Мойнакская ГЭС

MOYNAK HPP NAMED AFTER U.D. KANTAYEV JSC

Financial Statements in accordance with IFRS Accounting Standards and Independent Auditor's Report

31 December 2023

Contents

Independent Auditor's Report

To the Shareholder, Board of Directors and Management of Moynak HPP named after U.D. Kantayev JSC:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Moynak HPP named after U.D. Kantayev JSC (the "Company") as at 31 December 2023, and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

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

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Our audit approach

Overview

Materiality	Overall Company materiality: Kazakhstani Tenge 472,000 thousand, which represents 2.5% of earnings before interest, taxes, depreciation and amortisation for the year ended 31 December 2023.
Key audit matters	The impact of changes in legislation regulating tariff policy and electricity market issues on the Company's results.

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

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

Materiality

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

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

Overall Company materiality	Kazakhstani Tenge 472,000 thousand
How we determined it	2.5% of earnings before interest, taxes, depreciation and amortisation for the year ended 31 December 2023.
Rationale for the materiality benchmark applied	We chose earnings before interest, taxes, depreciation and amortisation as the benchmark because, in our view, this benchmark is a more stable measurement of operating effectiveness and it is the benchmark, along with profit before tax, against which the performance of the Company is most commonly measured by users. This benchmark does not depend on finance cost related to debt restructuring and forex gain or losses on borrowings. We chose 2.5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
The impact of changes in legislation regulating tariff policy and electricity market issues on the Company's results. *See Note 3 of the financial statements: The impact of changes in legislation regulating tariff policy and electricity market issues on the Company's results* The Company's activities and its results are significantly affected by changes in electricity legislation governing tariff policy and electricity market issues. From 1 July 2023, a new model of power market was introduced with the implementation of a Single Power Purchaser, Settlement and Financial Center for Support of Renewable Energy Sources LLP ("RFC") and a real time balancing electricity market ("BEM"). The Group conducted an analysis to assess the impact of changes on the revenue recognition process in accordance with IFRS 15 "Revenue from Contracts with Customers". The new model of the electricity sales market, which came into force from 1 July 2023 did not have a significant impact on the process of recognizing revenue from the sale of electricity. This issue required significant auditor's attention due to the presence of significant judgments.	Our procedures for assessing the impact of changes to the power market model effective from 1 July 2023 included the following: • conducting a series of inquiries with management and technical specialists of the Company; • analysis of contracts with the RFC and Settlement Center for the Balancing Electricity Market, KOREM JSC, in accordance with IFRS 15; • analysis of input data from KOREM JSC on the balancing electricity market; • engagement of our technical accounting experts to verify the Company's approach. We also paid attention to the adequacy of the disclosures in Note 3 to the financial statements in accordance with the requirements of IAS1 "Presentation of Financial Statements".

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Dana Inkarbekova

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:	Signed by:
Azamat Konratbaev Managing Director PricewaterhouseCoopers LLP (General State License of the Ministry of Finance of the Republic of Kazakhstan # 0000005 dated 21 October 1999)	Dana Inkarbekova Auditor in charge (Qualified Auditor's certificate # 0000492 dated 18 January 2000)

1 March 2024

Almaty, Kazakhstan

In thousands of Kazakhstani Tenge	Note.	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	34,307,848	35,374,624
Intangible assets		69,068	1,197
Other investments		187,330	170,069
Other non-current assets		22,730	22,998
Total non-current assets		**34,586,976**	**35,568,888**
Current assets			
Inventories		229,262	232,252
Trade and other receivables	7	3,739,207	3,713,737
Income tax prepaid		-	19,524
Loans issued	8	2,757	1,445,893
Cash and cash equivalents	9	3,465,104	1,197,118
Total current assets		**7,436,330**	**6,608,524**
TOTAL ASSETS		**42,023,306**	**42,177,412**
EQUITY			
Share capital	10	4,602,000	4,602,000
Other reserves		(277,348)	(277,348)
Retained earnings/(accumulated loss)		5,561,077	(5,176,778)
TOTAL EQUITY		**9,885,729**	**(852,126)**
LIABILITIES			
Non-current liabilities			
Borrowings	11	17,258,836	27,039,713
Non-current lease liabilities		31,865	61,218
Deferred tax liabilities	17	4,371,830	4,365,253
Provision for asset retirement obligations		25,540	19,072
Total non-current liabilities		**21,688,071**	**31,485,256**
Current liabilities			
Borrowings	11	9,231,781	9,787,693
Trade and other payables	12	1,115,071	1,756,589
Income tax payable		102,654	-
Total current liabilities		**10,449,506**	**11,544,282**
TOTAL LIABILITIES		**32,137,577**	**43,029,538**
TOTAL LIABILITIES AND EQUITY		**42,023,306**	**42,177,412**

Signed on behalf of management on 1 March 2024.

G.A. Aidarbekov Chairman of the Management Board	A. Karymsak Deputy Chairman on Economics and Finance	M.N. Taufai Chief Accountant

In thousands of Kazakhstani Tenge	**Note.**	**2023**	**2022**
Revenue from contracts with customers	13	21,720,234	22,804,280
Cost of sales	14	(4,450,105)	(5,257,530)
Gross profit		**17,270,129**	**17,546,750**
Other income		139,276	46,447
General and administrative expenses	15	(397,370)	(777,287)
Other expenses		(178,908)	(27,636)
Operating profit		**16,833,127**	**16,788,274**
Finance income	16	872,271	606,157
Finance costs	16	(4,391,255)	(4,799,392)
Profit before tax		**13,314,143**	**12,595,039**
Income tax expense	17	(2,576,288)	(2,613,709)
Profit for the year		**10,737,855**	**9,981,330**
Other comprehensive income		-	-
Total comprehensive income for the year		**10,737,855**	**9,981,330**

In thousands of Kazakhstani Tenge	**Note**	**Share capital**	**Retained earnings/ (accumulated loss)**	**Other reserves**	**Total**
Balance as at 31 December 2021		**4,602,000**	**(15,158,108)**	-	**(10,556,108)**
Profit for the year		-	9,981,330	-	9,981,330
Total comprehensive income for 2022		**-**	**9,981,330**	-	**9,981,330**
Transactions with shareholders	10	-	-	(277,348)	(277,348)
Balance as at 31 December 2022		**4,602,000**	**(5,176,778)**	**(277,348)**	**(852,126)**
Profit for the year		-	10,737,855	-	10,737,855
Total comprehensive income for 2023		**-**	**10,737,855**	**-**	**10,737,855**
Balance as at 31 December 2023		**4,602,000**	**5,561,077**	**(277,348)**	**9,885,729**

In thousands of Kazakhstani Tenge	**Note**	**2023**	**2022**
Cash flows from operating activities			
Cash received from principal activity		23,811,570	24,817,061
Other cash receipts		29,977	116,559
Cash paid to suppliers		(2,277,737)	(2,895,693)
Cash paid to employees		(967,374)	(849,747)
Cash paid to the budget		(2,962,111)	(3,133,894)
Income tax paid		(2,447,533)	(2,471,293)
Other cash payments		(248,047)	(290,331)
Cash flows from operating activities		**14,938,745**	**15,292,662**
Interest received		627,637	394,599
Interest paid	11	(4,242,093)	(4,255,649)
Net cash flows from operating activities		**11,324,289**	**11,431,612**
Cash flows from investing activities			
Purchase of property, plant and equipment		(383,324)	(220,977)
Placement of cash on deposit accounts		-	(118,219)
Purchase of debt instruments		(10,596,224)	-
Proceeds from the sale of debt instruments		10,596,224	-
Withdrawal of cash from deposit accounts		-	124,866
Repayment of loans issued	8	1,600,000	400,000
Loans issued	8	-	(2,000,000)
Net cash flows from/(used in) investing activities		**1,216,676**	**(1,814,330)**
Cash flows from financing activities			
Proceeds from bonds issue	11	1,500,000	-
Repayment of borrowings	11	(11,741,104)	(10,371,519)
Repayment of principal on lease		(16,167)	(24,239)
Net cash flows used in financing activities		**(10,257,271)**	**(10,395,758)**
Net change in cash and cash equivalents		**2,283,694**	**(778,476)**
Cash and cash equivalents at the beginning of the period		1,197,118	1,964,748
Foreign exchange effect on cash and cash equivalents		(15,708)	10,846
Cash and cash equivalents at the end of the period	9	**3,465,104**	**1,197,118**

1 The Company and its Operations

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") for the year ended 31 December 2023 for Moynak HPP named after U.D. Kantayev JSC.

