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## Annex 1. Consolidated financial statements

FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH INDEPENDENT AUDITOR'S REPORT

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### Independent auditor's report

To the Shareholder, Board of Directors and Management of "Sovereign Wealth Fund "Samruk-Kazyna" JSC

#### Opinion

We have audited the consolidated financial statements of "Sovereign Wealth Fund "Samruk-Kazyna" JSC and its subsidiaries (hereinafter - the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated 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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated 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.

#### Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



#### Key audit matter

##### Impairment of non-current assets

We considered this matter to be one of the matters of most significance in our audit due to the high level of subjectivity in respect of assumptions underlying impairment analysis of non-current assets and significant judgements and estimates made by the management. In addition, increased cost of debt and uncertainty regarding future economic growth affects the Group's business prospects and triggers potential impairment of the Group's assets.

Significant assumptions included discount rates, commodities prices, tariffs forecasts, inflation and exchange rate forecasts. Significant estimates included production forecasts, future capital expenditures and commodity reserves available for development and production.

Information on non-current assets and the impairment tests performed is disclosed in Note 4 to the consolidated financial statements.

##### Compliance with loan covenants

In accordance with the terms of certain financing arrangements, the Group should comply with certain loan covenants. Breaching covenants could result in significant fines and penalties along with funding shortages. In addition, cross default provisions are in place under many of the Group's financing arrangements. Compliance with covenants was one of the matters of most significance in our audit since it can have a major impact on the going concern assumption used in the preparation of the consolidated financial statements, and on classification of interest-bearing liabilities in the consolidated statement of financial position.

Information on compliance with covenants is disclosed in Note 20 to the consolidated financial statements.

#### How our audit addressed the key audit matter

We obtained management's impairment analysis, including analysis of impairment indicators and impairment test models.

We involved our internal business valuation specialists in the testing of the impairment analysis and calculation of recoverable amounts performed by the management. We analysed the assumptions underlying management forecast. We compared natural resource and commodity prices used in the calculation of recoverable amounts to available market forecasts. We compared the discount rate and long-term growth rates to general market indicators and other available information. We tested the mathematical accuracy of the impairment models and assessed their sensitivity to changes in assumptions.

We analysed the disclosures made in the consolidated financial statements in respect of the impairment of non-current assets.

We examined the terms of financing arrangements on covenants including additional clauses on cross default conditions.

We compared data used in the calculations with the consolidated financial statements and with the financial statements of subsidiaries.

We assessed arithmetic accuracy of financial covenants calculations.

We analysed the forecast made in approved budgets as of 31 December 2023, to assess if a breach is likely to occur in the next 12 months, we obtained and analysed management's analysis for the potential impact on going concern.

We analysed communication with creditors in respect of compliance with covenants as at 31 December 2023.

We also analysed the information disclosed in the consolidated financial statements.



### Provisions and contingent liabilities

Provisions are recognized and contingent liabilities are disclosed by the Group in respect of government inspections, provisions for asset retirement obligations (ARO) and general legal proceedings, as well as other matters.

The assessment as to whether, or not, a liability should be recognized and whether amounts can be reliably measured involves estimates and judgements. Predicting the outcome of the matter and estimating the potential impact if the outcome is unfavorable represents a complex process and the potential exposure on the consolidated financial statements may be significant.

Calculation of ARO requires significant judgment due to the inherent complexity in estimating future costs and due to significance of this liability. Most of these obligations are expected to be settled in a long-term perspective. The Group involved specialists to assess the ARO. Management's assumptions used in the calculation include expected approach to decommissioning and discount rates, along with the effects of changes in inflation rates.

Assessment of legal and constructive obligations of the Group according to the contractual agreements and relevant local legislation requires management's judgement and evaluation and implies variability.

We considered provisions and contingent liabilities to be one of the matters of most significance in our audit because of their significance to the consolidated financial statements and the level of judgment required.

Information on provisions, contingent liabilities and commitments is disclosed in notes 22 and 38 to the consolidated financial statements.

We inquired the Group's management and legal department for instances of non-compliance with laws and regulations and the status of any pending and ongoing litigations, claims and proceedings. We obtained legal letters from internal and external legal advisers.

We inspected relevant correspondence, the minutes of the meetings of the Group's management and Board of Directors.

Our procedures in respect of ARO included assessment of legal and constructive obligations related to the liquidation of assets on the basis of contractual agreements and relevant local legislation.

We considered the competence and objectivity of the specialists involved by the Group, who produced the cost estimates as a basis for ARO. We compared the discount and inflation rates used to available external data. We checked mathematical accuracy of the calculations.

We have also assessed changes in estimated future costs related to ARO and assessed how the Group took into consideration the recent changes in the related legislation.

We analysed the Group's management's estimates underlying the amounts recognized as provisions in the consolidated financial statements and assessed judgements in respect of the probability of potential outcomes of contingent liabilities in the consolidated financial statements.

We analysed the related disclosures in the consolidated financial statements.



### Other information included in the Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

### Responsibilities of management and the Audit Committee for the consolidated financial statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

The partner in charge of the audit resulting in this independent auditor's report is Adil Syzdykov.

*Ernst & Young LLP*

  
 Adil Syzdykov  
 Auditor

Auditor Qualification Certificate  
 No. МФ - 0000172 dated 23 December 2013

050060, Republic of Kazakhstan, Almaty  
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19 April 2024

  
 Rustamzhan Sattarov  
 General Director  
 Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2 No. 0000003 issued by the Ministry of finance of the Republic of Kazakhstan on 15 July 2005

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31

In millions of tenge	Note	2023	2022 (restated)*
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	15,429,527	14,428,771
Intangible assets	9	2,017,748	1,945,639
Exploration and evaluation assets	10	205,074	294,300
Investment property		33,273	36,529
Investments in joint ventures and associates	11	6,900,007	6,735,441
Amounts due from credit institutions	13	55,684	270,568
Loans issued and net investment in finance lease	12	102,538	151,726
Other non-current financial assets	14	594,194	743,213
Other non-current assets	15	1,180,393	473,725
Deferred tax assets	34	108,379	89,252
		26,626,817	25,169,164
<b>Current assets</b>			
Inventories	16	1,008,646	866,290
VAT receivable		386,977	203,658
Income tax prepaid		190,850	125,227
Trade accounts receivable	17	1,292,858	1,083,292
Amounts due from credit institutions	13	1,243,196	1,433,305
Loans issued and net investment in finance lease	12	131,472	66,889
Other current financial assets	14	1,134,317	347,750
Other current assets	17	485,975	250,117
Cash and cash equivalents	18	2,740,336	2,945,616
		8,614,627	7,322,144
Assets classified as held for sale or distribution to the Shareholder	7	1,684,900	1,140,071
		10,299,527	8,462,215
<b>Total assets</b>		<b>36,926,344</b>	<b>33,631,379</b>

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT DECEMBER 31

In millions of tenge	Note	2023	2022 (restated)*
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holder of the Parent</b>			
Share capital	19.1	5,492,783	5,268,819
Currency translation reserve	19.10	1,270,562	2,220,063
Revaluation reserve of investments at fair value through other comprehensive income		36,091	35,519
Hedging reserve	19.11	(3,469)	(5,900)
Other capital reserves	19.12	(17,003)	(16,986)
Retained earnings		10,349,822	9,787,891
		17,128,786	17,289,406
Non-controlling interests	19.9	4,608,529	2,504,016
<b>Total equity</b>		<b>21,737,315</b>	<b>19,793,422</b>
<b>Non-current liabilities</b>			
Borrowings	20	5,383,218	5,400,163
Loans from the Government of the Republic of Kazakhstan	21	861,818	679,844
Provisions	22	471,062	407,211
Lease liabilities	23	282,171	482,968
Employee benefit liabilities		128,229	126,562
Other non-current financial liabilities	24	101,714	66,618
Other non-current liabilities	24	132,334	112,062
Deferred tax liabilities	34	1,760,332	1,659,131
		9,120,878	8,934,559
<b>Current liabilities</b>			
Borrowings	20	980,684	1,267,512
Loans from the Government of the Republic of Kazakhstan	21	11,028	3,760
Provisions	22	96,453	155,119
Income taxes payable		38,834	79,110
Trade and other payables	25	1,597,615	1,126,850
Lease liabilities	23	70,906	138,192
Employee benefit liabilities		15,451	13,488
Other current financial liabilities	25	533,042	435,871
Other current liabilities	25	1,150,318	638,403
		4,494,331	3,858,305
Liabilities associated with assets classified as held for sale or distribution to the Shareholder	7	1,573,820	1,045,093
		6,068,151	4,903,398
<b>Total liabilities</b>		<b>15,189,029</b>	<b>13,837,957</b>
<b>Total equity and liabilities</b>		<b>36,926,344</b>	<b>33,631,379</b>

Managing Director for Economy and Finance –  
Member of the Management Board



Aidar Ryskulov

Chief accountant

Almaz Abdrakhmanova

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31**

In millions of tenge	Note	2023	2022 (restated)*
Revenue	26	15,434,005	14,815,147
Government grants		61,042	53,392
		15,495,047	14,868,539
Cost of sales	27	(11,773,450)	(11,300,892)
<b>Gross profit</b>		<b>3,721,597</b>	<b>3,567,647</b>
General and administrative expenses	28	(526,381)	(483,812)
Transportation and selling expenses	29	(870,498)	(906,869)
Expected credit losses on financial assets, net		(38,814)	(19,584)
Impairment loss, net	30	(325,807)	(71,682)
Gain/(loss) on disposal of subsidiaries, net	7	193,585	(1,882)
Other operating income	38	32,182	-
Other operating loss	25	(55,700)	(30,093)
<b>Operating profit</b>		<b>2,130,164</b>	<b>2,053,725</b>
Finance costs	31	(709,947)	(653,989)
Finance income	32	486,364	320,983
Other non-operating loss		(57,852)	(79,400)
Other non-operating income		45,456	65,886
Share in profit of joint ventures and associates, net	33	945,079	1,449,389
Net foreign exchange gain/(loss), net		20,428	(9,898)
<b>Profit before income tax</b>		<b>2,859,692</b>	<b>3,146,696</b>
Income tax expenses	34	(731,609)	(772,632)
<b>Net profit for the year</b>		<b>2,128,083</b>	<b>2,374,064</b>

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31**

In millions of tenge	Note	2023	2022 (restated)*
Other comprehensive income			
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</b>			
Exchange differences on translation of foreign operations	19.10	(193,838)	710,833
Gain/(loss) from hedge instruments for the net investment in the foreign operations	19.10	46,478	(224,708)
Unrealized gain/(loss) on debt instruments at fair value through other comprehensive income		1,102	(1,424)
Share of the other comprehensive income of associates and joint ventures	11	5,362	5,188
Gain on transactions with hedge instruments	19.11	5,002	44,675
Net realized (loss)/gain on debt instruments at fair value through other comprehensive income		(566)	66
<b>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>(136,460)</b>	<b>534,630</b>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>			
Share of the other comprehensive gain/(loss) of associates and joint ventures	11	554	(18)
Actuarial gain on defined benefit plans		1,855	9,474
<b>Other comprehensive gain not to be reclassified to profit or loss in subsequent periods</b>		<b>2,409</b>	<b>9,456</b>
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(134,051)</b>	<b>544,086</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>1,994,032</b>	<b>2,918,150</b>
<b>Net profit for the year attributable to:</b>			
Equity holder of the Parent		1,698,074	1,926,689
Non-controlling interests		430,009	447,375
		2,128,083	2,374,064
<b>Total comprehensive income for the year, attributable to:</b>			
Equity holder of the Parent		1,601,388	2,435,584
Non-controlling interests		392,644	482,566
		1,994,032	2,918,150
<b>Earnings per share in net profit for the period attributable to Equity holder of the Parent – tenge</b>			
<b>Basic and diluted</b>	<b>19.13</b>	<b>487.68</b>	<b>553.33</b>

