



**FINANCIAL SETTLEMENT CENTER
OF RENEWABLE ENERGY SOURCES
LIMITED LIABILITY PARTNERSHIP LLP**

2022

ANNUAL REPORT

Financial Settlement Center
of Renewable Energy Sources LLP
under the results of 2022



ANNUAL REPORT

Settlement and Financial Center for Support of
Renewable Energy Sources LLP under the results
of 2022

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01

Introduction

Welcome Address

About the Company



THE GENERAL DIRECTOR'S WELCOME ADDRESS

Dear Colleagues and Readers!

We are pleased to present to you our regular Annual Report on the Company's operations for 2022. Our Company has undergone tremendous changes over the past year. The Company's transfer under the management of the Ministry of Energy of the Republic of Kazakhstan was the most significant event of the past year.

It is also important to note the auction tenders held to select projects for the construction of wind power plants (WPP) with project documentation with the cooperation of the European Bank for Reconstruction and Development that provides support for the development of the RES sector in Kazakhstan and auction tenders held for maneuverable electric power at existing power plants in Kazakhstan.

The USAID International Program in Kazakhstan donated two Doppler lidars to the Company for wind measurements in the regions of the country.

The past year for Financial Settlement Center of Renewable Energy Sources (FSC of RES LLP) was fruitful and showed that we systematically and confidently move towards our goals. In 2023, the Company will see major changes in improvement of the electricity market model, in particular the launch of the Unified Electric Power Purchaser and the real-time balancing electricity market. We express our great gratitude to all our partners, colleagues, stakeholders for effective joint work in close cooperation with government agencies, stakeholders.



best regards,
Gulzhan Kalizhanovna Nalibayeva
General Director of Financial Settlement Center of Renewable Energy Sources LLP

ABOUT THE COMPANY

Financial Settlement Center of Renewable Energy Sources LLP is a company established under the System Operator - "KEGOC (Kazakhstan Electricity Grid Operating Company) JSC to implement the mechanism of state support for the use of renewable energy sources based on centralized purchase of electricity produced by RES facilities by the Settlement and Financial Center.

100% of participation interest of FSC of RES LLP was transferred to the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan free of charge on December 30, 2021, under the decision of the KEGOC Board of Directors dated September 24, 2021.

Re-registration in the justice authorities was performed on June 13, 2022, and FSC of RES LLP was transferred under the management of the Ministry of Energy of the Republic of Kazakhstan.



THE MAIN ACTIVITIES OF THE COMPANY ARE:

centralized purchase and sale of RES electricity, electricity produced by energy recovery facilities, flood electricity

centralized purchase of the service intended to maintain the readiness of electric power and centralized provision of the service to ensure the readiness of electric power to carry the load

The reporting period for this report is the calendar year from January 1 through December 31, 2022.

The Company has no affiliated and subsidiary organizations, representative offices and branches.

Detailed information on the Company's activities can be found on the Company's corporate website at: www.rfc.kz.

Any questions or information contained herein may be sent to the office of FSC of RES LLP located at: 59, Independence Ave., Astana City, the Republic of Kazakhstan, 010010, contact numbers: +7 (777) 533 49 78, e-mail: kense@rfc.kz.



02

Functional Areas of Activity

Overview of the RES sector

Imbalances in the RES market

Overview of the Electric Power Market

Auctioning for construction of newly
commissioned generating units with maneuverable
generation mode



2.1 OVERVIEW OF THE RES SECTOR

The electric power industry is a main infrastructural branch of the economy, and the efficiency of the production complex, the sphere of services, as well as the quality of life of the population in the Republic of Kazakhstan depend on it.

Kazakhstan has large reserves of energy resources (oil, gas, coal, uranium). Electricity in Kazakhstan is generated mainly from coal, gas, water resources and to a lesser extent from renewable energy sources.

Electricity production in 2022 for Kazakhstan amounted to 112,865.9 mln. kWh (1.4% decrease compared to 2021). National electricity consumption amounted to 112,944.6 mln. kWh (0.8% decrease compared to 2021).

Electricity generation and consumption volumes by types of energy generating organizations and zones of the Unified Energy System of the Republic of Kazakhstan for the period of 2020-2022 are presented in Table 1.

Table 1. Electricity generation and consumption volumes in the Republic of Kazakhstan for the period 2018-2022

	Volume, mln. kWh		
	2020	2021	2022
Electricity generation in Kazakhstan as a whole	108,085.80	114,447.90	112,865.9
thermal power plants	86,662.6	91,164.2	88,623.4
gas turbine power plants	9,527.7	10,701.8	10,940.5
hydroelectric power plants	9,545.8	9,184.9	9,185.1
WPP	1,094.1	1,758.0	2,361.8
SPP	1,250.7	1,636.5	1,754.7
BGU	4.9	2.5	0.4
Including by zones:			
- Northern zone	83,032.0	87,783.91	83,907.1
- Southern zone	11,565.7	12,174.99	14,441.5
- Western zone	13,488.1	14,489.0	14,517.3
Electricity consumption in Kazakhstan as a whole	107,344.8	113,890.3	112,944.6
Including by zones:			
- Northern zone	70,522.2	73,853.0	72,624.5
- Southern zone	23,287.4	25,488.3	25,488.2
- Western zone	13,535.2	13,430.0	14,539.7

The main electricity demand of the Republic of Kazakhstan in 2022 was covered

by thermal power plants accounted for 78.5% of the total generation in the country. The country's hydroelectric plants held a share of 8% in 2022, while RES accounted for about 4.5% of total electricity generation.

In May 2013, following international trends of low-carbon development, Kazakhstan adopted a Concept for the Country's Transition to a "Green Economy" and approved an ambitious goal: 50% of generation should include alternative and renewable energy sources by 2050. Thus, according to the Concept for Transition to a Green Economy and the Strategic Development Plan of the Republic of Kazakhstan until 2025, the share of RES in total electricity generation should be 3% by 2020, 6% by 2025, 15% by 2030 and 50% (alternative + RES) in 2050.

There has been a significant increase in the development of RES projects over the last 8 years, since the introduction of fixed RES tariffs in 2014. Thus, 130 (46 WPP - 958 MW; 44 SPP - 1,148 MW; 37 HPP - 280 MW; 3 BioPP - 1.77 MW) RES facilities with a total installed capacity of 2,400 MW were already operating in Kazakhstan according to the results of 2022.

Figure 1. Electricity Generation Structure in Kazakhstan in 2022

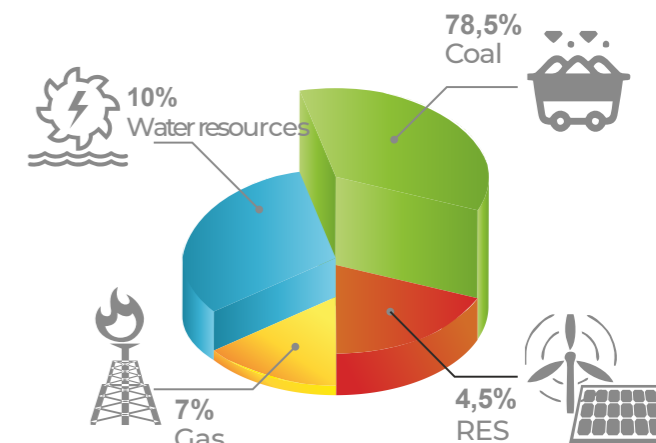
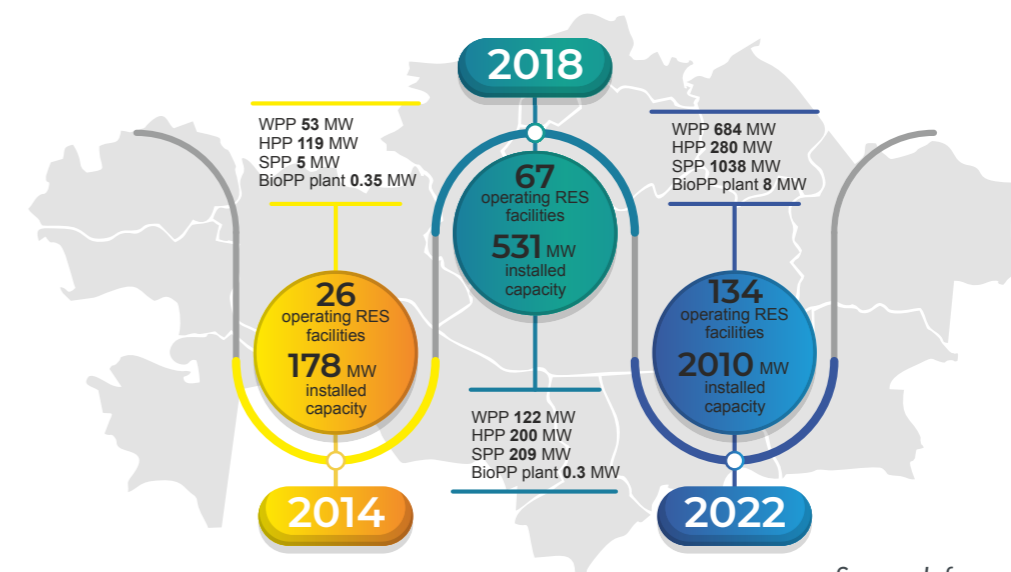


Figure 2. Dynamics of growth of installed capacity and operating RES facilities in the RK



Source: Information of the Ministry of Energy of the Republic of Kazakhstan



53 RES project selection auctions were held for a total of 2,395 MW between 2018 and 2022. Based on their results, 83 RES projects were selected with a total capacity of 1,745.72 MW, or about 72% of the proposed capacity.

RES technology projects auctioned from 2018 through 2022 accounted for the largest number of WPP projects:

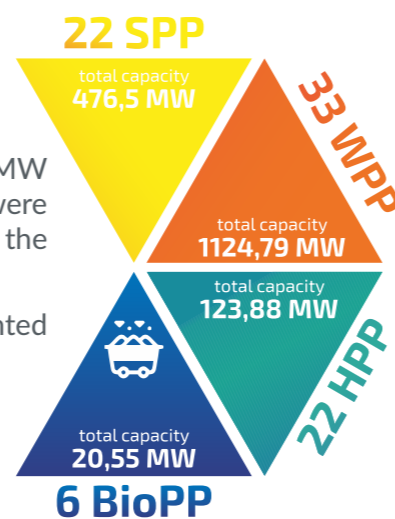


Table 2. Dynamics of auctions for selection of RES projects for 2018-2022

RES technology/Year	2018	2019	2020	2021	2022
Volume of auctions (MW)					
WPP	620	100	65	50	400
SPP	290	80	55	20	60
HPP	75	65	120	120	220
BioPP	15	10	10	10	10
Total:	1,000	255	250	200	690
Selected during auctions (MW)/quantity					
WPP	500,85/16	108,99/5	64,95/3	50/1	400/8
SPP	270/12	86.5/3	60/4	20/1	40/2
HPP	82.08/7	7/2	23/9	11.8/4	0/0
BioPP	5/1	10.4/3	0/0	5.15/2	0/0
Total:	857.93/36	212,89/13	147,95/16	86,95/8	440/10

Source: USAID

Table 3 shows the dynamics of starting and minimum auction prices for RES technologies for each year. The maximum auction price reduction for WPP projects was 42.5% at the end of the 2022 auctions.

Table 3. Dynamics of RES auction prices for 2018-2022

RES technology/Year	2018	2019	2020	2021	2022
Starting auction price (KZT/kWh)					
WPP	22.68	22.66	21.69	21.53	21.53
SPP	34.61	29.00	16.97	16.96	16.96
HPP	16.71	15.48	15.48	15.20	15.20
BioPP	32.23	32.15	32.15	32.15	32.15
Minimum auction price (KZT/kWh)					
WPP	17.39	19.27	15.90	14.08	12.39
SPP	18.00	12.49	14.58	12.87	16.95
HPP	12.80	15.43	13.48	15.00	-
BioPP	32.15	32.13	-	32.14	-

Source: USAID

Auctions were announced for a total of 690 MW of installed capacity, broken down by the following types of power plants according to the auction schedule approved by the Ministry of Energy of the Republic of Kazakhstan, for 2022:



A total of 13 auctions were planned and 9 auctions were held (2 for small SPP and 7 for large VPP projects). The auctions were held in a regular mode, while 4 auctions were recognized invalid due to insufficient number of participants (small SPPs, small and large HPPs and BioPPs).

Table 4. Results of auctions for selection of RES projects in 2022

RES technology	Volume of auctions (MW)	Proposal of participants (MW)	Selected during auctions (MW)	Number of projects selected	Starting auction price (KZT/kWh)	Minimum auction price (KZT/kWh)
WPP	400	2,475	400	8	21.53	12.39
SPP	60	60	40	2	16.96	16.95
HPP	220	-	-	0	15.2	-
BioPP	10	-	-	0	32.15	-
Total:	690	2,809	440	10	-	-

Electricity generation by RES facilities in the Republic of Kazakhstan by the end of 2022 amounted to 5.11 billion according to the Ministry of Energy of the Republic of Kazakhstan. The increase in electricity generation by RES facilities compared to 2021 amounted to 21.7%. RES and SPP prevail in the number of RES facilities by technologies.



Figure 3. Map of location of major RES plants

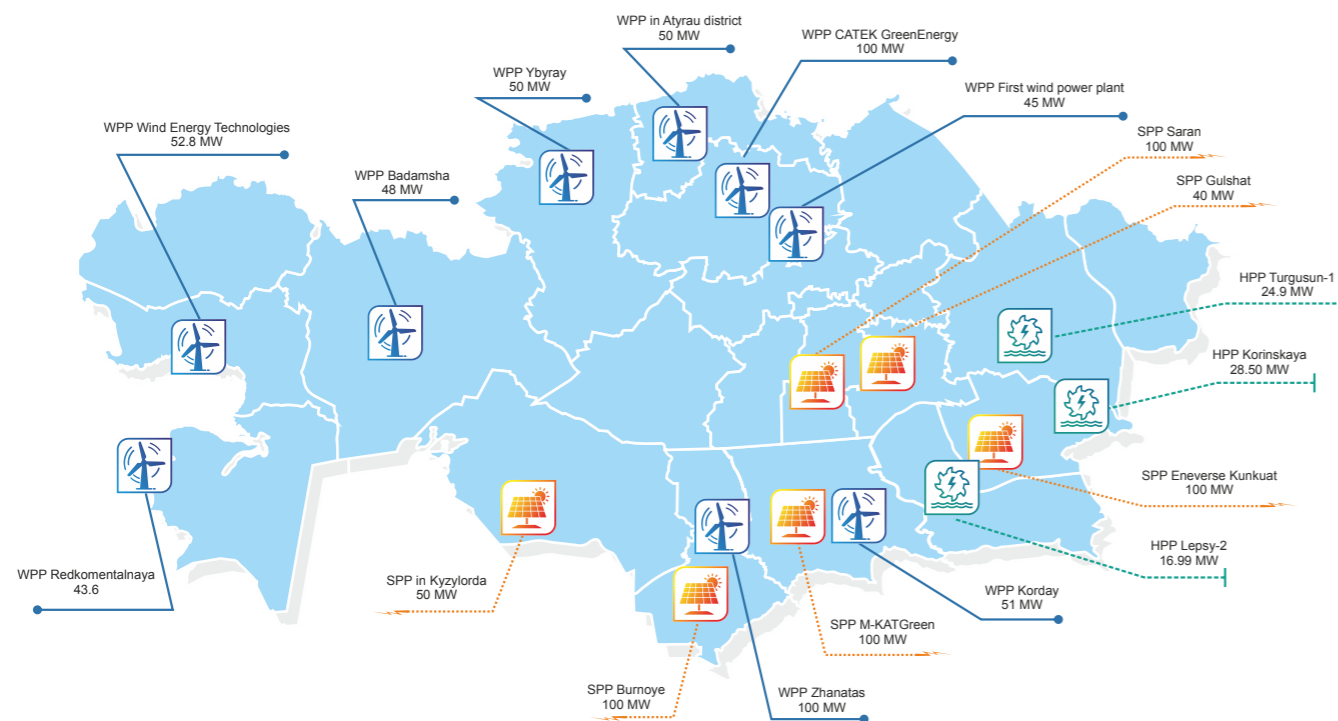


Table 5. Information on electricity generation by RES plants in Kazakhstan for 2018-2022 (under the data of the Ministry of Energy of the Republic of Kazakhstan)

Parameters	Units of measurement	2018 год	2019 год	2020 год	2021 год	2022 год
including:	MW	531	1,050	1,635	2,010	2,400
<i>wind power plants</i>						
small hydropower plants	MW	122	284	486	684	958*
solar power plants	MW	200	222	229	280	280
biopower plants	MW	209	542	912	1,038	1,148
Electricity generation	MW	0,3	2	8	8	2
including:	mln kWh	1,353	2,401	3,245	4,221	5,110
<i>wind power plants</i>						
small hydropower plants	mln kWh	402	717	1,077	1,776	2,411
solar power plants	mln kWh	807	1,105	812	800	934
biopower plants	mln kWh	142	563	1,350	1,641	1,763
биоэлектростанции	mln kWh	1	15	7	3	2

* 3 new WPP introduced in December 2022, accounted by the Ministry of Energy of the Republic of Kazakhstan in 2023 are not included: Borey Energo 1 LLP - 50 MW, Borey Energo 2 LLP - 50 MW, Energo Trust LLP - 50 MW

Centralized purchase and sale of electricity produced by RES facilities is performed based on contracts made with energy generating organizations using RES and notional consumers according to standard forms approved by the Ministry of Energy of the Republic of Kazakhstan.

