645

As of 31 December 2022 and 31 December 2021, the accrued, unpaid interest on the Company's loans amounted to KZT 252,227 thousand and KZT 196,888 thousand, respectively.

As of 31 December 2022 and 31 December 2021, the unamortised portion of the loan administration fee amounted to KZT 20,450 thousand and KZT 244,426 thousand, respectively.

As of 31 December 2022, the information on the maturity dates was as follows:

KZT thousand	IBRD	EBRD	Total
Short-term part of the loan	1,208,100	4,322,713	5,530,813
1 to 2 years	1,034,627		1,034,627
2 to 3 years	1,034,627		1,034,627
3 to 4 years	1,034,627	-	1,034,627
over 4 years	8,263,963	-	8,263,963
Long-term part of the loan	11,367,844	0	11,367,844
Total	12,575,944	4,322,713	16,898,657

As of 31 December 2022 and 31 December 2021, the outstanding amount was in the following currencies:

thousands	As on 31 December 2022		As on 31 December 2021	
	in KZT	in foreign currency	in KZT	in foreign currency
USD loans	12,575,944	26,836	36,708,534	85,431
EUR loans	4,322,713	8,626	12,785,418	25,878
Total in KZT thousand	16,898,657		49,493,952	

As on 31 December 2022 and 31 December 2021, the Company did not have any overdue amounts of the principal debt and interest.

Loan agreement	Bank	Project	As on	
			31 December 2022	31 December 2021
KC 4805 KZ dated 22 November 2005	IBRD	North-South Transit	0	3,540,759
KC 38647 dated 5 June 2008	EBRD	Kazakhstan Electricity Transmission Rehabilitation Project, phase 2	4,322,713	12,785,418
KC 7738-KZ dated 12 November 2009	IBRD	Moinak Project	12,575,944	12,575,460
7965-KZ dated 25 December 2010	IBRD	Alma Project	0	20,592,315
Total			16,898,657	49,493,952

**Bonds**

As on 31 December 2022 and 31 December 2021 the outstanding bond liabilities are as follows:

KZT thousand	As on	
	31 December 2022	31 December 2021
Nominal value of bonds issued	134,941,100	118,800,000
Accrued coupon interest	6,058,889	4,562,983
Minus: discount on issued bonds	(1,457,789)	(1,577,690)
Minus: transaction costs	(89,156)	(79,794)
Total	139,453,044	121,705,499
Less the current portion of bonds payable within 12 months	(6,058,889)	(4,562,983)
Total non-current liabilities under the outstanding bonds	133,394,155	117,142,516

To finance the project of construction of 500 kV OHTL Semey – Aktogay – Taldykorgan – Alma, the Company, in accordance with the decision of the Board of Directors, registered on 4 May 2016 the first bond programme of KEGOC worth of KZT 83.8 billion. As a part of this bond programme, the Company made two bond issues with different conditions defined in issue prospectuses.

Main parameters of the bond issues (first issue):

Type of securities	coupon bonds
National ID number:	KZP01Y15F281
ISIN:	KZ2C00003572
Nominal value, KZT:	1,000.00
Issue amount, KZT million:	47,500.00
Float start:	26/05/16
Maturity:	25/05/31
Repayment start:	26/05/1931
Float period:	15 years
Coupon rate:	Floating, Kazakhstan inflation linked, plus 290 bp for credit risk. The inflation corridor is 5-16 percent.
Frequency of coupon payments:	once a year
Coupon payment start:	26 May annually

To finance remaining part of the project, the Company made the second bond issue in the amount of KZT 36.3 billion (registration by the National Bank of the Republic of Kazakhstan dated 03 July 2017).

24.8% of bonds were bought out by the second tier banks, 63.8% by other institutional investors, 2.7% by broker/dealer companies, 8.7% by other legal entities.