**Managing Director for Economy and Finance –  
Member of the Management Board**



Aidar Ryskulov

**Chief accountant**

Almaz Abdrakhmanova

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31**

In millions of tenge	Note	CONSOLIDATED FINANCIAL INDICATORS		Attributable to the equity holder of the Parent					Non-controlling interests	Total
		Share capital	Revaluation reserve of investments at fair value through other comprehensive income	Currency translation reserve	Hedging reserve	Other capital reserves	Retained earnings	Total		
Balance as at December 31, 2021		5,268,580	32,694	1,894,545	(48,906)	(16,984)	8,125,704	15,255,633	1,917,459	17,173,092
Restatements	6	-	-	-	-	-	48,837	48,837	-	48,837
<b>Balance as at December 31, 2021 (restated)*</b>		<b>5,268,580</b>	<b>32,694</b>	<b>1,894,545</b>	<b>(48,906)</b>	<b>(16,984)</b>	<b>8,174,541</b>	<b>15,304,470</b>	<b>1,917,459</b>	<b>17,221,929</b>
Net profit for the year (restated)*		-	-	-	-	-	1,926,689	1,926,689	447,375	2,374,064
Other comprehensive income for the year (restated)*		-	2,825	453,184	43,365	-	9,521	508,895	35,191	544,086
<b>Total comprehensive income for the year (restated)*</b>		<b>-</b>	<b>2,825</b>	<b>453,184</b>	<b>43,365</b>	<b>-</b>	<b>1,936,210</b>	<b>2,435,584</b>	<b>482,566</b>	<b>2,918,150</b>
Issue of shares	19.1	239	-	-	-	-	-	239	-	239
Equity contribution to subsidiary		-	-	-	-	-	-	-	433	433
Distributions to the Shareholder		-	-	-	-	-	(386,934)	(386,934)	(186,073)	(573,007)
Dividends (restated)*	19.2	-	-	-	-	-	(174,290)	(174,290)	(186,073)	(360,363)
Other distributions to the Shareholder	19.4	-	-	-	-	-	(212,644)	(212,644)	-	(212,644)
Other transactions with the Shareholder	19.5	-	-	-	-	-	(4,201)	(4,201)	-	(4,201)
Discount on loans from the Government	19.7	-	-	-	-	-	68,684	68,684	-	68,684
Acquisition of joint venture		-	-	-	-	-	9,937	9,937	1,052	10,989
Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control	19.8	-	-	(128,297)	272	(2)	(9,470)	(137,497)	288,571	151,074
Other equity movements		-	-	631	(631)	-	(876)	(876)	8	(868)
<b>Balance as at December 31, 2022</b>		<b>5,268,819</b>	<b>35,519</b>	<b>2,220,063</b>	<b>(5,900)</b>	<b>(16,986)</b>	<b>9,787,891</b>	<b>17,289,406</b>	<b>2,504,016</b>	<b>19,793,422</b>
Restatements	6	-	-	-	-	-	49,761	49,761	-	49,761
<b>Balance as at December 31, 2022 (restated)*</b>		<b>5,268,819</b>	<b>35,519</b>	<b>2,220,063</b>	<b>(5,900)</b>	<b>(16,986)</b>	<b>9,787,891</b>	<b>17,289,406</b>	<b>2,504,016</b>	<b>19,793,422</b>
Net profit for the year		-	-	-	-	-	1,698,074	1,698,074	430,009	2,128,083
Other comprehensive income/(loss) for the year		-	574	(107,271)	2,866	-	7,145	(96,686)	(37,365)	(134,051)
<b>Total comprehensive income/(loss) for the year</b>		<b>-</b>	<b>574</b>	<b>(107,271)</b>	<b>2,866</b>	<b>-</b>	<b>1,705,219</b>	<b>1,601,388</b>	<b>392,644</b>	<b>1,994,032</b>
Issue of shares	19.1	223,964	-	-	-	-	(66,075)	157,889	-	157,889
Distributions to the Shareholder		-	-	-	-	-	(1,423,899)	(1,423,899)	(172,201)	(1,596,100)
Dividends	19.2	-	-	-	-	-	(1,268,852)	(1,268,852)	(172,201)	(1,441,053)
Distributions to the Public Foundation "Qazaqstan halqyna"	19.3	-	-	-	-	-	(66,614)	(66,614)	-	(66,614)
Other distributions to the Shareholder	19.4	-	-	-	-	-	(88,433)	(88,433)	-	(88,433)
Other transactions with the Shareholder	19.5	-	-	-	-	-	(29,848)	(29,848)	-	(29,848)
Transfer of assets to the Shareholder	19.6	-	-	-	-	-	(3,796)	(3,796)	-	(3,796)
Discount on loans from the Government	19.7	-	-	-	-	-	177,932	177,932	-	177,932
Change in ownership interests of subsidiaries – acquisition of non-controlling interest	19.1	-	-	-	-	-	145,967	145,967	(235,172)	(89,205)
Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control	19.8	-	(2)	(842,858)	193	(17)	56,431	(786,253)	2,119,242	1,332,989
Other equity movements		-	-	628	(628)	-	-	-	-	-
<b>Balance as at December 31, 2023</b>		<b>5,492,783</b>	<b>36,091</b>	<b>1,270,562</b>	<b>(3,469)</b>	<b>(17,003)</b>	<b>10,349,822</b>	<b>17,128,786</b>	<b>4,608,529</b>	<b>21,737,315</b>

Managing Director for Economy and Finance –  
Member of the Management Board



Aidar Ryskulov

Chief accountant

Almaz Abdrakhmanova

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31**

In millions of tenge	Note	2023	2022 (restated)*
<b>Cash flows from operating activities</b>			
Receipts from customers		16,782,090	16,593,354
Payments to suppliers		(9,465,532)	(9,707,706)
Payments to employees		(1,785,243)	(1,461,545)
Other taxes and payments		(2,125,159)	(2,116,145)
Operations with financial instruments		55,462	12,548
Short-term lease payments and variable lease payments		(142,511)	(95,791)
Proceeds from subsidized interest rates on financial liabilities		-	29,276
Cash received under agency agreements	25	496,331	-
Cash paid within the framework of the implementation of the national project	17	(190,178)	-
Return of VAT from the budget		43,281	143,866
Other payments		(204,508)	(253,187)
Income taxes paid		(815,837)	(513,419)
Interest paid		(634,980)	(607,858)
Interest received		384,115	214,578
<b>Net cash flows received from operating activities</b>		<b>2,397,331</b>	<b>2,237,971</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment, and exploration and evaluation assets and other non-current assets		(2,571,821)	(1,302,672)
Acquisition of intangible assets		(213,388)	(29,417)
Proceeds from sale of property, plant and equipment		6,068	6,849
Proceeds from sale of other non-current assets		13,180	42,565
Dividends received from joint ventures and associates	11	808,125	734,518
Acquisition of subsidiaries, net of cash acquired with the subsidiary	5	(156,390)	-
Issuance of bank deposits		(1,781,998)	(2,239,910)
Redemption of bank deposits		2,127,548	1,345,573
Loans issued		(74,107)	(20,935)
Proceeds from sale of subsidiaries, net of cash of disposed subsidiaries		114,522	(2,869)
(Acquisition)/ proceeds from sale of joint ventures and associates, net		(4,488)	44
Additional contributions to share capital of joint ventures and associates without change in ownership	11	(21,229)	(15,418)
Repayment of loans issued		34,554	239,040
Purchase of equity and debt instruments		(4,297,186)	(1,171,329)
Proceeds from sale/repayment by issuers of equity and debt instruments		3,865,808	1,051,685
Other payments		(878)	(12,956)
<b>Net cash flows used in investing activities</b>		<b>(2,151,680)</b>	<b>(1,375,232)</b>

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 6.

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31**

In millions of tenge	Note	2023	2022 (restated)*
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	20, 21	1,601,116	1,341,055
Repayment of borrowings	20	(1,550,405)	(1,618,738)
Reservation of cash for payment of borrowings	14	(2,530)	(152)
Repayment of lease liabilities	23	(161,898)	(153,822)
Contributions to the share capital by the Equity holder of the Parent	19.1	49,478	-
Contributions by non-controlling interests		-	50
Distributions to the Public Foundation "Qazaqstan halqyna"	19.3	(20,650)	-
Other distributions to the Shareholder	19.4	(96,671)	(132,204)
Other transactions with the Shareholder		(20,885)	-
Dividends paid to non-controlling interests of subsidiaries	19.2	(173,976)	(184,145)
Disposal of interest that does not result in the loss of control	19.8	1,332,944	153,860
Dividends paid to the Shareholder	19.2	(1,268,852)	(174,290)
Bonds early extinguishment premium and fees paid	20	-	7,370
Repo transactions		(11,458)	8,549
Other payments		(5,957)	(3,939)
<b>Net cash flows used in financing activities</b>		<b>(329,744)</b>	<b>(756,406)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(84,093)</b>	<b>106,333</b>
Effects of exchange rate changes on cash and cash equivalents		(35,288)	102,497
Changes in cash and cash equivalents disclosed as part of assets held for sale		(86,072)	(80,760)
Change in allowance for expected credit losses		173	274
Cash and cash equivalents at the beginning of the year		2,945,616	2,817,272
<b>Cash and cash equivalents at the end of the year</b>	<b>18</b>	<b>2,740,336</b>	<b>2,945,616</b>

**Managing Director for Economy and Finance –  
Member of the Management Board**



Aidar Ryskulov

**Chief accountant**

Almaz Abdrakhmanova

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## Notes to the consolidated financial statements

FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. GENERAL INFORMATION

#### Corporate information

"Sovereign Wealth Fund "Samruk-Kazyna" JSC (hereinafter – the "Fund" or "Samruk-Kazyna") was established on November 3, 2008 in accordance with the Decree of the President of the Republic of Kazakhstan No. 669 dated October 13, 2008 and the Resolution of the Government of the Republic of Kazakhstan No. 962 dated October 17, 2008. The formation was enacted by the merger of "Sustainable Development Fund "Kazyna" JSC and "Kazakhstan Holding Company for State Assets Management "Samruk" JSC and the additional transfer to the Fund of interests in certain entities owned by the Government of the Republic of Kazakhstan (hereinafter – the "State" or the "Government"). The Government is the sole shareholder of the Fund (hereinafter – the "Shareholder" or the "Parent").

During this process the Government's overall objective was to increase management efficiency and to optimise organisational structures for them to successfully achieve their strategic objectives as set in the respective Government programs.

The Fund is a holding company combining companies listed in Note 35 (hereinafter – the "Group"). Prior to February 1, 2012, the Fund's activities were governed by the Law of the Republic of Kazakhstan On National Welfare Fund No. 134-4 dated February 13, 2009 and were aimed to assist in provision of stable development of the state economy, modernization and diversification of economy, and improvement of the Group companies' efficiency. According to the Law of the Republic of Kazakhstan enacted on February 1, 2012 On Sovereign Wealth Fund No. 550-4, the Fund's activity is focused on improving sovereign wealth of the Republic of Kazakhstan by increasing the long-term value of the Group companies and by effective management of the Group assets.

For management purposes, the Group is organized into organizational business units based on their products and services, and has 8 (eight) reportable operating segments as follows (Note 39):

- ◆ Oil-and-gas and petrochemical segment includes operations related to exploration and production of oil and gas, transportation of oil and gas, refining and trading of crude oil, gas and refined products, and production of oil-and-gas and petrochemical products;
- ◆ Transportation segment includes operations related to railway and air transportation of cargo and passengers;
- ◆ Communication segment includes operation of fixed line communication, including local, long-distance intercity and international telecommunication services (including CIS and non-CIS countries); and also renting out of lines, data transfer services and wireless communication services;
- ◆ Energy segment includes operations related to production and distribution of electricity, the function of oversight over the input of electricity into the energy system and consumption of imported electricity, the function of centralized operation and dispatch of facilities in the Unified Energy System of Kazakhstan;
- ◆ Mining segment includes exploration, mining, processing, sales of mineral resources and geological exploration;
- ◆ Industrial segment includes industry enterprises and projects of chemical industry;
- ◆ Corporate center segment covers Fund's investing and financing activities, including provision of loans to related and third parties;
- ◆ Other segment includes operations related to assisting the Government in increasing housing availability by investing into residential development and other operations.

The address of the Fund's registered office is 17/10 Syganak str., Astana, the Republic of Kazakhstan (hereinafter- "RK").

These consolidated financial statements were authorised for issue by the Managing Director for Economy and Finance – Member of the Management Board and Chief accountant of the Fund on April 19, 2024 and preliminary approved by the Audit Committee of the Board of Directors of the Fund. These consolidated financial statements should be further approved by the Board of Directors and the Sole Shareholder.

#### Privatization plan

On April 30, 2014 the Government approved the initial Complex privatization plan for 2014-2016. On December 30, 2015 the Government approved the new 2016-2020 Complex privatization plan (replacing previous 2014-2016 Complex privatization plan) and the list of all state owned assets to be privatized, including certain Fund subsidiaries. On December 29, 2020, by the Resolution of the Government of the Republic of Kazakhstan No. 908 On Some Issues of Privatization for 2021-2025, a new comprehensive Complex privatization plan for 2021-2025 was approved, which includes a new list of state owned organizations and assets of the Fund's group to be transferred to a competitive environment.

### 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements.

These consolidated financial statements are presented in Kazakhstan tenge ("tenge") and all monetary amounts are rounded to the nearest million tenge except when otherwise indicated.

#### Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board ("IASB").

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern. The management consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

#### Foreign currency translation

##### Functional and presentation currency

Items included in these consolidated financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in tenge, which is the Group's presentation currency.

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

##### Group entities

Gains, losses and financial position of all of the Group's subsidiaries, joint ventures and associates (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- ◆ Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- ◆ Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates; in which case income and expenses are translated at the rate on the dates of the transactions); and
- ◆ All resulting exchange differences are recognized as a separate component of other comprehensive income.

##### Exchange rates

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

The following table presents currency exchange rates to tenge:

	December 31, 2023	December 31, 2022	Weighted average for 2023	Weighted average for 2022	April 19, 2024
United States dollar ("USD")	454.56	462.65	456.21	460.93	446.49
Euro ("EUR")	502.24	492.86	493.22	485.29	475.38
Russian ruble ("RUR")	5.06	6.43	5.41	6.92	4.79

For the year ended December 31, 2023, the Group had foreign exchange loss of 7,051,068 million tenge and foreign exchange gain of 7,071,496 million tenge, due to fluctuations in foreign exchange rates to tenge.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

#### New and amended standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the consolidated financial statements of the Group.

The Group presented only the list of standards effective and applicable for the Group.

#### IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), 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. 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.

IFRS 17 is based on a 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.

The amendments had no significant impact on the Group's consolidated financial statements.

#### Definition of Accounting Estimates — Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

#### Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide 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.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements

#### Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

#### International Tax Reform — Pillar II Model Rules — Amendments to IAS 12 Income Taxes

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar II rules and include:

- ◆ A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar II model rules; and
- ◆ Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar II income taxes arising from that legislation, particularly before its effective date.

The Group's subsidiaries are presented in the following jurisdictions where Pillar II Model Rules have been enacted (or substantially enacted), and will enter into force in tax years 2024 and beyond: the Republic of Bulgaria, Federal Republic of Germany, Kingdom of the Netherlands, Romania, the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland.

The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes.

The Group is in the process of assessing the potential exposure to Pillar II income taxes as at December 31, 2023. The potential exposure, if any, to Pillar II income taxes is currently not known or reasonably estimable. The Group continues to progress on the assessment and expects to complete the assessment in 2024.