Corporate background

Moynak HPP named after U.D. Kantayev JSC (the "Company", "Moynak HPP") is the Joint Stock Company, as defined in the Civil Code of the Republic of Kazakhstan. The Company was created on 25 May 2005. The Company's shareholders were the Samruk-Energy JSC (the "Samruk-Energy") (51%) and AK Birlik JSC (49%). In June 2014, Samruk-Energy JSC acquired a 49% ownership interest in the Company from AK Birlik JSC. The ultimate controlling party of Samruk-Energy JSC is the Government of the Republic of Kazakhstan through the National Welfare Fund Samruk-Kazyna JSC (the "Fund"). On 15 September 2022, the Board of Directors of Samruk-Energy JSC (Minutes No. 11/22) decided to establish a company within the jurisdiction of the Astana International Financial Center (the "AIFC") – Qazaq Green Power PLC in the legal form of a "Public Company". In November 2022, a decision was made to alienate 100% of the ownership of JSC Samruk Energy by the Company in favor of Qazaq Green Power PLC (the "Parent Company").

Principal activity

The Company's principal activity is the operation of the hydropower station (the "HPP") on the Charyn river. In December 2012, Moynak HPP was put into operation. Since then, the Company's principal activity is the production of electricity for supply to the power system of the Southern Region of the Republic of Kazakhstan.

The Moynak HPP's capacity is 300 MW – 2 hydro units with the capacity of 150 MW each. Since 2019, due to the introduction of power capacity market, the Company's revenue from sales of electricity was divided into two components − sales of electricity and provision of services on maintaining the readiness of power capacity.

In accordance with the Investment Agreement No. 0622-12-2005 dated 31 December 2005, the Company had preferences related to exemption from corporate income tax. The effect of the preference extends to the corresponding year of acceptance of construction objects into operation by the State Acceptance Commission conducted on 13 December 2012. The preference for corporate income tax exemption lasted for 10 tax periods and expired on 13 December 2021.

Legal address and place of business

The Company's legal address: Moynak village, building 81, Zhylysay village, Kegen district, Almaty region, Republic of Kazakhstan.

2 Material Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounring Standards ("IFRS") under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 Material Accounting Policies (Continued)

Foreign currency translation

(i) Functional and presentation currency

All amounts in these financial statements are presented in thousands of Kazakhstani Tenge ("Tenge"), unless otherwise stated.

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is Tenge.

(ii) Transactions and balances in foreign currency

Foreign currency transactions are recorded at the exchange rate at the date of transactions.

Gains and losses resulting at the date of settlements on these transactions and as a result of translation of monetary assets and liabilities denominated in foreign currency are recorded in the statement of profit or loss and other comprehensive income.

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

Financial instruments

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire the asset at the purchase date and includes transaction costs. Cost measurement applies only to investments in equity instruments that do not have a quoted market price and whose fair value cannot be measured reliably, and to derivatives that are linked to such unquoted equity instruments, and redeemable in such equity instruments.

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The Company did not change its business model during the current and comparative period and did not make any reclassifications.

(i) Financial assets

As of December 31, 2023 and December 31, 2022, the Company's financial assets were classified as measured at amortized cost.

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

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

2 Material Accounting Policies (Continued)

(ii) Financial liabilities

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

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

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

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

Financial liabilities are classified as subsequently measured at amortized cost.

Trade and other receivables

Trade and other receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined in accordance with IFRS 15 less an allowance for impairment, which is determined using an expected credit losses model.

Trade and other receivables, excluding prepayments of taxes and advances to suppliers, are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the services relating to the prepayments are received. If there is an indication that the assets, goods, or services relating to a prepayment will not be received, the carrying amount of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year. Tax prepayments are recognized at the amounts actually paid less any allowance for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at AC. Restricted balances are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

The allowance for impairment of cash and cash equivalents is determined using the expected credit loss model.

2 Material Accounting Policies (Continued)

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction from proceeds, net of taxes. The decision of the Board of Directors of the Company for each individual issue of shares determines the cost of each share, as well as the number of shares in accordance with the law. The excess of the fair value of funds received over the par value of shares issued is recognized in equity as share premium.

Other reserves

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

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

Other reserves also include gain on initial recognition of loans received from the shareholder with non-market terms.

Value added tax

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

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

Trade and other payables

Trade and other accounts payable are accrued upon the fact that the counterparty fulfills its contractual obligations. Trade and other payables, other than advances received, are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Advances received are reflected at actual amounts received from third parties.

Property, plant and equipment

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

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant, and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset’s fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed (if needed) if there has been a change in the estimates used to determine the asset’s value in use or fair value less costs to sell.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss for the year.

2 Material Accounting Policies (Continued)

Depreciation

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

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

Borrowings

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

Borrowing costs for general and specific purposes that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a significant amount of time to prepare for its intended use or sale (qualifying assets) are included in the cost of that asset..

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Company has a present (legal or constructive) obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Obligations to pay statutory payments and fees, such as taxes other than income taxes and duties, are recognized upon the occurrence of an obligatory event giving rise to the obligation to pay such payments in accordance with the law, even if the calculation of such statutory payments is based on period data preceding the period when the obligation to pay them arises. If a mandatory payment is made before the obligatory event occurs, the prepayment must be recognized.

Revenue recognition

Revenue is the income arising in the course of the Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of value added taxes.

Sales of electricity

Revenue from the sale of electricity is recognized at the time of transfer of control over electricity, i.e. at the time of transfer of electricity to the buyer at the point of delivery. The point of delivery is the point of connection of the Company's power plant to electricity transmission networks. Also, the point of delivery is the point of connection of the power plant and other energy sources to electricity transmission networks, from which the Company supplies electricity to the buyer according to a replacement scheme.

Revenue is determined based on actual volumes of electricity sold. Revenue amount is determined according to the tariffs approved by the Ministry of Energy of the Republic of Kazakhstan.

No element of financing is deemed present as the sales are made with a credit term of 5 to 45 days, which is consistent with market practice.

2 Material Accounting Policies (Continued)

Trade receivables are recognized when electricity is sold at the point of connection of the Company's power station to the electricity transmission grids of KEGOC JSC (the "system operator") or Alatau Zharyk Company JSC, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The actual volume of electricity transmitted for a billing period is supported by the electric power supply certificate executed based on the system operator's data. Customers are invoiced on a monthly basis and consideration is payable after invoices are issued.

Sales of power capacity regulation services

The Company provides power capacity regulation services. Revenue from providing the services is recognised in the accounting period in which the services are rendered. Revenue is determined based on actual volumes of services received by the buyer based on monthly reports on power capacity regulation services from the system operator of the unified electric grid.

The contract provides for payment per one kWh of regulated capacity per month, and revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis based on the report signed for the reporting month.

