

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

Financial statements

*For the year ended 31 December 2021
with independent auditor's report*

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Independent auditor's report

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Accounting and Finance Center for the Support of Renewable Energy Resources LLP (the "Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



Auditor's responsibilities for the audit of financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

The engagement partner on the audit resulting in this independent auditor's report is Dilshat Kurbanov.

RSM Qazaqstan LLP

Dilshat Kurbanov
Audit Partner



Aisulu Narbayeva
Auditor/General Director
RSM Qazaqstan LLP



Auditor's Qualification Certificate
No. 0000137 at 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

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2 August 2022

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STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2021

<i>In thousands of Tenge</i>	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets			
Property and equipment		27,567	32,909
Intangible assets		14,836	17,336
Deferred tax asset	13	234,733	159,652
		277,136	209,897
Current assets			
Inventories		155,465	55,024
Trade receivables	5	25,777,422	17,298,215
Other financial assets	6	5,151,507	13,055,659
Advances paid		983	1,255,494
VAT recoverable		-	6,999
Prepayment of corporate income tax		-	428,219
Other current assets		15,875	185,827
Cash and cash equivalents	7	38,847,799	14,324,021
Total assets		69,949,051	46,609,458
		70,226,187	46,819,355
Equity and liabilities			
Equity			
Charter capital	8	100,000	100,000
Retained earnings		37,021,790	19,634,362
		37,121,790	19,734,362
Non-current liabilities			
Government subsidies		7,846	10,789
		7,846	10,789
Current liabilities			
Trade accounts payable	9	31,602,053	26,969,198
Government subsidies, current portion		2,942	2,942
VAT payable		1,139,071	-
Other taxes payable, other than corporate income tax		8,501	8,820
Corporate income tax payable		261,182	-
Other current liabilities		82,802	93,244
Total liabilities		33,096,551	27,074,204
Total equity and liabilities		33,104,397	27,084,993
		70,226,187	46,819,355

The accounting policies and explanatory notes on pages 5 to 28 are an integral part of these financial statements.

General Director

Chief Accountant



Nalibayeva G.K.
Nalibayeva G.K.

Sirayeva G.V.
Sirayeva G.V.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

<i>In thousands of Tenge</i>	Notes	2021	2020
Revenue from contracts with customers	10	215,913,384	176,132,448
Cost of sales	11	(195,940,438)	(165,385,303)
Gross profit		19,972,946	10,747,145
General and administrative expenses	12	(407,200)	(555,613)
Finance income	6, 7	2,194,275	1,665,765
Finance costs		(11,236)	(5,784)
Other income		81,625	54,100
Other expenses		(29)	-
Accrual of provision for expected credit losses		(407,931)	(498,357)
Profit before tax		21,422,450	11,407,256
Corporate income tax expense	13	(4,035,022)	(2,182,057)
Profit for the year		17,387,428	9,225,199
Total comprehensive income for the year		17,387,428	9,225,199

The accounting policies and explanatory notes on pages 5 to 28 are an integral part of these financial statements.

General Director

Chief Accountant



Nalibayeva G.K.

Sirayeva G.Y.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

<i>In thousands of Tenge</i>	Notes	2021	2020
Operating activities			
Profit before tax		21,422,450	11,407,256
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation	12	12,812	13,105
Accrual of reserves for unused vacations and bonuses		58,099	47,768
Accrual of provision for expected credit losses		407,931	498,357
Income from disposal of property and equipment		(6,379)	-
Finance income	6, 7	(2,194,275)	(1,665,765)
Working capital adjustments			
Change in inventories		(100,441)	(52,453)
Change in trade receivables		(8,892,151)	(3,587,594)
Change in advances paid		1,254,511	(1,253,094)
Change in VAT recoverable and other taxes		6,999	(6,999)
Change in other current assets		176,234	(128,525)
Change in trade and other accounts payable		4,632,855	12,182,287
Change in deferred income		(2,943)	(2,942)
Change in taxes payable other than income tax		1,138,752	(74,092)
Change in other current liabilities		(68,541)	3,101
		17,845,913	17,380,410
Corporate income tax paid		(3,284,068)	(3,412,925)
Interest received		774,259	1,060,761
Net cash flows received from operating activities		15,336,104	15,028,246
Investing activities			
Withdraw of bank deposits		51,628,554	25,082,966
Placement of deposits		(42,420,075)	(37,524,318)
Income from sale of property and equipment		6,407	-
Purchase of property and equipment		(3,364)	(2,106)
Purchase of intangible assets		(1,634)	(253)
Net cash flows received from / (used in) investing activities		9,209,888	(12,443,711)
Net change in cash and cash equivalents		24,545,992	2,584,535
Accrual of provision for expected credit losses on cash and cash equivalents		(22,214)	5,836
Cash and cash equivalent at 1 January		14,324,021	11,733,650
Cash and cash equivalents at 31 December	7	38,847,799	14,324,021

The accounting policies and explanatory notes on pages 5 to 28 are an integral part of these financial statements.