#### Standards that have been issued but not yet effective

There are new pronouncements issued as at December 31, 2023:

- ◆ Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on May 25, 2023);
- ◆ Amendments to IAS 1 Presentation of Financial Statements: classification of Liabilities as Current or Noncurrent (issued on January 23, 2020), deferral of effective date of classification of Liabilities as Current or Noncurrent (issued on July 15, 2020), non-current Liabilities with Covenants (issued on October 31, 2022);
- ◆ Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on September 22, 2022);
- ◆ Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on August 15, 2023).

These amendments and interpretations are not expected to have a material impact on the consolidated financial statements of the Group.

#### Basis of consolidation

These consolidated financial statements comprise the financial statements of the Fund and its controlled subsidiaries (Note 35).

#### Subsidiaries

Subsidiaries are the entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- ◆ Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- ◆ Exposure, or rights, to variable returns from its involvement with the investee;
- ◆ The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- ◆ The contractual arrangement with the other vote holders of the investee;
- ◆ Rights arising from other contractual arrangements;
- ◆ The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Except for acquisition in transactions between entities under common control, subsidiaries are consolidated from the date when control is obtained by the Group and are de-consolidated from the date when control ceases. At the acquisition of the subsidiary, acquisition cost is distributed between assets and liabilities based on their fair value as at the date of acquisition. Financial statements of the subsidiaries are prepared for the same reporting period as those of the Fund, using consistent accounting policies.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Basis of consolidation (continued)

##### Subsidiaries (continued)

All intra-group balances and transactions, including unrealized gains resulting from intra-group transactions are eliminated in full. Unrealized losses are eliminated in the same manner as unrealized gains, except that they are eliminated to the extent that there is no evidence of impairment.

Non-controlling interests represents a portion of equity in subsidiaries, which is not owned by the Group, and is recorded separately in equity in the consolidated statement of financial position separately from the equity attributable to the Parent. Losses within a subsidiary are attributed to the non-controlling interests even if that results in its deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- ◆ Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- ◆ Derecognises the carrying amount of any non-controlling interests;
- ◆ Derecognises the cumulative translation differences recorded in equity;
- ◆ Recognises the fair value of the consideration received;
- ◆ Recognises the fair value of any investment retained;
- ◆ Recognises any surplus or deficit in profit or loss;
- ◆ Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

##### Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as an aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes an analysis of the need of separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, equity interest previously held by the Group in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. If the contingent consideration is not within the scope of IFRS 9, it is measured at fair value through profit and loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, the goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date of an entity by the Group, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operations disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured on the basis of the relative values of the operation disposed off and the portion of the cash-generating unit retained.

#### Acquisition of subsidiaries from parties under common control

Acquisition of subsidiaries from parties under common control (entities under the Government's control) is accounted for using the pooling of interest method.

Assets and liabilities of the subsidiary transferred under common control are recorded in these consolidated financial statements at the carrying amounts of the transferring entity (the "Predecessor") at the date of the transfer. Related goodwill, if any, inherent in the Predecessor's original acquisition is also recorded in these consolidated financial statements. Any difference between the total book value of net assets, including the Predecessor's goodwill, and the consideration paid is accounted for in these consolidated financial statements as an adjustment to equity.

These consolidated financial statements are presented as if the subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

#### Change in ownership interests in subsidiaries

In transactions where part of the interest in existing subsidiary is either sold or acquired, but control is retained, the differences between the carrying amounts of net assets attributable to interests in subsidiaries acquired or disposed and the consideration given or received for such increases or decreases are charged or credited to retained earnings.

#### Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognizes its: Assets, including its share of any assets held jointly; Liabilities, including its share of any liabilities incurred jointly; Revenue from the sale of its share of the output arising from the joint operation; Share of the revenue from the sale of the output by the joint operation; Expenses, including its share of any expenses incurred jointly.

#### Investment in joint ventures and associates

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint ventures and associates are accounted for using the equity method.

The consolidated statement of comprehensive income reflects the share of the results of operations of the joint venture / associate. Where there has been a change in net assets recognized directly in the equity of the joint venture / associate, the Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture / associate are eliminated to the extent of the Group's interest in the joint venture / associate.

The share in profit of joint ventures / associates is shown on the face of the consolidated statement of comprehensive income. This is the profit attributable to equity holders of the joint venture / associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the joint ventures / associates.

Financial statements of the joint venture / associate are prepared for the same reporting period as those of the Parent. Where necessary, adjustments are made to bring their accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its joint ventures / associates.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture / associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of investment in the joint venture / associate and its carrying amount and recognises impairment loss in the consolidated statement of comprehensive income.

Upon loss of joint control over the joint venture and significant influence over associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the investment in the joint venture / associate upon loss of joint control / significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

#### Assets classified as held for sale

Assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through the continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 (one) year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Oil and natural gas exploration, evaluation and development expenditure

##### Costs incurred before obtaining subsoil use rights (licenses)

Costs incurred before obtaining full subsoil use rights (licenses) are expensed in the period in which they are incurred, except when costs are incurred after signing preliminary agreements with the Government of the Republic of Kazakhstan, in such cases costs incurred after this date are capitalized.

##### Expenditures for acquisition of subsurface use rights

Expenditures for acquisition of subsurface use rights (exploration and production) comprise signature bonuses, historical costs, obligatory expenditures for ecological and social programs and are capitalized within intangible assets as subsurface use rights at exploration and evaluation phase.

Expenditures for acquisition of subsurface use rights are accounted for on a field-by-field basis. Each field is tested for impairment on an annual basis. If no future activity is planned, the remaining balance of the acquisition costs is written off. Starting from the commercial production on fields subsurface use rights (remaining costs) shall be transferred to the property, plant and equipment and shall be amortized using unit-of-production method on actual production based on total proved reserves.

##### Exploration and evaluation expenditures (construction in progress)

Exploration and evaluation expenditures include geological and geophysical costs; costs directly related to exploration drilling; stripping activities; overhead and other expenses on exploration and evaluation, which could be related to a certain field. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. Except for geological and geophysical costs, exploration and evaluation expenditures are capitalized within exploration and evaluation assets, accounted for by subsurface use contracts and are not amortized. If mineral or hydrocarbon resources are not found, this could be an indication of impairment. All capitalized costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. If mineral or hydrocarbon resources are determined and development is sanctioned, relevant costs are then transferred to oil and gas or mining assets subclasses.

##### Development and production expenditures (oil and gas and mining assets)

Development and production expenditures comprise previously capitalized (and reclassified in commencement of production) expenditures for acquisition of subsurface use rights and exploration and evaluation costs; drilling of producing wells regardless of the drilling results; construction of landfills; development of surface technological facilities required for production, collection and preparation of hydrocarbons and mineral resources at fields; other costs incurred in the process of organization of commercial production at fields; capitalized discounted costs for wells and mines abandonment and site restoration.

Development and production expenditures are capitalized within property, plant and equipment (oil and gas and mining assets), and are accounted for on a field-by-field basis. Oil and gas and mining assets are depreciated using a unit-of-production method based on actual production from commencement of commercial production at fields. Certain oil and gas and mining assets (surface facilities and equipment) with useful lives significantly differing from those of the fields are depreciated on a straight-line basis over their useful lives. The cost of acquisition of subsurface use rights including discounted decommissioning costs are depreciated over total proved reserves. The other field development costs are amortized over proved developed reserves.

#### Property, plant and equipment (other than oil and gas and mining assets)

On initial recognition, property, plant and equipment is measured at cost. Subsequently, property, plant and equipment are stated at cost less accumulated depreciation, depletion and impairment. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Property, plant and equipment, other than oil and gas and mining assets, principally comprise the following classes of assets, which are depreciated on a straight-line basis over the expected useful lives:

	years
Unified power system assets	8-100 years
Refinery assets	4-100 years
Pipelines	2-30 years
Buildings and premises	2-100 years
Railway tracks and infrastructure	10-80 years
Machinery, equipment and vehicles	2-50 years
Other	2-20 years

In cases when items of property, plant and equipment are subject to major inspection, the cost is recognized in the carrying amount of property, plant and equipment as a replacement of component if the recognition criteria set out in IAS 16 are satisfied.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the reporting period the asset is derecognised.

Residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with the finite useful life principally comprise the following classes of assets which are amortised on a straight-line basis over the expected useful lives:

	years
Licenses	3-20 years
Software	1-14 years
Other	2-15 years

Indefinite lives intangible assets are not amortized, but tested for impairment annually or whenever there are indications of impairment and, if necessary, written down to the recoverable amount.

#### Investment properties

Investment property is initially measured at cost, including transaction costs.

Since the Group adopted cost model, after initial recognition, investment property is accounted for in accordance with the cost model as set out in IAS 16 Property, Plant and Equipment, that is, at cost less accumulated depreciation and less accumulated impairment losses.

The depreciation is calculated based on straight line method basis over the expected remaining useful average life of 2 100 years.

Investment property is derecognised (eliminated from the consolidated statement of financial position) on its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected in the future. The difference between the net inflows arisen from the disposal and carrying amount of the asset is recognised in the consolidated statement of comprehensive income for the period in which it was derecognized.

#### Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to oil and gas development tangible or intangible assets or whenever facts and circumstances indicate impairment.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Impairment of exploration and evaluation assets (continued)

One or more of the following facts and circumstances indicate that the Group should test exploration and evaluation assets for impairment (the list is not exhaustive):

- ◆ The period for which the Group entity has the right to explore and appraise in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- ◆ Substantive expenditure on the further exploration for and evaluation of hydrocarbon resources in the specific area is neither budgeted nor planned;
- ◆ Exploration for and evaluation of hydrocarbon resources in the specific area have not led to the discovery of commercial viable quantities of hydrocarbon resources and the Group entity has decided to discontinue such activities in the specific area;
- ◆ Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

#### Financial assets

##### Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- ◆ Financial assets at amortised cost (debt instruments);
- ◆ Financial assets at fair value through other comprehensive income;
- ◆ Financial assets at fair value through profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, loans due from third and related parties, debt securities of third and related parties and bank deposits. Also, the Group includes in its financial assets measured at amortized cost notes of the National Bank of the Republic of Kazakhstan with a maturity of up to 3 months due to the fact that these investments are part of the Group's investment activities and not part of cash management.

The Group's financial assets at FVOCI include mainly debt securities of third and related parties.

The Group's financial assets at FVPL include mainly loans issued, debt and equity securities of third and related parties

##### Derecognition

A financial asset is primarily derecognised (removed from the consolidated statement of financial position) when:

- ◆ The rights to receive cash flows from the asset have expired; or

- ◆ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

##### Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade and other receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for

forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Hedge accounting

The Group designates certain hedging instruments in respect of foreign currency risk, as either hedges of net investments in foreign operations or cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values of foreign operations or cash flows of the hedged item attributable to the hedged risk.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued:

1. When the Group revokes the hedging relationship;
2. When the hedging instrument expires or is sold, terminated, or exercised; or
3. When it no longer qualifies for hedge accounting.

Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Hedge accounting (continued)

##### Investments in foreign operations hedge

Foreign currency gain or loss arising on items that are designated as part of the hedge of the Group's net investment in foreign operations are recognized in consolidated statement of comprehensive income within currency translation reserve

##### Cash flow hedges

Foreign currency gain or loss arising from financial instruments that are designated and qualify as cash flow hedges is recognized in consolidated statement of comprehensive income within hedge reserve.

#### Inventories

Inventories are valued at cost or net realisable value, whichever is lower. Costs comprise charges incurred in bringing inventory to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to sell. The same cost formula is used for all inventories having a similar nature and use. Inventories of oil and gas and energy operating segments are valued on a first-in first-out ("FIFO") basis. All other inventories are valued on the weighted-average cost basis.

#### Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, short-term and highly liquid investments with original maturity of not more than 3 (three) months readily convertible to known amounts of cash and subject to insignificant risk of change in value.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

##### Subsequent measurement

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

##### Trade and other payables

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

##### Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the financial guarantee contracts after initial recognition at the higher of the amount initially recognized less, when appropriate, the cumulative amount of income/amortization in accordance with the principles of IFRS 15 Revenue from Contracts with Customers and the amount of the estimated allowance for expected credit losses.

#### Leases

Determining whether the agreement is a lease or whether it contains evidence of a lease is based on an analysis of the content of the agreement at the date of the commencement of the lease. The agreement is a lease or contains signs of a lease if the implementation of the agreement depends on the use of a particular asset (or assets), and the right to use the asset or assets as a result of this agreement is transferred from one party to the other, even if this asset (or these assets) is not indicated (not specified) in the agreement explicitly.

##### The Group as lessee

For the lease contracts (or separate components of the contracts), under which the Group is granted the right to control the use of an identified asset (as defined by IFRS 16 Leases) for a certain period of time in exchange for consideration, the Group recognizes a right-of-use asset and a corresponding lease liability at the inception of the contract. Non-lease components of the contracts are accounted for in accordance with other relevant standards.

In accordance with IFRS 16 Leases, the Group applies practical expedient for not recognising the lease for the lease contracts with lease term of less than 12 months at lease inception and without purchase option, for the leases with variable lease rates that do not depend on an index or rate and for the leases of low value assets.

The Group recognizes short-term leases and leases of low value assets as expense on a straight-line basis over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease payments are discounted by using the Group incremental borrowing rate, except when the rate is implicit in the lease and can be readily determined.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- ◆ The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- ◆ The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- ◆ A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

At the commencement date, the Group measures the right-of-use asset at cost that includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee. The right-of-use asset is subsequently measured according to the accounting policy that is applied for own assets, including for depreciation and amortization and impairment measurement.

The recognised right-of-use asset is depreciated over the shorter period of expected useful life of the underlying asset or lease term.

The Group presents lease liabilities in the consolidated statement of financial position as a separate line (Note 23), while right-of-use assets are presented within the same line item as that within which the corresponding underlying assets would be presented if they were owned, i.e. within property, plant and equipment (Note 8).