Sales of services on maintaining the readiness of power capacity

The Company also provides services on maintaining the readiness of power capacity. Revenue from providing the services on maintaining the readiness of power capacity is recognised in the accounting period in which the services are rendered. Revenue is determined based on actual volumes of capacity maintained based on monthly reports on readiness of power capacity from the Single buyer, according to the available power capacity Market Rules.

The contract provides for payment per one MWh of maintained available capacity per month, and revenue is recognised in the amount to which the Company has a right to invoice. The Single buyer is invoiced on a monthly basis based on the report signed for the reporting month.

Interest income and expense

Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts.

Employee benefits

Labour costs, social insurance fund deductions, annual paid vacations and sick leaves, premiums and non-monitory benefits are accrued and withheld по as relevant works are performed by the Company employees. According to the requirements of the legislation of the Republic of Kazakhstan, on behalf of its employees the Company withholds such pension and termination benefits and transfers them to the accumulation pension fund. Upon retirement, the financial obligations of the Company cease and all payments are made by the accumulation pension fund.

Income tax

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

Taxable profits or losses are based on estimates if the financial statements are authorized before the relevant tax returns are filed. Taxes other than income taxes are recorded as operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2 Material Accounting Policies (Continued)

The Company's uncertain tax positions are assessed by management at the end of each reporting period. Liabilities recorded for income tax positions are recorded when management believes that it is more probable than not that additional tax liabilities will arise if the Company's tax position is challenged by tax authorities. This assessment is made based on the interpretation of tax laws in effect at the end of the reporting period, as well as any known court rulings or other decisions on similar issues. Liabilities for fines, penalties and taxes, other than income taxes, are recorded based on management's best estimate of the costs required to settle the liability at the end of the reporting period.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

The impact of changes in legislation regulating tariff policy and electricity market issues on the Company's results

Since 1 January 2019, due to the introduction of power capacity market, revenue from sales of the Company's electricity is divided into two main components − sales of electricity and provision of services on maintaining the readiness of power capacity.

During 2019, the Company raised issues before the Ministry of Energy of the Republic of Kazakhstan regarding the need in legislative amendments in order to obtain an individual tariff that would allow repayment of the borrowings attracted for construction of the hydro-power station in full and on time and ensure that the carrying amount of property, plant and equipment is recoverable.

On 16 October 2019, the Individual Investment Agreement for Commissioned Power Station was signed between the Company and Ministry of Energy of the Republic of Kazakhstan. In accordance therewith, the individual tariff for service for maintenance of the readiness of electric capacity was set in the amount that would ensure appropriate cash flows for repayment of principal amounts of the outstanding borrowings, specifically: for 2020-2025 – Tenge 2,563.67 thousand/MW per month, for 2026 – Tenge 1,887.82 thousand/MW per month. Furthermore, on 18 November 2019 the Company entered into the purchase agreement with the Settlement and Financial Center for Support of Renewable Energy Sources LLP (the "RFC") for the service for maintenance of the readiness of electric capacity for 2020. On 23 December 2021, the Company signed Addendum No. 2, that extended the contract term until 31 December 2026.

In accordance with the Law of the Republic of Kazakhstan "On Supporting the Use of RES," during the first half of 2023, a premium was applied to support the use of RES based on the costs of supporting RES and the volume of electricity supplied by EPOs, which are conditional consumers. From January 1, 2023 to May 31, 2023, the selling tariff for electricity was 13.68 tenge per 1 kWh. On May 26, 2023, by Order of the Ministry of Energy of the Republic of Kazakhstan (No. 192), the maximum tariff for electricity production was approved in the amount of Tenge 12.77 per 1 kWh, effective from June 1, 2023. The selling tariff for electricity, taking into account the RES surcharge, from June 1 to June 30, 2023 was Tenge 14.74 per 1 kWh. According to the agreement dated August 1, 2023 on the termination of the contract for the sale by the Settlement and Financial Center to conditional consumers of electrical energy produced by facilities using renewable energy sources to agreement No. DU-08-01/37 dated December 20, 2022, the allowance for supporting renewable energy sources was excluded. The selling tariff for electricity from July 1, 2023 to 2025 is equal to the level of the approved marginal tariff in the amount of Tenge 12.77 per 1 kWh.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

From 1 July 2023, a new model of power market was introduced with the implementation of a Single Power Purchaser, Settlement and Financial Center for Support of Renewable Energy Sources LLP ("RFC") and a real time balancing electricity market ("BEM"). The Company conducted an analysis to assess the impact of changes on the revenue recognition process in accordance with IFRS 15 "Revenue from Contracts with Customers". The new model of the electricity sales market, which came into force on July 1, 2023, did not have a significant impact on the process of recognizing revenue from the sale of electricity. Management expects the Company to generate sufficient cash flow from operating activities to cover expenses, including interest expense.

Going concern

Management prepared these financial statements on a going concern basis. In making this judgement management considered the Company's financial position, current intentions, profitability of operations and access to financial resources, and analysed the impact of the situation in the financial markets on the operations of the Company.

As of 31 December 2023, current assets exceeded current liabilities by Tenge 3,013,176 thousand.

The following factors were considered in assessing the ability of the Company to continue as a going concern:

- The Company is a strategic entity in the electricity power generation in Almaty city and Almaty region.
- The Southern Kazakhstan is an energy-deficit region and Moynak HPP plays an important role of the main source of power capacity regulation.
- The Company is in compliance with the terms of loan and bond agreements.
- The Company signed an agreement with Samruk-Energy on opening a reverse credit line on 1 November 2018 with the interest rate of 8% per annum.
- On September 26, 2022, the Company signed an agreement on opening a reverse line of financial assistance with a limit of Tenge 4 billion.
- Current loan liabilities under loans and bonds as of December 31, 2023, included debt under bonds to Samruk-Energy JSC in the amount of Tenge 7,624,989 thousand (Note 11), which accounted for approximately 83% of total current liabilities.
- Considering the approved tariffs for 2024, the Company expects positive cash flows from operating activities in 2024 in the amount of Tenge 11.7 billion, which will be sufficient to settle its current liabilities.
- The management has neither the intention nor the necessity to liquidate or significantly reduce the Company's operations.

Given the above, management has concluded that the Company will generate sufficient cash flows to ensure recoverability of the carrying amount of its property, plant and equipment and full settlement of its borrowing liabilities in a timely manner. Management notes that the future profitability of the Company is significantly dependent on the impact of changes in legislation governing the tariff policy.

Provisions for asset retirement obligations

Elimination of the consequences of the operation of other facilities that have a negative environmental impact.

The management of the Company also conducted an analysis regarding the existence and necessity of recognising obligations for decommissioning, dismantling and rehabilitation of the territory of the Company's production complex.

3 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

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

Based on the analysis performed by the Company's specialists, as well as based on the interpretation of the current environmental legislation and IFRS requirements, in 2022 the Company recognized a liability for the decommissioning, dismantling and rehabilitation of the Company's facilities. Management believes that as at December 31, 2023 there were no significant changes in previously recognized amounts.

The obligation for decommissioning, dismantling and rehabilitation was assessed and recognized in relation to the category II facilities, according to the environmental code classification, facilities that have a moderate negative environmental impact, as well as technologically related facilities, and located on the territory of the industrial site. The Company has estimated the asset retirement obligations based on the methodology approved by the Environmental Code.

Calculation of asset retirement obligations as of 31 December 2022 was performed by the Company based on the results of assessments performed by internal specialists. The scope of work provided for by law and included in the calculation included the dismantling of facilities and infrastructure (dam, tunnels, equipment, buildings and other facilities) and subsequent land restoration.