Main parameters of the bond issues (second issue):

Type of securities	coupon bonds
National ID number:	KZP02Y15F289
ISIN:	KZ2C00003978
Nominal value, KZT:	1,000.00
Issue amount, KZT million:	36,300.00
Float start:	29/0/17
Float end:	28/08/32
Repayment start:	29 August 1932
Float period:	15 years
Coupon rate:	11.5% per annum (fixed)
Frequency of coupon payments:	once a year
Coupon payment start:	29 August annually

To implement the investment project for rehabilitation of 220-500 kV OHTL at KEGOC branches, on 28 May 2020 KEGOC placed the bonds on Kazakhstan Stock Exchange JSC (KASE) with total amount of KZT 9.7 billion.

Based on the remaining funding demand, the Company issued bonds in the amount of KZT 8.9 billion in January 2021 and in the amount of KZT 16.6 billion in October 2021.

Securities were placed under the first bond issue of the second bond programme of the issuer with total amount of KZT 80 billion.

Main parameters of the bond issues (the first issue):

Type of securities	coupon bonds
ISIN:	KZ2C00006658
Nominal value, KZT:	1,000.00
Issue amount, KZT million:	35,000.00
Number of bonds:	35,000,000 pcs
Float start:	28/05/20
Float end:	28/05/35
Repayment start:	28/05/1935
Float period:	15 years
Coupon rate:	fixed

On 21 December 2022 KEGOC's green bonds were listed on the Kazakhstan Stock Exchange JSC (KASE) trading floor with a total value of KZT 16.1 billion.



The securities were placed as part of the second issue of bonds of the second bond programme of the issuer to the amount of KZT 35 billion with a maturity date of up to 2037.

The funds raised will be used for implementation of the investment projects: Rehabilitation of 220-500 kV OHTL at KEGOC's branches, West Kazakhstan Electricity Transmission Reinforcement Project. Construction of Power Grid Facilities'.

Main parameters of the bond issues (second issue):

Type of securities	coupon bonds
ISIN:	KZ2C00007797
Nominal value, KZT	1,000.00
Issue amount, KZT million:	35,000.00
Number of bonds	16,141,100 pcs.
Float start:	21/12/22
Float end:	21/12/37
Repayment start:	21/12/37
Float period:	15 years
Coupon rate:	indexed

Financial KPIs

The management of the Company and the Board of Directors quarterly monitor the KPIs calculated based on the IFRS consolidated financial statements.

Strategic	a. Definition/Calculation
ROACE	Net income + interest expenses (1-T))/ACE*100%, where T=corporate income tax rate, ACE = Average capital employed at the beginning and at the end of the period, which shows the Company's average capital employed in the reported period.
EBITDA margin	EBITDA/Operating income 100%', where EBITDA = Operating income - cost of services without depreciation - general and administrative expenses without depreciation - sale costs without depreciation
Profitability of operations	A/B, where A = Net income; B = General expenses excluding corporate income tax
ROIC	A/B*100, where A = NOPLAT - (revenues - cost of sale - general and administrative costs - sales costs) * (1-rate corporate income tax) B = average (over the period) invested capital IC

Financial stability indicators

The management of the Company and the Board of Directors monitor the operating results of the Company based on a series of the following KPIs:

Indicator	Definition/Calculation
Net debt/EBITDA	A/B, where A = a sum of cash raised by the Company as loans less the available cash and cash equivalents; B = income before interest and financing, non-cash expenses due to depreciation and disposal, income taxes, and also depreciation of fixed assets and amortisation of intangible assets.
Debt/EBITDA	A/B, where A = borrowed funds raised by the Company, B = Operating income - cost of services without depreciation - general and administrative expenses without depreciation - sale costs without depreciation for the past 12 months
Debt/Capital	A/B, where A = borrowed capital, B = equity
EBITDA / Interest expense	A/B, where A = Operating income - cost of services without depreciation - general and administrative expenses without depreciation - sale costs without depreciation for the past 12 months, B = interest expenses including capitalized interest for the past 12 months

The Company monitors KPIs in order to analyse the financial stability and liquidity. According to the policy of Samruk-Kazyna for debt management and financial stability, and according to loan agreements, there are set values the breach of which will result in financial risks and will require development of action plan to eliminate them.