In accordance with the requirements of IFRS 16, the Group classifies repayment of principal in cash flows from financial activities. In accordance with the Group's accounting policy, interest paid is classified as part of the cash flows from operating activities. Payments on short-term leases, leases of low value assets and variable rental payments not included in the valuation of the lease liability are presented as part of operating activities.

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Leases (continued)

##### The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its property, plant and equipment items.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### Provisions

##### Asset retirement obligation (decommissioning)

Provision for decommissioning is recognized in full, on a discounted cash flow basis, when the Group has an obligation to dismantle and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reasonable estimate of that provision can be made.

The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding addition to the carrying amount of the related item of property, plant and equipment in the amount equivalent to the provision is also recognized. This amount is subsequently depreciated as part of the capital costs of the production and transportation facilities in accordance with respective depreciation method.

Changes in the measurement of an existing decommissioning provision that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or change in the discount rate, is accounted for so that:

- ◆ Changes in the provision are added to, or deducted from, the carrying amount of the related asset in the current period;
- ◆ The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the provision exceeds the carrying amount of the asset, the excess is recognized immediately in the consolidated statement of comprehensive income; and
- ◆ If the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Group tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss, in accordance with IAS 36.

##### Other provisions

Provisions are recognized in the consolidated financial statements when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects 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.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

#### Employee benefits

##### Contributions to pension funds

The Group withholds 10% from the salary of its employees limited to certain annual amounts as the employees' contribution to their designated pension funds. Under the legislation, employees are responsible for their retirement benefits payable by that pension funds and the Group has no present or future obligation to further compensate its employees upon their retirement in relation to these arrangements.

##### Social tax

The Group pays social tax on salaries payable to employees according to the current statutory requirements of the Republic of Kazakhstan. Social tax is expensed as incurred.

##### Defined benefit plan

In accordance with the Collective Agreements signed with trade unions and other benefit regulations, some subsidiaries of the Group provide certain benefits to its employees upon their retirement ("Defined Benefit Plan").

The Group recognises actuarial gains and losses arising from the reassessment of the employee benefit liability in the period they are identified in OCI and profits and losses, and recognises benefit costs and obligations based on estimates determined in accordance with IAS 19 Employee Benefits.

The obligation and cost of benefits under the defined benefit plan are determined using the projected unit credit method. This method considers each year of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The cost of providing benefits is charged to profit and loss, so as to attribute the total benefit cost over the service lives of employees in accordance with the benefit formula of the defined benefit plan. This obligation is measured at the present value of estimated future cash flows using a discount rate that is similar to the interest on government bonds where the currency and terms of these bonds are consistent with the currency and estimated terms of the defined benefit plan obligation. The defined benefit plans of Group's subsidiaries are unfunded.

#### Equity

##### Share capital

Common shares are classified as equity. External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction from the proceeds in equity. Any excess or deficiency of the fair value of consideration received over the par value of shares issued is recognized as an increase or decrease in the retained earnings

##### Non-controlling interests

Non-controlling interests are initially recognized in proportion to identifiable net assets at the acquisition date.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Parent. Losses of subsidiaries are attributed to the non-controlling interests even if this results in a deficit balance.

##### Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed in the consolidated financial statements when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

##### Other distributions to the Shareholder

Other distributions to the Shareholder recognized as deductions from retained earnings are represented by expenses incurred or asset distribution made at the discretion of the Shareholder, including property, plant and equipment, interest in another entities, other disposal groups, cash and other assets in accordance with accounting policy of the Group.

#### Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured.

##### Sale of goods

Revenues are recognized when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset, which usually occurs when the title is passed, provided that the contract price is fixed or determinable and collectability of the receivable is reasonably assured. For export sales, title generally passes at the border of the Republic of Kazakhstan. Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts, volume rebates and reimbursable taxes.

Sales of support services are recognized as services are performed provided that the service price can be determined and no significant uncertainties regarding the receipt of revenues exist.



### 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

#### Revenue recognition (continued)

##### Rendering of services

Revenue from rendering of services is recognized when the services have been performed.

In respect of services related to transportation, revenue is recognized with reference to the stage of completion of the transportation at the reporting date provided that the stage of completion of transportation and the amount of revenue can be measured reliably. Prepayments received from customers relating to transportation services that have not been started yet are recognized upon receipt as "advances received from customers". Deferred income is credited to current revenue, as the service is provided.

The Group's revenue in the energy, communications and transportation segments is primarily recognized over a period of time, while the rest of the Group's revenue is primarily recognized at a point in time.

##### Sale and lease back transactions

The Group accounts for a transfer of an asset in a sale and leaseback transaction as a sale only if the transfer meets the requirements of IFRS 15 Revenue from Contracts with Customers.

If, under IFRS 15, a sale is to be recognised by the seller-lessee, then the right-of-use asset leased back is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. The seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

If the transfer of an asset by the seller-lessee does not satisfy the requirements of IFRS 15 to be accounted for as a sale of the asset, the seller-lessee continues to recognize the transferred asset and recognizes a financial liability equal to proceeds for the transfer by applying IFRS 9 Financial Instruments.

##### Interest and finance income and expenses

Interest income and expenses on financial instruments, issued and received in the framework of achieving the goal, fulfilling the tasks and carrying out the core activities of the Group is disclosed as interest income and expense. All other interest income and expense not related to the core activities of the Group are disclosed in finance income and expenses. Finance income includes interest on cash and cash equivalents, amounts due from credit institutions, loans issued, financial guarantees and other financial assets and liabilities. Finance expenses include amortization of discount on borrowings, costs associated with attracting and servicing borrowed funds internally and externally, including interest expenses and other similar expenses.

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as investments held at FVOCI, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

##### Contract liabilities from contracts with customers

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

##### Costs to obtain a contract

The Group pays commission to sales agents for new connected subscribers in the communication segment. The commission to sales agents is capitalized within other non-current assets in the consolidated statements of financial position. Costs to obtain a contract are amortized over the period the service is provided to the customer.

##### Establishment of tariffs

A number of subsidiaries of the Group are subject to regulation by the Committee for regulation of natural monopolies of the Republic of Kazakhstan ("CRNM"). This Committee is responsible for approval of the methodology for tariff calculation and tariff rates, under which the subsidiaries derive a significant portion of their revenues.

#### Government grants

Due to the fact that the Government of the Republic of Kazakhstan is the sole shareholder of the Fund, the Group analyses all transactions with the Government to assess its role: where the Government acts primarily in its capacity of the Shareholder or where it acts as a regulator.

If it is determined that in a specific transaction the Government acts in capacity of the Shareholder any gains or losses incurred by the Group as a result of such transaction are reflected directly in equity as either a contribution or withdrawal of equity by the Shareholder.

If it is determined that in a specific transaction the Government does not act in capacity of the Shareholder such transactions are accounted for using provisions of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. In such circumstances, government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments. Grants related to income are presented separately in the consolidated statement of comprehensive income within revenues from operating activities.

#### Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the profits and losses, except to the extent that it relates to items charged or credited to other comprehensive income or equity, in which case it is recognized in other comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years.

Excess profit tax ("EPT") is treated as an income tax and forms part of income tax expense. In accordance with the subsurface use contracts, the Group accrues and pays EPT, at specified rates of after tax profit which has been adjusted for specific deductions in accordance with the applicable subsurface use contracts, when certain internal rates of return are exceeded.

Deferred tax is calculated with respect to both corporate income tax ("CIT") and EPT. Deferred EPT is calculated on temporary differences for assets allocated to subsurface use contracts at the expected rate of EPT to be paid under the contract.

Deferred tax is provided using the statement of financial position method, in relation to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences arising due to the following are not provided for:

- ◆ 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 accounting profit nor taxable profit or loss; and
- ◆ In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### Value added tax ("VAT")

Tax authorities permit the settlement of sales and purchases VAT on a net basis. VAT receivable represents VAT on domestic purchases net of VAT on domestic sales. Export sales are zero rated.

#### Related parties

Related parties include the Group's Shareholder, key management personnel, associates, joint ventures and entities in which a substantial interest in the voting power is owned, directly or indirectly, by the Group's shareholders or key management personnel.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the reporting date and reported amounts of assets, liabilities, revenues, expenses and contingent assets and liabilities during the reporting period. Actual outcomes could differ from these estimates.

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 discussed below:

### Recoverability of oil and gas assets, downstream, refining and other assets

The Group assesses assets or cash generating units (hereinafter- "CGU") for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, future capital requirements, operating performance (including production and sales volumes) that are subject to risk and uncertainty. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered to be impaired and is written down to its recoverable amount. In assessing recoverable values, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

#### Impairment testing assumptions

The Group assessed the existence of impairment indicators of non-current assets and where impairment indicators were identified, the Group performed the impairment tests.

The Group's long-term assumptions for Brent oil prices, KZT/USD exchange rate and inflation projections have been revised and are based on externally sourced forecasts and rates of the independent research organizations considering long-term market expectations. Production volumes estimates are based on proved developed and undeveloped reserves for subsidiaries, and on proved and probable reserves for significant investments in joint ventures and associates. Production period is either based on subsoil use contracts' expiration date or on extended license period, to which the Group has strong intention to extend its licenses. Estimated production volumes are based on the Group's production plans that are mostly used for the purposes of application filing for extension of subsoil use contracts.

Discount rates were estimated on the weighted average cost of capital of the individual cash generating unit and ranged between 11.60-16.60% depending on the functional currency, production period, size, equity risk premium, beta and gearing ratio of the relevant CGU.

The long-term price assumptions applied were derived from Bloomberg consensus; so did the near-term commodity price assumptions, a summary of which, in real 2023 terms, is provided below:

	2024	2025	2026	2027	2028
Brent oil (ICE Brent \$/bbl)	84.60	83.00	78.00	73.00	74.47

In Oil-and-gas and petrochemical segment net impairment charges were 278,177 million tenge for 2023. Impairment charges mainly relate to the exploration and evaluation assets of Aktoty and Kairan project in the amount of 74,255 million tenge and Jenis project in the amount of 40,244 million tenge (December 31, 2022: 8,895 million tenge of Southern Urikhtau project and 3,172 million tenge of Isatay project), and the CGU KMGI in the amount of 97,636 million tenge (December 31, 2022: no impairment loss was recognized) (Note 30).

Headroom of the majority of oil and refining assets are sensitive to changes in price or other assumptions. The changes within next financial periods may result in recoverable amount of these assets above or below the current carrying amounts and therefore there is a risk of impairment reversals or charges in those periods.

#### KMG International N.V. (hereinafter KMGI CGU), including goodwill

For the year ended December 31, 2023, the Group performed its impairment tests for goodwill and downstream, refining and other assets due to existence of impairment indicators at the CGUs of KMGI: CGU Refining, CGU Petrochemicals and CGU Downstream. As the result of the impairment test, recoverable amount of KMGI CGUs were lower than its carrying values. The total impairment loss for the analyzed KMGI's CGUs was 94,962 million tenge, of which CGU Refining was estimated at 80,761 million tenge, for CGU Petrochemicals at 340 million tenge and for CGU Downstream at 13,861 million tenge (Note 30).

The main impairment indicators have been i) the increased oil & gas market refining margins volatility and decreased market demand in the context

of strict decarbonization regulations and geopolitical instability, ii) lack of a long-term decarbonization plan of KMGI, iii) the change in the tax environment in Romania, in particular the introduction at the end of 2023 of a turnover tax in the oil and gas sector in the amount of 0.5%, starting from 2024 to 2025, and further 1% or more depending on the turnover of enterprises.

The Group considered forecasted refining margins and production volumes, among other factors, when analyzing the impairment indicators. The recoverable amount of KMGI CGU Refining was determined based on fair value less costs of disposal (FVLCD), which was calculated using the discounted cash flow method. The key assumptions used in the FVLCD calculations for the CGU were operating profit, including the assumption that KMGI will be able to recover, through an increase in the final selling price, the costs of turnover tax from 2026, discount rates and growth rate used to extrapolate cash flows beyond the budgeted period.

In addition, KMGI applied the assumption that introduced in 2024 an additional tax burden on KMGI turnover will be recovered by a phased increase in the price for the final users.

#### Refining and Petrochemicals CGU of KMGI

The discount rate applied to cash flow projections for Refining and Petrochemicals CGU was 11.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 1.50% (2022: positive 2.10%) growth rate, for 2023 is the average annual growth rate during 2028-2051 for market refinery margins estimated by Platts-PIRA available as at valuation date. The capitalization rate used for residual values was 13.10% (2022:10.00%).

#### Downstream CGU of KMGI

The discount rate applied to cash flow projections for Downstream CGU was 11.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 0.40% (2022: positive 2.10%) perpetuity growth rate, taking into account expected market demand during 2029-2051 from the latest market studies available as at valuation date (Wood Mackenzie) and the long term inflation rate for USD as per PWC report Global Economy Watch Projections, issued in July 2023. The capitalization rate used for residual values was 11.20% (2022: 10.00%).

#### Sensitivity to changes in assumptions for CGU Refinery

The additional impairment charges of 25,595 million tenge will occur if the discount rate increases by more than 1% to 12.6%, should the volumes decrease by more than 2.0% an additional impairment charge will be 41,869 million tenge and contribution margin decrease by more than 2.0% an additional impairment charge will be 28,831 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 28,168 million tenge.

The additional impairment charges of 51,858 million tenge will occur if the additional tax burden is not recovered in the form of a turnover tax by increasing the price for the final users.

#### Sensitivity to changes in assumptions for CGU Downstream

The additional impairment charges of 18,705 million tenge will occur if the discount rate increases by more than 1.0%, should the volumes decrease by more than 2.0% an additional impairment charge will be 14,721 million tenge and gross margin decrease by more than 2.0% an additional impairment charge will be 20,318 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 20,076 million tenge.