Estimates and judgments

Significant judgments used in such estimations include estimate of the inflation and discount rates, as well as the timing of work to eliminate the consequences of the operation of facilities. The discount rate is applied to the nominal cost of works and materials the management expects to spend in the future. Accordingly, management's estimates based on current prices are inflated using the expected long-term inflation rate: 3.72%, taking into account the performance of liquidation measures in 2082, and subsequently discounted using the discount rate. The discount rate reflects current market estimates of the time value of money and those risks specific to the liabilities not reflected in the best estimate of the costs. The discount rate used for calculation of the provision at 31 December 2023 was 9.6%, taking into account the performance of liquidation measures in 2082. As at 31 December 2023, the total carrying amount of the provision for environmental protection was Tenge 25,540 thousand.

Management has also applied judgment on the timing of the liquidation of the consequences of the operation of the Company's facilities. In estimating these terms, management considered the following factors: all buildings and constructions are annually inspected at the prescribed intervals, observations are made by the technical services of the divisions and the department of capital construction and reconstruction, based on the results of which recommendations are made on the need for current and major repairs, strengthening individual constructions, if necessary. The Company annually spends significant funds to carry out current and major repairs of buildings, conduct their periodic, at least at the established period, surveys by specialized organizations to check compliance with applicable rules and regulations.

Due to the fact that the requirements of the Environmental Code are relatively new, there is no practice of applying these requirements, and there are some ambiguities in the legislation, management has applied significant judgments in terms of assessing the existence of liabilities and their amounts. In the event of changes in environmental legislation, its interpretation and practice, as well as in the judgments and estimates of the Company, such obligations may be revised in the future.

4 Adoption of New or Revised Standards and Interpretations

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

- Deferred tax on assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021, effective for annual periods beginning on or after 1 January 2023)
- Classification of liabilities as current or non-current - Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022).
- Classification of liabilities as current and non-current - postponement of the effective date - Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Guide 2: Disclosures of Accounting Policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and amendments to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Transition option for insurers in applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023).

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

- Amendments to IFRS 16 Leases: Lease Liabilities in Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on 1 January 2024 or after this date).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Financing Arrangements (issued 25 May 2023).
- Amendments to IAS 21 No Fungibility (issued 15 August 2023).

Amendments published, but postponed, and which the Company did not adopt early:

- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

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

5 Balances and Transactions with Related Parties

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

Related parties include entities under control of Samruk-Kazyna. The government has the ultimate control over the Company. The Company decided to apply the exemption from disclosure of individually insignificant transactions and balances with the government and parties that are related to the government because the Kazakh state has control, joint control or significant influence over such parties.

The Company purchases from and sells services to a large number of government-related entities. Such purchases and sales are individually insignificant and are generally entered into on an arm's length basis. Transactions with the government also include taxes which are disclosed in Note 17.

As part of organizations under state control, balances and transactions with "Development Bank of Kazakhstan" JSC, "Financial Settlement Center for Support of Renewable Sources" LLP, and "KOREM" JSC were disclosed.

The nature of relationships with those related parties with whom the Company carried out significant transactions or has significant settlement account balances as at December 31, 2023 and 2022, are presented below.

The outstanding balances with related parties as at 31 December 2023 are presented below.

In thousands of Kazakhstani Tenge	**Note**	**Entities under common control and joint ventures of Samruk-Energy JSC**	**Entities under common control and joint ventures of Samruk-Kazyna JSC, except Samruk-Energy JSC**	**Other state-controlled companies/ entities**
Gross amount of trade and other receivables		873,060	77,866	2,602,705
Loans issued		-	-	-
Trade and other payables		(11,144)	(30,829)	(17,820)
Borrowings	11	(19,624,989)	-	(6,865,628)

The outstanding balances with related parties as at 31 December 2022 are presented below.

In thousands of Kazakhstani Tenge	**Note**	**Entities under common control and joint ventures of Samruk-Energy JSC**	**Entities under common control and joint ventures of Samruk-Kazyna JSC, except Samruk-Energy JSC**	**Other state-controlled companies/ entities**
Gross amount of trade and other receivables		1,424,205	44,997	1,625,736
Loans issued		1,443,665	-	-
Trade and other payables		(11,681)	(48,517)	(177,660)
Borrowings	11	(25,070,712)	-	(11,756,694)

5 Balances and Transactions with Related Parties (Continued)

The income and expenses items on transactions with related parties for the year ended 31 December 2023 are presented below.

In thousands of Kazakhstani Tenge	**Entities under common control and joint ventures of Samruk-Energy JSC**	**Entities under common control and joint ventures of Samruk-Kazyna JSC, except Samruk-Energy JSC**	**Key management personnel**	**Other state-controlled companies/ entities**
Revenue from contracts with customers	1,003,217	1,431,953	-	15,439,165
Cost of sales	(72,935)	(365,143)	(31,370)	(898,542)
General and administrative expenses	-	(22,413)	(50,239)	-
Finance income	170,252	-	-	190,319
Finance costs	(3,446,720)	(43,845)	-	(825,777)

The income and expenses items on transactions with related parties for the year ended 31 December 2022 are presented below.

In thousands of Kazakhstani Tenge	**Entities under common control and joint ventures of Samruk-Energy JSC**	**Entities under common control and joint ventures of Samruk-Kazyna JSC, except Samruk-Energy JSC**	**Key management personnel**	**Other state-controlled companies/ entities**
Revenue from contracts with customers	4,888,575	1,701,356	-	8,904,395
Cost of sales	(67,848)	(424,866)	(34,062)	(1,614,157)
General and administrative expenses	-	(16,636)	(30,042)	(268,279)
Finance income	190,385	-	-	-
Finance costs	(3,346,198)	(52,113)	-	(926,587)

Entities under common control and joint ventures of Samruk-Energy JSC

Finance income includes amortization of the discount on financial aid issued to Samruk Energy JSC.

Finance costs mainly include interest on coupon bonds of Samruk-Energy JSC accrued during 2023 and 2022, respectively.

Entities under common control and joint ventures of Samruk-Energy JSC, except for Samruk-Energy JSC

During the years 2023 and 2022, the Company sold electricity primarily to “KTZh - Freight Transportation” LLP, and mainly provided electricity regulation services to “Kazakhstan Electric Network Management Company” JSC.

Other state-controlled companies/entities

Revenue and cost of sales include transactions with “Settlement and Financial Center for Support of Renewable Energy Sources” LLP and “KOREM” JSC.

Finance costs mainly include interest on loans from Development Bank of Kazakhstan JSC accrued during the years 2023 and 2022, respectively.

5 Balances and Transactions with Related Parties (Continued)

Key management personnel compensation represents salaries, bonus for the year and other short-term employee benefits. Key management personnel as at 31 December 2023 includes 5 persons (2022: 4 persons). The amount due to key management personnel as at 31 December 2023 was Tenge 65,456 thousand, and 46,409 thousand as at 31 December 2022.