KPI	Year ended	
	2022	2021
ROACE, %	4.16	5.98
ROIC,%	4.26	6.67
Net debt/EBITDA, at most 4	0.67	1.51
EBITDA margin,% (excluding FSC RES LLP)	46.97	50.20
Profitability of operations, % (excluding FCS RES LLP)	12.30	24.86

	as of 31 December 2022	as of 31 December 2021
Current liquidity ratio	1.89	1.61

Financial stability ratios established by Samruk-Kazyna		
Debt/EBITDA, not more than 3.80	1.53	1.82
Debt/Capital, not more than 1.40	0.24	0.23
EBITDA/interest expenses (not less than 3.00)	9.13	9.56



Thus, ROACE and ROIC for 12 months ended 31 December 2022, compared to 12 months ended 31 December 2021, degraded as a result of decrease in net profit caused by increase of sale cost and increase in the amount of capital employed due to revaluation of 2021.

Degradation of Profitability of operations is mainly due to increase of sale cost and costs on currency exchange difference.

Within 12 months 2022, the established financial stability indicators and covenants have not been violated.

CURRENT LOAN AGREEMENTS

Construction of 500 kV Second Transmission Line of Kazakhstan North-South Transit

In 2005 for the purpose of implementation of the Phase II of the 'Construction of the second North-South 500 kV Electricity Transmission line', a credit line facility was received of USD 100,000 thousand provided by IBRD for a period of 17 (seventeen) years including first 5 (five) years of a grace period. The credit facility is secured by the guarantee of the Government of the Republic of Kazakhstan. The loan interest is a six-month LIBOR plus overall spread, and repaid twice a year. In 2011, the undisbursed part of IBRD loan to the amount of USD 1,918 thousand was cancelled because the actual costs incurred during that project appeared to be lower than expected. As of 31 December 2022 the principal debt on the loan was fully repaid (as of 31 December 2021 USD 8,195 thousand (equivalent to KZT 3,538,547 thousand)).

Kazakhstan Electricity Transmission Rehabilitation Project, Phase II

In 2008, to implement Kazakhstan Electricity Transmission Rehabilitation Project, Phase II, the following credit facilities were received:

Two credit-line facilities of Euro 127,500 thousand and Euro 75,000 thousand from EBRD for 15 (fifteen) years including the first 4 (four) years of a grace period. The loan interest is a six-month EUROBOR plus 3.85% margin, and repaid twice a year. As on 31 December 2022 and 31 December 2021, the loan outstanding amount was EUR 8,626 thousand (equivalent to KZT 4,251,360 thousand) and EUR 25,878 thousand (equivalent to KZT 12,656,781 thousand) accordingly.

Moinak Electricity Transmission Project

In 2009, for the implementation of the Moinak Electricity Transmission Project a credit line facility from IBRD of USD 48,000 thousand was opened for 25 (twenty five) years, of which the first 5 (five) years being a grace period. The credit facility is secured by the guarantee of the Government of Kazakhstan. The loan interest is a six-month LIBOR plus 0.85% fixed spread, and repaid twice a year. In May 2013, the undisbursed part of IBRD loan to the amount of USD 3,274 thousand was cancelled because the actual project costs appeared to be lower than expected. As on 31 December 2022 and 31 December 2021, the loan outstanding amount was USD 26,836 thousand (KZT 12,415,520 equivalent) and USD 29,072 thousand (KZT 12,553,276 thousand equivalent) accordingly.

Alma Electricity Transmission Project

In 2010 for the implementation of the Alma Electricity Transmission Project, a credit line facility was received of USD 78,000 thousand from IBRD for 25 (twenty five) years including the first 5 (five) years of a grace period. The credit facility is secured by the guarantee of the Government of the Republic of Kazakhstan. The loan interest is a six-month LIBOR plus 1.15% fixed spread, and repaid twice a year. In July 2014, the undisbursed part of IBRD loan to the amount of USD 6,644 thousand was cancelled because the actual project costs incurred during the Project were lower than expected. As of 31 December 2022 the principal debt on the loan was early fully repaid (as of 31 December 2021 USD 48,165 thousand (equivalent to KZT 20,792,886 thousand)).