Today RES is a dynamically developing sector in electricity generation in Kazakhstan, electricity generation from RES facilities increases every year due to a set of measures intended to implement RES development programs in the Republic of Kazakhstan.

The attractiveness of Kazakhstan as a country with clear goals and a clear legal field allowed investors to raise the required capital to build the first major solar, wind and hydro power plants. The largest plants as of today are:

- SPP Burnoye -100 MW, SPP Eneverse Kunkuat -100 MW, SPP Baikonyr -50 MW,
- SPP M-KATGreen-100 MW, SPP Saran-100 MW, SPP Agadyr-50 MW, SPP Nura-100 MW, SPP Kaskelen-50 MW, SPP Shoktas-50 MW, SPP Kentau-50 MW;
- WPP First wind power plant - 45 MW, WPP CATEK GreenEnergy - 100 MW,
- WPP VetroEnergotechnologii -52.8 MW, WPP Fort Shevchenko - 43.6 MW, WPP Badamsha 1 - 48 MW, WPP Badamsha 2 - 48 MW, WPP Zhanatas - 100 MW, WPP Ybyray - 50 MW, WPP Abay 1 - 100MW, WPP Abay-2 - 50MW;
- HPP Korinskaya -28.50 MW, HPP Lepsy-2 - 16.99 MW, HPP Chizhinskaya - 25.8 MW, HPP Turgusun-1 - 24.9 MW.

In order to achieve the established indicators of RES sector development, under the list of energy generating organizations using RES, formed by the Ministry of Energy of the Republic of Kazakhstan, as of 31.12.2022, FSC of RES LLP 137 contracts were made for a total installed capacity of 2,859, 4 MW (WPP - 1,441 MW; SPP - 1,195 MW; HPP - 202 MW; BioPP - 21.4 MW), including:

- 79 fixed tariff contracts with installed capacity of 1,666.25 MW;
- 58 contracts at auction prices with installed capacity of 1,193 MW.

At the end of 2022, the number of operating RES plants selling electricity through FSC of RES LLP amounted to 99 units with a total installed capacity of 2,308.7 MW (WPP - 1,099.7 MW; SPP - 1,085.2 MW; HPP - 122.8 MW; BioPP - 1 MW).

Electricity generated and sold - 4,561.6 mln kWh, including: WPP - 2,299.3 mln kWh; SPP - 1,685.8 mln kWh; HPP - 576.1 mln kWh; BioPP - 0.4 mln kWh. For 2022, the cost of purchased RES electricity amounted to KZT 141,777,969,688. At the same time, the number of energy generating organizations using RES carrying FSC of RES LLP electricity increased from 6 in 2014 to 99 in 2022.



Table 6. Information on RES power purchase volumes and RES support costs for the period 2018-2022

Type of RES	Unit of measurement	2018	2019	2020	2021	2022
Electricity volumes of RES energy						
WPP	mln kWh	398	699	1,080	1,723.1	2,299.3
SPP	mln kWh	138	409	1,231	1,609.5	1,685.8
HPP	mln kWh	242	238	227	520	576.1
BioPP	mln kWh	1	3	5	3	0.4
Total	mln kWh	779	1,348	2,543	3,855	4,561.6
Costs of purchased RES electricity						
WPP	mln KZT	11,029	21,162	35,260.2	57,611.7	71,127
SPP	mln KZT	5,627	15,343	45,056.0	57,370.1	62,454
HPP	mln KZT	4,195	4,331	4,271.8	6,343.6	8182
BioPP	mln KZT	42	96	165	119	15
Total	mln KZT	20,894	40,932	84,753	121,444	141,778
Average tariff for RES electricity purchase						
WPP	KZT/kWh	27.72	30.27	32.65	33.43	30.93
SPP	KZT/kWh	40.86	37.54	36.59	35.64	37.05
HPP	KZT/kWh	17.31	18.24	18.79	12.21	14.2
BioPP	KZT/kWh	32.23	32.23	33.93	47.48	37.5

Table 6.1. Information on volumes and costs of electricity purchase by RES facilities utilizing WPP for 2022

Nº	Name of the organization (RES facility)	Price per 1 kWh	Actual volume of electricity purchase, mln kWh	Electricity purchase costs, KZT mln, net of VAT
1	Vista International LLP	36.84	75	2,758
2	Zenchenko & K LP	36.84	3	98
3	First Wind Power Plant LLP	36.84	135	4,987
4	Zenchenko & K LP	36.84	1	49
5	Vetroinvest LLP	36.84	106	3,894
6	Annar LLP	31.6	4	118
7	WPP Nurly LLP	Application of tariff indexation: before July 1 - 29.02, after July 1 - 31.6	6	195
8	WPP Sarybulak LLP	Application of tariff indexation: before July 1 - 27.1, after July 1 - 29.51	8	224
9	WPP Sarybulak 2 LLP	Application of tariff indexation: before July 1 - 27.1, after July 1 - 29.51	6	174
10	WPP Kerbulak LLP	27.82	5	150
11	WPP Kerbulak 2 LLP	27.82	3	93
12	CATEK Green Energy LLP	69.55	292	20,309

Nº	Name of the organization (RES facility)	Price per 1 kWh	Actual volume of electricity purchase, mln kWh	Electricity purchase costs, KZT mln, net of VAT
13	Ivan Zenchenko LLP	26.24	2	41
14	ArmWind LLP	Application of tariff indexation: before July 1 - 24.26, after July 1 - 26.41	172	4,327
15	Golden Energy corp. LLP	Application of tariff indexation: before July 1 - 24.26, after July 1 - 26.41	11	267
16	Golden Energy corp. LLP	Application of tariff indexation: before July 1 - 24.26, after July 1 - 26.41	63	1,593
17	Wind Electricity LLP	24.69	15	374
18	Wind Power city LLP	24.69	15	378
19	VICHI LLP	19.61	22	427
20	WPP Nurly - 2 LLP	24.69	8	189
21	Zhanatasskaya WPP LLP	24.69	381	9,402
22	YELLOW ELECTRIC LLP	17.49	190	3,316
23	ElectroSetStroy Production Company LLP	22.68	9	199
24	ArmWind LLP	19.27	158	3,054
25	Charsk Wind LLP	22.68	6	128
26	Ventum Energy LLP	18.99	8	143
27	DES Consulting LLP	22.68	5	114
28	Wind Charsk LLP	22.68	6	143
29	WPP Charsk LLP	22.68	4	97
30	EastWind Energy LLP	19.99	7	144
31	Semirechye Energy LLP	22.68	86	1,960
32	WPP Abay-1 100MW LLP	17.39	103	1,795
33	Zheruiyk Energy LLP	22.68	49	1,109
34	WPP 50 MW Abay 2 LLP	20.9	24	493
35	Novotex LLP	22.68	2	45
36	WPP Shengeldy LLP	22.68	2	46
37	WPP Shengeldy 2 LLP	22.68	2	53
38	Borey Energo 1 LLP	19.98	2	32
39	Borey Energo 2 LLP	20.5	2	33
40	Energo Trust LLP	19.5	1	29
41	Wind Energy Technologies LLP	27.82	190	5,285
42	KT Raremetal Company Joint Venture LLP	Application of tariff indexation: before July 1 - 25.55, after July 1 - 27.82	74	1,972
43	BEST Group NS LLP	26,41	9	245
44	WPP Service LLP	23,63	15	356
45	WPP Zhangiz LLP	23,41	12	290
Total			2,299.3	71,127



Table 6.2. Information on volumes and costs of electricity purchase by RES facilities using HPPs for 2022

Nº	Name of the organization (RES facility)	Price per 1 kWh	Actual volume of electricity purchase, mln kWh	Electricity purchase costs, KZT mln, net of VAT
1	Kainar-AKB LLP	15.05	8	126
2	Energia Elemi LLP	27.14	3	85
3	Karaganda branch of Kazvodkhoz Municipal Utility Service	27.14	4	101
4	Baskan Power LLP	27.14	16	446
5	HPP Lepsy-2 LLP	23.27	59	1,375
6	Aksu-Energo LLP	Application of tariff indexation: before July 1 - 21.37, after - 23.27	12	273
7	EC ENERGY Qazaqstan LLP	Application of tariff indexation: before July 1 - 21.37, after July 1 - 23.27	5	118
8	Korinskaya HPP LLP	21.72	83	1,806
9	DEF HPP LLP	21.72	0	4
10	Salem Consulting LLP	21.72	4	93
11	Aksu-Kuat LLP	19.46	11	205
12	HydroPower LLP	19.46	13	249
13	KazElectroEnergy LLP	Application of tariff indexation: before July 1 - 17.87, after - 19.46	19	351
14	Cascade of Karatal HPPs LLP	Application of tariff indexation: before July 1 - 16.71, after July 1 - 18.19	95	1,652
15	Turgusun-1 LLP	16.71	45	744
16	SPK Yntymak PC	15.02	0	1
17	NPP Shulbinsk HPP LLP	2.85	180	514
18	NPP Ust-Kamenogorsk HPP LLP	2.14	18	39
19	Kazzinc LLP (Bukhtarminsk HPP)	1.46	-	-
Total			576.1	8,182

Table 6.3. Information on volumes and costs of electricity purchase by RES facilities using SPP for 2022

Nº	Name of the organization (RES facility)	Price per 1 kWh	Actual volume of electricity purchase, mln kWh	Electricity purchase costs, KZT mln, net of VAT
1	SamrukGreenEnergy LLP	58.7	3	178
2	Aksu-Energo LLP	56.22	1	78
3	KazEcoWatt LLP	20.89	1	14

Nº	Name of the organization (RES facility)	Price per 1 kWh	Actual volume of electricity purchase, mln kWh	Electricity purchase costs, KZT mln, net of VAT
4	SK3-U LLP	74.65	1	42
5	Burnoye Solar-1 LLP	56.22	79	4,424
6	Aksu-Energo LLP	56.22	1	83
7	Burnoye Solar-2 LLP	Application of tariff indexation: before July 1 - 41.36, after July 1 - 45.04	75	3,260
8	KPM Delta LLP	42.46	60	2,548
9	SPP Saran LLP	Application of tariff indexation: before July 1 - 38.99, after - 42.46	125	5,058
10	Bazken-U LLP	Application of tariff indexation: before July 1 - 71.48, after July 1 - 72.25	0	23
11	Kazsolar-50 LLP	Application of tariff indexation: before July 1 - 38.99, after July 1 - 42.46	68	2,752
12	ZHENGIZ SOLAR LLP	40.32	44	1,764
13	ENEVERSE KUNKUAT LLP	40.32	154	6,227
14	EcoProTech-Astana LLP (EcoProTech-Astana)	71.75	32	2 318
15	SamrukGreenEnergy LLP	71.51	1	43
16	Baikonyr solar LLP	40.32	81	3,274
17	M-CAT Green LLP	40.32	170	6,847
18	Nomad Solar LLP	Application of tariff indexation: before July 1 - 37.03, after July 1 - 40.32	50	1,935
19	Kaz Green Tec Solar LLP	Application of tariff indexation: before July 1 - 37.03, after July 1 - 40.32	21	808
20	KaDi Company LLP	Application of tariff indexation: before July 1 - 37.03, after July 1 - 40.32	8	305
21	YUKSPP 50 LLP	Application of tariff indexation: before July 1 - 37.03, after July 1 - 40.32	84	3,269
22	KV Enterprises LLP	Application of tariff indexation: before July 1 - 37.03, after July 1 - 40.32	157	6,026
23	Kazsolar-50 Agadyr 2 LLP	Application of tariff indexation: before July 1 - 18.16, after July 1 - 18.66	40	733
24	MISTRAL ENERGY LLP	Application of tariff indexation: before July 1 - 27.6, after - 30.05	76	2,193
25	Techno Basalt LLP	31.57	6	175
26	KapshagaiSolarPark LLP	37.69	9	338
27	Hevel Kazakhstan LLP	19.31	32	613
28	Hevel Kazakhstan LLP	23.12	84	1,950
29	HEK-KT LLP	Application of tariff indexation: before July 1 - 29.0, after July 1 - 29.8	19	555



№	Name of the organization (RES facility)	Price per 1 kWh	Actual volume of electricity purchase, mln kWh	Electricity purchase costs, KZT mln, net of VAT
30	KZT Solar LLP	Application of tariff indexation: before July 1 - 18.6, after July 1 19.11	88	1,658
31	KZT Solar LLP	Application of tariff indexation: before July 1 - 19.58, after July 1 21.32	19	381
32	Kaz Green Tech Solar 1 LLP	28	9	265
33	AEC Asa LLP	22.9	73	1,672
34	AlmatyEnergoproject LLP	34.61	6	224
35	Engineering Arena LLP	34.61	5	177
36	Cascade NRG LLP	18	1	13
37	Group Independent LLP	72.25	3	233
Total			1,685.8	62,454

Table 6.4. Information on volumes and costs of electricity purchase by RES facilities using BioPP for 2022

Sr. №	Name of organization (RES facility)	Price per 1 kWh	Actual volume of electricity purchase, mln kWh	Electricity purchase costs, KZT mln, net of VAT
1	Agrofirma Kurma LLP	39.53	0.4	15

There has been an annual increase in RES electricity for several years. The growth of RES electricity in 2022 was more than 18% compared to 2021. At the same time, the rate of increase in the cost of RES electricity sale in 2022 increased by 31% compared to 2021. The growth of these indicators is due to commissioning of new RES facilities, as well as annual indexation of fixed tariffs and auction prices by inflation and changes in the US dollar exchange rate.

Besides, the centralized purchase and sale of electricity generated by renewable energy facilities is referred to the state regulation of prices of entities of socially significant markets under the provisions of the Entrepreneurial Code of the Republic of Kazakhstan, as of January 1, 2017.

The procedure for annual indexation of fixed tariff levels and auction prices is established under the Rules for Determination of Fixed Tariffs and Limit Auction Prices approved by the Resolution of the Government of the Republic of Kazakhstan No. 271 dated March 27, 2014. The value of the consumer price index applied for indexation of fixed tariffs and auction prices by year is as follows:

Table 7. Consumer price index for 2018-2022

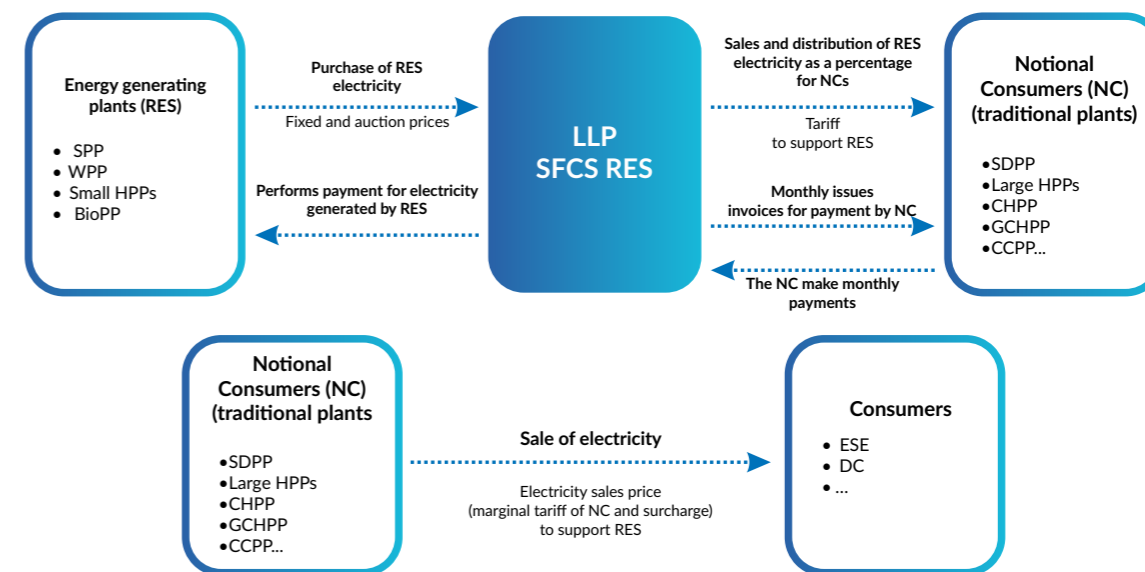
Period	2018 год	2019 год	2020 год	2021 год	2022 год
CPI level	106.1%	105.3%	107.0%	108.9%	117.7%

It should be noted that the consumer price index accumulated for the twelve months preceding October 1 of the indexation year determined according to the data of the state statistics authorized body, is applied under paragraphs 11 and 11.1 of the Rules determining fixed tariffs and marginal auction prices approved by the Resolution of the Government of the Republic of Kazakhstan No. 271 dated March 27, 2014.

Distribution of electricity produced by RES facilities among notional consumers

Support costs are distributed among the notional consumers (traditional energy generating organizations and electricity importers) in proportion to the volume of electricity supplied to the grid according to the consumption zone, under the RES support legislation

Figure 4. Distribution flow chart for the power generated by RES facilities



The total number of notional customers at the end of 2022 was 67, including 50 in Zone 1 and 17 in Zone 2.

