ACCOUNTING AND FINANCE CENTER FOR THE SUPPORT OF RENEWABLE ENERGY RESOURCES LLP

Forms of financial statements prepared
in accordance with the Order of the Minister of Finance
Republic of Kazakhstan No. 404 dated 28 June 2017
with amendments and additions, approved by
Order of the Ministry of Finance of the Republic of Kazakhstan
of the Republic of Kazakhstan No. 665 dated 1 July 2019
For the year ended 31 December 2021,
With the auditor's report of independent auditor

CONTENT

RSM Qazaqstan LLP
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INDEPENDENT AUDITOR'S REPORT

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

Introduction

We have audited the accompanying forms of financial statements of Accounting and Finance Center for the Support of Renewable Energy Resources LLP (the "Company") as at 31 December 2021, which comprise the balance sheet as at 31 December 2021, statement of profit and loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (the "forms of financial statements"). These forms of financial statements have been prepared by management of the Company in accordance with Order No. 404 of the Minister of Finance of Kazakhstan dated 28 June 2017, as amended and restated by Order No. 665 of the Minister of Finance of Kazakhstan dated 1 July 2019.

Management's Responsibility for the Forms of Financial Statements

Management of the Company is responsible for the preparation of these forms of financial statements in accordance with the requirements of Order of the Minister of Finance of the Republic of Kazakhstan No. 404 dated 28 June 2017, with changes and additions, approved by Order No. 665 of the Minister of Finance of the Republic of Kazakhstan dated 1 July 2019 and for such internal control as management determines is necessary, in the opinion of management, to ensure that forms of financial statements are prepared without material misstatement due to fraud or error.

Auditor's Responsibility for the Audit of the Forms of Financial Statements

Our responsibility is to express an opinion on these forms of financial statements based on our audit. We conducted our audit in accordance with International Auditing Standards adopted by the Republic of Kazakhstan. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the forms of financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the forms of financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the forms of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the forms of financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the forms of financial statements.

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

RSM

Opinion

In our opinion, the forms of financial statements, in all material respects, prepared in accordance with Order No. 404 of the Minister of Finance at 28 June 2017, as amended and restated by Order No. 665 of the Minister of Finance of 1 July 2019.

Principles of preparation and limitation of use

Without changing our opinion, we draw attention to the notes to the forms of financial statements, which describe the principles for their preparation. The forms of financial statements were prepared in order for the Company to comply with the requirements of Order No. 404 of the Minister of Finance of the Republic of Kazakhstan dated 28 June 2017, as amended and supplemented by Order No. 665 of the Minister of Finance of the Republic of Kazakhstan dated 1 July 2019. As a result, these forms of financial statements may not be suitable for another purposes.

Other Information

The Company has prepared a set of financial statements in accordance with International Financial Reporting Standards for the year ended 31 December 2021, on which we have issued an auditor's report to the Participant and the Company's management dated 2 August 2022.

RSM Qazaqstan LLP

Dilshat Kurbanov
Audit Partner

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

2 August 2022

STATEMENT OF BALANCE SHEET

For the year ended 31 December 2021

Index: № 1 - B (Balance)
Periodicity: Annual
As at 31 December 2021

Assets	Line Code	At the end of reporting period	At the beginning of reporting period
I. Short-term assets:			
Cash and cash equivalents	010	38,847,799	14,324,021
Short-term financial assets measured at amortized cost	011	5,113,235	9,046,356
Short-term financial assets at fair value through other comprehensive income	012	-	-
Financial assets at fair value through profit or loss	013	-	-
Short term derivative financial instruments	014	-	-
Other short-term financial assets	015	38,272	4,009,303
Short-term trade and other receivables	016	25,777,422	17,298,215
Short-term lease receivables	017	-	-
Short-term assets on contracts with customers	018	-	-
Current corporate income tax	019	-	428,219
Inventories	020	155,465	55,024
Biological assets	021	-	-
Other current assets	022	16,858	1,448,320
Total current assets (sum of lines 010 to 022)	100	69,949,051	46,609,458
Assets (or disposal groups) held for sale	101	-	-
II. Long-term assets		-	-
Long term financial assets at amortized cost	110	-	-
Long-term financial assets at fair value through other comprehensive income	111	-	-
Long-term financial assets at fair value through profit or loss	112	-	-
Long-term derivative financial instruments	113	-	-
Investments accounted for at cost	114	-	-
Investments accounted for using the equity method	115		
Other non-current financial assets	116		
Long-term trade and other receivables	117	-	-
Long-term lease receivables	118	-	-
Long-term contractual assets with customers	119		
Investment property	120	-	-
Property, plant and equipment	121	27,567	32,909
Right-of-use asset	122	-	-
Biological assets	123		
Exploration and evaluation assets	124	-	-
Intangible assets	125	14,836	17,336
Deferred tax assets	126	234,733	159,652
Other noncurrent assets	127	-	-
Total long-lived assets (sum of lines 110 to 127)	200	277,136	209,897
BALANCE (line 100 + line 101 + line 200)		70,226,187	46,819,355

STATEMENT OF FINANCIAL POSITION (continued)

Liabilities and Equity	Line Code	At the end of reporting period	At the beginning of reporting period
III. Non-current liabilities			
Short-term financial liabilities measured at amortized cost	210	–	–
Short-term financial liabilities measured at fair value through profit or loss	211	–	–
Short-term derivative financial instruments	212	–	–
Other current financial liabilities	213		
Short-term trade and other payables	214	32,749,625	26,978,017
Short-term estimated liabilities	215	55,711	79,868
Current corporate income tax liabilities	216	261,182	–
Employee benefits	217	–	10,450
Short-term lease payables	218	–	
Short-term liabilities under contracts with customers	219	–	
Government grants	220	2,942	2,942
Dividends Payable	221	–	–
Other current liabilities	222	27,091	2,927
Total current liabilities (sum of lines 210 to 222)	300	33,096,551	27,074,204
Liabilities of disposal groups held for sale	301	–	–
IV. Long-term liabilities			
Long-term financial liabilities measured at amortized cost	310	–	–
Long-term financial liabilities at fair value through profit or loss	311	–	–
Long-term derivative financial instruments	312		
Other non-current financial liabilities	313	–	–
Long-term trade and other payables	314	–	–
Long-term liabilities at fair value through profit or loss	315	–	–
Deferred tax liabilities	316	–	–
Long-term employee benefits	317	–	–
Long-term rental liabilities	318	–	–
Long-term contractual liabilities with customers	319	–	–
Government grants	320	7,846	10,789
Other non-current liabilities	321	–	–
Total non-current liabilities (sum of lines 310 through 321)	400	7,846	10,789
V. Equity			
Charter capital	410	100,000	100,000
Share premium	411	–	–
Treasury equity instruments	412	–	–
Components of other comprehensive income	413	–	–
Retained earnings (uncovered loss)	414	37,021,790	19,634,362
Other equity	415		
Total equity attributable to owners of the parent company (sum of lines 410 through 415)	420	37,121,790	19,734,362
Noncontrolling interest	421	–	–
Total equity (line 420 +/- line 421)	500	37,121,790	19,734,362
BALANCE (line 300 + line 301 + line 400 + line 500)		70,226,187	46,819,355

The accompanying explanatory notes on pages 11 to 37 is an integral part of of these financial statements

General director Nalibayeva G.K..

Chief Accountant Siraeva G.V.

Center for the Support of Renewable Energy Resources LLP

Financial statements

STATEMENT OF PROFIT AND LOSS

Form No.2

For the year ended 31 December 2021

Index: № 2 – PL (Profit and Loss)
Periodicity: Annual
As at 31 December 2021

thousand tenge

Name	Line Code	At the end of reporting period	At the beginning of reporting period
Revenue	010	215,913,384	176,132,448
Cost of goods and services sold	011	(195,940,438)	(165,385,303)
Gross profit (line 010 - line 011)	**012**	**19,972,946**	**10,747,145**
Selling expenses	013	-	-
Administrative expenses	014	(813,863)	(1,038,847)
Total operating profit (loss) (+/- lines 012 to 016)	**020**	**19,159,083**	**9,708,298**
Finance income	021	2,194,275	1,665,765
Finance expenses	022	(11,236)	(5,784)
Share of the organization in profit (loss) of associates and joint ventures accounted by the equity method	023	-	-
Other income	024	81,625	54,100
Other expenses	025	(1,297)	(15,123)
Profit (loss) before taxes (+/- lines 020 to 025)	**100**	**21,422,450**	**11,407,256**
Corporate income tax expense (-) income (+)	101	(4,035,022)	(2,182,057)
Profit (loss) after tax from continuing operations (line 100 + line 101)	**200**	**17,387,428**	**9,225,199**
Profit (loss) after tax from discontinued operations	201	-	-
Profit for the year (line 200 + line 201) attributable to	**300**	**17,387,428**	**9,225,199**
Owners of the parent company	301	17,387,428	9,225,199
Noncontrolling interest	302	-	-
Other comprehensive income, total (sum of line 420 and line 440)	**400**	-	-
Including		-	-
revaluation of debt financial instruments measured at fair value through other comprehensive income	410	-	-
share in other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	411	-	-
Effect of change in income tax rate on deferred tax of subsidiaries	412	-	-
cash flow hedges	413	-	-
Exchange rate differences on investments in foreign organizations	414	-	-
hedges of net investment in foreign operations	415	-	-
Other components of other comprehensive income	416	-	-
Adjustments for reclassifications to profit (loss)	417	-	-
tax effect of components of other comprehensive income	418	-	-
Total other comprehensive income to be reclassified to profit or loss in subsequent periods (net of income tax) (sum of lines 410 to 418)	420	-	-
Revaluation of fixed and intangible assets	431	-	-
share in other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	432	-	-
actuarial gains (losses) on pension obligations	433	-	-
tax effect of components of other comprehensive income	434	-	-
Revaluation of equity financial instruments measured at fair value through other comprehensive income	435	-	-