CAPITAL EXPENDITURES

The business activities is capital-intensive and requires significant investments in rehabilitation and development of the existing business. The capital demand includes:

- capital expenditures to ensure the reliability of the energy system of Kazakhstan and the sustainability of the business, aimed at maintaining and modernizing the existing integrity and operational capacity of our assets, and the associated cash flows that increase the useful lives of assets;
- capital expenditures to expand the operations for improvement of the operational capacity or profitability of the existing or new assets through construction projects.



The Company made capital expenditures to maintain production assets and other fixed assets directly involved in the operational process in the amount of KZT 25,339.975 million and KZT 33,609.090 million in 2022 and 2021, respectively, including investments in a large-scale investment project for Rehabilitation of 220-500 kV OHTLs in MES branches (KZT 11,104.340 million and KZT 14,066.862 million).

In 2022, the Company's capital expenditures for the expansion of operations amounted to KZT 22,148.234 million compared to KZT 10,634.633 million in 2021, and are in mainly investments in the main operating assets of the Company, including major investment projects: West Kazakhstan Electricity Transmission Reinforcement Project (KZT 19,210.655 million) and Turkestan External Power Supply Reinforcement Project (KZT 2,045,555 million).

The Turkestan External Power Supply Reinforcement Project is successfully completed. A new 220 kV Ortalyk substation was built near the city of Turkestan. It was put into operation. The commissioning acceptance certificate was approved by the Chairman of the Management Board, order No. 227 dated 28 October 2022.

KEY FACTORS AND RISKS THAT AFFECTED THE FINANCIAL STANDING AND PERFORMANCE RESULTS OF KEGOC

In the course of its activity the Company faces many uncertainty risks including, but not limited to, the interest risk, credit risk, liquidity risk, and exchange risk. More detailed list of the Company's risks is given in the Investment Memorandum of the Company available on the web-site of the Kazakhstan Stock Exchange (www.kase.kz).

Decrease in cap tariff levels, including the application of a compensating tariff

To manage the risk, the Company carries out the following activities:

- Participation in working groups to amend legislative acts regulating the activities of natural entities;
- Analysing the performance of tariff estimates and investment programme and, if necessary, preparation and submission to the Committee on Regulation of Natural Monopolies of proposals for the adjustment of tariff estimates for regulated services and the investment programme (without changing the cap tariff levels);
- Submission to the Committee on Regulation of Natural Monopolies of reports on the implementation of tariff estimates for regulated services and the investment programme.

Changes of the tariff policy in Kazakhstan and failure to comply with the approved tariff estimates for the regulated services and the investment programmes included in the approved tariffs or their cap levels, all these could adversely affect the business of the Company, financial performance and standing.

Currency risk

Fluctuation of the exchange rates of USD and other currencies to tenge can have a negative effect on the Company's business, its financial standing and performance. The Company's revenues are in tenge and the major part of its loan proceeds and interest expenses are in USD and Euro. Which is why the growth of the market exchange rates of USD and(or) EUR to KZT can decrease the Company's revenue as compared to its expenses and affect its performance.

As on 31 December 2022 the loan outstanding amount was KZT 16,898,657 thousand.

In order to regulate the currency risk the company placed on deposit accounts USD 16.01 million (KZT 7,406,745 thousand) as of 31 December 2022 which would secure the debt service payments for about 2 years.

Interest rate risk

The Company is exposed to the market interests risk primarily because of the Company's long-term loans with floating interest rates. The Company does not apply any hedging tools to reduce the potential risks because the management team considers the interest risk as insignificant due to regular revision of interest rates.

As on 31 December 2022, the Company's borrowings and issued bonds are nominated in KZT, USD and EUR (KZT 156,351,701 thousand) had a floating interest rate and a fixed rate for the second bond issue. The Company is exposed to the changes in the fair value due to interest rates fluctuation.