6 Property, Plant and Equipment

In thousands of Kazakhstani Tenge	**Buildings and constructions**	**Machinery and equipment**	**Vehicles**	**Right-of-use assets**	**Other**	**Construction in progress**	**Total**
Cost as at 1 January 2022	32,377,817	15,516,812	451,200	178,289	116,765	605,523	49,246,406
Accumulated depreciation	(4,997,644)	(7,110,573)	(238,516)	(71,161)	(91,885)	-	(12,509,779)
Carrying amount as at 1 January 2022	**27,380,173**	**8,406,239**	**212,684**	**107,128**	**24,880**	**605,523**	**36,736,627**
Additions	19,072	30,942	33,726	9,083	10,555	27,702	131,080
Disposals	-	(1,512)	-	-	(5,614)	-	(7,126)
Transfers	-	-	320	-	-	(320)	-
Depreciation	(591,253)	(817,398)	(45,954)	(25,932)	(5,420)	-	(1,485,957)
Cost as at 31 December 2022	32,396,889	15,546,242	485,246	187,372	121,706	632,905	49,370,360
Accumulated depreciation	(5,588,897)	(7,927,971)	(284,470)	(97,093)	(97,305)	-	(13,995,736)
Carrying amount as at 31 December 2022	**26,807,992**	**7,618,271**	**200,776**	**90,279**	**24,401**	**632,905**	**35,374,624**
Additions	-	427	53,666	-	18,900	463,013	536,006
Disposals	-	(131)	-	-	(62)	(127,895)	(128,088)
Transfers	290,010	(9,698)	9,698	-	-	(290,010)	-
Depreciation	(597,134)	(789,902)	(52,768)	(24,145)	(10,745)	-	(1,474,694)
Cost at 31 December 2023	32,686,899	15,536,840	548,610	187,372	140,544	678,013	49,778,278
Accumulated depreciation	(6,186,031)	(8,717,873)	(337,238)	(121,238)	(108,050)	-	(15,470,430)
Carrying amount as at 31 December 2023	**26,500,868**	**6,818,967**	**211,372**	**66,134**	**32,494**	**678,013**	**34,307,848**

Construction in progress consists mainly of the following construction services and property, plant and equipment:

In thousands of Kazakhstani Tenge	**2023**	**2022**
Feasibility study, additional works on filtration elimination (reduction) of the left and right coasts of the Bestyubinsk Reservoir dam	359,940	220,734
Main constructions and auxiliary facilities	318,073	412,171
Total construction in progress	**678,013**	**632,905**

6 Property, Plant and Equipment (Continued)

Depreciation of property, plant and equipment is included in the following cost items:

In thousands of Kazakhstani Tenge	2023	2022
Cost of sales	1,440,888	1,457,959
General and administrative expenses	33,496	27,386
Other expenses	310	612
Total depreciation of property, plant, and equipment	**1,474,694**	**1,485,957**

7 Trade and Other Receivables

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Receivables from sales of electricity, services on maintaining the readiness of power capacity and power capacity regulation services	3,659,684	3,508,517
Less: credit loss allowance	(5,127)	(4,028)
Total financial assets within trades and other receivables	**3,654,557**	**3,504,489**
Advances to suppliers for goods and services	46,726	53,613
Other receivables	37,924	155,635
Total trade and other receivables	**3,739,207**	**3,713,737**

As at December 31, 2023, and December 31, 2022, all the Company's accounts receivable are denominated in Kazakhstani Tenge.

8 Loans Issued

As part of the reverse line of financial assistance in the amount of Tenge 4,000,000 thousand with Samruk-Energy JSC (Note 3), on 26 September 2022, the Company issued a short-term loan of Tenge 2,000,000 thousand. In 2022, the Company recognized a loss on initial recognition within other reserves in the amount of Tenge 277,348 thousand. In 2022, Samruk-Energy JSC partially repaid the debt of Tenge 400,000 thousand. As at December 31, 2023, Samruk-Energy JSC fully repaid the remaining debt in the amount of Tenge 1,600,000 thousand.

9 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Repurchase and reverse repurchase agreements ("reverse repo") with with an original maturity of up to three months	3,244,665	-
Cash at current bank accounts	220,467	1,197,343
Less: credit loss allowance	(28)	(225)
Total cash and cash equivalents	**3,465,104**	**1,197,118**

As at the reporting date for portfolio diversification purposes the Company has used repurchase and reverse repurchase agreements (“reverse repo”) which are presented by transactions on placement of cash for a short period of time (1-7 days) at stock exchange and collateralised by securities with a rating not less than the sovereign one. These transactions allowed to increase the Company's profitability.

As at December 31, 2023, and December 31, 2022, all of the Company's cash and cash equivalents are denominated in Kazakhstani Tenge.

10 Share Capital

	31 December 2023	31 December 2022
Number of authorised and issued shares	460,200	460,200
Value of 1 share, in Tenge	10,000	10,000
Total share capital, in thousands of Tenge	**4,602,000**	**4,602,000**

All issued ordinary shares are fully paid. As at 31 December 2023 and 2022, the Company did not declare the dividend distribution to its shareholder. The Company has a range of restrictions in terms of dividend distribution according to the loan agreements.

11 Borrowings

In thousands of Kazakhstani Tenge	Note	31 December 2023	31 December 2022
Long-term portion			
Samruk-Energy – bonds	5	12,000,000	17,988,591
Development Bank of Kazakhstan	5	5,258,836	9,051,122
Total borrowings – long-term portion		**17,258,836**	**27,039,713**
Short-term portion			
Samruk-Energy – bonds	5	7,624,989	7,082,121
Development Bank of Kazakhstan	5	1,606,792	2,705,572
Total borrowings – short-term portion		**9,231,781**	**9,787,693**
Total borrowings		**26,490,617**	**36,827,406**

Samruk-Energy JSC

Bonds. Within the first bond programme, on 18 June 2019 the Company issued and placed 47,000,000 coupon bonds at the nominal amount of Tenge 1,000 with a 11% p.a interest rate. The bonds were issued for the purposes of refinancing of the loan from the State Bank of China. The maturity of the bonds is 7 years. The bonds were issued with no collateral at Astana International Exchange and purchased by Samruk-Energy. During the reporting period, the Company resold redeemed coupon bonds in the amount of 1,500,000 units at a par value of Tenge 1,000 in accordance with the approved terms of the bonds issue. The interest rate on the bonds was revised from 11% to a floating rate, which is calculated using the formula "Base Rate of the National Bank of the Republic of Kazakhstan + Margin 2%". The funds received from the repeated sale of bonds were used to fully repay the foreign currency loan obtained from Development Bank of Kazakhstan JSC. From 2020 and as of December 31, 2023, the Company repurchased bonds in the total amount of Tenge 29,000,000 thousand.

Development Bank of Kazakhstan JSC

On 14 December 2005 and 16 January 2008, the Company received a loan in the form of two tranches from Development Bank of Kazakhstan JSC, a related party, in the amount of USD 25,000 thousand and USD 26,058 thousand with the interest rates of 1.15*6MLIBOR+1.15% and 8% per annum, respectively. The loans were granted for the period of 20 years. On 6 December 2012, the Company signed the Supplementary Agreement for changing the second tranche interest rate from 8% to 7.55%, relating to the amount of USD 1,563 thousand for subsequent loans. During the reporting period, the foreign currency loan, the first tranche, including the principal amount and interest, was repaid in full and ahead of schedule.

On 28 November 2019, the Company entered into an addendum to change the currency of the second tranche of the loan from US Dollars to Tenge with the interest rate change to 10.72%.

11 Borrowings (Continued)

On 17 June 2011, the Company signed the contract with the Development Bank of Kazakhstan JSC for the provision of the third tranche in the amount of Tenge 12,285,000 thousand at the interest rate of 12% per annum. The loan is granted for the period of 17 years. On 6 December 2012, the Company signed the Supplementary Agreement for changing the third tranche interest rate from 12% to 7.55%, relating to the amount of Tenge 8,924,392 thousand of loans after that date.

During 2023, the amounts of payments on loans from the Development Bank of Kazakhstan JSC was Tenge 5,660,617 thousand (2022: Tenge 3,315,251 thousand).

Bank loans are secured as follows:

- Guarantee from Samruk-Energy JSC in the amount of Tenge 1,079,213 thousand dated 13 December 2012;
- Guarantee of National Welfare Fund Samruk-Kazyna JSC in the amount of Tenge 12,285,000 thousand dated 1 July 2011;
- Guarantee from Samruk-Energy JSC in the amount of Tenge 4,545,554 thousand dated 28 November 2019.