STATEMENT OF PROFIT AND LOSS (continued)

Form No.2

Total other comprehensive income not subject to reclassification to profit or loss in subsequent periods (net of income tax) (sum of lines 431 through 435)	440	–	–
Total comprehensive income (Line 300+ line 400)	500	17,387,428	9,225,199
Total comprehensive income attributable to:		–	–
Owners of the parent organization		17,387,428	9,225,199
Noncontrolling interest		–	–
Earnings per share:	600	–	–
Including:		–	–
Basic earnings per share:		–	–
From continuing operations		–	–
from discontinued operations		–	–
Diluted earnings per share:		–	–
From continuing operations		–	–

The accompanying explanatory notes on pages 11 to 37 is an integral part of of these financial statements

General director — Nalibayeva G.K.

Chief Accountant — Sirayeva G.V.

"Расчетно-финансовый центр по поддержке возобновляемых источников энергии"

STATEMENT OF CASH FLOWS

Form No.3

For the year ended 31 December 2021

Index: № 3 – CF (Cash Flow)
Periodicity: Annual
As at 31 December 2021

thousand tenge

Name	Line Code	At the end of reporting period	At the beginning of reporting period
I. MOVEMENT OF MONEY FROM OPERATING ACTIVITIES			
1. Cash receipts, total (sum of lines 011 to 016), including	010	220,554,672	184,035,699
sale of goods and services	011	219,703,217	183,047,254
other revenues	012	2,367	540
advances received from buyers, customers	013	63,901	102,147
receipts under insurance agreements	014	–	–
interest received	015	774,259	885,863
other receipts	016	10,928	(105)
2. Cash withdrawals, total (sum of lines 021 to 027), including	020	205,218,568	169,007,453
payments to suppliers for goods and services	021	199,357,916	162,569,460
advances paid to suppliers of goods and services	022	1,206,791	1,360,772
labor remuneration	023	232,167	212,387
remuneration payments	024	–	–
payments under insurance agreements	025	–	–
Corporate income tax and other payments to the budget	026	4,553,027	4,756,342
other payments	027	(131,333)	108,492
3. Net cash flows from operating activities (line 010 - line 020)	030	15,336,104	15,028,246
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Proceeds of cash, total (sum of lines 041 to 052), including	040	52,982,731	3,900,000
sale of fixed assets	041	6,407	–
sale of intangible assets	042	–	–
sale of other long term assets	043	–	–
realization of equity instruments of other organizations (except subsidiaries) and shares in joint ventures	044	–	–
realization of debt instruments of other organizations	045	47,628,554	–
Compensation upon loss of control over subsidiaries	046	–	–
withdrawal of cash deposits	047	–	–
sales of other financial assets	048	–	–
futures and forward contracts, options, and swaps	049	–	–
dividends received	050	–	–
interest received	051	–	–
other income	052	5,347,770	3,900,000
2. Cash disposals, total (sum of lines 061 to 073), including	060	43,772,843	16,343,111
acquisition of fixed assets	061	3,364	2,359
acquisition of intangible assets	062	1,634	–
acquisition of other long-lived assets	063	–	–
acquisition of equity instruments of other organizations (except subsidiaries) and shares in joint ventures	064	–	–
Acquisition of debt instruments of other organizations	065	42,420,075	8,441,352
Acquisition of control over subsidiaries	066	–	–
placement of monetary contributions	067	–	–
remuneration	068		
acquisition of other financial assets	069	–	–
loan issuance	070	–	–
futures and forward contracts, options and swaps	071	–	–
investments in associates and subsidiaries	072		
Other payments	073	1,347,770	7,900,000

STATEMENT OF CASH FLOWS (continued) Form No.3

3. Net cash flows from investing activities (line 040 - line 060)	080	9,209,888	(12,443,711)
III. MOVEMENT OF MONEY FROM FINANCIAL ACTIVITIES			
1. Total cash receipts (sum of lines 091-094), including	090	-	-
issuance of shares and other financial instruments	091	-	-
receipt of loans	092	-	-
interest received	093	-	-
other receipts	094	-	-
2. Cash withdrawals, total (sum of lines 101 to 105), including	100	-	-
repayment of loans	101	-	-
interest payment	102	-	-
dividend payout	103	-	-
payments to owners on the company's shares	104	-	-
other withdrawals	105	-	-
3. Net cash flows from financing activities (line 090 - line 100)	110	-	-
4. Influence of exchange rates of currencies to tenge	120	-	-
5. Effect of changes in the carrying amount of cash and cash equivalents	130	(22,214)	5,836
6. Increase +/- decrease of cash (line 030 +/- line 080 +/- line 110 +/- line 120 +/- line 130)	140	24,523,778	2,590,371
7. 7. Cash and cash equivalents at the beginning of the reporting period	150	14,324,021	11,733,650
8. Cash and cash equivalents at the end of the reporting period	160	38,847,799	14,324,021

The accompanying explanatory notes on pages 11 to 37 is an integral part of

of these financial statements

General director Nalibayeva G.K..

Chief Accountant Sirayeva G.V.

STATEMENT OF CHANGES IN EQUITY

Form No.4

For the year ended 31 December 2021

Index: № - 5-CE
Period Annual
As at 31 December 2021

In thousands of tenge

Name	Line Code	Equity of the mother organization					Share of non-controlling owners	Total equity
		Charter (shareholder's) capital	Share premium	Treasury equity instruments	Components of other comprehensive income	Retained earnings		
Balance on 1 January of the previous year	010	100,000	–	–	–	10,409,163	–	10,509,163
Change in accounting policy	011	–	–	–	–	–	–	–
Recalculated balance (line 010 +/- line 011)	100	100,000	–	–	–	10,409,163	–	10,509,163
Total comprehensive income, total (line 210 + line 220):	200	–	–	–	–	9,225,199	–	9,225,199
Profit (loss) for the year	210	–	–	–	–	9,225,199	–	9,225,199
Other comprehensive income, total (sum of lines from 221 to 229)	220	–	–	–	–	–	–	–
including:	221	–	–	–	–	–	–	–
revaluation of debt financial instruments measured at fair value through other comprehensive income (net of tax effect)	222	–	–	–	–	–	–	–
revaluation of equity financial instruments measured at fair value through other comprehensive income (net of tax effect)	223	–	–	–	–	–	–	–
revaluation of fixed and intangible assets (net of tax effect)	224	–	–	–	–	–	–	–

STATEMENT OF CHANGES IN EQUITY (continued) Form No.4

Actuarial gains (losses) on pension obligations	225	–	–	–	–	–	–	–
actuarial gains (losses) on pension liabilities	226	–	–	–	–	–	–	–
effect of changes in income tax rate on deferred tax	227	–	–	–	–	–	–	–
hedging of net investments in foreign operations	228	–	–	–	–	–	–	–
The currency exchange difference on investments in foreign organizations	229	–	–	–	–	–	–	–
Transactions with owners, total (sum of lines 310 to 318)	300	–	–	–	–	–	–	–
Remuneration of employees with shares, including	310	–	–	–	–	–	–	–
cost of employee services		–	–	–	–	–	–	–
issuance of shares under the employee stock option plan		–	–	–	–	–	–	–
tax benefit related to the employee stock option plan		–	–	–	–	–	–	–
Contributions by owners	311	–	–	–	–	–	–	–
Issue of own equity instruments (shares)	312	–	–	–	–	–	–	–
Issue of equity instruments associated with business combinations	313	–	–	–	–	–	–	–
Equity component of convertible instruments (net of tax effect)	314	–	–	–	–	–	–	–
Payment of dividends	315	–	–	–	–	–	–	–
Other distributions to owners	316	–	–	–	–	–	–	–
Other transactions with owners	317	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries that do not result in loss of control	318	–	–	–	–	–	–	–
Other transactions	319	–	–	–	–	–	–	–
Balance at the end of the previous period (line 100 + line 200 + line 300)	400	100,000	–	–	–	19,634,362	–	19,734,362
Balance at the beginning of the reporting period	401	100,000	–	–	–	19,634,362	–	19,734,362
Change in accounting policy	402		–	–	–	-	–	-