The volume of RES electricity distribution to notional consumers for 2022 amounted to 4,561.6 million kWh. Including the shares of major generating groups of companies, as follows: Samruk-Energy JSC - 36%, ERG - 19%, CAEC JSC - 5%, KazakhmysHolding LLP - 4%, KKS LLP - 6%, KazzincHoldings LLP - 3%, and others - 27%.



Figure 5. Shares of large generating groups of companies of the RES distribution volume

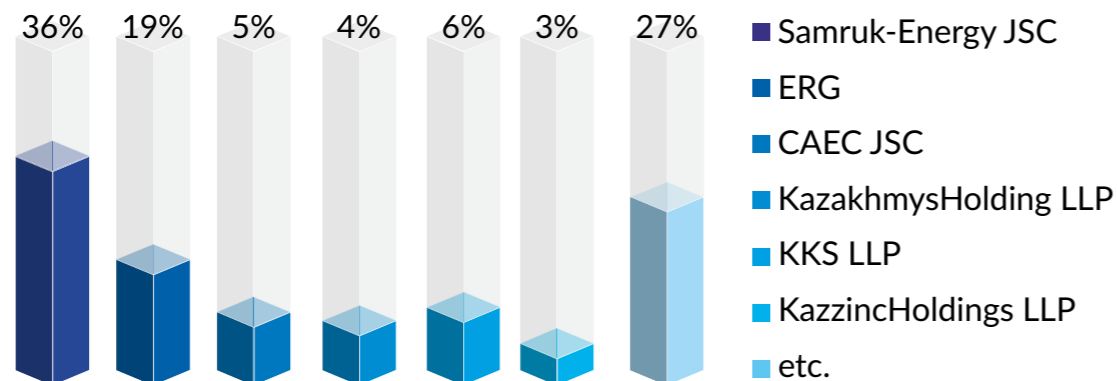


Table 8. Information on RES electricity distribution between notional consumers for 2020-2022 by zone 1

№.	Energy generating organizations	2020 год		2021 год		2022 год	
		RES electricity purchase volume, mln kWh	Costs, mln. KZT	RES electricity purchase volume, mln kWh	Costs, mln. KZT	RES electricity purchase volume, mln kWh	Costs, mln. KZT
1	Bulat Nurzhanov Ekibastuz SDPP-1 LLP	479	17,138	865	31,555	1,108	36,501
2	Eurasian Energy Corporation JSC	370	13,173	591	21,362	699	22,933
3	Ekibastuz SDPP-2 Plant JSC	125	4,464	255	8,944	272	9,384
4	Almaty Power Plants JSC	120	4,281	171	6,192	222	7,360
5	Karaganda Energocenter LLP	99	3,530	155	5,651	182	5,948
6	Kazzinc JSC (Bukhtarminskaya HPP)	83	2,950	123	4,392	136	4,425
7	PAVLODARENERGO JSC	83	2,950	119	4,323	148	4,857
8	SEVKAZENERGO JSC (PPTec-2)	78	2,772	93	3,310	62	2,222
9	Astana-Energy JSC	70	2,494	128	4,649	163	5,460
10	Kazakhmysenergy LLP	61	2,162	80	2,853	87	2,793
11	AES Ust-Kamenogorsk HPP LLP	49	1,748	73	2,625	83	2,707
12	AES Shulbinskaya HPP LLP	50	1,773	63	2,247	72	2,251
13	ArcelorMittal Temirtau JSC	66	2,355	98	3,461	95	3,106
14	Aluminum Kazakhstan (CHPP-1) JSC	48	1,697	65	2,351	77	2,541
15	AES Ust-Kamenogorsk CHPP LLP	50	1,793	72	2,612	85	2,780
16	T.I.Baturov Zhambyl SDPP JSC	44	1,558	72	2,781	164	5,572
17	Moynak HPP JSC	27	958	34	1,199	54	1,608

№.	Energy generating organizations	2020 год		2021 год		2022 год	
		RES electricity purchase volume, mln kWh	Costs, mln. KZT	RES electricity purchase volume, mln kWh	Costs, mln. KZT	RES electricity purchase volume, mln kWh	Costs, mln. KZT
18	PP of AZF TNK Kazchrome	24	848	42	1,494	51	1,679
19	Aktobe CHPP JSC	21	737	28	1,015	26	910
20	Crystal Management LLP	19	678	26	938	35	1,168
21	Stepnogorsk CHPP LLP	18	628	26	912	24	767
22	Zhanazhol GTPP LLP (ZhGTPP-56)	24	871	27	984	33	1,070
23	Sokolovsko-Sarbay Mining and Processing Production Association (Rudnenskaya CHPP) JSC	22	774	28	1,001	32	1,051
24	Bassel Group LLS LLP (Karachaganak SDPP-1)	12	441	18	670	23	730
25	3- Energoortalyk JSC (Shymk. CHPP-3)	17	596	29	1 057	36	1,261
26	Shardara HPP JSC	14	490	19	629	28	854
27	PetroKazakhstan-Kumkol Resources JSC	11	403	15	549	16	533
28	Aktobe Rail and Beam Mill LLP	8	268	11	392	12	364
29	UPNK-PV LLP	1	24	1	40	1	43
30	NPP Sogrinskaya CHPP LLP	9	317	0	9	18	612
31	Ridder CHPP JSC	3	105	0	4	3	93
32	SDPP Topar LLP	100	3,538	137	4,826	111	3,616
33	Shakhtinskteploenergo LLP	0	6	0	5	0	15
34	Kostanay CHPP Municipal Utility Service	0	8	0	15	1	22
35	Arkalyk CHPP Municipal Utility Service	-	1	0	1	-	-
36	SNPS Aktobemunaygas JSC	15	527	21	767	28	898
37	Kazturkmunay LLP GEPP Southern Karatobe	1	20	1	29	2	55
38	Firm Ada Oil LLP GEPP Bashen kol	0	7	0	14	2	78
39	Voskhod-Oriel LLP (Voskhod Municipal Utility Service)	0	16	1	25	1	29
40	Tekeliyskiyenergocomplex LLP (CHPP-2)	5	177	7	240	7	230
41	Tarazenergocenter JSC (Zham.CHPP-4)	2	76	3	126	5	163



№.	Energy generating organizations	2020 год		2021 год		2022 год	
		RES electricity purchase volume, mln kWh	Costs, mln. KZT	RES electricity purchase volume, mln kWh	Costs, mln. KZT	RES electricity purchase volume, mln kWh	Costs, mln. KZT
42	Kentau Municipal Utility Service Enterprise (Kent. CHPP-5)	-	1	0	2	0	1
43	CK3-U LLP	3	95	4	149	6	187
44	Kyzylorda-Heat and Power Center JSC	6	194	13	459	16	558
45	Teplokommunenergo LLP	0	5	13	473	-	-
46	KEGOC JSC	-	1	13	558	3	149
47	Region Energo LLP					1	21
48	RITAL ENERGO LLP					3	93
49	AB Energo LLP					1	30
50	Inter RAO-Kazakhstan LLP					24	788
	Total	2,236	79,645	3,540	127,890	4,258	140,516

Table 9. Information on RES electricity distribution between notional consumers for 2020-2022 by zone 2

№.	Energy generating organizations	2020		2021		2022	
		Volume of RES power purchase, mln. kWh	Costs, mln. KZT	Volume of RES power purchase, mln. kWh	Costs, mln. KZT	Volume of RES power purchase, mln. kWh	Costs, mln. KZT
1	MAEK-Kazatomprom LLP	100	2,452	89	2,673	86	2,581
2	Atyrau combined heat and power plant JSC	50	1,213	42	1,233	43	1,287
3	TengizChevroil LLP (TGCHPP-1,2,3)	47	1,157	44	1,284	46	1,371
4	PP of Kashagan NCOC N.V.	29	716	27	788	22	677
5	Karachaganak Petroleum Operating B.V. CJSC. Kazakhstan Branch	21	501	21	630	15	655
6	BatysPower LLP (GTPP-200)	12	286	19	561	9	465
7	Mangistaunaygas JSC	1	14	4	114	9	257
8	GEPP of KazAzot JSC	7	163	6	176	5	159
10	Ural Gas Turbine Power Plant LLP	8	196	8	235	7	269
11	Atyrau Refinery LLP (CHPP)	5	110	4	113	3	103
12	Zhaikmunay LLP	2	51	2	64	2	65
13	GEPP SagatEnergy LLP	1	28	1	25	1	16
14	Karabatanutilitiesolutions LLP	21	503	42	1,412	49	1,477

№.	Energy generating organizations	2020		2021		2022	
		Volume of RES power purchase, mln. kWh	Costs, mln. KZT	Volume of RES power purchase, mln. kWh	Costs, mln. KZT	Volume of RES power purchase, mln. kWh	Costs, mln. KZT
15	OralMunaiProm					2	60
16	KEGOC JSC (losses)	0	0	0	10	0,4	14
17	Inter RAO-Kazakhstan LLP					0,2	6
	Total	308	7,535	314	9,360	303,6	9,633
	Total for zone 1 and zone 2	2,544	87,179	3,855	137,250	4,561.6	150,149

Application of the mechanism of qualified notional customers

In 2017, amendments were adopted to the Law of the RK "On Supporting the Use of Renewable Energy Sources" (hereinafter referred to as the Law) on the application of the mechanism of qualified notional consumers (QNC).

These norms and provisions of the RES legislation exempt notional consumers included in the QNC from payment for the growing costs to support the development of RES, formed within the framework of obligations under contracts made with investors on guaranteed purchase of electricity for 15-20 years.

According to the provisions of the RES legislation, energy generating organizations using RES included in the QNC are subject to all measures of state support provided to energy generating organizations using RES, i.e. exemption from payment for services of energy transmission organizations for the transmission of electricity, investment, tax and customs preferences.

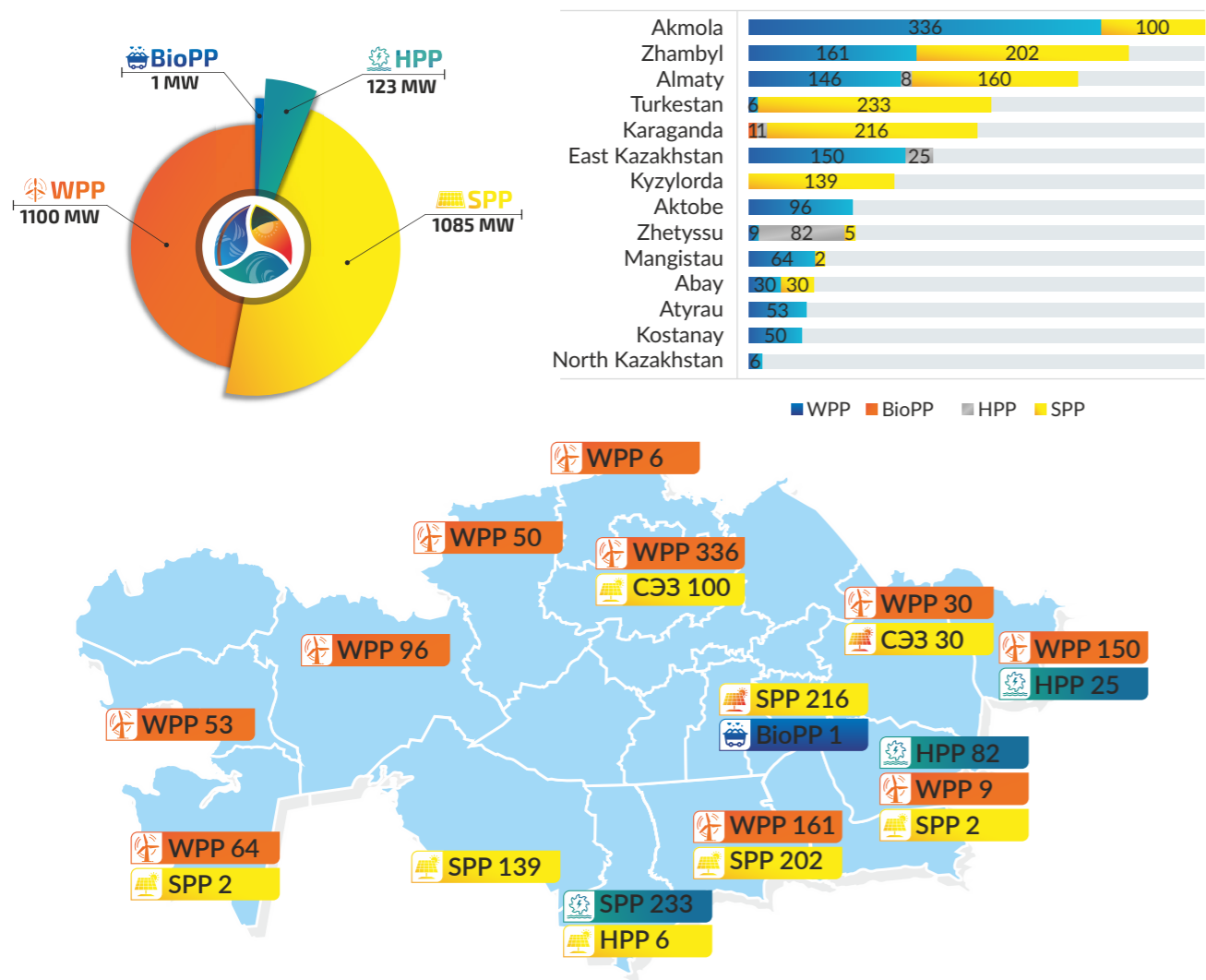
In 2020, Kazakhmys Holding LLP successfully launched a 10 MW solar power plant in the Kengir rural district, kick-starting the operation of the QNC mechanism. From April 2020, Kengir SPP has been generating electricity, which has a positive impact on Kazakhmys' RES expenditure, whilst continuing to participate in the support of the RES. In the second quarter of 2022, KAZ GREEN ENERGY LLP's Balkhash SPP with installed capacity of 100 MW, also belonging to this holding, will be commissioned.



2.1.1. Imbalances in the RES market

Within the framework of the current RES legislation, FSC of RES LLP is a balance provider for RES facilities that consolidates daily production schedules across the country for 99 RES facilities with a total installed capacity for all types of RES of about 2,309 MW on a daily basis.

Installed RES capacity of operating RES facilities by regions of the RK for 2022, MW

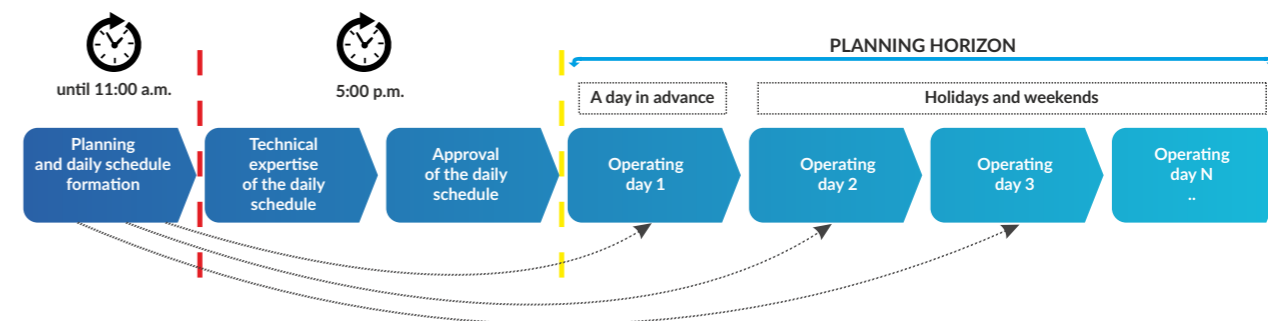


Today's realities regarding RES development investments show that wind and solar power plants are highly preferred by potential investors in the construction of RES facilities in the country due to the vast territories with huge RES potential.

Kazakhstan is taking an active part in improvement of the environmental situation according to the Paris Agreement aimed to reduce greenhouse gas emissions into nature but from the point of view of Kazakhstan energy sector it brings many negative trends in the generation of electricity by such types of power plants, which depend solely on natural phenomena.

One of the main problems related to RES generation is non-compliance of RES facilities with the planned daily schedule of electricity generation. Poor planning of the daily schedule significantly hampers the work and prevents the fulfillment of the set tasks to ensure a constant balance of power generation and consumption. This problem is exacerbated by the shortage of maneuverable generation in Kazakhstan. The deficit of maneuverable capacities in the UEPS of the RK, as well as the planned growth of RES electricity generation results in increased dependence on the Russian Federation on issues of balancing and regulation of the energy system.

Current flow chart of daily schedule formation



It is important to note that the current flow chart of daily schedule formation under the legislation of the Republic of Kazakhstan assumes sending the formed daily schedule for all subjects of the wholesale electricity market up to 11 hours of the day (including RES), preceding the operational day, through uploading the application to the web-interface of the System Operator's scheduling system. Further, until 4:00 p.m. of the day the System Operator shall agree the schedules of interstate contractual power flows with authorized dispatch units of neighboring states and conduct technical expertise of the daily schedule with its subsequent approval and posting on the website of the scheduling system until 5:00 p.m.

The graphs below show examples for deviations of solar and wind power generation from the August and September 2022 targets.

It is worth noting the tendency to minimize these deviations during the period of daily schedule formation one day in advance before the beginning of the operational day, while forecasting for weekends and holidays is performed several days in advance and has a jump-like character. This directionality of deviations is observed for many RES facilities, and especially for SPP projects during the winter period.