#### Sensitivity to changes in assumptions for CGU Petrochemicals

The additional impairment charges of 788 million tenge will occur if the discount rate increases by more than 1.0%, should the volumes decrease by more than 1.50% an additional impairment charge will be 1,422 million tenge and contribution margin decrease by more than 1.50% an additional impairment charge will be 1,320 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 638 million tenge.

In June 2023, an incident occurred at the Petromidia Refinery, a subsidiary of KMGI, which led to the temporary decommissioning of the Mild Hydrocracker installation. Petromidia Refinery conducted assessments to estimate the incident consequences and recognized impairment of property, plant and equipment for 2,674 million tenge (Note 30).

#### Pavlodar refinery, including goodwill

As of December 31, 2023, and 2022 the Group has goodwill of 88,553 million tenge related to acquisition of Pavlodar refinery (Note 9). In December 2023 and 2022 the Group performed annual impairment test for the Pavlodar refinery goodwill. In assessing the recoverable amount, the fair value less the cost of sale was calculated, determined using a marketing scheme. The Group considered the forecast for oil tolling volumes, oil tolling tariffs, capital expenditures, among other factors, when reviewing for indicators of impairment. The recoverable amount is calculated using a discounted cash flow model. In 2023, the discount rate of 16.02% (2022: 12.86%) was calculated based on the pre-tax weighted average cost of capital.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Recoverability of oil and gas assets, downstream, refining and other assets (continued)

#### Pavlodar refinery, including goodwill (continued)

The inherent risk was included by applying an individual beta factor. The beta factor was estimated based on the publicly available market data. Forecasted cash flows till to 2032 were based on five-years business plan of Pavlodar refinery 2024-2028 (2022: 2023-2027 years), which assumes current management estimates on potential changes in operating and capital costs. As at December 31, 2023 and 2022 the recoverable amount of goodwill, which was determined based on value-in-use, exceeded its book value, as such no impairment of Pavlodar refinery goodwill was recognized.

#### Sensitivity to changes in assumptions

Results of the assessment of recoverable amount of Pavlodar refinery goodwill are sensitive to changes in key assumptions, in particular, assumptions related to changes in discount rate and target EBITDA in terminal period. Increase in discount rates by 1.0% to 17.02% (2022: 13.86%) and decrease of target EBITDA in terminal period by 1% would not result decrease of the recoverable amount of CGU Pavlodar refinery to its carrying value.

#### Transportation and storage of gas by Intergas Central Asia JSC ("ICA")

The recoverable amount of the cash-generating unit is calculated using a discounted cash flow model. The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account both debt and equity capital. The cost of equity is derived from the expected return on ICA investments. The cost of debt capital is based on the interest-bearing loans that ICA is obligated to service. Inherent risk was included by applying an individual beta factor. Beta factor was estimated based on publicly available market data. The business plan, approved on an annual basis, is the main source of information for projected cash flows. It contains forecasts for gas transportation volumes, revenues, expenses and capital expenditures.

Various assumptions, such as transportation rates as well as inflation rates for expenses take into account existing prices, other macroeconomic factors and historical trends and fluctuations. Cash flow projections were based on the ICA's five-year business plan, considering a reverse transit agreement, transportation under which was commenced in the fourth quarter of 2023, and projections through 2055 calculated using management's current estimates of potential changes in operating cost and capital expenditures at the level of tariff growth. The main assumptions used in the calculation were projected as follows:

- ◆ Transportation volume – average annual growth rate over the five-year forecast period based on historical results and management's expectations regarding market developments;
- ◆ Transportation tariff – based on tariffs approved by the Committee for the Regulation of Natural Monopolies (CRNM) for the domestic market and tariffs under contracts with international counterparties for transportation for export and transit, taking into account the average annual growth rate and long-term inflation forecasts after a five-year forecast period;
- ◆ Annual capital expenditures – based on management's historical experience and planned costs to maintain production assets and other property, plant and equipment directly involved in the production activities, as well as investments in new projects.

Cash flows beyond the five-year period are extrapolated using the assumed growth rates shown below. These growth rates are in line with forecasts for the gas industry.

The following are the assumptions used to determine the value in use and to which the recoverable amount is most sensitive:

Assumptions regarding the recoverable amount of non-current assets:	December 31, 2023	December 31, 2022
Growth rates over 5 years	4%	4%
Discount rate before tax	16.96%	16.60%
<b>Transportation volumes:</b>		
- transportation within Kazakhstan	1,073 billion m <sup>3</sup>	2,084 billion m <sup>3</sup>
- transportation of gas for export	17 billion m <sup>3</sup>	72 billion m <sup>3</sup>
- international transit	1,245 billion m <sup>3</sup>	1,308 billion m <sup>3</sup>
<b>Transportation tariffs:</b>		
- transportation within Kazakhstan (thousand m <sup>3</sup> )	From 5,425.26 Tenge	From 5,285.66 Tenge
- transportation of gas for export (thousand m <sup>3</sup> /100 km)	2.42 US Dollars – 5 US Dollars	2.42 US Dollars – 5 US Dollars
- international transit (thousand m <sup>3</sup> /100 km)	2.42 US Dollars – 2.9 US Dollars	2.42 US Dollars – 2.9 US Dollars

As at December 31, 2023 the recoverable amount of non-current assets amounted to 1,249,898 million tenge, which exceeded their carrying amount by 61,870 million tenge (at December 31, 2022: 1,154,259 million tenge that exceeded their carrying amount by 232,051 million tenge).

#### Sensitivity to changes in assumptions

Results of the assessment of recoverable amount of CGU's assets are sensitive to changes in key assumptions, in particular, assumption related to changes in discount rate. Increase in discount rates by 1.0% would result in impairment charge of 33,413 million tenge.

As at December 31, 2023, the recoverable amount of the cash-generating unit would have been equal to its carrying amount if the applied discount rate increases from 16.96% to 17.6%.

#### Gas sales to local energy distributors, legal entities and individuals by KazTransGas Aimak JSC ("KTG Aimak")

The recoverable amount of the cash-generating unit was determined as value in use using a discounted cash flow model. Cash flow estimates include many subjective factors, including operational and financial, using the best available evidence.

The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account both debt and equity capital. The cost of equity is derived from the expected return on investments of KTG Aimak. The cost of borrowed capital is based on the interest-bearing loans that KTG Aimak is obliged to service. Inherent risk was included by applying an individual beta factor. Beta factor was estimated based on publicly available market data.

The main assumptions used in the calculation were predicted as follows:

- ◆ Volume of gas purchases and supplies – based on the Comprehensive Development Plan for the Gas Industry of the Republic of Kazakhstan for 2022–2026, approved by the Decree of the Government of the Republic of Kazakhstan, and the Gas Balance of the Republic of Kazakhstan for 2024-2030, approved by Order of the Minister of Energy of the Republic of Kazakhstan;
- ◆ Transportation tariffs – based on tariffs approved by the Committee for the Regulation of Natural Monopolies (CRNM) for five years and taking into account the average annual growth rate and long-term inflation forecasts after the five-year forecast period;
- ◆ Annual capital expenditures – based on management's historical experience and planned costs to maintain production assets and other property, plant and equipment directly involved in the production process, as well as investments in new projects.

Cash flows beyond the five-year period are extrapolated using the assumed growth rates shown below. These growth rates are in line with forecasts for the gas industry.

The following are the assumptions used to determined the value in use was and to which recoverable amount is most sensitive:

Assumptions regarding the recoverable amount of non-current assets:	At December 31, 2023
Growth rates over 5 years	4.44%
Discount rate before tax	16.42%
Gas sales volumes until 2030	142.8 bln. m <sup>3</sup>
Gas transportation volumes until 2030	108.3 bln. m <sup>3</sup>
<b>Tariffs for:</b>	
- gas sales (thousand m <sup>3</sup> )	from 22 thousand tenge
- gas transportation (thousand m <sup>3</sup> )	from 4.9 thousand tenge

As at December 31, 2023 the recoverable amount of non-current assets amounted to 282,730 million tenge, which exceeded their carrying amount by 32,923 million tenge (as of December 31, 2022: 262,674 million tenge, which exceeded their carrying amount by 17,616 million tenge).

#### Sensitivity to changes in assumptions

Results of the assessment of recoverable amount of CGU's assets are sensitive to changes in key assumptions, in particular, assumption related to changes in gas sales and transportation volumes. Decrease in gas sales and transportation volumes by 5.0% would result in impairment charge of 5,686 million tenge.

As at December 31, 2023 the recoverable amount of the cash-generating unit would have been equal to its carrying amount if the applied gas sales and transportation volumes decrease from 142.8 billion m<sup>3</sup> and 108.3 billion m<sup>3</sup> to 136.7 billion m<sup>3</sup> and 103.7 billion m<sup>3</sup>, respectively.

#### Production of natural gas and gas condensate by Exploration and Production QazaqGaz ("EP QazaqGaz")

Exploration and evaluation assets are assessed for impairment when facts and circumstances indicate that the carrying amount of these assets may exceed their recoverable amount, which is the case when the exploration license has expired and is not expected to be renewed; significant expenditures for further exploration are not planned; exploration did not lead to commercial discovery of reserves; there are indications that exploration and evaluation assets will not be fully recovered through successful development or sale.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Recoverability of oil and gas assets, downstream, refining and other assets (continued)

#### Production of natural gas and gas condensate by Exploration and Production QazaqGaz (“EP QazaqGaz”) (continued)

Proved and probable gas reserves are used in the impairment test. There are many uncertainties associated with estimating gas reserves, in particular, assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in forecast commodity prices, exchange rates, production costs, as well as expiration of exploration licenses and failure to commercially discover reserves could significantly affect recoverable amount.

The recoverable amount of the cash-generating unit was determined as value in use using a discounted cash flow model. The estimated cash flows were based on a five-year business plan with projections through 2054, calculated using management's current estimates of potential changes in operating cost and capital expenditures and projected field depletion rates. Various assumptions, such as gas and condensate prices and inflation rates for expenses, take into account existing prices, other macroeconomic factors and historical trends and fluctuations.

The discount rate was derived from the weighted average cost of capital before tax. The weighted average cost of capital takes into account equity. The cost of equity capital is derived from the expected return on investments of EP QazaqGaz. Inherent risk was included by applying an individual beta factor. Beta factor was estimated using publicly available market data.

The main assumptions used in the calculation were predicted as follows:

- ◆ Production volume – volumes from the approved five-year Business Plan with a further calculated forecast providing for a natural drop in reservoir pressure as a result of constant gas extraction;
- ◆ Selling price for commercial gas – based on a scenario, when a part of the gas can be sold for export at the corresponding market selling prices;
- ◆ Condensate sales price – average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts;
- ◆ Annual capital expenditures – using historical inflation-adjusted depreciation and amortization, as well as management's historical experience and planned costs to maintain operating assets and other property, plant and equipment directly involved in the production process.

Assumptions regarding the recoverable amount of non-current assets:	At December 31, 2023
Discount rate	16.93%
Gas sales volumes	6,534 million m <sup>3</sup>
Condensate sales volumes	269 million m <sup>3</sup>
<b>Tariffs for:</b>	
- gas sales (thousand m <sup>3</sup> )	from 22 thousand tenge
- sales of condensate (thousand m <sup>3</sup> )	from 84 thousand tenge

As at December 31, 2023 the recoverable amount of non-current assets amounted to 44,298 million tenge, which exceeded their carrying amount by 1,176 million tenge (as of December 31, 2022: 37,528 million tenge, which exceeded their carrying amount by 3,994 million tenge).

#### Sensitivity to changes in assumptions

The impairment charges of 1,671 million tenge will occur if the discount rate increases by more than 1.0%, should the gas sales volumes decrease by more than 5.0% an impairment charge will be 4,600 million tenge and gas sales tariffs decrease by more than 1.0% an impairment charge will be 1,735 million tenge.

As at December 31, 2023 the recoverable amount of the cash-generating unit would have been equal to its carrying amount if the key assumptions had changed as follows:

Assumption	Assumption value used	Assumption value at which recoverable amount equals carrying amount
Discount rate	16.93%	17.33%
Gas sales volumes	6,534 million m <sup>3</sup>	6,473 million m <sup>3</sup>
Gas sales tariff	from 22 thousand tenge	from 17 thousand tenge

#### Other CGUs

Revision to the Group's commodity price and other assumptions have not resulted in impairment charges in any other CGUs of the Oil-and-gas and petrochemical segment.

### Oil and gas reserves

Oil and gas reserves are a material factor in the Group's computation of depreciation, depletion and amortization expenses. The Group estimates its oil and gas reserves in accordance with the methodology of the Society of Petroleum Engineers (SPE). In estimating its reserves under SPE methodology, the Group uses long-term planning prices. Using planning prices for estimating proved reserves removes the impact of the volatility inherent in using year-end spot prices. Management believes that long-term planning price assumptions, which are also used by management for their business planning and investment decisions are more consistent with the long-term nature of the upstream business and provide the most appropriate basis for estimating oil and gas reserves.

All reserve estimates involve some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data.

The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Proved reserves are more certain to be recovered than unproved reserves and may be further sub-classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

Estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data, availability of new data, or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy. Proved developed reserves are used to calculate the unit of production rates for depreciation, depletion and amortization in relation to oil and gas production assets. The Group has included in proved reserves only those quantities that are expected to be produced during the initial subsoil use contract period. This is due to the uncertainties surrounding the outcome of such renewal procedures, since the renewal is ultimately at the discretion of the Government. An increase in the Group's subsoil use contract periods and corresponding increase in reported reserves would generally lead to lower depreciation, depletion and amortization expense and could materially affect earnings. A reduction in proved developed reserves will increase depreciation, depletion and amortization expense (assuming constant production), reduce income and could also result in an immediate write-down of the property's book value. Given the relatively small number of producing fields, it is possible that any changes in reserve estimates year on year could significantly affect prospective charges for depreciation, depletion and amortization.

Please refer Note 30 for details on annual impairment test results.