General Director

Chief Accountant



Nalibayeva G.K.
Nalibayeva G.K.

Sirayeva G.V.
Sirayeva G.V.

STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2021**

<i>In thousands of Tenge</i>	Charter capital	Retained earnings	Total
As at 1 January 2020	100,000	10,409,163	10,509,163
Profit for the year	-	9,225,199	9,225,199
Total comprehensive income	-	9,225,199	9,225,199
As at 31 December 2020	100,000	19,634,362	19,734,362
Profit for the year	-	17,387,428	17,387,428
Total comprehensive income	-	17,387,428	17,387,428
As at 31 December 2021	100,000	37,021,790	37,121,790

The accounting policies and explanatory notes on pages 5 to 28 are an integral part of these financial statements.

General Director

Chief Accountant



Nalibayeva
Nalibayeva G.K.

Sirayeva
Sirayeva G.V.

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2021****1. GENERAL INFORMATION**

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

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 30 November 2021 No. 858 "On certain issues of the Limited Liability Partnership "Accounting and Finance Center for the Support of Renewable Energy Resources", as well as in accordance with the decision of the Board of Directors of JSC "KEGOC" dated 24 September 2021, it was decided to transfer 100% of the share of participation in the charter capital of RFC for RES LLP under the donation agreement and entrusted to the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan (hereinafter - SPPC MF RK) to ensure the transfer of ownership and use of the state share in the charter capital of RFC for RES LLP to the Ministry of Energy of the Republic of Kazakhstan.

On 30 December 2021, a donation agreement was signed between KEGOC JSC and SPPC MF RK, according to which KEGOC JSC gratuitously transfers 100% of the share in RFC for RES LLP to SPPC MF RK.

Main activities:

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

RFC for RES LLP does not have subsidiaries and affiliated companies, does not have branches and representative offices.

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

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

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

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

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

"RFC for RES LLP" directs the funds generated by the results of a positive financial result in the framework of activities in the electric power market in the year preceding the year in which the price is calculated to reduce the price of the service to ensure the readiness of electric power to bear the load for the upcoming calendar year.

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

In this connection, the financial result is formed based on the gross result from the activities of RFC for RES LLP for the purchase of services to maintain the availability of electric power and the provision of services to ensure the availability of electric power, minus:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**1. GENERAL INFORMATION (continued)**

When calculating the tariff for 2021, the Company applied the requirements of the Law to adjust for a positive financial result of 2019.

For the year ended 31 December 2021, the financial result for the type of activity "centralized purchase of services to maintain the readiness of electric power and centralized provision of services to ensure the readiness of electric power to bear the load on the electric power market" amounted to 3,288,829 thousand tenge (6,610,266 thousand tenge in 2020).

<i>In thousands of tenge</i>	2021	2020
Revenue from contracts with customers	78,612,660	88,953,245
Cost of sales	(74,131,006)	(80,383,059)
Gross result	4,481,654	8,570,186
Operating expenses (not higher than approved costs)	(293,211)	(307,353)
Uncovered costs for the development of a preliminary feasibility study	(152,407)	-
Profit before tax	4,036,036	8,262,833
Corporate income tax rate (20% from profit before tax)	(807,207)	(1,652,567)
Positive financial result	3,228,829	6,610,266

In accordance with the methodology of separate accounting by type of activity "centralized purchase of services to maintain the readiness of electric power and centralized provision of services to ensure the readiness of electric power to bear the load on the electric power market", the amount of actual reasonable operating costs amounted to 365.295 thousand tenge for 2021 and 573.949 thousand tenge for 2020.

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

For the year ended 31 December 2021, the financial result by type of activity implementation of centralized purchase and sale of electric energy produced by facilities for the use of renewable energy sources and supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan amounted to 12,308,452 thousand tenge, including the costs of forming a reserve fund of 879,916 thousand tenge.