Figure 1. Diagram of deviations of actual SPP generation of 50 MW from planned values (26.08.2022-31.08.2022)

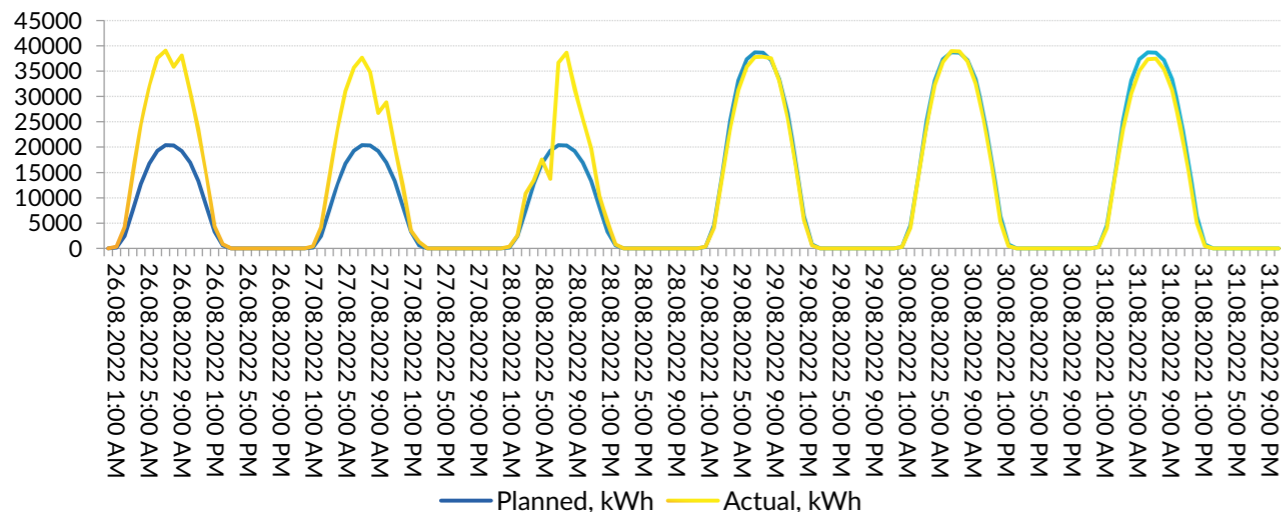
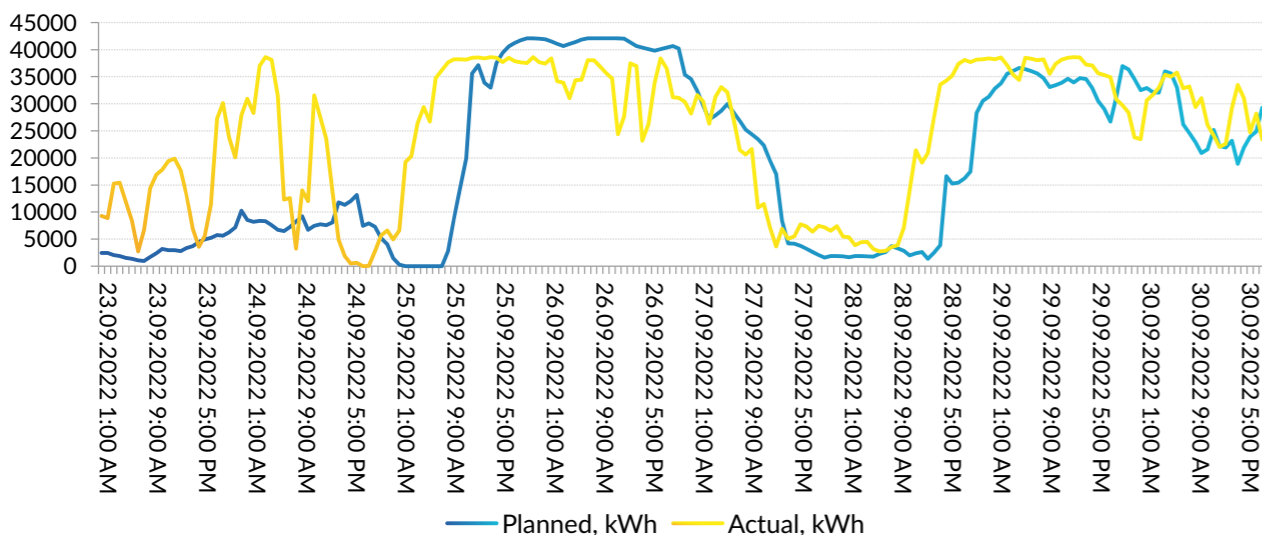


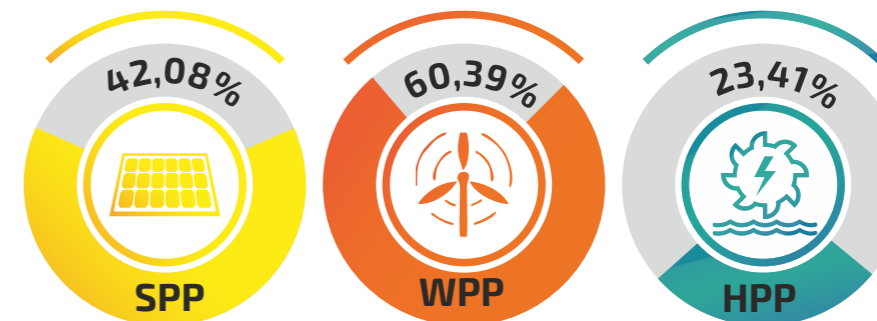
Figure 2. Diagram of deviations of actual output of 48 MW WPP from planned values (23.09.2022-30.09.2022)



It is found under the analytical data, for 2022 that the total imbalances from RES facilities, both positive and negative, amounted to 1,867.8 million kWh against actual generation of 4,561.6 million kWh! A big problem in the issue of forecasting electricity generation by RES facilities is the lack of financial instruments to encourage compliance. Of the total imbalance figures, SPP accounted for about 527 million kWh or 28%, WPP for 1,257 million kWh or 67%, and HPP for 84 million kWh or less than 1%.

The month with the highest peak of imbalances in the energy system caused by RES was March, which amounted to 93 million kWh of underproduction and 89 million kWh of overproduction for all types of RES.

The average hourly deviation by RES type for 2022, meanwhile, is as follows:



The largest average deviation by month of the specified period for all types of RES is the month of January: SPP - 61.79%, for WPP - 70.28%, for HPP - 27.30%. This factor is related to the difficulties to forecast for SPP and HPP of seasonal nature.

At the same time, the number of hours at deviations from the defined range amounted to:

Deviation range	SPP*	WPP	HPP
x < 10%	1,174	1,014	4,226
10% < x < 20%	671	635	1,492
20% < x < 30%	474	653	889
30% < x < 40%	382	590	447
40% < x < 50%	335	610	302
50% < x < 60%	297	624	209
60% < x < 70%	290	585	143
70% < x < 80%	278	622	152
80% < x < 90%	266	647	313
x > 90%	682	2,781	587

* taking into account sunshine hours for the period under consideration

Significant electricity imbalances that will arise when the balancing electricity market operates in real time, increased dependence on the Russian energy system will lead to financial risks on the side of the RES balancing provider. In this regard, the introduction by RES facilities of systems for more accurate forecasting in the shortest possible time should be worked on.



2.2 REVIEW OF THE ELECTRIC CAPACITY MARKET

In order to intensify the processes of renewal, modernization and expansion of the technical fund of the country's energy facilities and to maintain the required level of reliability of energy supply, within the framework of implementation of the 50 and 52 steps of the Program of the President of the Republic of Kazakhstan "Plan of the Nation - 100 Concrete Steps" the electric power market was launched on January 1, 2019, with the formation of which the unified electricity market was divided into two separate segments - electric energy and electric power. Back in June 2014, within the framework of the approved Concept for the Development of the Fuel and Energy Complex until 2030, basic tasks were defined aimed at further improvement of competition and market relations in the electric power industry to attract the world's leading energy companies and financial institutions as investors.

General information on UEPS of Kazakhstan

Electricity generation reached 112.8 billion kWh according to the results of 2022. The decrease from the historical maximum of the previous year amounted to 0.9 bln kWh. At the same time, consumption growth was recorded at the level of 1.5 billion kWh and amounted to 112.9 billion kWh. Electricity generation will reach 140.53 billion kWh with consumption of 146.01 billion kWh under the forecast balance of electricity and capacity of UEPS of Kazakhstan from 20.01.2022, by the end of 2029.

Electricity generation/consumption trends from 1990 to 2029 (actual/forecast), as well as key production figures for 2022, are presented below.

Figure 6. Electricity production/consumption dynamics from 1990 to 2029

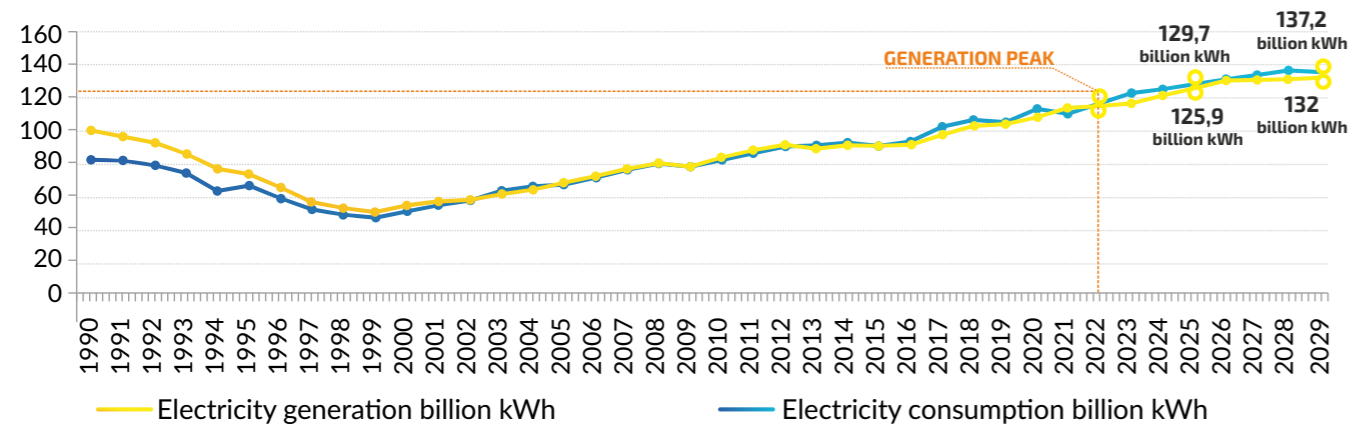
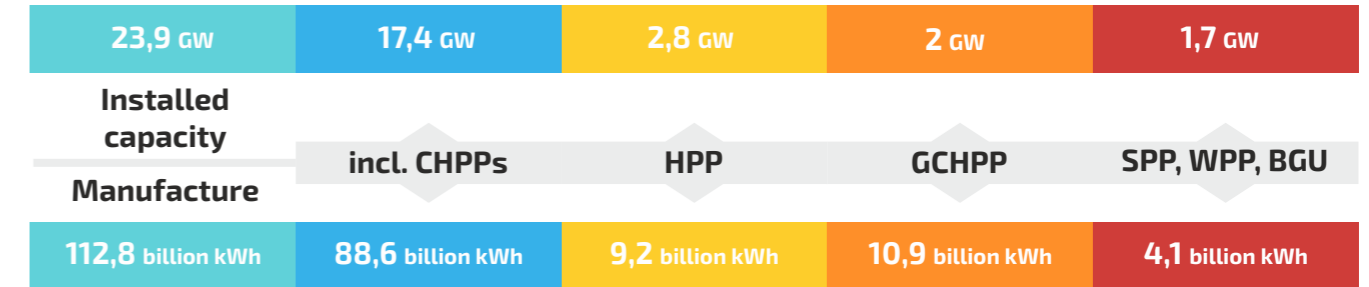


Figure 7. Electricity generation/consumption structure and installed/used capacity of UEPS of Kazakhstan power plants



Consumption.....112.9 billion kWh
 Annual maximum load.....16.4 GW (07.12.2022 at 10:39 hours)
 Available capacity.....20.2 GW

The market for electric power is aimed to:

- stimulate the inflow of investments for the construction of new and modernization of existing generating facilities and newly commissioned generating units with maneuverable generation mode, through the provision of long-term guarantees for investors;
- prevent the deficit of generating capacities in the UEPS of the RK;
- ensure long-term balance reliability of UEPS RK by means of advanced development of generating capacities

The capacity market mechanism based on the "Single Buyer" model was introduced to stimulate the inflow of investments for the construction of new and modernization of existing generating capacities in sufficient volume to meet the demand for electricity in the Unified Electricity System of the country (UEPS).

Results of activity of FSC of RES LLP in the electric power market

Based on the results of the capacity market operation in 2022, FSC of RES LLP performed the following work:

- Under the contract of the company with consumers of the capacity market FSC of RES LLP made 350 contracts for the provision of services to ensure readiness of electric power to carry the load with the contractual volume of 9
- 680.9 MW*month. Consumers of the capacity market are obligatory power supply and power transmission companies, as well as consumers, including industrial complexes which are subjects of the wholesale electricity market.



The service of electric power availability to the Unified Purchaser shall be paid by consumers at a single, weighted average price. For 2022, the estimated price is KZT 711,432 /MW*month.

Under the legislation in the field of electric power industry, power generating organizations must annually undergo certification of generating facilities to confirm the declared parameters of certified electric power and certified rates of increase and decrease of electric power. 34 plants were admitted to participate in the electric power market in 2022 according to the results of measures on certification of electric power of generating units performed by the System Operator last year.

In 2022, SFCS of RES LLP performed centralized purchase of capacity from 34 energy generating organizations:

6 investment agreements were made with the Ministry of Energy of the Republic of Kazakhstan from the existing energy generating organizations that made investment agreements with the Ministry of Energy of the Republic of Kazakhstan, with Karaganda Energocenter LLP, Sevkazenergo JSC, U.D. Kantayeva Moynak HPP JSC, Almaty Power Plants JSC, Shardara HPP JSC and Sagat Energy LLP for which the total contractual capacity for 2022 amounted to **765.6 MW*months**

from operating energy generating organizations, which include combined heat and power plants (CHPPs), in the amount of the technological minimum generating capacity. Thus, SFCS RES LLP made **18 contracts for the total capacity of 2,551.8 MW*month**; from the existing power generating facilities

from operating energy generating organizations based on the results of centralized bidding. Thus, SFCS RES LLP made **26 contracts for total capacity of 6,914.5 MW*month** from the existing power generating facilities.

The total income is more than KZT 79.9 billion under the results of functioning of the electric power market by energy generating organizations for 2022.

There is a deficit of electric capacities according to the approved forecast balance of electric energy and capacity for 2022-2029 in this time period in the UEPS of the Republic of Kazakhstan. In this regard, the Ministry of Energy of the Republic of Kazakhstan approved the schedule of auction bidding for the construction of newly commissioned generating units with maneuverable generation mode for 2022.

Figure 8. Electric capacity market model.