### Mining reserves

Mining reserves are a critical component of the projected cash flow estimates that are used to assess the recoverable values of assets and to determine depreciation and amortisation expense in mining segment.

Group entities usually estimate reserves based on results of detailed mine exploration, which is evaluated and approved by State Reserves Commission (SRC) of Kazakhstan Geology Committee. Normally upon stripping during production actual reserves of each area are greater or lesser than geological reserves approved by SRC.

#### Uranium reserves (estimate)

Uranium reserves are a critical component of the Group's projected cash flow estimates that are used to assess the recoverable values of relevant assets as well as depreciation and amortisation expense. Estimates of uranium reserves also determine the life of mines, which in turn affect asset retirement obligation calculations.

On an annual basis the Group engages an independent consultant to assess the Group's ore reserves and mineral resources in accordance with the Australasian Code for reporting on geological exploration works, mineral resources and ore reserves (hereinafter JORC Code). Independent assessment of reserves and resources was carried out as of December 31, 2023 and 2022. The consultant reviewed all key information upon which the reported mineral resource and ore reserve statements for the mining assets of the Group are based.

The consultant's reports contain an assessment of the tons of uranium contained in ore which has the potential to be extracted by the existing and planned mining operations (the mineral resource), and also the tons of uranium contained in ore currently planned to be extracted as envisaged by the respective life-of-mine plans (the ore reserve). The Group used the ore reserves data for calculation of impairment of long-term assets, unit of production depreciation for each of the Group's mines as well as asset retirement obligation calculations.

### Railway assets

The management assesses the recoverability of property, plant and equipment annually as of December 31 or every time when impairment indicators of the single CGU appear.

The assessment of whether there is an indication of assets impairment is based on a number of factors, such as a change in market rates, in growth expectations in the railway industry, future cash flow estimates, changes in the future availability of financing, technological obsolescence, discontinuance of service provision, current replacement costs and other changes in circumstances.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Railway assets (continued)

As at December 31, 2023, the Group performed the analysis of the above external and internal impairment indicators of property, plant and equipment, in particular changes in interest rates, an analysis of the achievement of actual indicators versus budgeted indicators, as well as an analysis of the transit freight turnover and changes in the exchange rate of tenge to the Swiss Franc, as the transit tariff is set in Swiss Franc.

The measurement of whether each external and internal factor is an indication of impairment requires significant management judgement. Management's key judgement is based on the fact that amid the current geopolitical situation and disruption of traditional transportation and logistics chains, the country's transit potential is a key factor in the promotion of transcontinental trade. In December 2022, the Concept for the Development of the Transport and Logistics Potential of Kazakhstan until 2030 stipulating further development of the rail sector in Kazakhstan was approved in accordance with the instructions of the President of Kazakhstan. In 2023, transit freight transportation traffic and revenue exceeded targets.

The management of the Group did not identify any events that occurred in 2023 that could be considered as an indicator of the impairment of the single CGU as at December 31, 2023.

### Assets related to uranium production

Assets related to uranium mines include property, plant and equipment, mine development assets, mineral rights, exploration and evaluation assets, investments in associates, investments in joint ventures, and other investments. For the purpose of impairment testing assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group has identified each mine (contract territory) as a separate cash-generating unit unless several mines are technologically connected with single processing plant in which case the Group considers such mines as one cash-generating unit.

#### MC Ortalyk LLP, JV Akbastau JSC and Karatau LLP

Goodwill relates to prior period business combinations of MC Ortalyk LLP in the amount of 5,166 million tenge, Karatau LLP of 24,808 million tenge and JV Akbastau JSC of 18,520 million tenge (Note 9). At least annually, goodwill is tested for impairment at the level of a corresponding cash generating unit.

The recoverable amount was determined on a value in use basis, cash flows forecasts were based on approved reserves, estimated production volumes, subsurface use contracts periods and a pre-tax discount rate of 18.59% for 2023 year (2022: 19.03%).

Production volumes are consistent with those agreed with the competent authority and independent consultant's report and are based on the production capacity of the cash-generating units. Key assumptions used in calculations include forecast sales prices, production volumes. Sales prices used in developing forecasted cash flows were based on annual spot and long-term base price projections (denominated in US Dollar per pound of uranium) published by UxC LLC in the fourth quarter of 2023.

Production costs and capital expenditures are based on approved business plans for 2024-2028 and growth of 6.39% which approximates long-term average inflation rates. The estimated values in use significantly exceed the carrying amounts of the non-current assets of the three cash-generating units, including goodwill, and therefore even reasonably possible changes in key assumptions would not lead to impairment losses being recognized.

### Power generating assets

#### Analysis of the impairment indicators of property, plant and equipment — production of electricity and heat based on coal, transmission and distribution of electricity

The Group's management performed the analysis of the impairment indicators of property, plant and equipment of subsidiaries "Almaty Electric Stations" ("AIES") JSC, Ekibastuz GRES-1 named after Bulat Nurzhanov LLP ("EGRES-1"), Alatau Zharyk Company JSC ("AZhK") and "Station Ekibastuzskaya GRES-2" JSC ("EGRES-2") in accordance with IAS 36 "Impairment of Assets".

The principal facts and assumptions used in the analysis of the impairment indicators are:

- ◆ Lack of negative changes in the economic efficiency of subsidiaries for the reporting period;
- ◆ Increase in marginal tariffs for electricity for energy producing organizations from June 1, 2023 in accordance with Order of the Minister of Energy of the RK dated May 26, 2023 No. 192, with the possibility of adjusting tariffs in accordance with clause 2 of Article 12-1 of the Law of the RK «On Electric Power Industry» and the Rules for approving the marginal tariff for electrical energy, approved by Order of the Minister of Energy of the RK dated February 27, 2015 No. 147;

- ◆ A change in interest rates on loans will not have a significant impact on the recoverable amount of assets, since an increase in the debt financing rate will be similarly reflected in the WACC rate when calculating the rate of return, in the next validity period of the cap tariffs, according to the methodology for determining the rate of return taken into account when approving the cap tariffs for electricity, as well as a fixed profit for balancing, taken into account when approving cap tariffs for balancing electricity approved by Order of the Minister of Energy of the RK dated May 22, 2020 No. 205, the cost part of the tariff also includes interest expenses for the previous period;
- ◆ A change in inflation rates will not have a significant impact, since the cost part of the tariff includes costs taking into account actual inflation for the previous year, as well as amendments to the Law "On Natural Monopolies" dated December 30, 2022 No. 177-VII ZRK stipulate additional conditions for adjusting tariffs approved for 5 years for the transmission of electricity before its expiration (change in the approved investment program in connection with the implementation of national projects, receipt on the balance sheet or in trust management of networks, change in the average monthly nominal wage);
- ◆ The introduction of a new target model of the electricity sales market from July 1, 2023 (Note 19) did not have a significant impact on the financial results of the Group's power plants. The volume of purchases and sales of imbalances on the balancing electricity market amounted to less than 5% of the total sales volume, which is a minor deviation. The price of purchase and sale of electricity at centralized trading in the event of imbalances also did not have a significant impact on the Group's results. The Group's stations primarily operate in accordance with the declared volumes and accordingly, the plan usually corresponds to the fact, which allows minimizing the volume of transactions on the balancing electricity market.
- ◆ Lack of significant changes having adverse consequences for subsidiaries, which occurred during the period or may presumably occur in the nearest future;
- ◆ Projected growth in the medium term in demand for electricity in the northern and southern zones of the RK.

#### Additional facts and assumptions used in the analysis of impairment indicators for AIES:

- ◆ Increase in the tariff for heat energy from August 1, 2023 with the possibility of adjusting tariffs when changing the type and cost of strategic goods, according to the Law of RK "On natural monopolies";
- ◆ It is planned to modernize the two main power plants of AIES (Almaty CHP-2 and CHP-3). The residual value of the existing assets of the coal-fired power units of these plants, subject to conservation or dismantling, by the time the new gas turbine/combined cycle power units are put into operation will be equal to zero;
- ◆ No significant changes that have occurred during the period, or are expected to occur in the near future and can have a material effect on the asset's recoverable amount.

#### Additional facts and assumptions used in the analysis of impairment indicators for AZhK:

- ◆ Overfulfillment of the plan in terms of key operational and financial performance indicators at December 31, 2023;
- ◆ Projected growth in the medium term in demand for electricity in the Almaty city and the Almaty region;
- ◆ Increase in the tariff for electricity transmission from July 1, 2023 per joint order of the DCRNM of the Ministry of National Economy of the RK for Almaty and Almaty Region No. 50-OD dated June 23, 2023;
- ◆ Costs of purchased electricity from the Settlement and Financial Center for Support of Renewable Energy Sources LLP and on the balancing electricity market are included in the tariff estimate;
- ◆ Law of the RK dated December 30, 2022 No. 177-VII amended Law of RK "On Natural Monopolies" dated December 27, 2018 No. 204-VI ZRK allowing to adjust the tariffs for electricity transmission approved for 5 years before expiration. By the Order of the RK of the Minister of National Economy of the RK dated December 8, 2023, changes were made to the Rules for the formation of tariffs of natural monopoly entities, approved by Order of the Minister of National Economy of the RK dated November 19, 2019 No. 90, which updated the incentive method for regulating the spheres of natural monopoly, allowing the use of 50% the permissible level of profit at the discretion of the natural monopoly entity, upon achieving the performance indicators determined by the specified Rules.

As a result of the analysis of external and internal impairment indicators, the Group's management concluded that there were no impairment indicators at the date of the analysis. Accordingly, the Group's management has elected not to test for impairment of property, plant and equipment and intangible assets of these subsidiaries at December 31, 2023.

#### Ereymentau Wind Power LLP

The Group has identified an individual impairment indicator of impairment for Ereymentau Wind Power LLP due to the delay in the implementation of the 50 MW wind power plant construction project in Ereymentau and the litigation of Ereymentau Wind Power LLP with the Settlement and Financial Center for Support of Renewable Energy Sources LLP in relation to prolongation of contract on provision of tariff for electricity sales.

The Group recognized a full impairment of construction in progress objects in the amount of 4,913 million tenge and prepayments on long-term assets in the amount of 9,156 million tenge (Note 30) (December 31, 2022: impairment of long-term assets of 6,220 million tenge).

#### Expansion and reconstruction of Ekibastuz GRES-2 with the installation of power unit No. 3

In 2008, EGRES-2 began preparations for the construction of power unit No. 3 with a capacity of 500 MW. Subsequently, the construction plan was revised and until 2016 the company was at the stage of implementing design estimates, preliminary construction and purchasing the necessary equipment for the new power unit No. 3 with a capacity of 630 MW. On August 29, 2016, EGRES-2 terminated the general contract for the construction of power unit No. 3, concluded between EGRES-2 and KVARTZ KZ LLP, due to the postponement of the construction of power unit No. 3.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Power generating assets (continued)

#### Expansion and reconstruction of Ekibastuz GRES-2 with the installation of power unit No. 3 (continued)

EGRES-2 carried out a number of activities related to the construction of power unit No. 3, including:

- On March 14, 2022, the Market Council Commission for the consideration of investment programs made a unanimous decision to recommend for consideration by the authorized body the investment program of EGRES-2 JSC "Expansion and reconstruction of EGRES-2 with the installation of a power unit st. No.3";
- A significant part of the technological equipment for the power unit has been accepted. At the same time, in order to complete the construction of the power unit, it is necessary to make additional orders for the manufacture of the missing part of the equipment.

Due to the insufficiency of generating capacity, according to the forecast balances of electrical energy and capacity for 2024 – 2030, the Ministry of Energy of RK predicts a significant shortage of electrical energy by 2030. And also in connection with the introduction of a significant volume of renewable energy sources by 2030, the construction of additional flexible capacities for regulation is required. In the forecast balance, in order to reduce the shortage of electricity and maneuverable power, the construction of new stations was envisaged, including the expansion of EGRES-2 and the construction of a new station of GRES-3.

The management of the Group, taking into account the above facts, is considering the possibility of using existing Chinese equipment a) for the further construction of a flexible power unit at EGRES-2, and also b) the possible sale of equipment at GRES-3 for the construction of a new station. The Group is currently developing a Preliminary Feasibility Study for the project "Construction of State District Power Plant-3. Stage I".

Management estimates the assets' recoverable amount, which is determined as the higher of its fair cost less costs to sell and its cost. The calculation of recoverable amount requires the use of estimates and professional judgment by management that are considered reasonable in the circumstances.

The fair value measurement methodology used was based on an estimate of depreciable replacement cost ("cost method"). The cost method is used if the property being valued is new or is under construction, or is a specialized property for which it is not possible to obtain information on possible sale prices in the absence of an active market. The equipment of power unit No. 3 is specialized and there are no transactions with assets similar to those being assessed. When using the cost method, certain key elements are taken into account, such as: a) understanding the specifics of the asset, b) the useful life of the asset and the date of manufacture of the equipment, c) assessing economic/external obsolescence and others.

As a result of the analysis of the asset's recoverable amount, an additional provision on equipment was recognized in the amount of 13,216 million tenge as of December 31, 2023 (Note 30).

#### Mobile Telecom Service LLP, Kcell JSC and IP TV

For impairment testing, goodwill related to Communication segment acquired through business combinations was allocated to three unites (further "CGUs"), Mobile Telecom Service LLP, Kcell JSC and IP TV (Note 9).

The carrying amount of goodwill allocated to each of CGUs was as follows:

In millions of tenge	2023	2022
Mobile Telecom-Service LLP	96,206	96,206
Kcell JSC	53,490	53,490
IP TV	2,706	2,706
	<b>152,402</b>	<b>152,402</b>

For the purposes of impairment testing, the Group assessed the recoverable amount of each cash-generating unit to which goodwill was allocated or for which impairment indicators were identified.