<i>In thousands of tenge</i>	2021
Revenue from contracts with customers	137,300,724
Cost of sales	121,809,432
Gross result	15,491,292
Operational expenses	105,727
Profit before tax	15,385,565
Income tax rate (20% from profit before tax)	3,077,113
Result	12,308,452
Including	
The costs of forming a reserve fund	879,916
Positive financial result	11,428,536

The disclosure of positive financial results from activities in the renewable energy sector has been prepared on the basis of the Company's internal regulations and are not disclosures required in accordance with IFRS 8 "Operating Segments". The distribution of general and administrative expenses of the company between the types of activities is carried out on the basis of 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 on a historical cost basis, except for certain classes of financial assets measured at fair value as described in the accounting policies and notes to these financial statements. The financial statements is presented in Kazakhstan Tenge ("Tenge" or "KZT") and all values are rounded to the nearest thousands, except when otherwise indicated.

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

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

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

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 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 financial statements.

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR)

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

Amendments to IFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021)

The International Accounting Standards Board (Board) issued Covid-19-Related Rent Concessions, which amended IFRS 16 Leases, in 28 May 2020. This amendment provides for an exemption for tenants from applying the requirements of IFRS 16 in terms of accounting for lease modifications in the case of lease assignments that arise as a direct consequence of the Covid-19 pandemic. As a practical simplification, the lessee may decide not to analyze whether the lease assignment provided by the lessor in connection with the Covid-19 pandemic is a modification of the lease agreement. The lessee who makes such a decision must take into account any change in lease payments due to a lease assignment related to the Covid-19 pandemic, in the same way as this change would be reflected in accounting under IFRS 16 if it were not a modification of the lease agreement.

It was assumed that this amendment would be applied 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 period for applying practical simplifications until 30 June 2022.

The new amendment applies to annual reporting periods beginning on or after 1 April 2021.

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

Standards issued but not yet effective

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

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards issued but not yet effective (continued)***IFRS 17 Insurance Contracts (continued)*

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies 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 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards issued but not yet effective (continued)***Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

This amendment does not apply to the Company.

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

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

This amendment does not apply to the Company.

Definition of Accounting Estimates – Amendments to IAS 8

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Standards issued but not yet effective (continued)***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

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

Amendments to IAS 1 are applied for annual periods beginning on or after 1 January 2023, with the possibility of early application. Since the amendments to Practical Recommendations No. 2 on the application of IFRS contain non-mandatory guidance on the application of the definition of materiality to accounting policy information, it is not necessary to specify the effective date of these amendments.

The Company is currently assessing the impact of these amendments, which they may have on the disclosure of information about the Company's accounting policies.

Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Fair value measurement

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

In the principal market for the asset or liability; or

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

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Fair value measurement (continued)**

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

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

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Foreign currency transactions

The Company's financial statements are presented in Tenge ("KZT"), which is also the Company's parent company's functional currency. Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. During 2021 and 2020, all operations of the Company were carried out in tenge.

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, notes of the National Bank and trade receivables.

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

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

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

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

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

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

Derecognition

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

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

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

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

Recognition of expected credit losses

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

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

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

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

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

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

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

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

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

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

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

Assessment of expected credit losses

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

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

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

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

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

*Financial liabilities**Initial recognition and measurement*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments – initial recognition and subsequent measurement (continued)***Financial liabilities (continued)**Subsequent measurement*

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

Trade and other payables

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

Derecognition

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

Cash and cash equivalents

Cash and cash equivalents in the in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity till 3 (three) months or less. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Provisions

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

Revenue recognition

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

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

The Company, when recognizing revenue, takes the following steps:

- 1) Identification of the contract with the consumer;
- 2) Identification of the obligation to be executed under the contract;
- 3) Determination of transaction price;
- 4) Distribution of the transaction price between certain duties to be performed under the contract;
- 5) Recognition of proceeds at the time of (or as far as) the performance of the obligations to be performed under the contract.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Revenue recognition (continued)***Implementation of services to ensure the readiness of electric power to load.*

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

Income from the sale of purchased electricity from renewable energy sources

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

Interest income

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

Lease

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

The Company as a lessee

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

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

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

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

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

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

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

The company as a lessor

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

Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Company deducted 10% of employees' salaries, but no more than 212,500 tenge per month (2020: 212,500 tenge) to accumulative pension funds. Pension fund payments are withheld from employees' salaries and included with payroll expenses in the statement of comprehensive income when they are incurred. The Company has no other retirement benefit obligations.