The interest bearing assets of the Company comprise the short-term tenge and US dollar bank deposits as on 31 December 2022 to the total amount of KZT 7,409,845 thousand with a fixed interest rate.

In connection with the termination of the LIBOR rates publication from 2022, the IBRD has determined the SOFR as a new reference rate for loans in US dollars (the 'benchmark' interest rate in the money market in US dollars, based on the repo rates - the cost of borrowing overnight funds secured by securities US Treasury).

Seasonality

The amount of the rendered system services has a clear seasonal nature. In the autumn-winter periods the amount of services rendered increases due to the growth of electricity demand. In summer and spring periods the demand decreases and the scope of system services rendered decreases as well.



Deficit in the power system

Currently, there is a shortage of electricity and capacity in the UPS of Kazakhstan, caused by an increase in consumption and a lack of generating capacities to cover the needs of the UPS of Kazakhstan, including due to their emergency maintenance, which in turn may adversely affect the Company's operations.

According to the Law of the Republic of Kazakhstan on the Electricity Industry, KEGOC JSC performs the function of the System Operator of the UPS of the Republic of Kazakhstan for interaction with the energy systems of neighboring states to manage and ensure the stability of parallel operation modes.

In accordance with the Power system parallel operation intra-governmental agreement between Kazakhstan and Russia dated 20 November 2009 (hereinafter referred to as the Intergovernmental Agreement), KEGOC and PJSC Inter RAO conclude a contract on an annual basis to purchase electricity from Russia to compensate for hourly unscheduled deviations in the actual interstate balance flow on the border between UPS of Kazakhstan and UES of Russia (hereinafter referred to as the Deviation Compensation Agreement).

Given the deficit in the UPS of Kazakhstan, the maintenance of frequency and coverage of imbalances in the UPS of Kazakhstan is provided, among other things, through collaboration within the framework of parallel work with the UES of Russia in accordance with the Deviation Compensation Contract. In this regard, there is a risk of growth of KEGOC's expenses for compensation of deviations in the UPS of Kazakhstan as a part of delivery of the functions of the System Operator of the UPS of Kazakhstan.

Dividends to shareholders

In 2022 about KZT 30.2 billion of dividends were paid:

(KZT 13.2 billion for the second half of 2021, KZT 17 billion for the first half of 2022), which is KZT 116.29 per one ordinary share.

The dividends were paid in accordance with Clause 4, Article 23 of the Law of the Republic of Kazakhstan on Joint-Stock Companies.

Since the IPO on the stock exchange, the total amount of dividends paid to shareholders amounted to KZT 205 billion, of which KZT 184.5 billion to Samruk-Kazyna SWF JSC, and KZT 20.5 billion to minority shareholders.



APPENDIX 6. OPINION ON ASSURING VERIFICATION

of KEGOC's Report on Inventory of Greenhouse Gases Emissions

for Calendar Year 2022



«KEGOC» JSC
Republic of Kazakhstan, Astana city, 59 Tauelsizdik avenue




KZ.V.01.1992
Greenhouse Gas Validation and Verification Body
Accreditation certificate № KZ.V.01.E1491, until «30» December 2027
Legal address: RK, 010000, Astana, 12/1 Kunaeva street, room 6-03

«SSDC» LLP
Verification statement
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Verification statement

Greenhouse Gas Inventory Report for 2022 calendar year

JSC «KEGOC»
Name of the company
Republic of Kazakhstan, Astana city, 59 Tauelsizdik avenue
Address

Was verified by the validation and verification body LLP "SSDC" in accordance with the requirements of the standard :

ST RK ISO 14064-3-2019

For compliance
GHG Protocol- WRI/WBCSD
GRI 305 Emissions 2016
CDP Climate Change 2021 Reporting Guidance

For compliance with the legislative requirements of the Republic of Kazakhstan in terms of regulation of greenhouse gas emissions

The assurance was made based on a **reasonable** level of assurance and a materiality level of 2%