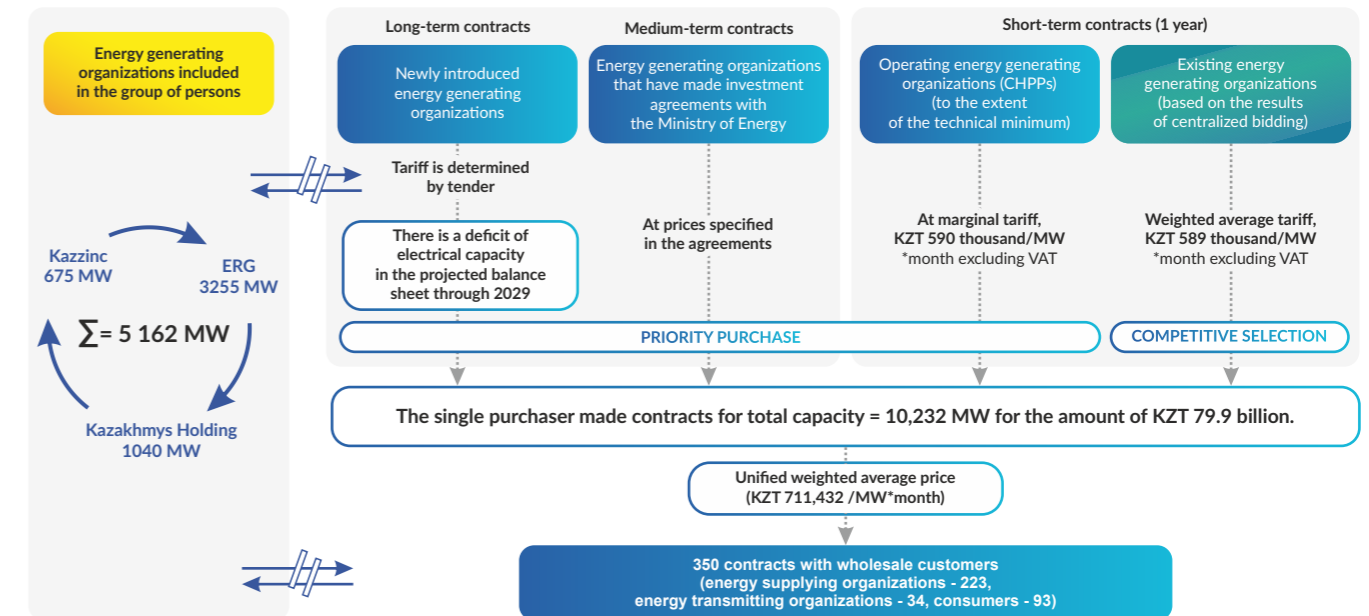


Table 10. List of power generating organizations participating in the electric power market in 2022

Nº	Name of energy generating organization	Actual amount of received investments for 2022, mln. KZT
1	Astana-Energy JSC	3,078
2	PAVLODARENERGO JSC	3,038
3	Ust-Kamenogorsk CHPP LLP	1,888
4	Ridder CHPP JSC	19
5	Bassel Group LLS LLP	379
6	Stepnogorsk CHPP LLP	699
7	Aktobe CHPP JSC	756
8	Zhaiykteploenergo JSC	185
9	MAEK-KazAtomProm LLP	3,446
10	Tekeli Energy Complex LLP	71
11	Almaty Power Plants JSC	8,211



Nº	Name of energy generating organization	Actual amount of received investments for 2022, mln. KZT
12	Atyrau CHPP JSC	1,660
13	Ural Gas Turbine Power Plant LLP	340
14	Karaganda Energocenter LLP	5,966
15	Sevkazenergo JSC	1,726
16	Karabatan Utility Solutions LLP	765
17	Sogrinskaya CHPP LLP	78
18	Municipal Utility Service KyzylordaTeploElectroCenter	361
19	Tarazenergocenter JSC	178
20	3-Energoortalyk JSC	477
21	Eurasian Energy Corporation JSC	1,635
22	T.N. Baturov Zhambyl SDPP JSC	3,257
23	Crystal Management JSC	572
24	U.D. Kantayeva Moynak HPP JSC	8,904
25	Ekibastuz SDPP-2 Station JSC	5,516
26	Shardara HPP JSC	2,831
27	Batye Power LLP	170
28	NPP Ust-Kamenogorsk HPP LLP	2,322
29	NPP Shulbinsk HPP LLP	2,931
30	Topar Main Distribution Power Plant LLP	2,572
31	Zhanazhol GCHPP LLP	547
32	Kazzinc LLP	1,071
33	Bulat Nurzhanov Ekibastuz SDPP-1 LLP	14,331
34	SagatEnergy LLP	-
Total:		79,982

2.2.1 Auction bidding for construction of newly commissioned generating units with maneuverable generation mode

In July 2022, auction tenders were held for the construction of a maneuverable gas power plant in Kyzylorda region with a nominal capacity of 240 MW and Turkestan region with a nominal capacity of 926.5 MW. Turkish company Branch of Aksa Energy Uretim Anonim Shirketi JSC was determined as the winner of the auction bidding in Kyzylorda region in Almaty city of the Republic of Kazakhstan with an individual tariff of KZT 11,591,000 per MW per month without VAT, and in Turkestan region - PGU Turkestan LLP with an individual tariff of KZT 16,275,800 per MW per month.

Besides, an auction for the II type of bidding was held in December 2022, according to the schedule of auction bidding for the construction of newly commissioned generating units with maneuverable generation mode. The volume of electric power availability service amounted to 550 MW. The marginal auction price amounted to KZT 9,798,700/MW*month (excluding VAT).

Based on the results of auction bidding, the total volume of selected capacity amounted to 550 MW. Kazakhmys Energy LLP with a volume of 70 MW with an individual tariff of KZT 9,778,700 per MW per month without VAT and Almaty Power Plants JSC with a volume of 480 MW with an individual tariff of KZT 9,788,700 per MW per month without VAT were recognized as the winner of the auction.

The successful bidder must ensure completion of the power plant by 2025-2026, and fulfill the requirements stipulated by the legislation in the field of electric power.

In its turn, the investor will be provided with a guaranteed return of the invested investments for the volume of electric power by the “Financial Settlement Center of Renewable Energy Sources” LLP within 15 years within the framework of the electric power market.



03

Corporate Governance

Personnel policy

Anti-corruption measures





3.1 PERSONNEL MANAGEMENT

3.1.1 Personnel management

Human resources potential of FSC of RES LLP is one of the most important factors determining the success and development of the organization. Human resources management of FSC of RES LLP is performed under the principles of the Corporate Standard on Human Resources Management.

Personnel policy is aimed at formation of personnel potential as the most important intellectual and professional resource ensuring the implementation of the Development Strategy of FSC of RES LLP through effective corporate culture focused on achieving high results and meritocracy.

There are the following directions to realize the goal of FSC of RES LLP in the development of the Personnel Policy:

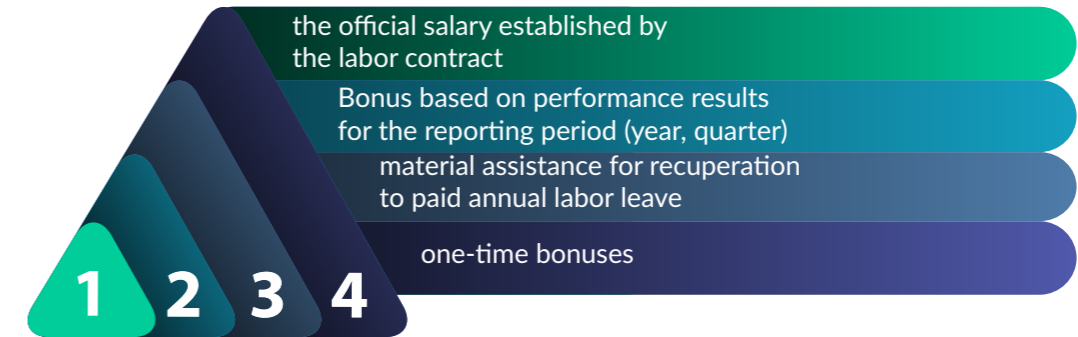


All elements of the personnel policy are aligned in such a way that new employees are quickly and effectively adapted. At the same time, familiarization activities with the new employees are conducted on a regular basis in order to study the Rules and functions of FSC of RES LLP for further joint work.

3.1.2 Labor Remuneration, Social Support, Motivation

Employee performance appraisal has been implemented as part of the Workers' Compensation Rules. The results of the performance evaluation will be used to revise the official salaries of the employees of FSC of RES LLP.

Remuneration of employees of FSC of RES LLP in 2022 included the following payments:



FSC of RES LLP provides social support to employees in order to create favorable conditions for efficient work, as well as to increase loyalty:

- material aid for health improvement during provision of paid annual labor leave;
- financial aid for the anniversary date (50, 60 years), if it occurred during the period of their work in FSC of RES LLP;
- financial assistance in connection with the birth/adoption or adoption of a child;
- financial aid in connection with the death of an employee;
- financial aid in connection with the death of an employee's family members;
- material assistance in connection with marriage;
- material assistance to pay for medical treatment/surgery of an employee under the list of diseases in case the cost of treatment exceeds the limit set by the health insurance program or the disease does not relate to an insured event;
- Financial assistance to pay for the treatment of disabled children and persons disabled since childhood, irrespective of disability group and age.

2 employees of FSC of RES LLP were rewarded with state, industry and internal awards for special merits according to the results of the work done in 2022.



3.1.3 Number and Composition of personnel

The personnel of FSC of RES LLP is characterized with a high level of education of employees. As of December 31, 2022, 100% of employees have a college degree.

In the reporting year, the authorized number of employees of FSC of RES LLP amounted to 40 persons.

Parameters	persons	%
	Total:	40
	of which:	
managers	2	5
specialists	38	95

Personnel structure by gender

Subdivision	Total, persons	of them			
		men		women	
		persons	%	persons	%
FSC of RES LLP	40	18	45	22	55

Subdivision	Personnel structure by age, %		
	up to 28 years old	29-49 years	over 50
FSC of RES LLP	9 (22,5%)	27 (67,5)	4 (10%)

3.1.4 Competitive Selection

The procedure for hiring new employees in FSC of RES LLP is performed under the established Rules of Personnel Search and Selection approved by the order of the General Director No. P-101-2022 dated 29.11.2022 (hereinafter referred to as the Rules of Search and Selection). The Rules define the procedure intended to ensure the need in qualified specialists and conducting competitive selection for vacant positions of FSC of RES LLP. To ensure transparency of procedures, the Company searches for and selects highly qualified specialists, maintains a database of candidates, and introduces transparent competitive procedures during recruitment of personnel for vacant positions, using testing elements to verify the level of knowledge of candidates.

11 competitions for vacant positions were held in 2022, according to the results of which 11 employees were hired under the Rules of search and selection of personnel for vacant positions in structural subdivisions of FSC of RES LLP.

3.2 ANTI-CORRUPTION EVENTS



All state bodies, organizations, quasi-sector entities and officials are obliged to combat corruption within their competence under the requirements of the Law of the Republic of Kazakhstan "On Combating Corruption".

Quasi-public sector entities determine structural units performing the functions of anti-corruption compliance services, the main task of which is to ensure compliance of the respective organization and its employees with the anti-corruption legislation of the Republic of Kazakhstan.

In order to implement these requirements, in August 2022 the Supervisory Board of the Partnership made a decision to establish an Anti-Corruption Compliance Service (Minutes No. 2 dated August 02, 2022) by introduction of an independent structural unit reporting to the Supervisory Board into the organizational structure of FSC of RES LLP.

By the decision of the Supervisory Board dated September 23, 2022 (Minutes No. 3), the Regulation on the Anti-Corruption Compliance Service (Compliance Officer) of FSC of RES LLP was approved and a Compliance Officer of the Anti-Corruption Compliance Service was appointed, who started his duties on October 03, 2022.

In pursuance of the approved Action Plan to Combat Corruption for 2022, the Partnership approved policies, standards, rules, instructions on anti-corruption aimed at:

- strict compliance with the established requirements of anti-corruption legislation and obligations to fulfill them and to take a set of measures to prevent and combat corruption;
- determination of procedures and mechanisms to counteract corruption in the Partnership that may arise during conclusion of transactions, fulfillment of contractual obligations, provision of services and other actions;
- establishment of a system to identify and regulate conflicts of interest, measures for their prevention and settlement, as well as regulate the responsibility of all participants in the conflict of interest management process;



- definition of a system of behavior rules, permissions, prohibitions and restrictions aimed to achieve an atmosphere of intolerance to any manifestations of corruption in the Partnership's activities in order to prevent corruption by creation of a system of value and moral anti-corruption guidelines for the Partnership's employees;
- timely identification, detection, control and taking measures to mitigate corruption risks in order to prevent their occurrence in the Partnership's activities, including transactions, agreements, agreements, contracts and other documents defining legal relations with third parties, as well as business processes of interaction with third parties and management of the Partnership's personnel.

Anti-corruption regulations apply to all officials and employees regardless of the level of their position and functions.

The officers and employees of the Partnership have accepted:



Every month, starting from October, employees participated in training anti-corruption activities and the international anti-bribery management system according to the international standard ISO 37001:2016.

The Partnership also performed an internal analysis of corruption risks resulted in the identification of corruption risk factors that may lead to the realization of corruption risks. In this regard, it was recommended to take measures to mitigate risks under the provided recommendations reflected in the Analytical Report posted on the official website of the Partnership <https://rfc.kz/page/corpdocs>.

In the next year, the Partnership plans to carry out a number of activities on personnel training, development and implementation of a management system compliant with the Anti-Corruption Standard (international standard ISO 37001:2016: "Anti-Bribery Management System» (hereinafter referred to ISO 37001:2016) or the national standard RK 3049-2017 Anti-Corruption Management System. Requirements and guidance for use (ISO 37001:2016 Anti-bribery management systems - requirements with guidance for use, IDT) along with other anti-corruption activities under the approved Anti-Corruption Action Plan for 2023.



04

Legislative Activities

Legislative changes in the field of RES

Legislative changes in the electric power market





4.1 LEGISLATIVE CHANGES IN THE FIELD OF RES

In order to improve the legislation of the Republic of Kazakhstan in the field of electric power industry, the Ministry of Energy of the Republic of Kazakhstan together with market participants initiated amendments and additions to the relevant regulatory legal acts.

Amendments and additions were made to Resolution of the Government of the Republic of Kazakhstan No. 271 dated March 27, 2014 “On Approval of the Rules for Determination of Fixed Tariffs and Limit Auction Prices” in terms of conditions for indexation of auction prices. Thus, the new amendments provide:

- one-time indexation of auction prices for the construction period by 100% of changes in the exchange rate of the national currency to the US dollar;
- annual indexation of auction prices with selection of the indexation formula once at the conclusion of the purchase agreement for the entire period of its validity;
- annual indexation of auction prices by 100% of changes in the exchange rate of the national currency against the US dollar.

These innovations are designed to reduce risks for investors and increase the investment attractiveness of the RES sector in Kazakhstan.

4.2 LEGISLATIVE CHANGES IN THE ELECTRIC CAPACITY MARKET

The following amendments and additions were made to the regulatory legal acts in order to improve the legislation of the Republic of Kazakhstan in terms of functioning of the electric power market.

By capacity market consumers:

1

Amendments were made to the calculation of the volume of service to ensure the readiness of electric power to carry load actually rendered to a capacity market consumer, in terms to determine the value of the excess of the actual maximum for the billing period (calendar month) value of the electric power consumption capacity of a capacity market consumer over the corresponding contractual volume of the service for collateral;

2

Amendments were made to the determination by the System Operator of the actual maximum value of electric power consumption by capacity market consumers based on the results of the calculation period (calendar month);

3

Amendments were made with regard to updating by the System Operator of the list of capacity market consumers.

By energy generating organizations:

1

Additions were made with regard to the conclusion of contracts for the purchase of the service of maintaining the readiness of electric power by a single purchaser;

2

Amendments were made to reduce the contractual volume of the service to maintain readiness electric power during unscheduled certification of energy generating organizations.



05

International Cooperation

Cooperation and interaction with market participants

Development of EBRD project documentation for participants of auction tenders in the field of RES





5.1 COOPERATION AND INTERACTION WITH MARKET PARTICIPANTS

FSC of RES LLP actively cooperates with many major players in the electric power market. Besides, joint active lawmaking activities are performed in cooperation with such organizations as Atameken SPP, Kazakhstan Electric Power Association, KAZENERGY Association, Renewable Energy Association of Kazakhstan, Eurasian Industrial Association, Association of RES, and the Association of Renewable Energy of Kazakhstan.

“Qazaq Green, Kazakhstan Solar Energy Association, Republican Association of Mining and Mining and Metallurgical Enterprises (AGMP), and other stakeholders.

FSC of RES LLP closely cooperates with the Ministry of Energy of the Republic of Kazakhstan, KEGOC JSC, KOREM JSC in the development of renewable energy and electric power market in the Republic of Kazakhstan. Besides, opinions of international financial institutions such as IFC, EBRD, ADB are taken into account during the assessment of further development of the RES support mechanism. International consultants such as TetraTech, IRENA, NREL and USAID contribute to various research and competence building of the employees of FSC of RES LLP.





5.2 DEVELOPMENT OF EBRD PROJECT DOCUMENTATION FOR PARTICIPANTS OF AUCTION TENDERS IN THE FIELD OF RES

The European Bank for Reconstruction and Development is one of the strategic partners for Kazakhstan, which over the years of fruitful cooperation has invested and implemented about 300 projects.

Together with Synergy Consulting Infrastructure & Financial Advisory Services Inc., the lead advisor to the advisory consortium, the European Bank for Reconstruction and Development supports the development of the RES sector in Kazakhstan.

Thus, in 2022, for auction bidding to potential investors, the EBRD developed and provided to the Ministry of Energy of the Republic of Kazakhstan on a free-of-charge basis pre-design documentation for the development and construction of wind power plants with capacity of 100 MW in the Zhezkazgan city and 50 MW in the Arkalyk city which in turn were transferred to FSC of RES LLP for subsequent provision of pre-design documents to the winners of the auction bidding.

The preparation of project documentation, including elaboration of network connection issues, assessment of resource potential at a level sufficient for financing institutions, as well as assessment of land plot suitability, allows to significantly reduce project risks of investors and optimize commissioning terms.

5.2.1 Applications and advantages of wind measurements with the LiDAR unit

Modern technologies for monitoring and forecasting of the atmosphere, natural-climate changes and risks of nature management and other studies require data on high-altitude and surface profiles of the wind speed vector. Wind Doppler lidars have proven to be an effective tool intended to acquire such data and have been implemented in ground-based, airborne and space-based versions.

Remote sensing is obtaining information about an object or phenomenon without making physical contact with the object. Unlike conventional cup anemometry, which determines wind speed by counting the revolutions of a calibrated rotor, remote sensing devices determine wind speed that directly measures fluid flow. Two forms of remote sensing technologies are commercially available for wind energy:

Sodar (sound detection and ranging) using sound waves, and Lidar (light detection and ranging) using light waves.

The principle of lidar is that the system sends a laser beam into the air, the resulting light is scattered by aerosols (tiny dust particles with a diameter of 0.1 to a few microns in the atmosphere). The properties of the atmosphere are analyzed based on the received signal. Signals from moving objects have a Doppler frequency shift proportional to their velocity, which allows the velocity of aerosols to be calculated.

The ZX300 uses a fully parameterized and automated Computational Fluid Dynamics (CFD) model, VENTOS, to analyze the airflow at the measurement location.