Current income tax

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Deferred tax (continued)**

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

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

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

Contingent liabilities and contingent assets

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

Taxes

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)**

The role of the Company in contracts for the purchase and sale of electricity produced by renewable energy sources

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

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

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

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

Estimated allowance for expected credit losses on receivables

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

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

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

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

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

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

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

<i>In thousands of Tenge</i>	31 December 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

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

<i>In thousands of Tenge</i>	2021	2020
As at 1 January	713,217	239,765
Accrual of reserve	2,142,553	880,251
Recovery of reserve	(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 electric power generated by renewable energy facilities and receivables for rendering of services to ensure the readiness of electricity capacity to bear the power load, and were denominated in tenge.

The ageing analysis of trade receivables is as follows:

<i>In thousands of Tenge</i>	Total	Current	Trade account receivables		
			Days past due		
			31-60 days	61-90 days	More 90 days
31 December 2021					
Percentage of expected credit losses		0,22%	2,91%	8,15%	73,08%
Estimated total gross carrying amount in case of default	26,903,583	23,341,305	2,078,016	106,833	1,377,429
Expected credit losses	(1,126,161)	(50,290)	(60,558)	(8,705)	(1,006,608)
Total	25,777,422	23,291,015	2,017,458	98,128	370,821
31 December 2020					
Percentage of expected credit losses		0,84%	12,35%	17,53%	28,12%
Estimated total gross carrying amount in case of default	18,011,432	15,608,015	468,164	193,037	1,742,216
Expected credit losses	(713,217)	(131,710)	(57,823)	(53,844)	(469,840)
Total	17,298,215	15,476,305	410,341	139,193	1,272,376

6. OTHER FINANCIAL ASSETS

<i>In thousands of Tenge</i>	31 December 2021	31 December 2020
Financial assets at amortized cost		
Notes of the National Bank of the Republic of Kazakhstan	5,113,235	9,046,356
Bank deposits in Tenge	-	4,000,000
Interest accrued on bank deposits	38,291	30,267
Less: allowance for expected credit losses	(19)	(20,964)
Total	5,151,507	13,055,659

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

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

On 11 December 2020, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 9,000,000 thousand tenge at the Auction of the National Bank of the Republic of Kazakhstan. The circulation period of the notes is until 12 March 2021.

On 29 March 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the 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 the Republic of Kazakhstan is until 18 June 2021.

On 20 April 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 6,999,514 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 the Republic of Kazakhstan is until 16 July 2021.

On 21 April 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 146,879 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 the Republic of Kazakhstan is until 16 July 2021.

On 7 June 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 4,000,000 thousand tenge at the Auction of the National Bank of the Republic of Kazakhstan. The circulation period of the notes of the National Bank of the Republic of Kazakhstan is until 25 June 2021.

On 29 June 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 11,302,276 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 the Republic of Kazakhstan is until 24 December 2021.

On 21 July 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 4,920,695 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 the Republic of Kazakhstan is until 24 September 2021.

On 21 July 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 2,214,624 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 the Republic of Kazakhstan is until 24 December 2021.

On 28 September 2021, the Company acquired discount notes of the National Bank of the Republic of Kazakhstan in the amount of 4,993,760 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 the Republic of Kazakhstan is until 25 March 2022.

As a result of investing in the notes of the National Bank of the Republic of Kazakhstan, the total amount of financial income for the year ended 31 December 2021 amounted to 1,275,358 thousand tenge (2020: 605,004 thousand tenge).

7. CASH AND CASH EQUIVALENTS

<i>In thousands of Tenge</i>	31 December 2021	31 December 2020
Current accounts with banks, in Tenge	35,382,953	8,940,678
Bank deposits in Tenge, with a placement period of 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 accrued interest from 6% to 8% per annum (2020: from 6% to 8.25%). For the year ended 31 December 2021, interest income from current accounts amounted to 271,533 thousand tenge (2020: 247,998 thousand tenge). During 2021 and 2020, temporarily available funds were placed on short-term deposit accounts with an interest rate of 7% to 9% per annum. For the year ended 31 December 2021, the Company accrued interest on temporarily free cash on short-term deposits in the amount of 647,384 thousand tenge (2020: 812,763 thousand tenge).