Emissions Scope	Tons CO ₂ e
Direct emissions (Scope 1)	
GHG emissions	8 887
Indirect emissions (Scope 2)	
GHG emissions	2 632 728
Total emissions	
GHG emissions	2 641 615

Signed by:
Maksut A.
Leader Verifier
From LLP "SSDC"

Date: 14.04.2023

Signed by:
Maksut A.
Director LLP «SSDC»

Date: 14.04.2023



Registration number: **SSDC-0127-3B**
Number of statement

This Conclusion is not valid without the full description of the Verification Statement on pages 2-4, which is an appendix



Verification statement in relation to 2022 Greenhouse Gas Inventory Report

for JSC "KEGOC"

Contract terms:

This Verification Statement has been prepared for JSC "KEGOC"

"SSDC" LLP was authorized to verify the 2022 Greenhouse Gas Inventory Report of JSC "KEGOC". The GHG report contains the quantitative determination of greenhouse gases by JSC "KEGOC" in accordance with the legislative requirements of the Republic of Kazakhstan and existing international practice, namely:

- Environmental Code of the Republic of Kazakhstan, in terms of regulation of greenhouse gas emissions;
Order of the Minister of Ecology, Geology and Natural Resources of the Republic of Kazakhstan dated January 14, 2022 No. 12 "On Approval of the Rules for Validation and Verification"
Greenhouse Gas Protocol (GHG Protocol)
ST RK ISO 14064-1-2019 Greenhouse gases. Part 1: Requirements and guidance for quantifying and reporting greenhouse gas emissions and removals at the organization level.
GRI 305 Emissions 2016;
CDP Climate Change 2021 Reporting Guidance
Other regulations, rules

The GHG report contains direct (Scope 1) GHG emissions (from stationary and mobile fuel combustion), indirect (Scope 2) emissions from purchased electricity for household needs and for compensation of grid losses, heat energy for household needs.

Management Responsibility

KEGOC's management is responsible for preparing the GHG Report, for conducting appropriate control over the collection of data and information. The responsibility of LLP "SSDC" was to ensure the verification of the GHG Inventory Report in accordance with the contract terms with JSC "KEGOC". The GHG Inventory Report has been approved by the Management of KEGOC and remains its property.

Verification approach of "SSDC" LLP

Verification of SSDC was carried out in accordance with the principles and requirements of ST RK ISO14064-3-2019 "Specification with guidance for the verification and validation of greenhouse gas statements" of the data and information presented in the Report on GHG, prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan in the field of regulation of greenhouse gas emissions, as well as existing international practice.

In order to form the Conclusion on the Verification of the GHG Emissions Report for 2022, the following types of work were undertaken selectively:

- Conduct desktop audits of reporting documentation and review of processes related to the management of GHG emissions data and information;
Interviews of key personnel responsible for managing GHG emission data and information
Verification of historical data and information related to direct greenhouse gas emissions for calendar year 2022



This verification was carried out in accordance with the requirements of ST RK ISO14064-3-2019 "Specification with guidance for the verification and validation of greenhouse gas statements" to provide a reasonable level of assurance for those GHG data that were presented in the GHG Report prepared in accordance with requirements of JSC "KEGOC".

Level of assurance

The conclusion expressed in this Verification Statement is based on a "reasonable level of assurance"

Conclusion of the LLP "SSDC"

Based on the approaches of SSDC, the total number of Direct (Scope 1) and Indirect (Scope 2) greenhouse gas emissions for the 2022 calendar year in the GHG Report is correct and was prepared in accordance with the requirements of the GHG Protocol, ST RK ISO 14064-1-2019, GRI 305 Emissions 2016; CDP Climate Change 2021 Reporting Guidance and the requirements of environmental legislation regarding the regulation of GHG emissions (please see Table 1 below). When calculating GHG emissions, the organization used default emissions factors.