Compared to weather masts, the ZX300 wind lidar has the following advantages:



On March 18, 2022, FSC of RES LLP received two ZX300 LiDAR wind measuring units on a free-of-charge basis to conduct comprehensive studies of wind potentials in the regions of the country under the USAID Regional Program “Energy of the Future” to provide technical assistance to the Republic of Kazakhstan.

In its turn, FSC of RES LLP together with the Ministry of Energy of the Republic of Kazakhstan and KEGOC JSC performed work on the possibility and feasibility of placement of ZX300 LiDAR wind-measuring units, during which the placement points were determined in Akmola and North-Kazakhstan regions.

On July 19, 2022, FSC of RES LLP made a contract with Modern Innovative Technologies LLP to provide a ZX300 LiDAR unit to conduct wind power potential studies in Akmola region.



06

Financial Statements for 2022



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INDEPENDENT AUDITOR'S REPORT

To the Participant and Management of Accounting and Finance Center for the Support of Renewable Energy Resources LLP

Opinion

We have audited the financial statements of Accounting and Finance Center for the Support of Renewable Energy Resources LLP (hereinafter the "Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 IFRSs, 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.

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Auditor's responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following:

- 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.

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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.

The engagement partner responsible for the audit resulting in this independent auditor's report is Aisulu Narbayeva.

RSM Qazaqstan LLP

Aisulu Narbayeva

Aisulu Narbayeva
Auditor / General Director
RSM Qazaqstan LLP



Auditor qualification certificate # 0000137 dated 21 October 1994

State audit license for audit activities on the territory of the Republic of Kazakhstan #19024411 issued by the Ministry of Finance of the Republic of Kazakhstan on 24 December 2019

43, Dostyk Avenue, office 302
Almaty, 050010, Republic of Kazakhstan

22 June 2023

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Accounting and Finance Center for the Support of Renewable Energy Resources LLP

Financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

<i>In thousands of Tenge</i>	Notes	31 December 2022	31 December 2021
Assets			
Non-current assets			
Property, plant, and equipment		30.367	27.567
Intangible assets		14.275	14.836
Deferred tax asset	13	358.831	234.733
Other long-term assets		122.146	-
		525.619	277.136
Current assets			
Inventories		10.545	155.465
Trade receivables	5	28.012.532	25.777.422
VAT recoverable		773.123	-
Other financial assets	6	-	5.151.507
Advances paid		-	983
Other current assets		50.353	15.875
Cash and cash equivalents	7	58.564.899	38.847.799
		87.411.452	69.949.051
Total assets		87.937.071	70.226.187
Equity and liabilities			
Equity			
Charter capital	8	100.000	100.000
Retained earnings		48.055.902	37.021.790
		48.155.902	37.121.790
Non-current liabilities			
Government subsidies		107.778	7.846
		107.778	7.846
Current liabilities			
Trade accounts payable	9	39.460.888	31.602.053
Government subsidies, current portion		2.942	2.942
VAT payable		-	1.139.071
Other taxes payable, other than corporate income tax		20.686	8.501
Corporate income tax payable		112.633	261.182
Other current liabilities		76.242	82.802
		39.673.391	33.096.551
Total liabilities		39.781.169	33.104.397
Total equity and liabilities		87.937.071	70.226.187

The accounting policies and explanatory notes on pages 5 to 25 are an integral part of these financial statements.

General Director



Nalibayeva
Nalibayeva G.K.

Chief Accountant

Sirayeva
Sirayeva G.V.



Accounting and Finance Center for the Support of Renewable Energy Resources LLP Financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

In thousands of Tenge	Notes	2022	2021
Revenue from contracts with customers	10	234.397.104	215.913.384
Cost of sales	11	(222.735.476)	(195.940.438)
Gross profit		11.661.628	19.972.946
General and administrative expenses	12	(578.327)	(407.200)
Finance income	6, 7	5.297.504	2.194.275
Finance costs		(6.519)	(11.236)
Other income		237.497	81.625
Other expenses		-	(29)
Accrual of provision for expected credit losses		(610.358)	(407.931)
Profit before tax		16.001.425	21.422.450
Corporate income tax expense	13	(3.117.165)	(4.035.022)
Profit for the year		12.884.260	17.387.428
Other comprehensive income		-	-
Total comprehensive income for the year		12.884.260	17.387.428

The accounting policies and explanatory notes on pages 5 to 25 are an integral part of these financial statements.

General Director



Nalibayeva G.K.
Nalibayeva G.K.

Chief Accountant

Sirayeva G.V.
Sirayeva G.V.

Accounting and Finance Center for the Support of Renewable Energy Resources LLP Financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

In thousands of Tenge	Notes	2022	2021
Operating activities			
Profit before tax		16.001.425	21.422.450
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortization	12	13.351	12.812
Accrual of reserves for unused vacations and bonuses		107.952	58.099
Accrual of provision for expected credit losses		610.358	407.931
Income from disposal of property, plant and equipment		-	(6.379)
Finance income	6, 7	(5.297.504)	(2.194.275)
Working capital adjustments			
Change in inventories		144.920	(100.441)
Change in trade receivables		(2.822.445)	(8.892.151)
Change in advances paid		983	1.254.511
Change in VAT recoverable and other taxes		(773.123)	6.999
Change in other current assets		(46.069)	176.234
Change in trade and other accounts payable		7.858.836	4.632.855
Change in deferred income		-	(2.943)
Change in taxes payable other than income tax		(1.126.886)	1.138.752
Change in other current liabilities		(136.727)	(68.541)
		14.535.071	17.845.913
Corporate income tax paid		(2.710.956)	(3.284.068)
Interest received		4.126.974	774.259
Net cash flows received from operating activities		15.951.089	15.336.104
Investing activities			
Withdraw of bank deposits		33.029.809	51.628.554
Placement of deposits		(27.386.627)	(42.420.075)
Income from sale of property, plant, and equipment		-	6.407
Purchase of property, plant, and equipment		(11.780)	(3.364)
Purchase of intangible assets		(3.810)	(1.634)
Net cash flows received from investing activities		5.627.592	9.209.888
Financial activities			
Dividend payment	8	(1.850.148)	-
Net cash flows paid for financing activities		(1.850.148)	-
Net change in cash and cash equivalents		19.728.533	24.545.992
Accrual of provision for expected credit losses on cash and cash equivalents		(11.433)	(22.214)
Cash and cash equivalent on 1 January		38.847.799	14.324.021
Cash and cash equivalents on 31 December	7	58.564.899	38.847.799

The accounting policies and explanatory notes on pages 5 to 25 are an integral part of these financial statements.

*Interest income was received net of withholding tax at the source of payment in the amount of 678.856 thousand tenge.

General Director



Nalibayeva G.K.
Nalibayeva G.K.

Chief Accountant

Sirayeva G.V.
Sirayeva G.V.



Accounting and Finance Center for the Support of Renewable Energy Resources LLP Financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

In thousands of Tenge	Charter capital	Retained earnings	Total
As of 1 January 2021	100.000	19.634.362	19.734.362
Profit for the year	-	17.387.428	17.387.428
Total comprehensive income	-	17.387.428	17.387.428
As of 31 December 2021	100.000	37.021.790	37.121.790
Profit for the year	-	12.884.260	12.884.260
Total comprehensive income	-	12.884.260	12.884.260
Dividend payment (Note 8)	-	(1.850.148)	(1.850.148)
As of 31 December 2022	100.000	48.055.902	48.155.902

The accounting policies and explanatory notes on pages 5 to 25 are an integral part of these financial statements.

General Director



Nalibayeva G.K.
Nalibayeva G.K.

Chief Accountant

Sirayeva G.V.
Sirayeva G.V.

Accounting and Finance Center for the Support of Renewable Energy Resources LLP Financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Accounting and Finance Center for the Support of Renewable Energy Resources LLP (the "Company" or "RFC for RES LLP") was established on 27 August 2013 in accordance with the Law of the Republic of Kazakhstan dated 4 July 2013 No. 128-V "On Introducing Amendments to Some Legislative Acts Of the Republic of Kazakhstan on the Issues of Support of Using the Renewable Sources of Energy" (hereinafter as the "Law of Renewable Energy Sources"), and also in accordance with the decision of the Board of Directors of Kazakhstan Electricity Grid Operating Company JSC (hereinafter – JSC "KEGOC") dated 12 August 2013.

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 30 November 2021 No. 858 "On certain issues of the Limited Liability Partnership "Accounting and Finance Center for the Support of Renewable Energy Resources", and the corresponding act of acceptance and transfer (dated February 22, 2022), the right ownership and use of 100% state stake in the authorized capital of the Company transferred to the Ministry of Energy of the Republic of Kazakhstan.

On June 14, 2022, the Company re-registered with the Office of Justice of the Almaty District of the Department of Justice of Astana, due to the change of the participant.

Main activities:

- Sale of electricity to the consumer (centralized purchase and sale of electric energy produced by renewable energy sources and supplied to the electric grid, the unified electric power system of the Republic of Kazakhstan);
- Ensuring the readiness of electrical power to bear the power of load.

The Company's head office is located at 59 Tauelsizdik Ave., Astana, 010000, Republic of Kazakhstan.

The attached financial statements of the Company for the period ended 31 December 2022 were approved for release by the General Director and Chief Accountant of the Company on 22 June 2023.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis, except for certain classes of financial assets measured at fair value as described in the accounting policies and notes to these financial statements. The financial statements are presented in Kazakhstan Tenge ("Tenge" or "KZT") and all values are rounded to the nearest thousands, except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, interpretations and amendments adopted to the existing standards and interpretations adopted by the Company for the first time.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company during the year adopted the following new and revised standards effective from 1 January 2022:

- Amendments to IFRS 3: References to the Conceptual Framework;
- Amendments to IAS 16: Fixed assets: receipts before use for their intended purpose;
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract;
- Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards - subsidiary adopts International Financial Reporting Standards for the first time.
- Amendments to IFRS 9 Financial Instruments: Fees in the "10 per cent" test for derecognition of financial liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New standards, interpretations and amendments adopted to the existing standards and interpretations adopted by the Company for the first time (continued)***Amendments to IAS 16: Fixed assets: receipts before use for their intended purpose*

In May 2021, the IASB issued a document “Property, Plant and Equipment: Receipts before Intended Use”, which prohibits deducting from the cost of an item of property, plant, and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

These amendments are effective for annual periods beginning on or after 1 January 2022 and must be applied retrospectively to those items of property, plant and equipment that became available for use on (or after) the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. These amendments did not have any impact on the Company’s financial statements.

Amendments to IFRS 9 Financial Instruments: Fees in the ‘10 per cent’ test for derecognition of financial liabilities

The IASB issued an amendment to IFRS 9 Financial Instruments as part of Annual Improvements to IFRS Standards 2018–2020. The amendment to IFRS 9 clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. Such amounts include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity shall apply this amendment to financial liabilities that have been modified or replaced on (or after) the start date of the annual reporting period in which the entity first applies this amendment.

This amendment did not have any impact on the Company’s financial statements. The management believes that amendments to IFRS 3, IAS 37 and IFRS 1 – are not applicable to the financial statements.

New and revised IFRS – issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts.
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current.
- Amendments to IAS 8: Definition of Accounting Estimates.
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.
- Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement.
- that a right to defer must exist at the end of the reporting period.
- that classification is unaffected by the likelihood that an entity will exercise its deferral right.
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on the current classification of liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****New and revised IFRS – issued but not yet effective (continued)***Amendments to IAS 8: Definition of Accounting Estimates.*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies.

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 for application of IFRS “Making Materiality Judgements” in which it provides guidance and examples to help entities to apply materiality judgements in disclosure of information about accounting policy. The amendments aim to help entities to provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of materiality to accounting policy information, declare of an effective date for these amendments is not necessary.

Amendments to IAS 12: - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

In May 2021, the IASB issued amendments to IAS 12 that narrow the scope of the initial recognition of exemption of deferred taxes on initial recognition of assets and liabilities in accordance with IAS 12, so that it no longer applies to transactions that result in give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur at or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The amendments are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. The Company is currently analyzing the possible impact of these amendments.

The management believes that IFRS 17 Insurance Contracts are not applicable to the Company’s financial statements.

Classification of assets and liabilities into current/short-term and non-current/long-term

In the statement of financial position, the Company presents assets and liabilities based on their classification as current/short-term and non-current/long-term. An asset is current if:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 (twelve) months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 (twelve) months after the reporting period.

All other assets are classified as non-current.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Classification of assets and liabilities into current/short-term and non-current/long-term (continued)**

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 (twelve) months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least 12 (twelve) months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Company measures financial instruments, such as financial assets measured at fair value at each reporting date. Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Foreign currency transactions

The Company's financial statements are presented in Tenge ("KZT"), which is also the Company's parent company's functional currency. Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. During 2022 and 2021, all operations of the Company were carried out in tenge.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments – initial recognition and subsequent measurement****Financial assets****Initial recognition and measurement**

The Company's financial assets include cash and cash equivalents, short-term deposits, notes of the National Bank and trade receivables.

Financial assets at initial recognition are classified as financial assets carried at amortized cost, as appropriate; financial assets at fair value through profit or loss; financial assets at fair value through other comprehensive income

A financial asset is carried at amortized cost if two criteria are met:

- 1) the purpose of the business model is to hold a financial asset to receive all contractual cash flows; and
- 2) contractual cash flows are represented only by interest payments and principal debt. Remuneration is a payment for the time value of money and the credit risk associated with the principal debt due in a certain period of time.

If at least one of the above criteria is not met, the financial asset is measured at fair value.

The Company's financial assets that are not carried at amortized cost are carried at fair value.

A financial asset is carried at fair value through other comprehensive income if two criteria are met:

- 1) the purpose of the business model is to hold a financial asset both to receive all contractual cash flows and by selling the financial asset; and
- 2) contractual cash flows are represented only by interest payments and principal debt. Remuneration is a payment for the time value of money and the credit risk associated with the principal debt due in a certain period of time.

The Company accounts for financial assets at fair value through profit or loss, except when they are carried at amortized cost or at fair value through other comprehensive income.

Subsequent measurement

Subsequently, financial assets are measured at amortized or fair value through other comprehensive income or through profit or loss based on the Financial Asset Management Company's business model. The business model is determined by the Company's management.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized on the balance sheet if:

- the rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to a third party in full and without significant delay under a "transit" agreement; and either (a) the Company has transferred virtually all risks and benefits from the asset; or (b) the Company has not transferred, but and does not retain virtually all the risks and benefits of the asset, but has transferred control over this asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred assets and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments – initial recognition and subsequent measurement (continued)****Financial assets (continued)***Recognition of expected credit losses*

The Company recognizes an allowance for expected credit losses on financial assets measured at amortized cost equal to the lifetime expected credit loss if the credit loss has increased significantly since initial recognition. The Company does not reduce the carrying amount of a financial asset measured at fair value through other comprehensive income, but recognizes an estimated reserve in other comprehensive income.

When determining whether there is a significant increase in the credit risk of a financial asset since its initial recognition, the Company focuses on changes in the risk of default over the life of the credit instrument, and not on changes in the amount of expected credit losses.

If the terms of the contractual cash flows for a financial asset have been revised or modified and the recognition of the financial asset has not been discontinued, the Company assesses whether the credit risk of the financial instrument has changed significantly by comparing:

- 1) assessment of the risk of default as at the reporting date (based on modified contractual terms);
- 2) assessment of the risk of default upon initial recognition (based on the initial unmodified contractual terms).

If there is no significant increase in credit risk, the Company recognizes an estimated provision for losses on a financial asset in an amount equal to 12-month expected credit losses, with the exception of:

- 1) acquired or created credit-impaired financial assets.
- 2) trade receivables or contractual assets arising from transactions within the scope of IFRS 15 Revenue from Contracts with Customers; and
- 3) lease receivables.

For the financial assets specified in paragraphs 1) - 3), the Company estimates the provision for losses in the amount of expected credit losses for the entire term.

If in the previous reporting period the Company estimated the estimated reserve for losses on a financial instrument in the amount equal to the expected credit losses for the entire term, but as at the current reporting date determines that there is no significant increase in credit risk, then at the current reporting date the Company should estimate the estimated reserve in the amount equal to the 12-month expected credit losses.

The Company recognizes as an impairment gain or loss the amount necessary to adjust the estimated loss allowance to the amount of expected credit losses as at the reporting date.

For acquired or created credit-impaired financial assets, the Company recognizes favorable changes in expected credit losses for the entire term as a reversal of an impairment loss, even if the expected credit losses for the entire term are less than the amount of expected credit losses that were included in the estimated cash flows at initial recognition.

Assessment of expected credit losses

The Company estimates the expected credit losses on a financial instrument in a way that reflects:

- 1) an unbiased and probability-weighted sum determined by evaluating the range of possible results.
- 2) the time value of money.
- 3) reasonable and verifiable information about past events, current conditions, and projected future economic conditions available at the reporting date.

The maximum period considered when assessing expected credit losses is the maximum period under the contract (including extension options) during which the Company is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Financial instruments – initial recognition and subsequent measurement (continued)****Financial assets (continued)***Assessment of expected credit losses (continued)*

For financial instruments that include both a loan and an unused component of the loan obligation, the Company's contractual ability to demand repayment of the loan and cancel the unused component of the loan obligation does not limit the Company's exposure to the risk of credit losses by the contractual notice period. For such financial instruments, the Company estimates credit losses for the entire period of exposure to credit risk, and the expected credit losses will not decrease as a result of the Company's credit risk management activities, even if such a period exceeds the maximum period under the agreement.