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

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

<i>In thousands of Tenge</i>	2021	2020
As at 1 January	6,027	11,863
Accrual of reserve	23,020	3,909
Recovery of reserve	(807)	(9,745)
As at 31 December	28,240	6,027

8. CHARTER CAPITAL

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

9. TRADE ACCOUNTS PAYABLE

As at 31 December 2021 and 31 December 2020 trade accounts payable:

<i>In thousands of Tenge</i>	31 December 2021	31 December 2020
Accounts payable for purchased electricity generated by renewable energy facilities	20,172,356	13,026,751
Accounts payable for works and services to maintain readiness of electric power	11,429,697	13,941,450
Other accounts payable	-	997
Total	31,602,053	26,969,198

As at 31 December 2021 and 2020, trade payables are interest-free and are usually repaid in accordance with the terms of the contract, within a short period.

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

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In thousands of Tenge</i>	2021	2020
Income from the sale of purchased electricity on renewable energy sources	137,249,952	87,179,203
Revenue from the sale of services to ensure the readiness of electric power to bear the power of load	78,612,660	88,953,245
Revenue from the implementation of pre-project technical documentation on the SES pilot project for the RES auction with documentation	50,772	-
Total	215,913,384	176,132,448

For the year ended 31 December 2021, revenue for electricity sold from one major buyer of the Company Ekibastuzskaya GRES-1 named after B.Nurzhanov LLP) amounted to 31,555,138 thousand tenge (2020: 17,137,942 thousand tenge), which represents 14.6% of the Company's total revenue (2020: 9.7%).

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

The timing of revenue recognition is as follows:

<i>In thousands of Tenge</i>	2021	2020
Revenue recognition timeline		
At a point in time	137,300,724	87,179,203
Over time	78,612,660	88,953,245
Total revenue from contracts with customers	215,913,384	176,132,448

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

<i>In thousands of Tenge</i>	2021	2020
Cost of purchased electricity from renewable energy sources	121,467,694	84,752,982
Expenses for maintaining readiness of electrical power to bear the power of load	74,129,866	80,381,919
Costs of balancing electricity production and consumption	341,738	249,262
Expenses for organization and conduct of centralized trading of electric power	1,140	1,140
Total	195,940,438	165,385,303

12. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of Tenge</i>	2021	2020
Payroll expenses and related taxes	215,644	224,209
Accrual of reserves for unused vacations and bonuses	58,099	110,272
Fines and penalties	-	106,392
Lease expenses	61,239	58,212
Depreciation and amortization	12,812	13,105
Telecommunication services	10,967	10,462
Cost of office equipment servicing	4,879	5,553
Consulting services	6,060	3,450
Business trip expenses	4,663	2,777
Insurance expenses	947	1,634
Procurement costs	1,627	1,442
Bank charges	1,143	1,383
Materials	2,220	1,310
Repair expenses	1,050	1,160
Training expenses	1,183	998
Other	24,667	13,254
	407,200	555,613

13. INCOME TAX EXPENSE

<i>In thousands of Tenge</i>	2021	2020
Current income tax		
Current income tax expense	4,106,285	2,699,997
Adjustments in respect of current income tax of previous year	3,818	(411,724)
Deferred tax		
Deferred income tax benefit	(75,081)	(106,216)
Total income tax expense reported in statement of comprehensive income	4,035,022	2,182,057

The income tax rate in the Republic of Kazakhstan is 20% in 2021 and 2020.

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

<i>In thousands of Tenge</i>	2021	2020
Profit before corporate income tax expense	21,422,450	11,407,256
Tax at statutory income tax rate of 20%	4,284,490	2,281,451
Financial income from securities	(255,072)	(121,000)
Non-deductible expenses	5,604	21,606
Income tax expense recorded in profit and loss	4,035,022	2,182,057

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

Tax effect on temporary differences leading to deferred income tax assets and liabilities at 31 December 2021 and 31 December 2020 is provided below:

<i>In thousands of Tenge</i>	Statement of financial position		Statement of comprehensive income	
	31 December 2021	31 December 2020	2021	2020
Accrued liabilities	11,142	15,974	(4,831)	9,554
Government subsidies	2,158	2,746	(589)	(589)
Trade accounts receivable	225,977	144,664	81,312	96,647
Accrued taxes	486	550	(63)	(127)
Property and equipment	(5,030)	(4,282)	(748)	731
Net deferred tax assets	234,733	159,652	-	-
Deferred tax benefit	-	-	75,081	106,216

For years ended 31 December changes in deferred tax assets are presented as follows:

<i>In thousands of Tenge</i>	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 performs offset of deferred tax assets and deferred tax liabilities, if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred taxes relate to income tax collected by the same tax entity and the same taxation authority.