In 2023 the recoverable amount of all cash-generating units was determined as value in use using a discounted cash flow model. This valuation method uses cash flow forecasts based on actual operating results and business plans approved by management, as well as appropriate discount rates that reflect the time value of money and the risks associated with the underlying cash-generating units. For periods not covered by management's business plans, terminal value is used. Terminal value is calculated from cash flow forecasts by extrapolating the results of the relevant business plans using a zero real growth rate.

Assessment of future cash flows require assumptions regarding uncertain factors, including management's expectations regarding earnings before interest, taxes, depreciation and amortization (EBITDA) margins, the timing and volume of capital expenditures, terminal growth rates and appropriate discount rates to reflect associated risks. Accordingly, the EBITDA margin and capital expenditures used to calculate value in use are primarily derived from internal sources, based on past experience and expanded to reflect management's expectations. For impairment testing purposes, EBITDA is calculated as earnings before interest, taxes, depreciation and amortization, determined on the basis of IFRS consolidated financial statements.

The table below shows the EBITDA margin applied to calculate the value in use of the relevant CGUs:

	2023	2022
Mobile Telecom-Service LLP	46.0% – 47.9%	48.6% – 55.3%
Kcell JSC	37.3% – 45.7%	41.5% – 53.8%
IP TV	2% – 7%	(2%) – 24%
Kazakhtelecom JSC	23.5% – 24.3%	21.3% – 22.08%

The table below presents capital costs as a percentage of revenue used to calculate the value in use of the relevant CGU:

	2023	2022
Mobile Telecom-Service LLP	26.3%	21.4%
Kcell JSC	18.0%	15.7%
IP TV	1.0%	2.5%
Kazakhtelecom JSC	10.9%	11.93%

The table below shows the growth rates in the post-forecast period used to calculate the value in use of the corresponding CGU:

	2023	2022
Mobile Telecom-Service LLP	4.31%	1.50%
Kcell JSC	3.20%	1.50%
IP TV	5.00%	1.50%
Kazakhtelecom JSC	5.00%	1.50%

The table below presents pre-tax rates for discounting cash flows in the functional currencies of the relevant CGU:

	2023	2022
Mobile Telecom-Service LLP	15.42%	16.33%
Kcell JSC	13.88%	16.33%
IP TV	15.41%	14.97%
Kazakhtelecom JSC	15.41%	14.97%

#### Sensitivity to changes in assumptions – Mobile Telecom Service LLP, Kcell JSC and IP TV

Reasonably possible changes in the EBITDA margin, growth rates beyond the forecast period and discount rates do not lead to additional impairment of Mobile Telecom Service LLP, Kcell JSC and IP TV.

#### Sensitivity to changes in assumptions – Kazakhtelecom JSC (hereinafter- "KTC")

The calculation of value-in-use for KTC CGU is most sensitive to the following assumptions:

- EBITDA margin included in the financial plan;
- Growth rates beyond the forecast period;
- Discount rate.

Decrease in EBITDA margin by more than 1.5% from 23.5% to 22% in 2024 and gradually further in the forecast period would lead to an impairment loss of KTC CGU in the amount of 4,006 million tenge.

Decrease in growth rates of 2.5% from 5% to 2.5% would result in impairment loss of KTC CGU in the amount of 2,598 million tenge.

An increase in discount rate by 1% from 15.41% to 16.41% would do not lead to additional impairment of KTC CGU.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Gas turbine power plant and water treatment assets (Karabatan Utility Solutions LLP)

The Group analysed the availability of indicators of impairment of property, plant and equipment of the Group's subsidiary, Karabatan Utility Solutions LLP (further "KUS"), as at December 31, 2023. Approval of tariff and tariff estimates for regulated services on water supply through distribution networks and wastewater removal and treatment was determined as the main indicator of impairment of property, plant and equipment. Accordingly, the Group performed an impairment test of property, plant and equipment as at December 31, 2023. As a result of assessment, the recoverable amount of non-current assets exceeds their carrying value, thus, no impairment of non-current assets was recognized.

KUS calculates the recoverable amount using a discounted cash flow model. Discount rate of 16.77% was derived from the company's weighted average cost of capital. The business plan approved by the Group for the period 2024-2028 is the main source of information as it contains projections of production volumes, sales volumes, revenues, costs and capital expenditure.

Various assumptions such as electricity and water sales price forecasts, inflation rates take into account existing prices, foreign currency exchange rates and other macroeconomic factors, and historical trends and fluctuations. Estimated cash flows were limited to the end of the useful life date of property, plant and equipment in 2051. Costs up to 2028 were projected based on KUS budget and business plan, as well as current estimates by KUS management of potential changes in operating and capital expenditures.

#### Sensitivity of property, plant and equipment impairment test to significant assumptions

Key assumptions required for estimation of recoverable amount are inflation rate, discount rate and tariff with tariff estimates for regulated services of water supply through distribution network and wastewater removal and treatment. The sensitivity to changes in the key assumptions has been assessed. 1% increase in discount rate would result in an increase in impairment loss by 2,643 million tenge.

Decrease in tariff for regulated services of water supply through distribution network and wastewater removal and treatment by 10% from the forecast tariff of 2,180 tenge excluding VAT per 1 m<sup>3</sup> and 2,267 tenge excluding VAT per 1 m<sup>3</sup> respectively will lead to increase in impairment loss by 3,790 million tenge.

### Assets retirement obligations

Under the terms of certain subsoil use contracts, legislation and regulations, including the Environmental Code of the Republic of Kazakhstan, the Group has legal obligations to remediate damage caused to the environment from its operations and to dismantle and remove tangible assets and restore the land at each production site. Specifically, the Group's obligation relates to the ongoing closure of all non-producing wells and final closure activities such as removal of pipes, buildings, decommissioning of mining assets and landfills, dismantling of equipment and recultivation of the contract territories.

The provision for asset retirement obligations is estimated based upon the Group's interpretation of current environmental legislation in the Republic of Kazakhstan and the Group's related programme for liquidation of subsurface use consequences on the contracted territory and other operations supported by the feasibility study and engineering research in accordance with the applicable restoration and retirement standards and techniques.

Provisions for asset retirement obligations are subject to potential changes in environmental regulatory requirements and the interpretation of the legislation. Provisions for mining assets and landfills retirement obligations are recognised when there is a certainty of incurring of such liabilities and when it is possible to measure the amounts reliably.

Where neither subsoil use contracts nor legislation include an unambiguous obligation to undertake or finance such final abandonment and closure costs at the end of the subsoil use contract term, no liability has been recognized. There is some uncertainty and significant judgment involved in making such a determination. Management's assessment of the presence or absence of such obligations could change with shifts in policies and practices of the Government or in the local industry practice.

At each reporting date the Group reviews site restoration provisions, and adjusts them to reflect the current best estimate in accordance with IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities.

#### Oil and gas production facilities

The Group calculates asset retirement obligations separately for each contract. The amount of the obligation is the present value of the estimated expenditures expected to be required to settle the obligation adjusted for expected inflation and discounted using average long-term risk-free interest rates for emerging market sovereign debt adjusted for risks specific to the Kazakhstan market. Since the subsoil use contract terms cannot be extended at the discretion of the Group, the settlement date of the final closure obligations has been assumed to be the end of each subsoil use contract period.

Estimating the future closure costs involves significant estimates and judgments by management. Most of these obligations are many years in the future and, in addition to ambiguities in the legal requirements, the Group's estimate can be affected by changes in asset removal technologies, costs and industry practice. The Group estimates future well abandonment cost using current year prices and the average long-term inflation rate.

The long-term inflation and discount rates used to determine the obligation in the consolidated statement of financial position across the Group entities at December 31, 2023 were in the range from 2.03% to 14.54% and from 6.20% to 11.37%, respectively (December 31, 2022: from 2.09% to 15.05% and from 6.42% to 12.38%, respectively). As at December 31, 2023 the carrying amounts of the Group's asset retirement obligations relating to decommissioning of oil and gas facilities were 124,246 million tenge (December 31, 2022: 91,150 million tenge) (Note 22).

#### Major oil and gas pipelines

Asset retirement obligation is calculated based on estimate of the work to decommission and rehabilitate. As at December 31, 2023, the carrying values of the Group's asset retirement obligations relating to decommissioning of pipelines, compressor stations and land were 123,277 million tenge (December 31, 2022: 102,501 million tenge) (Note 22).

#### Assets related to uranium production

Provision is made based upon the net present values of estimated site restoration and retirement costs as soon as the obligation arises from past mining activities. The scope of work stipulated by the legislation and included in the calculations of the asset retirement obligations contains the dismantling of facilities and infrastructure (pumping, injection and observation wells, technological units for acidification and distribution of solutions, pipelines, access roads, technological sites, landfills, buildings and other facilities) and subsequent restoration of land.

The calculation of the provision for production assets retirement as at December 31, 2023 was performed by the Group's internal specialists and reviewed by an independent consultant.

Principal assumptions used in the estimations include:

- ◆ A discount rate that reflects the current market estimates of the time value of money and those risks specific to the liability not reflected in the best estimate of the costs. The discount rate is based on a risk-free rate determined by reference to the interest rate on government bonds with maturity matching the period of the group's each subsoil use contract, range of 11.7% – 13.3% (2022: average 11.55%);
- ◆ Long-term inflation rate applied to the nominal costs calculated at current prices of 4.01% – 6.39% in 2023 (2022: average 5.99%);
- ◆ Discounting period in accordance with the estimated life of mines and reserves depletion period;
- ◆ Low radioactive waste management program assumes removal and disposal at special landfills owned by the group.

At December 31, 2023, site restoration provision for mining assets was 38,100 million tenge (2022: 38,116 million tenge) (Note 22).

#### Decommissioning of the Ulba plant facility

Based on the analysis carried out by the Group's specialists, as well as based on the interpretation of current environmental legislation and IFRS requirements, in 2022 the Group recognised an obligation to decommission, dismantle and reclaim the Group's facilities.

The liability for decommissioning, dismantling and reclamation was assessed and recognised in relation to the following facilities: facilities classified as category I (facilities that have a significant negative impact on the environment): JSC Ulba Metallurgical Plant site in Ust-Kamenogorsk, as well as assets technologically related to them and located on the territory of the industrial site. The Group assessed liquidation obligations based on the methodology approved by the Environmental Code.

Principal assumptions used in the estimations include:

- ◆ Current prices are inflated using the expected long-term inflation rate of 6.39% for assets with liquidation term until 2027, 4.49% for assets with liquidation term until 2042, 3.76% for assets with liquidation term after 2044 (2022: 7.7% for assets with liquidation term until 2027, 4.6% for assets with liquidation term until 2042, 3.93% for assets with liquidation term after 2044), and subsequently discounted;
- ◆ The discount rate for calculation of the provision as of December 31, 2023 is 13.3% for assets with liquidation term until 2027, 12.15% for assets with liquidation term until 2042, 10.36% for assets with liquidation term after 2044. (December 31, 2022: 14.4% for assets with liquidation term until 2027, 11.3% for assets with liquidation term until 2042, 10% for assets with liquidation term after 2044);
- ◆ The discounting period equates to the remaining useful life of buildings and constructions, of not less than 50 years.

All buildings and constructions are subject to annual technical reviews to determine required capital and operating expenditure requirements.

Total provision for the Ulba Metallurgical Plant JSC as of December 31, 2023 amounted to 8,382 million tenge (2022: 9,243 million tenge).

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Assets retirement obligations (continued)

#### Assets related to uranium production (continued)

##### Decommissioning of the Ulba plant facility (continued)

Based on the Group's analysis of current regulation, management concluded that certain other Ulba metallurgical plant's assets should be excluded from asset retirement obligations as at December 31, 2023 since there is no reasonable calculation method for these types of assets and/or the potential amount of such liabilities is not significant.

This judgement is based on the following:

- ◆ Such assets do not have a significant negative impact on the environment and ecological legislation does not require financial provision for the assets;
- ◆ Production processes involving these assets do not lead to consequences that would require dismantlement and recultivation works to mitigate the negative environmental impact.

As the requirements of the Environmental Code are relatively new, there is no practice of applying these requirements and there are ambiguities in the legislation, management has applied significant judgment in terms of assessing liabilities and their amounts. In case of changes in environmental legislation, its interpretation and practice of its application, as well as in the judgments and in the Group's estimates, such liabilities may be revised in the future.