Recommendations

It is recommended to JSC "KEGOC":

- Improve the level of accuracy of the GHG emission factors used

Signed by

Maksut A. Lead Verifier From LLP "SSDC"

Date 14.04.2023

Signed by

Kucenko V.I. Independent reviewer From LLP "SSDC"

Date 14.04.2023

Registration number: SSDC-0127-3B

Table 1. Total emissions reported in the 2022 Greenhouse Gas Inventory Report of JSC "KEGOC"

Table with 5 columns: Emission sources/fuels, CO2, CH4, N2O, SF6. Rows include Total GHG emissions (tonnesCO2e), Direct emissions (Scope 1), Stationary combustion (natural gas), Stationary combustion (LPG), Stationary combustion (diesel), Stationary combustion (petrol), Mobile sources (diesel), and Mobile sources (petrol).



Table with 5 columns: Emission source, CO2, CH4, N2O, SF6. Rows include Mobile sources (LPG), Direct emissions from leakages, Indirect emissions (Scope 2), Purchase of electricity for household needs, Purchase of electricity to compensate grid losses, and Purchase of thermal energy for household needs.



GLOSSARY

AC	Audit Committee of KEGOC's Board of Directors	KASE	Kazakhstan Stock Exchange
AFPC	Automatic Frequency and Power Control	KEGOC JSC	Kazakhstan Electricity Grid Operating Company (KEGOC) joint-stock company
ALE	Association of legal entities	KPI	Key performance indicator(s)
AMP	Administrative and managerial personnel	kV	Kilovolt
BCM	Business continuity management	kWh	Kilowatt-hour
Branches	KEGOC branches: MES and NDC SO	LLP	Limited liability partnership
CEO	Chief Executive Officer of the company	LTIFR	Lost Time Injury Frequency Rate
CFO	Chief Financial Officer	MES	Interconnection Electric Networks, KEGOC branches
CHPP	Combined heat and power plant	MVA	Megavolt-ampere
CIS	Commonwealth of Independent States	MW	Megawatt
Company	KEGOC JSC	NAV	Net asset value
COSO ERM	COSO Enterprise Risk Management	NDC SO	National Dispatch Centre of the System Operator
CRMS	Corporate risk management system	NPG	National Power Grid
CRNM	Committee on Regulation of Natural Monopolies of Kazakhstan Ministry of National Economy	NRC	Nomination and Remuneration Committee of KEGOC's Board of Directors
EA	Executive Administration	OHSEPC	Occupational Health, Safety, and Environmental Protection Committee of KEGOC's Board of Directors
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	OHTL	Overhead transmission line
EIA	Environmental impact assessment	OP	Operational personnel
ENS	Energy Not Supplied	PCB	Polychlorinated biphenyl
FOCL	Fibre-optic communication line	R&D	Research and development
FS	Feasibility study	RDC	Regional Dispatch Centre
FSC RES	Financial Settlement Centre for Renewable Energy Sources LLP	RES	Renewable energy sources
Fund	Samruk-Kazyna JSC	RMS	Risk Management System
GRI	Global Reporting Initiative	ROACE	Return on Average Capital Employed
GRES	State regional power plant	Samruk-Kazyna JSC	Sovereign Wealth Fund Samruk-Kazyna joint-stock company
GTPP	Gas-turbine power plant	SAP	Systems Applications and Products
HPP	Hydro power plant	SCADA	Supervisory Control and Data Acquisition
IAS	Internal Audit Service	SML	System minutes lost
ICS	Internal Control System	SPCGC	Strategic Planning and Corporate Governance Committee of KEGOC's Board of Directors
IFI	International financial institutions	SS	Substation
IFRS	International financial reporting standards	TPP	Thermal power plant
IMS	Integrated Management System	UN	United Nations Organization
IPO	Initial Public Offering	UPS	Unified Power System
IRD	Internal regulatory documents	USAID	United States Agency for International Development
IS	Information security	VAT	Value-added tax
ISMS	Information security management system	WAMS/WACS	Wide Area Management System and Control
ISO	International Organization for Standardization	WEC	World Energy Council Executive Assembly
JSC	Joint-stock company	WWP	Work without problems



2022



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