14. RELATED PARTY DISCLOSURES

Related parties include key management personnel of the Company, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Company's key management personnel and other entities controlled by the Government related party disclosures were made on terms agreed between the parties that may not necessarily be at market rates, except for regulated services, which are provided based on tariffs available to related and third parties.

Related party disclosures for 2021 and 2020 are presented as follows:

<i>In thousands of Tenge</i>		Sales to related parties	Purchases from related parties	Trade receivables of related parties	Trade payables to related parties
Parent 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
Samruk-Kazyna associates	2021	6,831,281	537,037	676,711	102,489
	2020	5,318,856	1,812,323	506,092	335,336

Sales to related parties comprise sale of electricity produced by the facility using renewable energy sources.

In 2021, the key management staff is represented by 2 employees (2020: 2 people). For the years ended 31 December 2021 and 2020, remuneration of key management personnel included in administrative expenses in the statement of comprehensive income amounted to 41,551 thousand tenge and 34,277 thousand tenge, respectively. Remuneration of key management personnel consists of contractual salaries, bonuses based on the results of operational activities and financial assistance in accordance with internal regulations.

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

The Company's principal financial liabilities comprise borrowings, bonds payable, trade and other payables. The main purpose of these financial liabilities is to finance the Company's investment projects and operations. The Company has trade and other receivables, cash and cash equivalents, short-term deposits that arrive directly from its operations, as well as investments in debt securities.

The Company is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk.

Credit risk

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

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

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

The impairment analysis is carried out by the Company's management at each reporting date on an individual basis based on the number of days overdue. Calculations are based on information about losses actually incurred in the past. The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each class of financial assets (Notes 5, 6, 7). The Company has no property pledged to it.

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

Liquidity risk

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

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

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

<i>In thousands of Tenge</i>	On demand	Due more than 1 month but not later than 3 months	Due more than 3 months but not later than 1 year	Due more than 1 year but not later than 5 years	Due more than 5 years	Total
As at 31 December 2021						
Trade and other accounts payable	-	31,602,053	-	-	-	31,602,053
	-	31,602,053	-	-	-	31,602,053
As at 31 December 2020						
Trade and other accounts payable	-	26,969,198	-	-	-	26,969,198
	-	26,969,198	-	-	-	26,969,198

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

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

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

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 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 hierarchy

As at 31 December 2021, the carrying value of financial assets and liabilities approximates their fair value due to the short-term nature of these financial instruments.

During 2021, the Company acquired short-term notes of the National Bank of the Republic of Kazakhstan, income from changes in the value of financial instruments for 2021 amounted to 1,275,358 thousand tenge (2020: 605,004 thousand tenge).

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

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

16. 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.*

NOTES TO THE FINANCIAL STATEMENTS (continued)**16. COMMITMENTS AND CONTINGENCIES (continued)****Contractual Obligations (continued)**

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 energy produced by facilities for the use of renewable energy sources and supplied to the electric networks of the unified electric power system of the Republic of Kazakhstan.*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)**16. COMMITMENTS AND CONTINGENCIES (continued)****Activity regulation (continued)***Tariff for the provision of services to ensure the readiness of electric power to bear the power of load*

The tariff for the service to ensure the readiness of electric power to bear the power of load is calculated in accordance with the "Rules for calculating and posting on the Internet resource by a single buyer of the price for the service to ensure the readiness of electric power to bear the 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).

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.

17. SUBSEQUENT EVENTS**Events in the Republic of Kazakhstan**

In 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. During the state of emergency, restrictions were imposed on communications (Internet and telecommunications) and the movement of both people and vehicles, including rail and air travel. At present, the situation in all regions of the country has stabilized, the state of emergency has been lifted. Engineering communications and life support systems have been fully restored, restrictions on communication and movement of both people and vehicles have been lifted.

The events did not have a significant impact on the Company's activities, however, social tensions persist in the country, and it is impossible to predict the further development of events and their impact on the Company's activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. SUBSEQUENT EVENTS (continued)**World events**

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

The introduction of restrictive measures for the Russian financial market, as well as the oil and gas industry and the extractive industry, has already affected the rise in prices for energy resources and metals on world markets. At the moment, it is difficult to predict the impact of recent events in connection with the military operation on the global economy, and in particular on the economy of Kazakhstan, and the activities of the Company.