To achieve the goal of recognizing expected credit losses over the entire term due to a significant increase in credit risk since initial recognition, it may be necessary to assess a significant increase in credit risk on a group basis, for example, by analyzing information indicating a significant increase in credit risk for a group or subgroup of financial instruments. This ensures that the Company achieves the goal of recognizing expected credit losses over the entire term in the event of a significant increase in credit risk, even if confirmation of such a significant increase in credit risk at the level of a instrument is not yet available.

Financial liabilities*Initial recognition and measurement*

Financial liabilities at initial recognition are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position include cash in banks and on hand and short-term highly liquid deposits with maturities of 3 months or less that are easily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents consist of cash as defined above.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income, net of any reimbursement.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

Implementation of services to ensure the readiness of electric power to load.

The company provides services to ensure the readiness of electric power to bear the power of load. Revenue from the provision of services to ensure the readiness of electric power to bear the power of load is recognized for a period of time on a monthly basis based on the volume of services rendered. The actual volume of services rendered to ensure the readiness of electric power to carry the load for each specific buyer, for the corresponding month, is calculated on the basis of the actual maximum value of electric power consumption specified in the act on the actual maximum value of electric power consumption for the corresponding month.

Income from the sale of purchased electricity from renewable energy sources

The Company sells purchased electricity from renewable energy sources and recognizes income at a certain point in time, since all obligations under the contract are fulfilled at a certain point in time.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate, the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in the statement of comprehensive income.

Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company recognizes assets in the form of a right of use on the date of commencement of the lease (i.e. the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for revaluation of lease obligations. The initial cost of an asset in the form of a right of use includes the amount of recognized lease obligations, initial direct costs incurred and lease payments made on or before the start date of the lease, less incentive lease payments received. If the Company does not have sufficient confidence that it will acquire ownership of the leased asset at the end of the lease term, the recognized right-of-use asset is amortized on a straight-line basis over the shorter of the following periods: the estimated useful life of the asset or the lease term. Assets in the form of a right of use are checked for impairment.

At the commencement date of the lease, the Company recognizes lease obligations that are measured at the present value of lease payments that must be made during the lease term. Lease payments include fixed payments (including essentially fixed payments) less any incentive payments on leases receivable, variable lease payments that depend on the index or rate, and amounts that are expected to be paid under liquidation value guarantees. Lease payments also include the exercise price of the purchase option, if there is sufficient confidence that the Company will exercise this option, and the payment of penalties for termination of the lease, if the lease term reflects the potential exercise of the option by the Company to terminate the lease. Variable lease payments that do not depend on the index or the rate are recognized as expenses in the period in which the event or condition leading to the implementation of such payments occurs.

To calculate the present value of lease payments, the Company uses the rate of attraction of additional borrowed funds at the start date of the lease, if the interest rate stipulated in the lease agreement cannot be easily determined. After the start date of the lease, the amount of lease obligations increases to reflect the accrual of interest and decreases to reflect the lease payments made. In addition, in the event of a modification, a change in the lease term, a change in substantially fixed lease payments or a change in the valuation of an option to purchase an underlying asset, the Company revalues the carrying amount of the lease liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Lease (continued)***Short term lease*

The Company applies the exemption from recognition in respect of short-term leases (i.e. to contracts for which, at the date of commencement of the lease, the stipulated lease term is no more than 12 months and which do not contain a purchase option).

The Company also applies an exemption from recognition in respect of leases of low-value assets to leases whose value is considered to be low. Lease payments for short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

The Company as a lessor

A lease for which the Company retains virtually all the risks and benefits associated with the ownership of an asset is classified as an operating lease. The resulting rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operational nature. The initial direct costs incurred at the conclusion of the operating lease agreement are included in the carrying amount of the leased asset and are recognized during the lease term on the same basis as rental income. Conditional rent is recognized as part of revenue in the period in which it was received.

Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Company deducted 10% of employees' salaries, but no more than 300,000 tenge per month (2021: 212,500 tenge) to accumulative pension funds. Pension fund payments are withheld from employees' salaries and included with payroll expenses in the statement of comprehensive income when they are incurred. The Company has no other retirement benefit obligations.

Current corporate income tax

Current corporate income tax assets and liabilities for the current and previous periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current corporate income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except: where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Deferred tax (continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the financial statements but are disclosed in the financial statements unless the possibility of any outflow in settlement is remote.

A contingent asset is not recognized in the financial statements but disclosed in the financial statements when an inflow of economic benefits is probable.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures, and the disclosure of contingent liabilities and assets. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and benefit already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Company.

As the Company assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which tax losses can be offset. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized in the financial statements based on the probable timing of receipt and the amount of future taxable profit, as well as the tax planning strategy.

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)****The role of the Company in contracts for the purchase and sale of electricity produced by renewable energy sources**

In order to create conditions for the development of the renewable energy sector (hereinafter referred to as "RES") The Government of the Republic of Kazakhstan has adopted a mechanism of state support based on the introduction of centralized purchase by a single buyer – the RFC of electricity produced by renewable energy sources. The activities of the RFC are regulated by the Law of the Republic of Kazakhstan "On support for the use of renewable energy sources".

Having analyzed the contracts for the purchase and sale of electricity produced by renewable energy sources, the Company's management applied a significant judgment that the Company simultaneously acquires control over electricity produced by renewable energy sources and transfers it to customers. The Company's management believes that the buyers consider the Company as the party bearing the main responsibility for the execution of the contract for the sale of electricity produced by RES.

Moreover, contracts for the purchase of electricity produced by RES are concluded by the Company for a period of 15-20 years, while contracts for the sale of electricity are concluded with buyers for a period of one year.

Thus, the Company's Management determined that the Company is the principal in the contracts for the sale of electricity produced by RES, and the Company recognizes revenue in the gross amount of compensation that it expects to receive.

Estimated allowance for expected credit losses on receivables

The Company uses the estimated reserves matrix to calculate the ECL for receivables. Valuation reserve rates are set depending on the number of days of delay in payment for Company's of different customer segments with similar loss characteristics (i.e., by geographic region, product type, type and rating of customers, collateral by letters of credit and other forms of credit risk insurance).

Initially, observable data on the occurrence of defaults in past periods underlies in the basis of the estimated reserves matrix. The Company will update the matrix to adjust past experience with credit losses, considering forward-looking information. At each reporting date, the observed default level data in previous periods are updated and changes in forecast estimates are analyzed.

The assessment of relationship between historical observed default levels, forecasted economic conditions, and ECL is a significant estimate. The value of the ECL is sensitive to changes in circumstances and projected economic conditions. Past experience of occurrence of credit losses and the forecast of economic conditions may also not be indicative of actual default of the buyer in the future.

Definitions of the lease component in contracts for the purchase of renewable energy

The Company has concluded long-term contracts for the purchase of electricity produced at power plants using renewable energy sources (hereinafter referred to as "RES power plants"). According to these agreements, the Company has the right to receive almost all economic benefits from the use of a RES power plants during the period of use, defined as the 15-20 years period of validity of purchase agreements. The Company purchases the entire volume of electricity produced at these RES power plants. RES power plants purchase agreements provide for fixed tariffs in tenge for each kWh of electricity produced at a RES power plants.

Thus, the Company's management determined that the RES electricity purchase agreements contain a lease component in accordance with IFRS 16. However, the Company's management cannot reliably estimate the amount of electricity due to high fluctuations in the production volumes that will be produced at each specific power plant, since the nature of the RES business depends largely on external factors, factors such as weather conditions. Accordingly, the Company's management was unable to assess the lease obligations reliably and reliably (and, accordingly, the asset in the form of a right of use).

**NOTES TO THE FINANCIAL STATEMENTS (continued)****5. TRADE RECEIVABLES**

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Trade accounts receivables	29.726.028	26.903.583
Less: allowance for expected credit losses	(1.713.496)	(1.126.161)
Total	28.012.532	25.777.422

Movement in the provision for expected credit losses was as follows:

<i>In thousands of Tenge</i>	2022	2021
As of 1 January	1.126.161	713.217
Accrual of reserve	1.570.351	2.142.553
Recovery of reserve	(983.016)	(1.729.609)
As of 31 December	1.713.496	1.126.161

As of 31 December 2022, and 31 December 2021 the Company's trade receivables included receivables for the sale of electric

The ageing analysis of trade receivables is as follows:

<i>In thousands of Tenge</i>	Total	Current	Trade account receivables		
			Days past due		
			31-60 days	61-90 days	More 90 days
31 December 2022					
Percentage of expected credit losses		0.42%	5.75%	16.03%	60.80%
Estimated total gross carrying amount in case of default	29.726.028	25.760.476	1.144.662	389.945	2.430.945
Less: allowance for expected credit losses	(1.713.496)	(107.209)	(65.857)	(62.507)	(1.477.923)
Total	28.012.532	25.653.267	1.078.805	327.438	953.022
31 December 2021					
Percentage of expected credit losses		0.22%	2.91%	8.15%	73.08%
Estimated total gross carrying amount in case of default	26.903.583	23.341.305	2.078.016	106.833	1.377.429
Less: allowance for expected credit losses	(1.126.161)	(50.290)	(60.558)	(8.705)	(1.006.608)
Total	25.777.422	23.291.015	2.017.458	98.128	370.821

6. OTHER FINANCIAL ASSETS

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Notes of the National Bank of the Republic of Kazakhstan	-	5.113.235
Interest accrued on bank deposits	-	38.291
Less: allowance for expected credit losses	-	(19)
Total	-	5.151.507

NOTES TO THE FINANCIAL STATEMENTS (continued)**6. OTHER FINANCIAL ASSETS (continued)****Notes of the National Bank of the Republic of Kazakhstan**

In order to comply with the basic principles of cash management - profitability, security and liquidity, the temporarily free funds by the Company were invested in the notes of the National Bank of the Republic of Kazakhstan.

On September 28, 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 4.993.760 thousand tenge at an auction of the National Bank of the Republic of Kazakhstan. The maturity of the notes is March 25, 2022.

On May 12, 2022, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 6.786.633 thousand tenge at an auction of the National Bank of the Republic of Kazakhstan. The circulation period for the notes of the National Bank of the Republic of Kazakhstan is until August 2022.

On August 12, 2022, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 6.999.994 thousand tenge at an auction of the National Bank of the Republic of Kazakhstan. Term of circulation of notes of the National Bank of the Republic of Kazakhstan until September 2022.

In September 2022, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 2.000.000 thousand tenge at an auction of the National Bank of the Republic of Kazakhstan. Term of circulation of notes of the National Bank of the Republic of Kazakhstan until October 2022.

On September 16, 2022, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 3.700.000 thousand tenge at an auction of the National Bank of the Republic of Kazakhstan. The circulation period for notes of the National Bank of the Republic of Kazakhstan is until October 12, 2022.

In October 2022, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 1.600.000 thousand tenge at an auction of the National Bank of the Republic of Kazakhstan. Term of circulation of notes of the National Bank of the Republic of Kazakhstan until November 2022.

On October 21, 2022, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 2.300.000 thousand tenge at an auction of the National Bank of the Republic of Kazakhstan. The circulation period for notes of the National Bank of the Republic of Kazakhstan is until November 16, 2022.

On November 18, 2022, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 4.000.000 thousand tenge at the Auction of the National Bank of the Republic of Kazakhstan. The circulation period for the notes of the National Bank of the Republic of Kazakhstan is until December 14, 2022.

As a result of investing in notes of the National Bank of the Republic of Kazakhstan, the total amount of financial income for the year ended 31 December 2022 amounted to 529.947 thousand tenge (2021: 1.275.358 thousand tenge).

7. CASH AND CASH EQUIVALENTS

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Current accounts with banks, in tenge	11.215.247	35.382.953
Short-term deposits in tenge, with a term of placement up to three months	47.109.205	3.493.086
Accrued interest on bank deposits	280.139	-
Less: allowance for expected credit losses	(39.692)	(28.240)
Total	58.564.899	38.847.799

During 2022, the Company's current accounts accrued interest from 8 to 11,5% per annum, for the period ended December 31, 2022, the Company accrued interest income in the amount of 615.649 thousand tenge (2021: 271.532 thousand tenge). During 2022, temporarily free cash was placed on short-term deposit accounts for up to three months with an interest rate of 8,5% to 15,3% per annum, for the period ended December 31, 2022, the Company accrued interest on temporarily free cash funds on short-term deposits in the amount of 4.151.908 thousand tenge (2021: 647.385 thousand tenge).



Accounting and Finance Center for the Support of Renewable Energy Resources LLP Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**7. CASH AND CASH EQUIVALENTS (continued)**

Movement in the allowance for expected credit losses on cash and cash equivalents was as follows:

<i>In thousands of Tenge</i>	2022	2021
As of 1 January	28.240	6.027
Accrual of reserve	95.821	23.020
Recovery of reserve	(84.369)	(807)
As of 31 December	39.692	28.240

8. CAPITAL**Charter capital**

As at 31 December 2022, the charter capital of the Company amounted to 100.000 thousand tenge (2021: 100.000 thousand tenge).

Dividends

In December 2022, the Ministry of Energy of the Republic of Kazakhstan, in accordance with paragraphs 3-4 of the Decree of the Government of the Republic of Kazakhstan dated March 27, 2020, No. 142 "On dividends on state blocks of shares and income on state shares in organizations", approved the distribution of 10,6% of net profit at the end of 2021 to the republican budget. The total amount of declared and paid dividends during 2022 amounted to 1.850.148 thousand tenge.

9. TRADE ACCOUNTS PAYABLE

<i>In thousands of Tenge</i>	31 December 2022	31 December 2021
Accounts payable for purchased electricity generated by RES	24.319.395	20.172.356
Accounts payable for services to maintain the readiness of electric power and other services	15.115.999	11.429.697
Other accounts payable	25.494	-
Total	39.460.888	31.602.053

As at 31 December 2022 and 2021, trade payables are interest-free and are usually repaid in accordance with the terms of the contract, within a short period.

As at 31 December 2022 and 31 December 2021, trade and other payables were denominated in tenge.

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of Tenge</i>	2022	2021
Income from the sale of purchased electricity on renewable energy sources	150.149.397	137.249.952
Revenue from the sale of services to ensure the readiness of electric power to bear the power of load	83.921.599	78.612.660
Income from the implementation of pre-project technical documentation for the construction of power plants with a flexible generation mode (GM)	279.908	-
Revenue from the implementation of pre-project technical documentation on the SES pilot project for the RES auction with documentation	46.200	50.772
Total	234.397.104	215.913.384

For the year ended 31 December 2022, revenue for electricity sold from one major buyer of the Company Ekibastuzskaya GRES-1 named after B.Nurzhinov LLP) amounted to 36.500.891 thousand tenge (2021: 31.555.138 thousand tenge), which is represents 15,6% of the Company's total revenue (2021: 14,6%).

During 2022 and 2021, the Company sold all goods and services on the territory of the Republic of Kazakhstan.

The timing of revenue recognition is as follows:

<i>In thousands of Tenge</i>	2022	2021
Revenue recognition timeline		
At a point in time	150.475.505	137.300.724
Over time	83.921.599	78.612.660
Total revenue from contracts with customers	234.397.104	215.913.384

Accounting and Finance Center for the Support of Renewable Energy Resources LLP Financial statements

NOTES TO THE FINANCIAL STATEMENTS (continued)**11. COST OF SALES**

<i>In thousands of Tenge</i>	2022	2021
Cost of purchased electricity from renewable energy sources and pre-project technical documentation	141.824.169	121.467.694
Expenses for maintaining the readiness of electric power to carry the load and pre-project technical documentation	80.458.040	74.129.866
Expenses for organizing balancing of production and consumption of electricity	451.267	341.738
Expenses for organization and conduct of centralized trading of electric power	2.000	1.140
Total	222.735.476	195.940.438

12. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of Tenge</i>	2022	2021
Payroll expenses and other deductions related to payroll	306.126	215.644
Accrual of reserves for unused vacations and bonuses	107.952	58.099
Lease expenses	84.605	61.239
Depreciation and amortization	13.351	12.812
Telecommunication services	12.938	10.967
Cost of office equipment servicing	8.014	4.879
Consulting services	7.544	6.060
Business trip expenses	2.981	4.663
Insurance expenses	1.195	947
Materials	935	2.220
Procurement costs	910	1.627
Bank charges	812	1.143
Training expenses	473	1.183
Vehicle maintenance expenses	123	1.050
Other	30.368	24.667
Total	578.327	407.200

13. CORPORATE INCOME TAX EXPENSE

<i>In thousands of Tenge</i>	2022	2021
Current corporate income tax		
Current corporate income tax expense	3.241.263	4.106.285
Adjustments in respect of current corporate income tax of previous year	-	3.818
Deferred tax		
Deferred corporate income tax benefit	(124.098)	(75.081)
Total corporate income tax expense recognized in profit or loss	3.117.165	4.035.022

The corporate income tax rate in the Republic of Kazakhstan is 20% in 2022 and 2021.