STATEMENT OF CHANGES IN EQUITY (continued)

Form No.4

Recalculated balance (line 401 +/- line 402)	500	100,000	–	–	–	19,634,362	–	19,734,362
Total comprehensive income, total (line 610 + line 620)	600	–	–	–	–	17,387,428	–	17,387,428
Profit (loss) for the year	610	–	–	–	–	17,387,428	–	17,387,428
Other comprehensive income, total (sum of lines 621 through 629)	620	–	–	–	–	–	–	–
Revaluation of debt financial instruments measured at fair value through other comprehensive income (net of tax effect)	621	–	–	–	–	–	–	–
Revaluation of equity financial instruments measured at fair value through other comprehensive income (net of tax effect)	622	–	–	–	–	–	–	–
Revaluation of fixed assets and intangible assets (net of tax effect)	623	–	–	–	–	–	–	–
Share in other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	624	–	–	–	–	–	–	–
Actuarial gains (losses) on pension obligations	625	–	–	–	–	–	–	–
Effect of change in income tax rate on deferred tax of subsidiaries	626	–	–	–	–	–	–	–
Cash flow hedges (net of tax effect)	627	–	–	–	–	–	–	–
Hedging of net investments in foreign operations	628	–	–	–	–	–	–	–
Currency translation difference on investments in foreign operations	629	–	–	–	–	–	–	–
Transactions with owners (sum of lines 710 through 718)	700	–	–	–	–	–	–	–
Compensation of employees in shares, including:	710	–	–	–	–	–	–	–

STATEMENT OF CHANGES IN EQUITY (continued)

Form No.4

cost of employee services		–	–	–	–	–	–	–
Issuance of shares under the employee stock compensation scheme		–	–	–	–	–	–	–
Tax benefit related to the employees share remuneration scheme		–	–	–	–	–	–	–
Contributions of owners	711	–	–	–	–	–	–	–
Issue of own equity instruments (shares)	712	–	–	–	–	–	–	–
Issue of equity instruments associated with business combinations		–	–	–	–	–	–	–
Issue of own equity instruments (shares)	712	–	–	–	–	–	–	–
Issue of equity instruments associated with business combinations	713	–	–	–	–	–	–	–
Equity component of convertible instruments (net of tax effect)	714	–	–	–	–	–	–	–
Payment of dividends	715	–	–	–	–	–	–	–
Other distributions to owners	716	–	–	–	–	–	–	–
Other transactions with owners	717	–	–	–	–	–	–	–
Changes in ownership interest in subsidiaries that do not result in loss of control	718	–	–	–	–	–	–	–
Other transactions	719	–	–	–	–	–	–	–
Balance as at 31 December of the reporting year (line 500+ line 600 + line 700)	**800**	**100,000**	**–**	**–**	**–**	**37,021,790**	**–**	**37,121,790**

The accompanying explanatory notes on pages 11 to 37 is an integral part of

of these financial statements

General director — Nalibayeva G.K..

Chief Accountant — Sirayeva G.V.

1. GENERAL INFORMATION

"Accounting and Finance Center for the support of Renewable Energy Sources" LLP (hereinafter - the "Company" or "RFC") was established on 27 August 2013 in accordance with the Law of the Republic of Kazakhstan of 4 July 2013 No 128-V "On Amendments and Addenda to Certain Legislative Acts of the Republic of Kazakhstan on Support for Renewable Energy Sources" (hereinafter - "Renewable Energy Law"), and in accordance with a decision of the Board of Directors of Kazakhstan Electricity Grid Operating Company JSC (hereinafter –"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 "Settlement and Financial Center for Renewable Energy Sources Support", and in accordance with the resolution of the Board of Directors of KEGOC dated 24 September 2021 a decision on transfer of 100% participation interest in the authorized capital of "RFC RES" LLP under Donation Contract to the Government property and ordered the State Property and Privatization Committee under the Ministry of Finance of the Republic of Kazakhstan (hereinafter - the SPPC MF RK) to be transferred.

On 30 December 2021 a deed of gift was signed between KEGOC and SPPC MF RK, under which KEGOC gratuitously transfers to SPPC MF RK 100% participation interest in LLP "RFC on RES".

Main activities:

- Sale of electric power to consumers (centralized purchase and sale of electric power produced by RES facilities and supplied to electric networks of the unified electric power system of the Republic of Kazakhstan);

- Ensuring electric capacity readiness to bear the power of the load;

- Financial settlement of electricity imbalances.

The Company's head office is located at: Republic of Kazakhstan, 010000, Nur-Sultan, Tauelsizdik Ave.

The accompanying financial statements of the Company for the period ended 31 December 2021 were authorized for issue by the General Director and Chief Accountant of the Company on 2 August 2022.

In accordance with the segregated accounting methodology approved by the Supervisory Board (Minutes No. 10, dated 9 November 2019), the Company maintains separate accounting for its principal activities.

- Ensuring electric capacity readiness to bear the power of load (Centralized purchase of electric capacity readiness service and centralized provision of electric capacity readiness service in the electric capacity market.

In accordance with subparagraph 8), paragraph 2, Article 10-3 of the Republic of Kazakhstan Law No. 588-II of 9 July 2004 "On Electricity" (hereinafter - Electricity Law):

"RFC RES LLP shall allocate the funds generated by <u>a positive financial result</u> in the electric capacity market activity in the year preceding the year in which the price calculation is made to reduce the price of the electric capacity availability service for the upcoming calendar year.

At the same time, in accordance with Item 8 of Article 15-3 of the Electric Power Law, the calculation of the price for the service of ensuring electric capacity availability to bear the power of the load for the upcoming calendar year shall be performed by LLP RFC on RES, taking into account, inter alia, the positive financial result, confirmed by an audit report, on the activities of a single purchaser in the electric capacity market for the year preceding the year in which the price calculation is performed.

n this case, the financial result is formed on the basis of the gross result from the activity of "RFC RES LLP" on the purchase of electricity capacity availability maintenance services and the provision of electricity capacity availability services minus:

- operating costs actually incurred by RFC RES LLP, but not more than the costs included in the price approval for the relevant year;

- uncovered costs for the development of a pre-feasibility study commissioned by the authorized body;

- estimated corporate income tax.

1. GENERAL INFORMATION (continued)

In calculating the tariff for 2021, the Company applied the requirements of the Act to adjust for positive financial results of 2019.

For the year ended 31 December 2021 the financial result for the type of activity "centralized purchase of electric capacity availability service and centralized provision of electric capacity availability service in the electric capacity market" amounted to 3,228,829 thousand tenge (6,610,266 thousand tenge in 2020).

In thousands of tenge	2021	2020
Revenue from contracts with customers	78,612,660	88,953,245
Cost of sales	(74,131,006)	(80,383,059)
Gross profit	4,481,654	8,570,186
Operating costs (not above approved cost)	(293,211)*	(307,353)
Uncovered pre-feasibility study costs	(152,407)	-
Profit before income taxes	4,036,036	8,262,833
Estimated corporate income tax (20% of pretax profit)	(807,207)	(1,652,567)
Positive financial result	3,228,829	6,610,266

** In accordance with the method of separate accounting for the type of activity "implementation of the centralized purchase of services to maintain the availability of electric capacity and centralized provision of services to ensure the availability of electric capacity to bear the power of the load on the electric capacity market" the amount of actual justified operating expenses was KZT 365,295 thousand for 2021 and KZT 573,949 thousand for 2020.*

- Sale of electric power to consumers (*Centralized purchase and sale of electric power generated by renewable energy facilities and supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan).*

Financial result for the year ended 31 December 2021 on implementation of centralized purchase and sale of electricity produced by using renewable energy sources and supplied to electric networks of the unified electric power system of the Republic of Kazakhstan amounted to 12,308,452 thousand tenge, including expenses for formation of a reserve fund of 879,916 thousand tenge.

Thousand tenge	2021
Revenues from contracts with customers	137,300,724
Cost of sales	(121,809,432)
Gross profit	15,491,292
Operating expenses	(105,727)
Profit before income tax	15,385,565
Estimated corporate income tax (20% of pretax profit)	(3,077,113)
Result	12,308,452
including	
Expenditures for formation of the reserve fund	(879,916)
Positive financial result	11,428,536

Disclosure of the positive financial result from RES operations is prepared on the basis of the Company's internal regulations and is not a disclosure required under IFRS 8 Operating Segments. Allocation of general and administrative expenses of the company between types of activities is performed on the basis of internal regulations.