Bank loans are denominated in the following currencies:

In thousands of Kazakhstani Tenge	**Currency**	**31 December 2023**	**31 December 2022**
Samruk-Energy (bonds)	Tenge	19,624,989	25,070,712
Development Bank of Kazakhstan	Tenge	6,865,628	8,321,221
Development Bank of Kazakhstan	US Dollar	-	3,435,473
Total borrowings		**26,490,617**	**36,827,406**

The carrying amounts and fair values of the borrowings are presented below:

	Carrying amount		**Fair value**	
In thousands of Kazakhstani Tenge	**2023**	**2022**	**2023**	**2022**
Samruk-Energy (bonds)	19,624,989	25,070,712	19,624,989	25,096,664
Development Bank of Kazakhstan	6,865,628	11,756,694	5,971,537	10,249,316
Total borrowings	**26,490,617**	**36,827,406**	**25,596,526**	**35,345,980**

Reconciliation of liabilities arising from financing activities

The table below sets out an analysis of liabilities from financing activities and the movements in the Company's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported under financing activities in the statement of cash flows, except for interest payment, which is reported under operating activities:

In thousands of Kazakhstani Tenge	**2023**	**2022**
Liabilities from financing activities as at 1 January	36,827,406	46,896,556
Proceeds from bonds issuance	1,500,000	-
Repayment of borrowings	(11,741,104)	(10,371,519)
Interest accrual	4,161,991	4,206,726
Interest payment	(4,242,093)	(4,255,649)
Foreign exchange adjustments	(56,228)	352,116
Other non-cash movements	40,645	(824)
Liabilities from financing activities as at 31 December	**26,490,617**	**36,827,406**

12 Trade and Other Payables

In thousands of Kazakhstani Tenge	**31 December 2023**	**31 December 2022**
Trade payables	393,112	313,344
Other payables	35,530	28,811
Total financial trade payables	**428,642**	**342,155**
Other payables		
Tax liabilities	566,216	655,473
Accrued vacation liabilities	27,542	32,795
Current estimated liabilities	11,583	288,474
Advances received	3,014	362,001
Other payables	78,074	75,691
Total trade and other payables	**1,115,071**	**1,756,589**

13 Revenue from Contracts with Customers

Analysis of revenue by sales streams:

In thousands of Kazakhstani Tenge	**2023**	**2022**
Revenue from electricity sales	12,445,096	13,099,510
Revenue from services on maintaining the readiness of power capacity	8,992,073	8,904,395
Revenue from power capacity regulation services	283,065	800,375
Total revenue from contracts with customers	**21,720,234**	**22,804,280**

All revenue is recognized over time. From July 1, 2023, in accordance with the Law of the Republic of Kazakhstan, “On introducing changes and additions to some legislative acts of the Republic of Kazakhstan on administrative reform in the Republic of Kazakhstan dated April 19, 2023, Art. 401 of the Civil Code of the Republic of Kazakhstan, the model for the sale of electricity was changed - a “Balancing Electricity Market” (“BEM”) was introduced; entities of the balancing electricity market, regardless of the form of ownership, are obliged to sell to the RFC the hourly negative imbalances they have allowed at prices and in the manner determined in accordance with paragraph 5 of Article 15–10 of the Law of the Republic of Kazakhstan and the BEM Rules. The new model of the electricity sales market, which came into force from July 1, 2023, did not have a significant impact on the process of electrity sales revenue recognition.

The selling tariff for electricity from July 1, 2023, is Tenge 12.77 per kWh. without VAT. The tariff for the service for maintaining the readiness of electric power is established in the Individual Investment Agreement dated October 16, 2019, signed between the Company and the Ministry of Energy of the Republic of Kazakhstan, is Tenge 2,563.67 thousand/MW per month for 2020 - 2025 and Tenge 1,887.82 (excluding VAT) thousand/ MW per month for the year 2026.

The decrease in revenue from the sale of electricity regulation services is due to the fact that consumer demand decreased after the introduction of BEM. At the end of 2022, the Company entered into agreements for electric energy regulation services with “Almatyenergosbyt” LLP and “Kazakhstan Electric Grid Management Company” JSC (“KEGOC”). After changing the methodology for selling electrical energy, as well as introducing BEM from July 1, 2023, the demand from KEGOC for the service of regulating electrical energy decreased. From July 1, 2023, contracts with “Almatyenergosbyt” LLP and RFC for electricity regulation services were terminated. In this regard, the share of purchased electricity was sold only in January – June 2023.

The operating segment within which the Company operates is production of electric energy. All sales are carried out in the Republic of Kazakhstan.

14 Cost of Sales

In thousands of Kazakhstani Tenge	**2023**	**2022**
Depreciation of property, plant, and equipment	1,440,888	1,457,959
Purchased electricity from RES	856,788	1,608,180
Salary expense, including provisions for vacations and other employee benefits	739,395	692,225
Taxes (property tax)	401,815	515,269
Technical dispatching services for supply of electricity	367,319	429,104
Security services	129,719	106,557
Licenses, permits, duties, payments, etc.	62,286	92,971
Repair and maintenance	46,676	94,007
Fuel	89,758	20,219
Insurance	19,844	21,623
Other expenses	295,617	219,416
Total cost of sales	**4,450,105**	**5,257,530**

15 General and Administrative Expenses

In thousands of Kazakhstani Tenge	**2023**	**2022**
Salary expense, including provisions for vacations and other employee benefits	235,735	232,039
Consulting and other professional services	81,259	78,671
Depreciation of property, plant, and equipment	33,496	11,871
Materials	17,476	7,192
Penalties and returns to the budget	-	389,127
Other	29,404	58,387
Total general and administrative expenses	**397,370**	**777,287**

In 2022, penalties and refunds to the budget mainly included the following: in accordance with Order No. 30-B dated September 23, 2022, of the Internal State Audit Committee of the Ministry of Finance of the Republic of Kazakhstan, an audit was carried out regarding compliance with the conditions of the procedures for the provision and use of state-guaranteed loans for the period from January 1, 2005, to May 31, 2022. Based on the results of the inspection, a fine in the amount of Tenge 268,279 thousand was accrued and paid. Also, during 2022, based on the tax audit and in accordance with the notice of audit results No. 92 dated January 26, 2023, the Company recognized an expense in the amount of Tenge 51,906 thousand.

The remuneration paid to the Company's auditor for the audit of the financial statements for the year ended 31 December 2023 amounted to Tenge 11,583 thousand (2022: Tenge 11,137 thousand).

16 Finance Income and Costs

In thousands of Kazakhstani Tenge	**2023**	**2022**
Interest income	642,083	469,201
Unwinding of discount on loans issued	173,960	136,956
Net foreign exchange gains from borrowings	56,228	-
Total finance income	**872,271**	**606,157**
Interest expenses	4,161,991	4,206,726
Net foreign exchange gains from borrowings	-	352,116
Other finance costs	229,264	240,550
Total finance costs	**4,391,255**	**4,799,392**

16 Finance Income and Costs (Continued)

Other finance costs include commissions for provision of a guarantees on the loan from the Development Bank of Kazakhstan, from National Welfare Fund Samruk-Kazyna JSC and Samruk-Energy JSC in the amount of Tenge 142,301 thousand (2022: Tenge 173,017 thousand).

17 Taxes

Income tax expense

In thousands of Kazakhstani Tenge	**2023**	**2022**
Current income tax expense	2,569,711	2,575,910
Deferred income tax expense	6,577	37,799
Income tax expense for the year	**2,576,288**	**2,613,709**

A reconciliation between the expected and the actual taxation charge is provided below:

In thousands of Kazakhstani Tenge	**2023**	**2022**
Profit before tax	13,314,143	12,595,039
Theoretical tax charge at statutory rate of 20% (2022: 20%)	2,662,829	2,519,008
Other non-deductible/(non-taxable) differences	(86,541)	94,701
Total income tax expense	**2,576,288**	**2,613,709**

Differences between IFRS and tax legislation of the Republic of Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities in accounting and their tax bases. The tax effect of the movements in these temporary differences is detailed below and is recorded at tax rates, the application of which is expected in the period of temporary differences recovery.