A reconciliation of the 20% income tax rate and actual income tax recorded in the statement of comprehensive corporate income is provided below:

<i>In thousands of Tenge</i>	2022	2021
Profit before corporate income tax expense	16.001.425	21.422.450
Tax at statutory income tax rate of 20%	3.200.285	4.284.490
Financial income from securities	(105.989)	(255.072)
Non-deductible expenses	22.869	5.604
Corporate income tax expense recorded in profit and loss	3.117.165	4.035.022

**NOTES TO THE FINANCIAL STATEMENTS (continued)****13. CORPORATE INCOME TAX EXPENSE (continued)**

Tax effect on temporary differences leading to deferred income tax assets and liabilities at 31 December 2022 and 31 December 2021 is provided below:

	Statement of financial position		Statement of comprehensive income	
	31 December 2022	31 December 2021	2022	2021
<i>In thousands of Tenge</i>				
Accrued liabilities	14.912	11.142	3.770	(4.831)
Government subsidies	1.569	2.158	(589)	(589)
Trade accounts receivable	345.762	225.977	119.785	81.312
Accrued taxes	1.247	486	761	(63)
Property, plant, and equipment	(4.659)	(5.030)	371	(748)
Net deferred tax assets	358.831	234.733	-	-
Deferred corporate income tax relief	-	-	124.098	75.081

Reconciliation of deferred tax liabilities/assets, net:

<i>In thousands of Tenge</i>	2022	2021
As of 1 January	234.733	159.652
Corporate income tax benefit	124.098	75.081
As of 31 December	358.831	234.733

The Company performs offset of deferred tax assets and deferred tax liabilities, if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred taxes relate to income tax collected by the same tax entity and the same taxation authority.

14. RELATED PARTY DISCLOSURES

In 2022, the key management staff is represented by 2 employees (2021: 2 people). For the years ended 31 December 2022 and 2021, remuneration of key management personnel included in administrative expenses in the statement of comprehensive income amounted to 42.771 thousand tenge and 41.551 thousand tenge, respectively. Remuneration of key management personnel consists of contractual salaries, bonuses based on the results of operational activities and financial assistance in accordance with internal regulations.

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, bonds payable, trade and other payables. The main purpose of these financial liabilities is to finance the Company's investment projects and operations. The Company has trade receivables, short-term deposits and notes of the National Bank, cash that arises directly in the course of its operating and investment activities.

The Company is exposed to credit risk and liquidity risk.

Credit risk is the risk that the Company will incur financial losses because counterparties will not fulfill their obligations under a financial instrument or a client agreement. The Company is exposed to credit risk associated with its operating activities, primarily in relation to trade receivables, and financial activities, short-term deposits, notes, cash and cash equivalents (Notes 5, 6, 7). The Company's exposure and the creditworthiness of its counterparties are constantly monitored. The maximum exposure to credit risk is limited by the carrying amount of each financial asset.

The carrying amount of financial assets recognized in the Company's financial statements, net of provisions for expected credit losses, reflects the maximum amount of the Company's credit risk.

NOTES TO THE FINANCIAL STATEMENTS (continued)**15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Credit risk (continued)**

The Company has no approved policies, procedures and controls related to credit risk management, but, nevertheless, the outstanding balance of accounts receivable from customers is regularly monitored by the Company's management.

The impairment analysis is carried out by the Company's management at each reporting date on an individual basis based on the number of days overdue. Calculations are based on information about losses actually incurred in the past. The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each class of financial assets (Notes 5, 6, 7).

The credit risk on cash is limited, as the Company's counterparty is banks with high credit ratings assigned by international rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial liabilities. Liquidity risk may result from an inability to realize a financial asset quickly at close to its fair value.

Liquidity requirements are monitored regularly, and management monitors the availability of funds in an amount sufficient to meet obligations as they arise.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

<i>In thousands of Tenge</i>	On demand	Due more than 1 month but not later than 3 months	Due more than 3 months but not later than 1 year	Due more than 1 year but not later than 5 years	Due more than 5 years	Total
As of 31 December 2022						
Trade accounts payable	-	39.460.888	-	-	-	39.460.888
	-	39.460.888	-	-	-	39.460.888
As of 31 December 2021						
Trade accounts payable	-	31.602.053	-	-	-	31.602.053
	-	31.602.053	-	-	-	31.602.053

Capital management

The main objective of the Company's capital management is to ensure that the Company will be able to continue as a going concern.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated November 30, 2021 No. 858 "On certain issues of the Limited Liability Partnership "Settlement and Financial Center for the Support of Renewable Energy Sources"" and the corresponding act of acceptance and transfer (dated February 22, 2022), the right ownership and use of 100% state stake in the authorized capital of the Company is carried out by the Ministry of Energy of the Republic of Kazakhstan.

Fair value hierarchy

As of 31 December 2022, the carrying value of financial assets and liabilities approximates their fair value due to the short-term nature of these financial instruments.

As of 31 December 2022, and 2021 the Company did not have financial instruments classified as financial instruments of 1 or 3 levels.

For the years ended 31 December 2022 and 2021, there were no transitions between Levels 1, 2 and 3 of the fair value of financial instruments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Taxation**

Kazakhstan's tax legislation and regulatory legal acts are subject to constant changes and various interpretations. There are frequent cases of differences of opinion between local, regional and republican tax authorities, including opinions on the approach of IFRS to revenue, expenses and other items of financial statements. The system of fines and penalties currently applied for detected offenses on the basis of the laws in force in Kazakhstan is very severe. Penalties include fines, as a rule, in the amount of 50-80% of the amount of additionally accrued taxes, and penalties accrued at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 2.5. As a result, the amount of penalties and penalties may be several times higher than the amount of additional taxes to be assessed. Financial periods remain open for review by the tax authorities for five calendar years preceding the year in which the audit is conducted. Under certain circumstances, tax audits may cover longer periods. In view of the above, the final amount of taxes, penalties and penalties, if any, may exceed the amount currently expensed and accrued as at 31 December 2022.

As at 31 December 2022, the Company's management believes that the interpretation of the applicable legislation is correct and there is a possibility that the Company's position on taxes will be confirmed, except as provided for or disclosed in these financial statements.

16. COMMITMENTS AND CONTINGENCIES**Contractual obligations**

As of 31 December 2022, the Company has concluded contracts with electric energy producers using renewable energy sources (solar, wind and water energy), and with electric energy producers using energy waste disposal by electric energy producers producing and releasing flood electric energy to the grid. The validity of contracts is up to 15-20 years.

In the electric power market, as of 31 December 2022, the Company also has concluded contracts with traditional power generating organizations for the purchase of services to maintain the readiness of electric power and consumers (subjects of the wholesale electricity market) services to ensure the readiness of electric power to bear the load.

Activity regulation

Ensuring the readiness of electric power to bear the power of load (Centralized purchase of services to maintain the readiness of electric power and centralized provision of services to ensure the readiness of electric power to bear the load in the electric power market).

In accordance with subparagraph 8), paragraph 2, Article 10-3 of the Law of the Republic of Kazakhstan dated 9 July 2004 No. 588-II "On Electric Power Industry" (hereinafter – the Law on Electric Power Industry): "RFC for RES LLP" directs the funds generated by the results of a positive financial result in the framework of activities in the electric power market in the year preceding the year in which the price is calculated to reduce the price of the service to ensure the readiness of electric power to bear the load for the upcoming calendar year.

At the same time, in accordance with paragraph 8 of Article 15-3 of the Law on Electric Power Industry, the calculation of the price for the service to ensure the readiness of electric power to bear the load for the upcoming calendar year is carried out by "RFC for RES LLP" on the basis, including a positive financial result, confirmed by an audit report, on the activities of a single buyer in the electric power market for the year preceding the year in which the price is calculated. In this connection, the financial result is formed based on the gross result from the activities of RFC for RES LLP for the purchase of services to maintain the availability of electric power and the provision of services to ensure the availability of electric power, minus:

- the actual operating costs incurred by RFC for RES LLP, but not higher than the costs taken into account when approving the price for the relevant year;
- uncovered costs for the development of a preliminary feasibility study commissioned by the competent authority;
- estimated corporate income tax.

When calculating the tariff for the preparedness service for 2022, the Company applied the requirements of the Law on Electric Power Industry to adjust for a positive financial result obtained in 2020 equal to 6.610.266 thousand tenge.

NOTES TO THE FINANCIAL STATEMENTS (continued)**16. COMMITMENTS AND CONTINGENCIES (continued)****Activity regulation (continued)**

For the year ended December 31, 2022 the financial result for the type of activity "Ensuring the readiness of electric power to carry the load" amounted to 2.853.521 thousand tenge (3.228.829 thousand tenge in 2021).

<i>In thousands of tenge</i>	2022	2021
Revenue from contracts with customers	84.201.507	78.612.660
Cost of sales	(80.460.040)	(74.131.006)
Gross result	3.741.467	4.481.654
Other operating expenses (general and administrative expenses)	(326.973)	(293.211)
Uncovered costs for the development of a preliminary feasibility study	152.407	(152.407)
Profit before tax	3.566.901	4.036.036
Corporate income tax rate (20% from profit before tax)	(713.380)	(807.207)
Positive financial result	2.853.521	3.228.829

In accordance with the Company's separate accounting methodology, the amount of actually incurred reasonable operating costs (including expenses for doubtful debts) for the type of activity "Ensuring the readiness of electric power to bear the load" in 2022 amounted to 977.313 thousand tenge and 365.295 thousand tenge in 2021.

A positive financial result for 2022 in the amount of 2.853.521 thousand tenge should be taken into account when calculating the price of the preparedness service for 2024, while the amount of 6.610.266 thousand tenge should also be taken into account, which covered the amount of the return of positive financial the 2020 result included in the 2022 readiness service price calculation.

Sale of electricity to the consumer (Centralized purchase and sale of electric energy produced by facilities for the use of renewable energy sources and supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan).

For the year ended 31 December 2022, the financial result by type of activity implementation of centralized purchase and sale of electric energy produced by facilities for the use of renewable energy sources and supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan amounted to 6.363.858 thousand tenge (2021:12.308.452 thousand tenge), including the costs of forming a reserve fund of 488.684 thousand tenge (2021: 879.916 thousand tenge).

<i>In thousands of tenge</i>	2022	2021
Revenue from contracts with customers	150.355.917*	137.300.724
Cost of sales	(142.275.436)	(121.809.432)
Gross result	8.080.481	15.491.292
Other operating expenses (general and administrative expenses)	(125.659)	(105.727)
Profit before tax	7.954.822	15.385.565
Corporate income tax rate (20% from profit before tax)	(1.590.964)	(3.077.113)
Result	6.363.858	12.308.452
<i>including:</i>		
The costs of forming a reserve fund	(488.684)	(879.916)
Positive financial result	5.875.174	11.428.536

* This includes income received as a result of a paid claim under the bank guarantee.

According to paragraph 36 of the Rules for organizing and conducting auction sales, including qualification requirements for auction participants, the content and procedure for submitting an application, types of financial security for an application for participation in an auction and the conditions for their payment and return, the procedure for summing up and determining the winners, approved by the Order of the Minister Energy of the Republic of Kazakhstan dated December 21, 2017 No. 466, the money received as a result of a paid claim under a bank guarantee or a standby letter of credit is credited to a special account of the reserve fund of the settlement and financial center.

In accordance with paragraph 5 of the Rules for the formation and use of the reserve fund, approved by order of the acting Minister of Energy of the Republic of Kazakhstan dated July 29, 2016 No. 361, the amount of the reserve fund is three percent of the annual cost of the settlement and financial center for the purchase of electricity from renewable energy facilities.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****16. COMMITMENTS AND CONTINGENCIES (continued)****Activity regulation (continued)**

The disclosures provided in the "Activity regulation" section are based on the Company's internal policies and are not disclosures required by IFRS 8 Operating Segments. The distribution of general and administrative expenses of the Company between the types of activities is carried out on the basis of the internal method of accounting.

Tariff setting

Tariff for the sale of electricity produced by objects using renewable energy sources.

The tariff for the sale of electricity produced by renewable energy sources to conditional consumers is calculated in accordance with the "Rules for determining the tariff for supporting renewable energy sources" approved by Order No. 118 of the Minister of Energy of the Republic of Kazakhstan dated 20 February 2015 and the "Pricing Rules on Socially Significant markets" approved by Order of the Minister of National Economy of the Republic of Kazakhstan from 1 February 2017 No. 36.

The weighted average tariffs for the sale of electricity produced by renewable energy facilities for 2022 by zones of electricity consumption amounted to:

Zone 1 – 33,0154 tenge/kWh.

Zone 2 – 31,6955 tenge/kWh.

By the Decree of the Head of State of the Republic of Kazakhstan dated 7 December 2020, the Law of the Republic of Kazakhstan "On Amendments and Additions to Some Legislative Acts of the Republic of Kazakhstan on support for the use of renewable energy sources and electric power industry" was signed, providing for the introduction of a "pass-through" surcharge for support of renewable energy sources from 1 July 2021.

Within the framework of this mechanism, the costs of supporting renewable energy sources are distributed to conditional consumers in the form of a surcharge in excess of their marginal electricity tariff.

The Ministry of Energy of the Republic of Kazakhstan has amended subordinate regulatory legal acts, including the Rules for Determining the Tariff for RES, approved by Order No. 118 of the Minister of Energy of the Republic of Kazakhstan dated 20 February 2015, regulating changes in the procedure for determining the tariff for supporting the use of RES and the establishment of a surcharge for supporting the use of RES. The fundamental difference is a new approach to the calculation of the tariff for RES support, which, before the introduction of the mechanism of the "pass-through" surcharge of RES, was calculated and set according to the projected volumes of RES submitted by the authorized body - the Ministry of Energy of the Republic of Kazakhstan (for new inputs of RES) and energy-producing organizations using RES. A new approach to calculating the growth rate of RES is based on the pass-through allowance and the observed volumes of RES generation in the calculation month.

The actual tariffs for renewable energy support for the period January - December 2022 by electric energy consumption zones were:

Zone 1 - from 20,1308 – 66,8869 tenge/kWh

Zone 2 - from 24,2988 – 36,7426 tenge/kWh

GRES Topar LLP - from 14,5310 – 90,0531 tenge/kWh

The Company's management believes that during 2022, the calculation and application of tariffs for renewable energy support, as well as the calculation and application of indexation of fixed tariffs and auction prices at which the RFC buys renewable energy was carried out properly and in accordance with applicable regulations and legislative acts.

The planned tariffs for the sale of electricity produced by renewable energy facilities for the period January - December 2023 for the zones of electricity consumption amounted to:

Zone 1 - from 17,2632 – 47,2123 tenge/kWh;

Zone 2 - from 25,4820 – 34,5010 tenge / kWh;

GRES Topar LLP - from 11,533 – 106,1147 tenge / kWh.

NOTES TO THE FINANCIAL STATEMENTS (continued)**16. COMMITMENTS AND CONTINGENCIES (continued)****Tariff setting (continued)**

Tariff for the provision of services to ensure the readiness of electric power to bear the power of load

The tariff for the service to ensure the readiness of electric power to bear the power of load is calculated in accordance with the "Rules for calculating and posting on the Internet resource by a single buyer of the price for the service to ensure the readiness of electric power to bear the load", approved by the Order of the Minister of Energy of the Republic of Kazakhstan dated 3 December 2015 No. 685.

RFC for RES LLP annually, until 1 December, places on its Internet resource the price of the service for ensuring the readiness of electric power to bear the power of load for the upcoming calendar year, together with supporting calculations. The price for the service to ensure the readiness of electric power to bear the power of load for 2022 is 711, 432 tenge/MW* month (without VAT) (2021: 692,376 tenge / MW*month (without VAT).

The management of the Company believes that during 2022, the calculation and application of tariffs for the service of ensuring the readiness of electric power to carry the load was carried out properly and in accordance with applicable norms and legislative acts, taking into account the amendments to the legislation of the Republic of Kazakhstan.

17. SUBSEQUENT EVENTS

In March 2023 the Company signed the contracts for the purchase of a service for maintaining electric power during the construction of newly commissioned generating units with a flexible generation mode. The technical conditions and characteristics of services for the maintenance of electric capacity imply the purchase of volumes of electricity at established tariffs for 15 years after the commissioning of generating plants with a flexible generation mode.



GLOSSARY

JSC	Joint-Stock Company
KEGOC JSC	KEGOC (Kazakhstan Electricity Grid Operating Company) Joint Stock Company
KOREM JSC	Kazakhstan Electricity and Capacity Market Operator Joint Stock Company
BioPP	Biofuel Power Plant
BGU	Biogas Units
RES	Renewable Energy Sources
WPP	Wind Power Plant
GWh	Gigawatt-Hour
GW	Gigawatt
MSOE	Municipal State-Owned Enterprise
GEPP	Gas Engine Power Plant
SDPP	State District Power Plant
GCHPP	Gas Turbine Power Plant
HPC	Hydropower Complex
HPP	Hydroelectric Power Plant
UEPS of the RK	Unified Electric Power System of the Republic of Kazakhstan
kWh	kilowatt-hour
Company	Financial Settlement Center of Renewable Energy Sources Limited Liability Partnership
MW	megawatt
VAT	Value Added Tax
SO's NDC	System Operator's National Dispatch Center, a branch of KEGOC JSC
Atameken NCE	Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan
RK	The Republic of Kazakhstan
SPP	Solar Power Plant
LLP	Limited Liability Partnership
FS	Feasibility Study

CHPP	Combined Heat and Power Plant
IFC	International Finance Corporation
IRENA	International Renewable Energy Agency
TetraTech	US Consulting and Engineering Company
USAID	US Agency for International Development
ER	Energy Recovery