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 under the historical cost convention, except for debt financial assets that are measured at fair value. The financial statements are presented in Tenge and all values are rounded to the nearest thousands, except when otherwise indicate

The Company prepared its financial statements under the going concern assumption.

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 separate financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as at 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

In 2021, the Company first applied the amendments and clarifications below, but they did not have an impact on its separate financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Basic Interest Rate Reform - Phase 2

The amendments provide temporary exemptions that are applied to address the effect on financial statements when the interbank offer rate (IBOR) is replaced by an alternative, substantially risk-free interest rate.

The amendments provide the following:

- a practical expedient whereby the contract or cash flow changes directly required by the reform must be treated as floating rate changes equivalent to a change in the market interest rate;

- permits changes required by the IBOR reform to be made to the definition of hedging relationships and hedge documentation without terminating the hedging relationship;

- entities are granted a temporary exemption from the requirement to comply with separately identifiable components when a risk-free rate instrument is designated as a discretionary risk component in a hedging relationship.

These amendments did not have any impact on the Company's financial statements. The Company intends to apply the practical expedient in future periods as appropriate.

Amendments to IFRS 16 - Lease Assignments Related to Pandemic Covid-19 Effective After 30 June 2021

On 28 May 2020. The IASB issued an amendment to IFRS 16 Leases - Lease Assignments Relating to Pandemic Covid-19. The amendment provides an exemption for lessees from the requirements in IFRS 16 to account for lease modifications for lease assignments that arise as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may choose not to analyse whether a lease assignment granted by a lessor in connection with a Covid-19 pandemic is a lease modification. A lessee that makes this election must account for any lease modification resulting from a Covid-19 pandemic lease assignment similar to how the modification would be accounted for under IFRS 16 if it were not a lease modification.

The amendment was intended to apply until 30 June 2021, but due to the continuing impact of the Covid-19 pandemic on 31 March 2021, the IASB decided to extend the practical expedient until 30 June 2022.

The new amendment is effective for annual periods beginning on or after 1 April 2021.

The Company does not have any lease concessions granted related to the Covid-19 pandemic but plans to apply the practical expedients during the allowable period, if applicable.

Standards that have been issued but are not yet effective

The following are new standards, amendments and interpretations that have been issued but are not yet effective as at the date of issuance of the Company's financial statements. The Company intends to adopt these standards, amendments and interpretations, if applicable, when they become effective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts, a new comprehensive financial reporting standard for insurance contracts that addresses recognition and measurement, presentation and disclosure. When IFRS 17 enters into force, it will replace IFRS 4 Insurance Contracts, which was issued in 2005. IFRS 17 applies to all insurance contracts (i.e., life and non-life insurance, direct insurance and reinsurance) regardless of the type of entity that issues them, as well as to certain guarantees and financial instruments with discretionary participation conditions. There are several exceptions to the scope. The main objective of IFRS 17 is to provide a model for accounting for insurance contracts that is more efficient and consistent for insurers. In contrast to the requirements of IFRS 4, which are largely based on previous local accounting policies, IFRS 17 provides a comprehensive insurance contract accounting model covering all relevant aspects of accounting. IFRS 17 is based on a general model supplemented by the following:

- Certain modifications for insurance contracts with direct participation terms (variable consideration method).

- A simplified approach (premium allocation approach) mainly for short-term contracts.

IFRS 17 is effective for accounting periods beginning on or after 1 January 2023, with comparative information required. Early application is permitted provided an entity also applies IFRS 9 and IFRS 15 on or before the date of initial application of IFRS 17. This standard is not applicable to the Company.

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

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

- what is meant by the right to defer settlement of liabilities;

- the right to defer settlement of liabilities must exist at the end of the reporting period;

- the classification of liabilities is not affected by the likelihood that the entity will exercise its right to defer settlement of the liability;

- the terms of the liability will not affect its classification only if the derivative embedded in the convertible liability is itself an equity instrument.

These amendments are effective for annual periods beginning on or after 1 January 2023 and are applied retrospectively. The Company is currently assessing the possible impact of these amendments on the current classification of liabilities and the need to renegotiate the terms of existing loan agreements.

Amendments to IFRS 3 - References to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business Combinations - References to the Conceptual Framework. The purpose of these amendments is to replace references to the Conceptual Framework for Financial Reporting issued in 1989 with references to the Conceptual Framework for Financial Reporting issued in March 2018, without making significant changes to the requirements of the standard.

The Board also added an exception to the recognition principle in IFRS 3 to avoid potential "Day 2" gains or losses, for liabilities and contingencies that would be within the scope of IAS 37 or IFRIC 21, Mandatory Payments, if they arose in individual transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Amendments to IFRS 3 - References to the Framework (continued)

At the same time, the Board decided to clarify the existing requirements in IFRS 3 for contingent assets that will not be affected by the replacement of references to the Conceptual Framework. The amendments are effective for annual periods beginning on or after 1 January 2022 and are applied prospectively.

Amendments to IAS 16 - Property, Plant and Equipment: Additions before Intended Use

In May 2020, the IASB issued the IAS 16 - Property, Plant and Equipment: Revenues Before Intended Use, which prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items produced in bringing the item to its location and condition that are required for its operation in accordance with management's intentions. Instead, an entity recognizes proceeds from the sale of such items and the cost of producing those items in profit or loss.

These amendments are effective for annual reporting periods beginning on or after 1 January 2022 and should be applied retrospectively to those items of property, plant and equipment that became available for use on or after the start date of the earliest period presented in the financial statements in which the entity first applies these amendments.

These amendments are not expected to have a material impact on the Company.

Amendments to IAS 37 - Onerous Contracts - Transaction Costs

In May 2020, the IASB issued amendments to IAS 37 that clarify what costs an entity should consider when assessing whether a contract is onerous or loss-making.
The amendments provide for the application of the "costs directly attributable to the contract" approach. Costs directly attributable to a contract to provide goods or services include both incremental costs of performing that contract and allocated costs directly related to performing the contract. General and administrative costs are not directly related to the contract and therefore are excluded unless they are explicitly reimbursable by the counterparty to the contract.
These amendments are effective for annual periods beginning on or after 1 January 2022. An entity will apply those amendments to contracts in which it has not yet satisfied all of its obligations at the beginning of the annual reporting period in which it first applies those amendments.

Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary First-time Adoption of International Financial Reporting Standards
As part of its annual IFRS improvement process, the IASB issued the amendment to IFRS 1, First-Time Adoption of International Financial Reporting Standards, period 2018-2020. Under this amendment, a subsidiary that elects to apply paragraph D16(a) of IFRS 1 is permitted to measure accumulated exchange differences using the amounts recorded in the parent's financial statements based on the parent's date of transition to IFRS. This amendment also applies to associates and joint ventures that elect to apply paragraph D16(a) of IFRS 1.
This amendment is not applicable to the Company

Amendment to IFRS 9 Financial Instruments - Fee for the '10% test' on derecognition of financial liabilities

As part of the annual IFRS improvement process for the 2018-2020 period, the IASB issued an amendment to IFRS 9. The amendment clarifies the amounts of fees that an entity considers 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 those fees paid or received between a designated lender and the borrower, including fees paid or received by the lender or the borrower on behalf of the other party. The entity must apply the amendment for financial liabilities that have been modified or replaced at or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment becomes effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The Company will apply this amendment for financial liabilities that have been modified or replaced at or after the beginning of the annual reporting period in which it first applies the amendment. The amendment is not expected to have a material impact on the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Amendment to IAS 41 Agriculture - taxation of fair value measurements

As part of the 2018-2020 annual IFRS improvement process, the IASB issued an amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities do not include tax-related cash flows when measuring the fair value of assets within the scope of IAS 41.

This amendment is not applicable to the Company.

Amendments to IAS 8 - Determining Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8 that introduce a definition of "accounting estimates". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and corrections of errors. In addition, the document clarifies how entities use measurement methods 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 beginning date of said period. Early application is permitted, subject to disclosure of that fact. These amendments are not expected to have a material impact on the Company.

Amendments to IAS 1 and Practice Statement No. 2 on the Application of IFRS -

"Disclosure of Accounting Policies."

In February 2021, the IASB issued amendments to IAS 1 and Practice Statement No. 2 on the Application of IFRSs, Making Judgments about Materiality, which provide guidance and examples to assist entities in applying materiality judgments to accounting policy disclosures. The amendments should help entities make more useful disclosures about accounting policies by replacing the requirement for entities to disclose 'significant accounting policies' with 'significant disclosures' about accounting policies and by adding guidance about how entities should apply the concept of materiality when making decisions about accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted. Because the amendments to IFRS 2 provide optional guidance on the application of the definition of materiality to accounting policy information, it is not required to specify the effective date of the amendments.