Tax losses accrued by the Company in the period of exemption from the payment of corporate income tax (for 10 years) are not subject to recovery after the expiry of this term. Accordingly, tax assets have not been recognised for losses carried forward from previous tax periods.

Under investment agreement No. 0622-12-2005 dated 31 December 2005, the Company had preferences associated with exemption from corporate income tax. The effect of the preference extends to the corresponding year of commissioning of construction objects by the State Acceptance Commission conducted on 13 December 2012. The preference with exemption from corporate income tax lasted for 10 tax periods.

In accordance with paragraph 2-1 of Article 120 of the Code of the Republic of Kazakhstan “Concerning Taxes and other Mandatory Payments to Budget” (the “Tax Code”), the Company shall apply in its tax accounting the ceiling depreciation rates for determining depreciation deductions on fixed assets commissioned within the investment project under contracts with the provision of exemption from corporate income tax, signed before 1 January 2009 pursuant to the investment legislation of the Republic of Kazakhstan. The applied depreciation norms in accounting differ from tax accounting norms. Thus, temporary differences arise, the recovery of which will occur after the end of the investment contract. The Company recognizes the deferred tax liability related to such temporary differences.

In thousands of Kazakhstani Tenge	**1 January 2022**	**Charged to profit or loss**	**31 December 2022**	**Charged to profit or loss**	**31 December 2023**
Tax effect of deductible temporary differences					
Property, plant and equipment	4,327,455	37,798	4,365,253	6,577	4,371,830
Gross deferred income tax liability	4,327,455	37,798	4,365,253	6,577	4,371,830
Recognized deferred income tax liability	**4,327,455**	**37,798**	**4,365,253**	**6,577**	**4,371,830**

18 Contingencies and Commitments

Operating environment

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

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

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

Challenges posed by social tension resulted in domestic unrest in early 2022 and spill over from the Russia/Ukraine conflict and associated sanctions are offset by high prices for key export commodities and the increase in oil production from 2024 when the Tengiz oil field's expansion is expected to come onstream. According to the analysts' forecasts, the growth rate of the national economy in 2022-2025 will amount, on average, to about 3.6%.

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

As at the date of issuing these financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 450.61 per US Dollar 1 compared to Tenge 454.56 per US Dollar 1 as at 31 December 2023 (31 December 2022: Tenge 462.65 per 1 US Dollar).

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

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

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

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

18 Contingencies and Commitments (Continued)

Tax contingencies

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. In particular, existing subsurface use contracts do not have tax stability from 1 January 2009 and tax liabilities are computed under common regime. This could result in unfavourable changes to subsurface users' tax positions, including those of the Company. Non-compliance with Kazakhstani law and regulations as interpreted by the Company and the Kazakhstani authorities may lead to the assessment of additional taxes, penalties and interest.

Kazakhstani tax legislation and practice are in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some cases, to identify tax base tax legislation refers to IFRS, however interpretation of IFRS provisions by the Kazakhstani tax authorities may differ from accounting policies, judgments and estimates used by management for preparation of these financial statements, and this may result in additional tax liabilities for the Company. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

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

Environmental matters

Environmental protection legislation in the Republic of Kazakhstan is in its infancy, and the position of the state authorities of the Republic of Kazakhstan regarding ensuring its compliance is constantly changing. The Company periodically assesses its obligations related to its environmental impact. As liabilities are identified, they are recorded immediately.

Potential liabilities that may arise as a result of changes to existing regulations, civil action or legislation are not estimable but could be significant. However, based on its current interpretation of applicable law, management believes that the Company does not have any material liabilities in addition to the amounts already accrued and recognized in these financial statements that would have a material adverse effect on the Company's results of operations or financial condition.

In 2021, the new Environmental Code of the Republic of Kazakhstan came into force. The Code imposes requirements for eliminating the consequences of the operation of facilities by their operators, as well as providing financial support for the necessary measures. Necessary measures are determined based on the degree of negative impact on the environment, which implies differentiation of environmental requirements for each category of objects.

Management estimates that the requirements of the new Environmental Code have not resulted in additional material liabilities requiring recognition in addition to those recognized in the financial statements.

It is currently virtually impossible to assess the financial impact of the new requirements until a full assessment has been completed. But the cost of environmental compliance is expected to increase, either in the form of additional investment required for waste management and the development of appropriate monitoring processes, or in the form of higher fees for waste products.

Capital expenditure commitments

As of December 31, 2023, the Company has no contractual obligations to purchase fixed assets and capital services due to the termination of the contract for the procurement of construction and installation works between the Company and "Alko-A" LLP, as well as due to the absence of claims from the contractor (December 31, 2022: Tenge 127,895 thousand).

18 Contingencies and Commitments (Continued)

Covenants

The Company has certain covenants regarding bank borrowings. Failure to comply with these covenants could lead to negative consequences for the Company, including increased borrowing costs and default. Based on the results of 2023 and 2022, the Company complied with its borrowing covenants.

19 Financial Risk Management

The risk management function within the Company is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks

Credit risk

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

Exposure to credit risk arises as a result of the Company’s lending and other transactions with counterparties, giving rise to financial assets. The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position.

In 2023, the Company sold services to maintain the readiness of electric capacity, and power capacity regulation services to the following major customers: “Settlement and Financial Center for Support of Renewable Energy Sources” LLP, “AlmatyEnergoSbyt” LLP, and “KEGOC”.

Credit risk management

Management carefully manages its exposure to credit risk.

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

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies risk grades measured by external international rating agencies (Standard & Poor’s, Fitch, Moody’s), when available. These ratings are publicly available. Such ratings and the corresponding ranges of probability of default are used for the following financial instruments: cash and cash equivalents, current bank deposits, restricted cash and other Investments.

For financial instruments without a credit rating (receivables), credit risk is assessed based on the number of delayed payment days for each customer. Due to the specifics of the Company's activities, the Company obtains new customers very rarely. Potential new customers undergo a careful analysis of their financial position before establishing business relations with the Company.

Expected credit loss (ECL) measurement

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

19 Financial Risk Management (Continued)

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities.

Probability of default (PD) – PD is an estimate of the likelihood of default to occur over a given time period. *Loss given default (LGD)* – is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the *EAD*. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the ***effective interest rate*** *("EIR")* for the financial instrument or an approximation thereof.

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

For short-term trade receivables without a significant financing component, the Company applies a simplified approach stipulated by IFRS 9 and measures the loss allowance at expected lifetime credit losses from initial recognition of the receivables. The company uses a provision matrix in which the loss allowance is calculated based on trade receivables falling into different ageing or overdue periods. To measure expected credit losses, trades receivables are grouped based on shared credit risk characteristics i.e. receivables from individual customers and receivables from corporate customers. The non-recoverability analysis is conducted for the past 36 months in order to determine the general default ratio. Default rates are calculated for each interval of 30 days between 30 and 360 days. To determine the default rate for a certain debt interval, the Company applies the "migration matrix". The method assumes analysis of each invoice balance and calculates the percentage rate of receivables passing to the next ageing or overdue payment interval. Based on mathematical operations default rates are determined at the date of origination of the receivable and for each successive overdue payment interval.

The level of ECL that is recognised in these financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition.

This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying amount and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

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

Receivables are classified either within stage 2 or stage 3:

- Stage 2 includes receivables, for which a simplified approach was applied to measure expected credit losses during the loan period, except for certain trade receivables classified in Stage 3,
- Stage 3 includes receivables overdue by more than 90 days or individually determined to be impaired.

