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

Financial statements

For the year ended 31 December 2022
with Independent auditor's report

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of financial statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following:

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

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

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

RSM Qazaqstan LLP

Aisulu Narbayeva
Auditor / General Director
RSM Qazaqstan LLP

Auditor qualification certificate # 0000137 dated 21 October 1994

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

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

22 June 2023

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

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

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

"Расчетно-финансовый центр по поддержке возобновляемых источников энергии"

General Director Nalibayeva G.K.

Chief Accountant Sirayeva G.V.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

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

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

General Director — *Nalibayeva G.K.*

Chief Accountant — *Sirayeva G.V.*

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

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

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

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

General Director — Nalibayeva G.K.

Chief Accountant — Sirayeva G.V.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

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

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

General Director — *Nalibayeva G.K.*

Chief Accountant — *Sirayeva G.V.*

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

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

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

2. BASIS OF PREPARATION

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Amendments to IAS 16: Fixed assets: receipts before use for their intended purpose

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

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

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

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

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

New and revised IFRS – issued but not yet effective

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and revised IFRS – issued but not yet effective (continued)

Amendments to IAS 8: Definition of Accounting Estimates.

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

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

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

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

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

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

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

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

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

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

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

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

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

A liability is current when:

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

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

Fair value measurement

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

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

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

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

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

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

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

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

Foreign currency transactions

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

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

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

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

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

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

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

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

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

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

Subsequent measurement

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

Derecognition

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Recognition of expected credit losses

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

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

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

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

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

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

1) acquired or created credit-impaired financial assets.

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

3) lease receivables.

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

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

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

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

Assessment of expected credit losses

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

1) an unbiased and probability-weighted sum determined by evaluating the range of possible results.

2) the time value of money.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Assessment of expected credit losses (continued)

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

<u>Trade and other payables</u>

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

Derecognition

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

Cash and cash equivalents

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

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

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

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

Income from the sale of purchased electricity from renewable energy sources

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

Interest income

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

Lease

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

The Company as a lessee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lease (continued)

Short term lease

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

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

The Company as a lessor

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

Pension obligations

In accordance with the legislation of the Republic of Kazakhstan, the Company deducted 10% of employees' salaries, but no more than 300.000 tenge per month (2021: 212.500 tenge) to accumulative pension funds. Pension fund payments are withheld from employees' salaries and included with payroll expenses in the statement of comprehensive income when they are incurred. The Company has no other retirement benefit obligations.

Current corporate income tax

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

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

Deferred tax

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax (continued)

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

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

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

Contingent liabilities and contingent assets

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

Taxes

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

Estimated allowance for expected credit losses on receivables

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TRADE RECEIVABLES

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

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

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

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

The ageing analysis of trade receivables is as follows:

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

6. OTHER FINANCIAL ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. OTHER FINANCIAL ASSETS (continued)

Notes of the National Bank of the Republic of Kazakhstan

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

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

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

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

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

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

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

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

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

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

7. CASH AND CASH EQUIVALENTS

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

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

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:

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

8. CAPITAL

Charter capital

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

Dividends

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

9. TRADE ACCOUNTS PAYABLE

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

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

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

10. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

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

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

The timing of revenue recognition is as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. COST OF SALES

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

12. GENERAL AND ADMINISTRATIVE EXPENSES

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

13. CORPORATE INCOME TAX EXPENSE

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. CORPORATE INCOME TAX EXPENSE (continued)

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

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

Reconciliation of deferred tax liabilities/assets, net:

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

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

14. RELATED PARTY DISCLOSURES

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

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company is exposed to credit risk and liquidity risk.

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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

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

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

Liquidity risk

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

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

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

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

Capital management

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

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

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

Fair value hierarchy

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Taxation

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

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

16. COMMITMENTS AND CONTINGENCIES

Contractual obligations

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

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

Activity regulation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. COMMITMENTS AND CONTINGENCIES (continued)

Activity regulation (continued)

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

In thousands of tenge	**2022**	2021
Revenue from contracts with customers	**84.201.507**	78.612.660
Cost of sales	**(80.460.040)**	(74.131.006)
Gross result	**3.741.467**	4.481.654
Other operating expenses (general and administrative expenses)	**(326.973)**	(293.211)
Uncovered costs for the development of a preliminary feasibility study	**152 407**	(152.407)
Profit before tax	**3.566.901**	4.036.036
Corporate income tax rate (20% from profit before tax)	**(713.380)**	(807.207)
Positive financial result	**2.853.521**	3.228.829

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

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

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

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

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

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

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

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

16. COMMITMENTS AND CONTINGENCIES (continued)

Activity regulation (continued)

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

Tariff setting

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

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

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

Zone 1 – 33,0154 tenge/kWh.

Zone 2 – 31,6955 tenge/kWh.

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. COMMITMENTS AND CONTINGENCIES (continued)

Tariff setting (continued)

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

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

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

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

17. SUBSEQUENT EVENTS

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