The Company is currently assessing the impact the amendments may have on the Company's accounting policy disclosures.

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

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

- it is expected to be realized or is intended to be sold or consumed in the normal operating cycle;

- it is held primarily for trading purposes;

- it is expected to be realized within twelve (12) months after the end of the reporting period; or

- it represents cash or cash equivalents unless there are restrictions on its exchange or use to settle a liability for at least twelve (12) months after the end of the reporting period.

All other assets are classified as non-current.
A liability is short-term if:

- it is expected to be settled in the normal operating cycle;

- it is held primarily for trading purposes;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- it is due to be settled within twelve (12) months after the reporting period; or

- there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

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

Fair value measurements

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

- Either in the principal market for the asset or liability; or

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

The Company must have access to the principal or the most advantageous market. The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their 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 market prices in active markets for identical assets or liabilities (without any adjustments).

- 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.

Transactions in foreign currencies

The Company's financial statements are presented in KZT. Tenge is also the parent company's functional currency. Transactions in foreign currencies are initially recorded by the Company in its functional currency at the spot rate at the date the transaction qualifies for recognition. During the years 2021 and 2020 all transactions of the Company were conducted in KZT.

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, notes, short-term deposits, National Bank notes and trade accounts receivable.

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

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

1) the objective of the business model is to hold the financial asset to collect all contractual cash flows; and

2) the contractual cash flows represent only payments of interest and principal. Interest is a payment for the time value of money and the credit risk associated with the principal debt to be repaid 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 measured at fair value.

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

1) the purpose of the business model is to hold the financial asset both to receive all contractual cash flows and by selling the financial asset; and

2) the contractual cash flows are represented only by payments of interest and principal. Interest represents the payment for the time value of money and the credit risk associated with the principal debt to be repaid over a specified period of time.

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

Subsequent measurement

Financial assets are subsequently measured at amortized cost or at fair value through other comprehensive income or through profit or loss based on the Company's business model for managing financial assets. 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 when:

- 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 in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company has transferred all of its rights to receive cash flows from the asset or has entered into a pass-through arrangement, it evaluates whether and to what extent it has retained the risks and rewards of ownership. If the Company has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In this case, the Company also recognizes a corresponding liability.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Derecognition (continued)

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company retains.

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

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

In determining whether there has been a significant increase in credit risk of a financial asset since its initial recognition, the Company focuses on the changes in the risk of default over the life of the credit instrument, rather than changes in the amount of anticipated credit losses

If the contractual terms of the financial asset's cash flows have been renegotiated or modified and the financial asset is not derecognized, the Company assesses whether the credit risk of the financial instrument has changed significantly by comparing

1) an estimate of the risk of default at the reporting date (based on the modified contractual terms);

2) an assessment of the risk of default at initial recognition (based on the original unmodified contractual terms).

If there is no significant increase in credit risk, the Company recognizes a valuation allowance for losses on the financial asset in an amount equal to the 12-month expected credit losses, except for:

1) credit-impaired financial assets acquired or originated;

2) trade receivables or contract assets arising from transactions within the scope of IFRS 15 Revenue from Contracts with Customers; and

3) Lease receivables.

For financial assets described in (1)-(3), the Company measures the allowance for losses at the amount of expected credit losses over the entire period.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets (continued)

Estimation of Expected Credit Losses

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

1) an unbiased and probability-weighted amount determined by estimating a range of possible outcomes;

2) the time value of money;

3) reasonable and verifiable information on past events, current conditions and projected future economic conditions, available at the reporting date.

The maximum period considered in estimating expected credit losses is the maximum contractual period (including renewal options) over which the Company is exposed to credit risk.

For financial instruments that include both the loan and the undrawn component of the loan commitment, the contractual ability of the Company to call the loan and to cancel the undrawn component of the loan commitment does not limit the Company's exposure to credit loss to the contractual notice period. For such financial instruments, the Company estimates credit losses for the entire period of credit risk exposure and expected credit losses will not be reduced by the Company's credit risk management activities even if such period exceeds the maximum contractual period.

To achieve the objective of recognizing expected lifetime credit losses 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, through analysis of information indicating a significant increase in credit risk for a group or sub-group of financial instruments. This ensures that the Company achieves the objective of recognizing lifetime expected credit losses in the event of a significant increase in credit risk, even if confirmation of such a significant increase in credit risk at the individual instrument level is not yet available.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, 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, net of directly attributable transaction costs in the case of loans and borrowings and payables.

The Company's financial liabilities include trade payables.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Trade payables.

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

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - initial recognition and subsequent measurement(continued)

Derecognition (continued)

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, 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. Where 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.

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 duties.

The Company evaluates its revenue arrangements in accordance with certain criteria to determine whether it is acting as a principal or an agent. The Company has concluded that it is acting as a principal on all such contracts.

The Company recognizes revenue to reflect the provision of promised services to consumers in the amount of consideration the Company expects to be entitled to receive in exchange for those goods or services.

The Company, in recognizing revenue, performs the following steps:

1) identifying the contract;

2) Identifying the obligation to be performed under the contract;

3) determining the price of the transaction;

4) allocating the transaction price to the separate obligations to be performed under the contract;

5) recognizing revenue when (or as) the obligation to be performed under the contract is performed.

Implementation of services to ensure the readiness of electrical capacity to bear the power of the y the load.

The Company renders services on electric capacity preparedness to bear the power of the load. Revenue from the provision of electric capacity availability services is recognized over a period of time on a monthly basis based on the volume of services rendered. The actually rendered volume of services to ensure the readiness of electric capacity to bear the power of the load for each specific customer, for the corresponding month, is calculated on the basis of the actual maximum value of electric capacity consumption, specified in the act on the actual maximum value of electric capacity consumption for the corresponding month.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from the sale of purchased renewable energy

The Company sells purchased renewable electricity and recognizes revenue at a point in time because all obligations under the contract are satisfied at a 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 recognized using the effective interest method, which 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

At inception of an arrangement, the Company assesses whether the arrangement is or contains a lease. That is, the Company determines whether the arrangement conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

Company as a lessee

The Company recognizes right-of-use assets at the lease commencement date (i.e., the date the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for lease liability remeasurements. The cost of the right-of-use asset includes the amount of the lease liability recognized, initial direct costs incurred and lease payments made on or before the commencement date, less lease incentives received. If the Company is not reasonably certain that it will obtain ownership of a leased asset at the end of the lease term, the right-of-use asset recognized is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. Right-of-use assets are tested for impairment.

At the commencement date, the Company recognizes a lease liability, which is measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments (including, in substance, fixed payments) less any lease incentive payments receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the Company will exercise that option and payments of termination penalties if the lease term reflects the Company's potential exercise of the termination option. Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition triggering such payments occurs.

To calculate the present value of the lease payments, the Company uses the incremental borrowing rate at the commencement date, if the interest rate implicit in the lease cannot be readily determined. After the lease commencement date, the lease liability is increased to reflect interest accrued and decreased to reflect lease payments made. In addition, if there is a modification, a change in the lease term, a change in the substance of the fixed lease payments, or a change in the valuation of an option to purchase the underlying asset, the Company reassesses the carrying amount of the lease liability.

The Company applies the recognition exemption for short-term leases (i.e., leases with a lease term of 12 months or less at the inception date that do not contain a purchase option).

The Company also applies the recognition exemption for leases of low-value assets to leases that are considered low-value. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease (continued)

Company as a lessee (continued)

The Company defines a lease term as a non-cancellable lease period together with periods for which the option to extend the lease, if reasonably certain to be exercised, or periods for which the option to terminate the lease, if reasonably certain not to be exercised, is provided.

The Company as lessor

Leases under which the Company retains substantially all the risks and rewards of ownership of an asset are classified as operating leases. The lease income arising is recognized on a straight-line basis over the lease term and included in revenue in the statement of comprehensive income because of its operating nature. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Pension obligations

In accordance with Kazakhstan legislation, the Company makes payments of 10% of salaries of employees, but not more than 212,500 Tenge per month (2020: 212,500 Tenge) as contributions to pension funds. Payments to pension funds are withheld from employees' salaries and included in total payroll costs together with other contributions related to labor remuneration in the statement of comprehensive income when they occur. The Company has no other retirement benefit obligations.

Current income tax

Current income tax assets and liabilities for the current and prior 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 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 tax liabilities are recognized for all taxable temporary differences unless:

- The deferred tax liability arises from the initial recognition of an asset or liability that, at the time of the transaction, affects neither accounting profit nor taxable profit or loss;

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that taxable profit will exist against which the deductible temporary differences, unused tax credits and unused tax losses can be offset, unless:

- The deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of the transaction, affects neither 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 profits will allow the deferred tax asset to be recovered.