Financial assets are written off in full or partially when the Company has practically applied all debt recovery measures and concluded that there are no reasonable grounds to expect a return of the debt. This is usually the case when the asset is overdue for more than 360 days.

19 Financial Risk Management (Continued)

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECLs both incorporate supportable forward-looking information. The Company identified certain key economic variables that correlate with developments in credit risk and ECLs. Forecasts of economic variables (the "base economic scenario") provide the best estimate of the expected macro-economic development over the next years. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

For receivables, a forward-looking adjustment based on a macroeconomic function is not applied. The Company does not adjust the model of expected credit losses with forward-looking information, as it believes that long-term macroeconomic development does not play a major role in forming the risk profile in this segment.

The table below shows credit ratings (if available) at the end of the relevant reporting period for the counterparties with available risk ratings. Financial receivables relate to debtors without a credit rating.

In thousands of Kazakhstani Tenge	Note	Rating (S&P)	31 December 2023	31 December 2022
Financial receivables	7	N/A	3,654,557	3,504,489
Total financial receivables			**3,654,557**	**3,504,489**
Short-term financial investments				
First Heartland Jysan Bank JSC		BB	2,757	2,228
Total short-term financial investments			**2,757**	**2,228**
Other investments				
First Heartland Jysan Bank JSC		BB	187,330	170,069
Total other investments			**187,330**	**170,069**
Cash and cash equivalents	9			
Repo secured by government securities		BBB-	3,244,665	-
Eurasian Bank JSC		BB	219,667	-
Freedom Finance JSC		B	500	500
Halyk Bank JSC		BB+	272	396,210
Center Credit Bank JSC		BB+	-	45
Forte Bank JSC		BB+	-	800,363
Total cash at current bank accounts			**3,465,104**	**1,197,118**
Total maximum exposure to credit risk			**7,309,748**	**4,873,904**

19 Financial Risk Management (Continued)

The table below shows the outstanding debt of major consumers as of the end of the relevant reporting period:

In thousands of Kazakhstani Tenge	Note	31 December 2023	31 December 2022
"Settlement and Financial Center for Support of Renewable Energy Sources" LLP		2,345,681	1,625,736
"AlmatyEnergoSbyt" LLP”	5	873,060	1,424,205
Others		440,943	458,573
Total customer debt for electricity		**3,659,684**	**3,508,514**

Calculation of impairment losses on trade receivables

The Company applies a provision matrix to calculate expected credit losses. To measure expected credit losses, trade receivables were classified based on the general features of credit risk and past due days.

The probability of recovery of receivables is estimated in line with historical data, since the balance comprises a group of dispersed items, which are grouped based on the similarity of credit risk and past customer behaviour.

Market risk

The Company takes on exposure to market risks. Market risks arise from open positions in (a) currency, (b) interest assets and liabilities, all of which are exposed to general and specific market movements. Sensitivity to market risk presented below is based on a change in one factor, while all other variable characteristics remain unchanged. On a practical level, this is hardly possible and changes in several factors may correlate, for example, changes in interest rates and exchange rates.

Currency risk

For the construction of the Moynak hydroelectric power station, the Company attracted external financing in the form of borrowed funds, most of which were denominated in foreign currency. As a result of the devaluation that occurred in 2015, the Company suffered significant losses due to an increase in debt denominated in foreign currencies, which led to a significant increase in the share of borrowed capital. In 2019, the Company took a number of actions to minimize the risk of losses due to exchange rate differences by issuing bonds and changing the financing currency. As a result of such actions, the Company's management ensured the unity of the currency of obligations and the currency in which the Company generates revenue under contracts with customers.

As of December 31, 2023, the Company does not have borrowings denominated in foreign currencies and is therefore not exposed to currency exchange rate risk. The table below presents the total amount of assets and liabilities denominated in foreign currencies that are subject to foreign exchange risk.

In thousands of Kazakhstani Tenge	US Dollar
At 31 December 2023	
Monetary financial assets	-
Monetary financial liabilities	-
Net balance sheet position	**-**
At 31 December 2022	
Monetary financial assets	-
Monetary financial liabilities	(3,435,473)
Net balance sheet position	**(3,435,473)**

19 Financial Risk Management (Continued)

Currency risk sensitivity analysis

In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored on periodic basis. The following table presents sensitivities of profit or loss and corporate income tax and equity to reasonably possible changes in the US dollar exchange rate at the reporting date relative to the functional currency of the Company, with all other variables held constant (the impact of changes in other currencies is insignificant and impact on equity is equal to impact on profit or loss):

	At 31 December 2023		**At 31 December 2022**	
In thousands of Kazakhstani Tenge	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US Dollar strengthening by 10% (2022: strengthening by 10%)	-	-	(274,838)	(274,838)
US Dollar weakening by 10% (2022: weakening by 10%)	-	-	274,838	274,838

Interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Management monitors on a daily basis and sets limits on the level of mismatch of interest rate repricing that may be undertaken.

If interest rates had been 200 basis points higher/lower (2022: 200 basis points higher/lower), with all other variables held constant, profit for the year would have been Tenge 176,333 thousand lower/higher (2022: Tenge 63,684 thousand) as a result of higher/lower interest expense on floating interest rate liabilities.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources for settlements on financial instruments, settlements on which are made in cash. The Company seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables.

The Board of Directors has overall responsibility for liquidity risk management. It controls short-term, medium- and long-term financing, as well as the requirements for managing the Company's liquidity. The Company manages liquidity risk by maintaining sufficient reserves, bank funds and external borrowings, constantly monitoring projected and actual cash flows, and agreeing on the maturity of financial assets and liabilities.

19 Financial Risk Management (Continued)

The table below shows liabilities at reporting date by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross loan commitments. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period. Since the effect of discounting is immaterial, the amounts of outstanding debt that are due within 12 months are equal to their carrying amount.

In thousands of Kazakhstani Tenge	On demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	From 1 to 5 years	Over 5 years
At 31 December 2023					
Borrowings	632,751	387,887	11,913,518	21,002,229	-
Financial payables	-	366,058	62,584	-	-
Lease liabilities	3,047	6,095	27,427	54,320	182,679
Total financial liabilities	**635,798**	**760,040**	**12,003,529**	**21,056,549**	**182,679**
At 31 December 2022					
Borrowings	643,921	1,012,014	11,350,753	31,088,412	-
Financial payables	-	313,344	28,811	-	-
Lease liabilities	-	8,766	26,297	90,889	182,679
Total financial liabilities	**643,921**	**1,334,124**	**11,405,861**	**31,179,301**	**182,679**

20 Capital Management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The Company considers that the total capital under management is equal to the capital recognized in the statement of financial position.

The Company's management believes that the current level of borrowed capital does not pose a risk to the Company's activities. The Company plans to use future payment receipts from the sale of electricity and from the provision of services to maintain electrical capacity to repay loans (Note 3) and gradually equalize the ratio of equity and debt capital to a level comparable to other companies in the industry.

21 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

All financial instruments of the Company are carried at amortised cost. Their fair value at level 2 of the fair value hierarchy was estimated using the discounted cash flows valuation technique.

Financial assets carried at amortised cost

The estimated fair value of fixed rate instruments is based on discounting the amount of expected future cash flows using prevailing interest rates for new instruments with similar credit risk and maturity. The discount rate used depends on the credit risk of the counterparty. The carrying amount of the Company's financial assets approximates their fair value.

Liabilities carried at amortised cost

The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period (“demandable liabilities”) is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The discount rates used depend on the length of the liability. Due to the short-term maturity, the carrying amount of short-term financial payables approximates their fair value. Fair value of loans and borrowings is disclosed in Note 11.