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 in which 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 also not recognized in 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 against each other if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Contingencies and contingent assets

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

Contingent assets are not recognized in the financial statements, but they are 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 judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions about the future and other key sources of estimation uncertainty at the balance sheet date that could cause material adjustments to the carrying amounts of assets and liabilities during the next fiscal year are discussed below. The Company's assumptions and estimates are based on the underlying information available to the Company at the time the financial statements are prepared. However, current circumstances and assumptions about the future may change due to market changes or circumstances beyond the Company's control. Such changes are reflected in the assumptions as 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 variety of the Company's international operations and the long-term nature and complexity of existing contractual relationships, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to reported expenses or income tax benefits already recorded. The Company establishes provisions, based on reasonable assumptions, for possible consequences of tax audits. The amount of such provisions is based on various factors, such as the results of previous 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.

As the Company assesses the probability of litigation arising from tax legislation and subsequent cash outflows as remote, no contingent liability has been recognized.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Taxes (continued)

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable income will be available against which the tax losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized in the consolidated financial statements, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Role of the Company in contracts for purchase and sale of electricity produces by (RES facilities)

In order to create conditions for the development of the renewable energy sources sector (hereinafter - "RES"), the Government of the Republic of Kazakhstan adopted a mechanism of state support based on the introduction of a centralized purchase of electricity produced by RES facilities by a single buyer - RFC. The RFC activity is regulated by the Law of the Republic of Kazakhstan "On Supporting the Use of Renewable Energy Sources.

Having analyzed purchase and sale agreements for electricity produced by RES facilities, the Company's management exercised significant judgment that the Company takes control over the electricity produced by RES facilities at one time and transfers it to customers. The Company's management believes that customers view the Company as the party primarily responsible for the performance of the contract for the sale of electricity produced by the renewable energy facilities.

Moreover, the Company enters into agreements for purchase of electricity produced by RES facilities for 15 years, while the agreements for sale of electricity are concluded with the customers for one year.

As such, the Company's management determined that the Company is a principal in the agreements for the sale of electricity produced by the renewable energy facilities and the Company recognizes revenue in the gross amount of consideration it expects to receive.

Estimated allowance for expected credit losses on accounts receivable and contract assets

The Company uses a valuation allowance matrix to calculate the allowance for credit losses on accounts receivable and contract assets. Estimated allowance rates are established based on the number of days past due for groups of different customer segments with similar loss characteristics (i.e., by geographic area, product type, customer type and rating, collateral through letters of credit and other forms of credit risk insurance).

Initially, the valuation allowance matrix is based on observable historical default data. The Company will update the matrix to adjust past credit loss experience for projected information. At each reporting date, observable historical default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the relationship between historical observable default rates, projected economic conditions and the ECL is a significant estimation. The value of the ECL is sensitive to changes in circumstances and projected economic conditions. The Company's past experience with credit losses and projected economic conditions also may not be indicative of actual future customer defaults.

Definitions of lease component in RES purchase agreements

The Company has entered into long-term purchase agreements for electricity produced at renewable energy power stations ("RES power stations"). Under these contracts, the Company is entitled to receive substantially all of the economic benefits of the RES power plants over the period of use, defined as the 15-year term of the purchase agreements. The Company purchases the entire volume of electricity generated by these RES power plants. The RES power purchase agreements provide for fixed tariffs in KZT for each kWh of electricity produced at the RES power plant.

As such, the Company's management determined that the RES power purchase agreements contain a lease component in accordance with IFRS 16. However, the Company's management could not reliably estimate the amount of electricity due to the high fluctuations in the amount of production that will be generated at each particular power plant, as the nature of the RES business is highly dependent on external factors, such as weather conditions.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Definitions of lease component in RES purchase agreements (continued)

Accordingly, the Company's management could not reliably and reliably estimate the lease obligation (and accordingly, the right-of-use asset).

5. BALANCE SHEET

010. Cash and Cash equivalents

In thousands Tenge	31 December 2021	31 December 2020
Current accounts with banks in tenge	35,382,953	8,940,678
Short-term tenge denominated deposits up to three months	3,493,086	5,389,370
Less: allowance for expected credit losses	(28,240)	(6,027)
	38,847,799	14,324,021

In 2021 the Company's current accounts bear interest from 6% to 8% per annum (2020: 6% to 8.25%). For the year ended 31 December 2021 interest income from current accounts amounted to 271,532 thousand tenge (2020: 247,998 thousand tenge). During 2021 and 2020 temporarily free cash was placed on short-term deposit accounts with interest rates from 7% to 9% per annum. During the year ended 31 December 2021 interest on temporarily free cash on short-term deposits amounted to 647,384 thousand Tenge (2020: 812,763 thousand Tenge).

The movements in the allowance for expected credit losses were as follows:

In thousands Tenge	2021	2020
As at 1 January	6,027	11,863
Reserve accrual	23,020	3,909
Recovery	(807)	(9,745)
As at 31 December	28,240	6,027

011-015 Other short-term financial assets

In thousands Tenge	31 December 2021	31 December 2020
Notes of the National Bank of Kazakhstan	5,113,235	9,046,356
Bank deposits in tenge	–	4,000,000
Accrued interest on bank deposits	38,291	30,267
Less: allowance for expected credit losses	(19)	(20,964)
	5,151,507	13,055,659

Notes of the National Bank of Kazakhstan

In order to comply with the basic principles of cash management - profitability, safety and liquidity, in 2021 the Company invested temporarily free cash in the notes of the National Bank of Kazakhstan.

5. BALANCE SHEET (continued)

011-015 Other short-term financial assets (continued)

On 11 December 2020 the Company purchased discount notes of the National Bank of Kazakhstan in the amount of 92,109 thousand pieces at a price below par value for the total amount of 9,000,000 thousand tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 12 March 2021. During 2021 financial income in the amount of 164,565 thousand tenge was recognized (during 2020 financial income in the amount of 46,356 thousand tenge was recognized).

On 29 March 2021 the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 80,000 thousand pieces at a price below par value for the total amount of 7,842,328 thousand tenge at the Auction of the National Bank of the Republic of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 18 June 2021. During 2021 financial income in the amount of 157,672 thousand tenge was recognized.

On 20 April 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 71,500 thousand pieces at a price below par value for the total amount of 6,999,514 thousand Tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 16 July 2021. During 2021 financial income in the amount of 150,486 thousand tenge was recognized.

On 21 April 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 1,500 thousand pieces at a price below par value for the total amount of 146,879 thousand tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 16 July 2021. During 2021 financial income in the amount of 3,122 thousand tenge was recognized.

On 7 June 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 40,176 thousand pieces at a price below par value for the total amount of 4,000,000 thousand Tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 25 June 2021. During 2021 financial income in the amount of 17,633 thousand tenge was recognized.

On 29 June 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 118,000 thousand pieces at a price below par value for the total amount of 11,302,276 thousand Tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 24 December 2021. During 2021 financial income in the amount of 497,724 thousand tenge was recognized.

On 21 July 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 50,000 thousand pieces at a price below par value for the total amount of 4,920,695 thousand tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 24 September 2021. During 2021 financial income in the amount of 79,305 thousand tenge was recognized.

On 21 July 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 23,000 thousand pieces at a price below par value for the total amount of 2,214,624 thousand tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 24 December 2021. During 2021 financial income in the amount of 85,376 thousand tenge was recognized.

On 28 September 2021, the Company purchased discount notes of the National Bank of the Republic of Kazakhstan in the amount of 52,200 thousand pieces at a price below par value for the total amount of 4,993,760 thousand Tenge at the Auction of the National Bank of Kazakhstan. The circulation period of the notes of the National Bank of Kazakhstan until 25 March 2022. During 2021 financial income in the amount of 119,475 thousand tenge was recognized.

Accrued interest on bank deposits

As at 31 December 2021 and 31 December 2020 other financial assets include accrued but unpaid interest income on bank deposits in the amount of 38,291 thousand tenge (net of provision of 19 thousand tenge) and 30,267 thousand tenge (net of provision of 16 thousand tenge), respectively.

5. BALANCE SHEET (continued)

016. Short-term trade and other receivables

In thousands of tenge	31 December 2021	31 December 2020
Trade accounts receivables	26,903,583	18,011,432
Less: allowance for expected credit losses	(1,126,161)	(713,217)
	25,777,422	17,298,215

The movements in the allowance for expected credit losses were as follows

In thousands of tenge	2021	2020
As at 1 January	713,217	239,765
Provision accrual	2,142,553	880,251
Reversal of allowance	(1,729,609)	(406,799)
As at 31 December	1,126,161	713,217

As at 31 December 2021 and 31 December 2020, the Company's trade receivables included receivables for the sale of electricity generated by RES facilities and receivables for the provision of load-ready electric capacity service.

		Trade receivables			
			Overdue payments		
In thousands of tenge	Total	Current	31-60 days	61-90 days	Over 90 days
31 December 2021					
Percentage of expected credit losses		0,22%	2,91%	8,15%	73,08%
Estimated total gross book value	26,903,583	23,341,305	2,078,016	106,833	1,377,429
in default	(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
31 December 2020					
Percentage of expected credit losses		0,84%	12,35%	17,53%	28,12%
Estimated total gross book value	18,011,432	15,608,015	468,164	193,037	1,742,216
in default	(713,217)	(131,710)	(57,823)	(53,844)	(469,840)
Total	17,298,215	15,476,305	410,341	139,193	1,272,376

121. Fixed assets and other non-current assets

Fixed assets as at 31 December 2021 amounted to 27,567 thousand tenge and included vehicles, computers and peripheral equipment, other fixed assets. Intangible assets as at 31 December 2021 amounted to 14. 836 thousand tenge. Depreciation of fixed and intangible assets for 2021 amounted to KZT 12,812 thousand (for 2020: KZT 13,105 thousand).

5. BALANCE SHEET (continued)

214. Short-term trade and other payables

In thousands of tenge	31 December 2021	31 December 2020
Accounts payable for purchased electricity from RES	20,172,356	13,026,751
Accounts payable for work and services rendered	11,429,697	13,941,450
Other accounts payable, including taxes other than corporate income tax	1,147,572	9,816
Total	32,749,625	26,978,017

As at 31 December 2021 and 2020 trade and other payables are non-interest bearing and are normally settled within a short-term period in accordance with the contractual terms.

As at 31 December 2021 and 31 December 2020 trade and other payables were denominated in tenge.

410. Charter capital

As at 31 December 2021 the charted capital of the Company amounted to 100,000 thousand tenge (2020: 100,000 thousand tenge).

6. STATEMENT OF PROFIT AND LOSS

10. Revenue

In thousands of tenge	2021	2020
Income from the sale of purchased electricity for renewable energy sources	137,249,952	87,179,203
Income from the sale of a service to ensure the availability of electric power to bear the power of the load	78,612,660	88,953,245
Income from the sale of pre-project technical documentation for the pilot SES project for the auction of RES with documentation	50,772	-
Total	215,913,384	176,132,448

For the year ended 31 December 2021 revenue for electricity sales from one major customer of the Company (Ekibastuz GRES-1 LLP named after B. Nurzhanov) was 31,555,138 thousand Tenge (2020: 17,137,942 thousand Tenge), representing 14.6% of the Company's total revenue (2020: 9.7%).

During 2021 and 2020 the Company sold all goods and services in the territory of the Republic of Kazakhstan.

The timing of revenue recognition is as follows

11. Cost of sales

In thousands of tenge	2021	2020
The cost of purchased electricity for renewable energy sources	121,467,694	84,752,982
Expenses for maintaining electric capacity readiness to bear the power of the load	74,129,866	80,381,919
Expenses for organization of balancing of electric power generation and consumption	341,738	249,262
Expenses for organization and execution of centralized trades of electric capacity	1,140	1,140
Total	195,940,438	165,385,303

6. STATEMENT OF PROFIT AND LOSS (continued)

14. Administrative expenses

In thousands of tenge	2021	2020
Accrual of allowance for expected credit losses	406,663	483,234
Payroll and other payroll-related expenses	215,644	224,209
Accrual of provisions for unused vacations and bonuses	58,099	110,272
Penalties and fines	–	106,392
Rent expenses	61,239	58,212
Depreciation and amortization	12,812	13,105
Communication expenses	10,967	10,462
Costs of office equipment maintenance	4,879	5,553
Consulting services	6,060	3,450
Travel expenses	4,663	2,777
Insurance expenses	947	1,634
Expenses for organization of procurement	1,627	1,442
Bank services	1,143	1,383
Materials	2,220	1,310
Expenses for maintenance of vehicles	1,050	1,160
Training expenses	1,183	998
Other	24,667	13,254
Total	813,863	1,038,847

101. Corporate income tax expenses

'n thousands of tenge	2021	2020
Current corporate income tax expense		
Current corporate income tax expense	4,106,285	2,699,997
Adjustment of prior years' corporate income tax	3,818	(411,724)
Deferred tax		
Deferred corporate income tax expense	(75,081)	(106,216)
Total corporate income tax expense recognized in profit and loss	**4,035,022**	**2,182,057**

In the Republic of Kazakhstan in 2021 and 2020, the corporate income tax rate was 20%

The following is a reconciliation of the 20% corporate income tax rate to the actual amount of corporate income tax recorded in the statement of comprehensive income:

In thousands of tenge	2021	2020
Profit before corporate income tax expense	**21,422,450**	**11,407,256**
Tax calculated at the official rate of 20%	**4,284,490**	**2,281,451**
Non-taxable Gains on financial income from securities	(255,072)	(121,000)
Non-deductible expenses	5,604	21,606
Corporate income tax expense reported in profit and loss	**4,035,022**	**2,182,057**

6. STATEMENT OF PROFIT AND LOSS (continued)

101. Corporate income tax expenses (continued)

The following reflects the tax effect on the major temporary differences that give rise to deferred tax assets and liabilities as at 31 December 2021 and 2020:

	Financial statement		Statement of comprehensive income	
In thousands of tenge	31 December 2021	31 December 2020	2021	2020
Accrued liabilities	11,142	15,974	(4,831)	9,554
Deferred income	2,158	2,746	(589)	(589)
Trade accounts receivable	225,977	144,664	81,312	96,647
Taxes	486	550	(63)	(127)
Property, plant and equipment	(5,030)	(4,282)	(748)	731
Net deferred tax assets	234,733	159,652	–	–
Deferred tax benefit	–	–	75,081	106,216

Reconciliation of deferred tax assets are presented as follows:

In thousands of tenge	2021	2020
As at 1 January	159,652	53,436
Corporate income tax benefit	75,081	106,216
As at 31 December	234,733	159,652

The Company offsets tax assets and tax liabilities only if it has a legally enforceable right to offset current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to corporate income taxes levied by the same taxation authority.

7. RELATED PARTY TRANSACTIONS

Related parties include key management personnel of the Company, entities in which key management personnel of the Company, the parent company in 2021 and entities of Samruk-Kazyna Group directly or indirectly own a significant interest and other entities controlled by the Government. Related party transactions were made on terms agreed to between the parties that are not necessarily at market rates, except for certain regulated services, which are provided based on the tariffs offered to related and third parties

The following table shows the balances and total amount of transactions entered into with related parties as at and for the years ended 31 December 2021 and 31 December 2020:

In thousands of tenge	Year	Sales to related parties	Purchases from related parties	Trade receivables from related parties	Trade payables to related parties
Mother Company – KEGOC	2021	4,321,449	403,707	944,755	32,583
	2020	4,570,460	308,294	525,546	24,135
Subsidiaries of KEGOC	2021	–	1,780	–	167
	2020	–	4,004	–	335
Subsidiaries of Samruk-Kazyna	2021	59,738,539	41,512,542	7,272,045	7,240,793
	2020	39,605,958	42,453,003	6,317,223	10,087,364
Associated companies Samruk-Kazyna	2021	6,831,281	537,037	676,711	102,489
	2020	5,318,856	1,812,323	506,092	335,336

7. RELATED PARTY TRANSACTIONS (continued)

Sales to related parties are represented by the sale of electricity produced by renewable energy facilities and the provision of services to ensure the availability of electrical capacity to bear the power of the load.

In 2021, key management personnel are represented by 2 employees (2020: 2 employees). For the years ended 31 December 2021 and 2020 remuneration of key management personnel included in administrative expenses in the accompanying statement of comprehensive income amounted to 41,551 thousand tenge and 34,277 thousand tenge, respectively. Compensation to key management personnel consists of contractual salary, bonuses based on operating results and financial aid in accordance with internal regulations.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's main financial liabilities include trade payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade receivables, short-term deposits, and cash that arise directly from its operations.

The Company is exposed to credit risk and liquidity risk.

Credit risk

Credit risk is the risk that the Company will incur a financial loss because counterparties fail to discharge their obligations under a financial instrument or customer contract. The Company is exposed to credit risk from its operating activities, primarily from trade receivables, and from its financing activities, including short-term deposits, cash and cash equivalents (Notes 010, 014, 015). The Company's exposure and the creditworthiness of its counterparties are continuously monitored. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

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

The Company does not have 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 performed by the Company's management at each reporting date on an individual basis based on the number of days overdue. The calculations are based on actual historical loss experience. The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each class of financial assets (Notes 6, 7). The Company has no assets pledged as collateral

Cash credit risk is limited because the Company's counterparties are 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 its financial commitments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The following tables detail the contractual maturities of the Company's financial liabilities based on contractual undiscounted cash flows.

In thousands of tenge	On demand	From 1 to 3 month,	From 3 month to 1 year	*From 1 to 5 years*	Above 5 years	Total
As at 31 December 2021						
Short-term trade and other payables	–	31,602,053	–	–	–	31,602,053
	–	31,602,053	–	–	–	31,602,053
As at 31 December 2020						
Short-term trade and other payables	–	26,978,017	–	–	–	26,978,017
Short-term estimated liabilities	–	79,868	–	–	–	79,868
Employee benefits		10,450	–	–	–	10,450
Government grants	–	2,942	–	–	–	2,942
Other current liabilities	–	2,927	–	–	–	2,927
	–	27,074,204	–	–	–	27,074,204

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 equity considering changes in economic conditions.

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 11/30/2021 No. 858 "On certain issues of the Limited Liability Partnership "Accounting and Finance Center for the support of renewable energy resources" and in accordance with the decision of the Board of Directors of JSC "KEGOC" dated 24 September 2021, it was decided to transfer JSC "KEGOC" to the government ownership of 100% of the share of participation in the charter capital of RFC for RES LLP under the donation agreement (dated 30 December 2021).

Fair value of financial instruments

As at 31 December 2021 the carrying amounts of financial assets and liabilities approximate their fair values due to the short-term nature of these financial instruments.

During 2021 the Company purchased short-term notes of the National Bank of the Republic of Kazakhstan and gain from change in value of financial instruments for 2021 amounted to 1,275,358 thousand Tenge (2020: 605,004).

As at 31 December 2021 and 2020 the Company did not have any financial instruments classified as Level 1 or Level 3 financial instruments.

For the years ended 31 December 2021 and 2020 there were no transfers between Levels 1, 2 and 3 of fair value of financial instruments.

9. COMMITMENTS AND CONTINGENCIES

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 2021.

As at 31 December 2021, 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.

Contractual Obligations

As at 31 December 2021, 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 years.

In the electric power market, as at 31 December 2021, the Company also has concluded contracts with consumers of services to ensure the readiness of electric power to bear the power of load.

For management purposes, the Company's activities are divided according to the type of services provided into two operating segments:

- *Centralized purchase of services to maintain the availability of electric power and centralized provision of services to ensure the readiness of electric power to bear the load on the electric power market.*

Since 1 January 2019, the electric power market has started functioning in the Republic of Kazakhstan, the main purpose of which is to activate the processes of renewal, modernization and expansion of the technical fund of the country's energy facilities and maintain the necessary level of reliability of energy supply, as part of the implementation of the 50 and 52 steps of the Program of the President of the Republic of Kazakhstan "National Plan – 100 concrete steps";

- *Centralized purchase and sale of electric power produced by renewable energy facilities and supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan*

The segment of the sale of purchased electricity includes the renewable energy sector (hereinafter referred to as "RES") created by the Government of the Republic of Kazakhstan in order to create favorable conditions for the production of electric and (or) thermal energy using renewable energy sources to reduce the energy intensity of the economy and the impact of the electric and thermal energy sector on the environment and increase the ratio of renewable sources energy in the production of electrical and (or) thermal energy. The renewable energy sector is regulated by the Law of the Republic of Kazakhstan dated 4 July 2009 No. 165-IV "On support for the use of renewable energy sources".

Activity regulation

Tariff for the sale of electricity produced by 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.

9. COMMITMENTS AND CONTINGENCIES (continued)

Activity regulation (continued)

Tariff for the sale of electricity produced by renewable energy sources (continued)

Tariffs for RES support for 2021 by Zones:

Zone 1 - from 1 January to 30 June – 31.36 tenge/kWh

Zone 2 - from 1 January to 30 June – 25.86 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" (hereinafter referred to as the Law) 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 Renewable Energy Support, approved by Order No. 118 of the Minister of Energy of the Republic of Kazakhstan dated 20 February 2015 (hereinafter referred to as the Rules), regulating changes in the procedure for determining the tariff for supporting the use of renewable energy and the establishment of a surcharge for supporting the use of renewable energy. 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. The new approach of the "pass-through" RES surcharge mechanism provides for the calculation of the tariff for RES support, based on the pass-through surcharge and the actual volumes of RES production in the billing month.

The actual tariffs for renewable energy support for the period July - December 2021 by electric energy consumption zones were:

Zone 1 - from 32,1620 – 61,6192 tenge/kWh

Zone 2 - from 29.5440 – 40.4524 tenge/kWh

GRES Topar LLP - from 31,8031 – 54,0592 tenge/kWh

The Company's management believes that during 2021, 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.

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 power of 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 2021 is 692.376 tenge/MW* month (without VAT) (2020: 799.869 tenge / MW*month (without VAT).

9. COMMITMENTS AND CONTINGENCIES (continued)

Revision of the methodology for calculating the tariff for the service to ensure the readiness of electric power to bear the power of load

The Ministry of Energy of the Republic of Kazakhstan has amended the Law of the Republic of Kazakhstan "On Electric Power Industry" regarding the methodology for calculating the tariff for the service to ensure the availability of electric power. In this regard, the Ministry of Energy of the Republic of Kazakhstan has developed a draft order of the Minister of Energy of the Republic of Kazakhstan "On amendments to the Order of the Minister of Energy of the Republic of Kazakhstan dated 3 December 2015 No. 685 "On approval of the Rules for calculating and posting on the Internet resource by a single buyer of the price of a service to ensure the readiness of electric power to bear the power of load". The calculation of the tariff for the service to ensure the readiness of electric power to bear the power of load for 2021 was made taking into account the amendments made to the legislation of the Republic of Kazakhstan.

Business conditions

Economic reforms and the development of legal, tax and administrative infrastructure that would meet the requirements of a market economy are continuing in Kazakhstan. The stability of Kazakhstan's economy in the future will largely depend on the progress of these reforms, as well as on the effectiveness of the measures taken by the government in the field of economy, financial and monetary policy.

Interest rates in tenge remain high. The combination of these factors has led to a decrease in the availability of capital and an increase in its value, as well as to increased uncertainty about further economic growth, which may negatively affect the financial position, results of operations and economic prospects of the Company. The Company's management believes that it is taking appropriate measures to maintain the Company's economic stability in the current conditions.

Since March 2020, there has been significant volatility in the stock, currency and commodity markets, including the depreciation of the tenge against the US dollar and the euro. The scale and duration of these events remain uncertain. However, management does not expect a significant impact on the Company's profit, cash flows and financial condition.

10. SUBSEQUENT EVENTS

Events in the Republic of Kazakhstan

On 2 January 2022, protests of residents began in the Mangistau region, provoked by an increase in fuel gas prices, which then spread to other regions of Kazakhstan. During the protests, several social and economic demands were put forward. Even though the Government took a set of measures to respond to the demands of the population, including lowering fuel gas prices, the protests, as a result, turned into social unrest, during which the buildings of municipalities ("akimats") and law enforcement agencies were seized and destroyed. The main events and protests took place in the city of Almaty and the southern regions of the country.

As a result, a state of emergency was declared on 5 January 2022, which lasted until 19 January 2022. For the period of the state of emergency, restrictions were imposed on communications (Internet and telecommunications) and the movement of both people and vehicles, including railway and air transportation. At present the situation in all regions of the country has stabilized and the state of emergency has been lifted. Engineering communications and life support systems have been fully restored, and restrictions on communications and the movement of both people and vehicles have been lifted.

The events did not have a significant impact on the Company's operations, but the tension in the country remains, and it is impossible to predict further developments and their impact on the Company's operations.

10. SUBSEQUENT EVENTS

Events in the world

On 24 February 2022, Russian President Vladimir Putin issued an appeal to launch a "special military operation in Ukraine". After the start of the introduction of troops on the territory of Ukraine, the countries of the world, in particular the European Union and the United States imposed a package of economic sanctions to prevent further advance of Russian troops into Ukraine. The military operation and economic sanctions have affected the ruble exchange rate, which has weakened by more than 40% against major world currencies and has shown strong volatility over the entire period of the "military operation". Given the significant economic relationship between Russia and Kazakhstan, the tenge has also depreciated against world currencies by more than 30%.

Introduction of restrictive measures for the financial market of Russia, as well as the oil and gas industry and the extractive industry has already been reflected in the rise in prices of energy and metals in the world markets. At the moment it is difficult to predict the impact of recent events in connection with the military operation on the world economy and, in particular, on the economy of Kazakhstan and the Company's activities.