#### Assets retirement obligations related to the power generating facilities

The following judgments were applied by the Group in determining the amount of the obligation to eliminate the consequences of the operation of the facilities as at December 31, 2023 and December 31, 2022:

- ◆ Calculation of obligations to eliminate the consequences of the operation of the facilities was performed by the Group based on the results of assessments carried out by independent and internal specialists. The scope of work provided for by law and included in the calculation included the dismantling and disposal of the main equipment and mechanisms directly involved in the production of electrical and thermal energy (steam boilers, turbines, generators, fuel supply, etc.), engineering systems and structures intended for removal of combustion products, as well as equipment of fuel oil facilities and chemical reagents warehouse, which have a negative impact on the environment and the safety of life and/or health of people;
- ◆ There are assets (administrative buildings and other structures) on the balance sheet of facility operators in the Group, which in the future are very likely to be converted, and also have a minimal adverse impact on the environment, for which there is no need to recognize obligations to eliminate the consequences of their operation;
- ◆ For thermal power plants, referred to the I category, the amount of reserves is determined based on the expected costs that will be incurred by the facilities during the liquidation of the main equipment and mechanisms directly involved in the production of electrical and thermal energy (steam boilers, turbines, generators, fuel supply, etc.), engineering systems and structures designed to remove combustion products, as well as equipment for fuel oil facilities and a chemical reagents warehouse, as well as facilities and equipment of the fuel oil economy, which really have an adverse impact on the environment;
- ◆ The Group's management applied the judgment that the deadline for the liquidation of category I facilities of EGRES-1 and EGRES-2, which have a negative impact on the environment, is in 2055 and 2053, respectively, based on the useful lives of the assets. These useful lives are justified by the fact that the residual fleet life of the main and auxiliary equipment and engineering structures of the main equipment will be extended through major repairs or reconstruction until the end of filling the existing ash dumps. Deadlines for closing ash dumps are applied in accordance with the approved working projects for closing ash dumps per the "Rules for the formation of liquidation funds for waste disposal sites" approved by Decree of the Government of the RK dated July 10, 2007 No. 591. Coal reserves are sufficient to continue the work on these stations. These periods were determined based on the need to ensure the country's energy security in response to a predicted shortage of electricity in the RK;
- ◆ For ales, the deadlines for the liquidation of CHPP-2 and CHPP-3 facilities were applied taking into account the timing of implementation, commissioning and technical parameters of the projects "Modernization of Almaty CHPP-2 with minimization of environmental impact" and "Reconstruction of Almaty CHPP-3";
- ◆ Hydroelectric power plants of the Group belong to category II facilities. the Shardara hydroelectric power station, as a strategic complex structure, which is an integral part of the hydrotechnical complex of the Shardara hydroelectric complex on the Syrdarya River, which has a direct purpose for flood control and irrigation, due to the specifics of its activity, does not eliminate embankments / dams and adjacent hydraulic structures; at the same time, in the opinion of the station's management, the liquidation work of the company may be limited to the dismantling of the equipment of hydroelectric units and some surface utility facilities, and the provision to cover them is not significant at the reporting date;
- ◆ For the Moinak hydroelectric power plant, , in accordance with the legislation, the Group's management applied the judgment that the useful lives of the main hydraulic structures, as structures of I and II classes, in the conditions of timely overhauls amount to 60 years. After the expiration of useful lives of the main building of the hydroelectric power plant, the diversion tunnel and the halfway, in accordance with the norms of the "Methodological recommendations on the procedure for extending the life of the safe operation of technical devices, equipment and structures at hazardous production facilities," further use of these structures as a hydrological post and mudflow holders during the flood period is expected on the Sharyn River. At the same time, in the opinion of the plant's management, the liquidation work of the Company may be limited to the dismantling of the equipment of hydroelectric units and some surface utility facilities, and the provision for their coverage is not material at the reporting date;

- ◆ AZhK facilities in III and IV categories. Due to the fact that AZhK's production facilities have an insignificant minimum negative impact on the environment, the Group has not accrued obligations for liquidation of the consequences of activities in these consolidated financial statements, as there is currently no reasonable calculation method for these types of assets, and the Group has received confirmation from government authorities on the absence of obligations to eliminate the consequences for the environment;
- ◆ Wind and solar power plants recognize provisions for dismantling and removal of generating and technological equipment, further, the liquidation terms are determined by the technical specifications of equipment and structures.

Key assumptions in making such estimates include estimates of the discount rate, amount and timing of future cash flows. The discount rate is based on the risk-free rate defined as the yield on government bonds with maturities that coincide with the liquidation of the facilities.

As of December 31, 2023, provision on obligations for liquidation of the consequences of operating the facilities were recalculated taking into account the updating of the costs for the liquidation of facilities based on the revision of inflation rates and the discount rate as of the reporting date. Sensitivity analysis:

In millions of tenge	(Decrease)/increase in material assumptions	(Decrease)/increase in obligation to eliminate the consequences of operation of facilities
Inflation rates	-1%	(2,866)
	+1%	3,605
Discount rates	-1%	3,148
	+1%	(2,398)
Liquidation period	-10%	3,327
	+10%	(3,101)

Since the actual costs of eliminating the consequences of operating the facilities may differ from their estimates due to changes in relevant legislation, interpretation of regulations, technologies, prices and other conditions, and these costs will be incurred in the distant future, the carrying amount of the provisions is subject to regular review and adjustment to take into account such changes.

As of December 31, 2023 provision for assets retirement obligations related to the power generating facilities amounted to 24,883 million tenge (as of December 31, 2022: 23,365 million tenge) (Note 22).

### Provision for environmental remediation

The Group also makes judgments and estimates in establishing provisions for environmental remediation obligations. Environmental expenditures are capitalized or expensed depending upon their future economic benefit. Expenditures that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

Liabilities are determined based on current information about costs and expected plans for remediation and are recorded on discounted basis. The Group's environmental remediation provision represents management best estimate based on an independent assessment of the anticipated expenditure necessary for the Group to remain in compliance with the current regulatory regime in Kazakhstan and Europe. The Group has classified this obligation as non-current except for the portion of costs, included in the annual budget for 2024. For environmental remediation provisions, actual costs can differ from estimates because of changes in laws and regulations, public expectations, discovery and analysis of site conditions and changes in clean-up technology. Movements in the provision for environmental remediation obligations are disclosed in Note 22.

### Provision for taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of the Group's 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 taxable profits and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

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 Group company's domicile.

In assessing tax risks, management considers to be probable obligations the known areas of non-compliance with tax legislation, which the Group would not appeal or does not believe it could successfully appeal, if additional taxes are charged. Such determinations inherently involve significant judgment and are subject to change as a result of changes in tax laws and regulations, amendments to the taxation terms of the Group's subsurface use contracts, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities. The provision for taxes disclosed in Note 22 relates to the Group's other taxes. Provisions and contingent liabilities related to income tax are included or disclosed as income tax liabilities or contingencies (Note 34). Further uncertainties related to taxation are disclosed in Note 38.



## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Provision for construction of social objects

The Government assigns various sponsorship and financing obligations to the Group. Management of the Group believes that such Government's assignments represent constructive obligations of the Group and require recognition on the basis of respective resolution of the Government of the Republic of Kazakhstan. Furthermore, as the Government is the ultimate controlling party of the Group, the expenditures on these assignments are recognized as "other distributions to the Shareholder" directly in the equity.

### Useful lives of items of property, plant and equipment

The Group assesses remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for prospectively as a change in an accounting estimate in accordance with IAS 8 **Accounting Policies, Changes in Accounting Estimates and Errors**.

### VAT recoverability

The Group conducts an assessment of the recoverability of VAT and, if required, makes provisions for doubtful VAT recoverable at each reporting date. The provision for doubtful VAT recoverable is determined based on the management's anticipated VATable turnovers and the likelihood of cash refunds for VAT. As at December 31, 2023, an amount of 386,977 million tenge related to VAT recoverable has been recognized as a current asset (as at December 31, 2022: 203,658 million tenge). The Group anticipates that this amount will either be refunded by the tax authorities or utilized to offset future VAT liabilities in 2024.

### Deferred tax assets

Deferred tax assets are recognized for all allowances and unused tax losses to the extent that it is probable that taxable temporary differences and business nature of such expenses will be proved. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of recognized deferred tax assets as at December 31, 2023 was equal to 108,379 million tenge (December 31, 2022: 89,252 million tenge). Further details are contained in Note 34.

### Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments reported in the consolidated financial statements. Further details are disclosed in Note 37.

### Employee benefit liability

The Group uses actuarial valuation method for measurement of the present value of defined employee benefit liability and related current service cost. This involves use of demographic assumptions about the future characteristics of current and former employees who are eligible for benefits (mortality, both during and after employment, rates of employee turnover, etc.) as well as financial assumptions (discount rate, future annual financial assistance, future annual minimum salary and future average railway ticket price).

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### Estimation of expected credit losses

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- ◆ The Group's credit grading model, which assigns PDs to the individual grades;
- ◆ The segmentation of financial assets when their ECL is assessed on a collective basis;
- ◆ Development of ECL models, including the various formulae and the choice of inputs;
- ◆ Determination of associations between macroeconomic scenarios and, economic inputs, such as oil price with
- ◆ one year lag, and the effect on PDs, EADs and LGDs.

### Accounting treatment of financing arrangements with Industrial Development Fund JSC

The Group, represented by Passenger Transportation JSC and Tulpar Wagon Construction Plant LLP, entered into a number of trilateral purchase-sale and finance lease agreements with Industrial Development Fund JSC, which is under the common control of the Shareholder, to renew its passenger carriage fleet. Under the agreements, Industrial Development Fund JSC finances Tulpar Wagon Construction Plant LLP's construction of passenger carriages on a 100% prepayment basis for ownership with a further finance lease to Passenger Transportation JSC.

Management of the Group concluded that the transaction between Tulpar Wagon Construction Plant LLP and Industrial Development Fund JSC does not meet the requirements of IFRS 15 Revenue from Contracts with Customers to account for the asset sale at the Group level, as control over passenger carriages is not transferred to Industrial Development Fund JSC, but remains with the Group.

Industrial Development Fund JSC finances the construction of the carriages, but is limited in its ability to direct the subsequent use of and obtain all of the remaining benefits from the asset. Accordingly, the Group recognises the obligation to Industrial Development Fund JSC, before the loss of control over the Railway Passenger Coach Construction Plant LLP, separated from the Tulpar Wagon Construction Plant LLP (Note 7), as a financial liability (borrowing) according to IFRS 9 Financial Instruments and recognises passenger carriages and work-in-progress as property, plant and equipment items and construction in progress in accordance with IFRS 16.103 Leases.

### Swap transactions

The Group sells part of its uranium products under swap transactions with separate agreements with the same counterparty, being for sales and purchase of the same volume of uranium for the same price at different delivery points or different timeframes. Effectively, this results in the exchange of own uranium (produced or purchased from the Group's entities) with purchased uranium.

Normally, under a swap transaction, the Group delivers physical uranium to one destination point, and purchases the same volume of uranium at a third-party converter for sale to end customers. Swap transactions are entered into primarily to reduce transportation costs for uranium delivery from Kazakhstan to end customers.

Despite the fact that swap agreements are not formally related to each other, management concluded that these transactions are in substance linked and would not have occurred on an isolated basis, driven by the existing market demand and supply forces. In management's view, supply of the same volume of homogeneous product (uranium) for the same price represents an exchange of products, which should be presented on a net basis in the consolidated financial statements, reflecting the economic substance of the transaction. Interpretation of terms and approach to the accounting for swap transactions requires judgement.

In 2023, the Group did not recognise sales revenue from swap transactions of 139,322 million tenge (2022: 195,958 million tenge) and related cost of sales of 149,209 million tenge (2022: 207,789 million tenge). The Group has also increased other accounts receivable for 72,978 million tenge, accounts payable for 31,215 million tenge with net effect impacting inventories. Given that swap agreements require cash payments, accounts receivable represent cash receipts expected for purchased and paid uranium under swap agreement, accounts payable represent expected cash payments for sold uranium under swap agreement, where accounts receivable was repaid by the counterparty.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### Enrichment of natural uranium

The Group purchases uranium enrichment services from Uranium Enrichment Center JSC (UEC) in Russia. The transaction is structured as two separate agreements. Group sells natural uranium and purchases enriched uranium from UEC. Despite agreements with UEC are not formally related, the management concluded that these transactions are in substance linked and would not have occurred on an isolated basis. Effectively, this results in the sales of uranium with an obligation to repurchase it in the form of enriched uranium, in accordance with IFRS 15 requirements no revenue from sales of uranium to UEC should be recognised, reflecting the economic substance of the transaction. Interpretation of terms and approach to the accounting for transactions with UEC requires judgement. The cost of enrichment services included in cost of sales in the amount of 40,643 million tenge (2022: 13,363 million tenge) in production services rendered line item (Note 27).

Purchase and sales agreements with UEC assumed cash transfers, starting from 2023 the Group changed the contract terms to settle cash transfers on a net basis.

### Changes in legislation on the electricity market in the RK from July 1, 2023

In accordance with the Rules for the organization and functioning of the wholesale electricity market with amendments and additions, approved by order of the Minister of Energy of the RK dated June 30, 2023 No. 249, from July 1, 2023, a transition was made to a new model of the electricity sales market with the introduction of a unified purchaser of electrical energy, Settlement and Financial Center for Support of Renewable Energy Sources LLP (hereinafter referred to as "RFC"). In accordance with the new model, all energy-producing organizations are obliged to sell electrical energy to a single purchaser of electrical energy. The RFC then sells electrical energy in accordance with sales agreements by a single purchaser of electrical energy to energy transmission and energy supply organizations, consumers of electrical energy and digital miners on the wholesale electrical energy market.

The Group conducted an analysis to assess the impact of changes on the revenue recognition process in accordance with IFRS 15 Revenue from Contracts with Customers. As a result, the Group determined that for Group's consolidated financial statements, the electricity sales contracts of power plants and purchase contracts of distribution and trade entities of the Group are considered as repurchase agreements in accordance with IFRS 15. Accordingly, the Group eliminated the cost of purchasing electricity and revenue from sales of electricity by power plants at the consolidation level of the Group.

To calculate the amount of elimination, the Group used the actual electricity volume purchased by Group's subsidiaries from the RFC and weighted average selling price of electricity in accordance with the approved cap tariffs of the Group's power plants.

The elimination amount for 2023 amounted to 84,760 million tenge. This adjustment is reflected for the purpose of presenting the revenue and costs of sales of the Group from a single economic unit perspective and does not affect the financial results of the Group.

Apart from the above, the new model of power market, which came into force on July 1, 2023 did not have a significant impact on the revenue recognition.

### Liabilities under inventory loan agreements

Uranium loans are part of the Group's normal inventory management policy, required to mitigate logistical risks that could affect the timely delivery of Kazakhstani uranium to Western conversion enterprises due to heightened geopolitical instability. The Group enters into inventory loan agreements, according to which one party (the lender) undertakes to provide the other party (the borrower) with products, and the borrower obliges to return to the lender an identical amount of uranium products. The Group obtains inventory loans to facilitate the performance of its uranium supply obligations. The Group classifies inventory loans received as a non-financial liability.

Upon receipt of the inventory loan, the Group accounts for the inventory at the contracted cost. Liability arising from inventory loan are recognised as part of other liabilities at the fair value of the uranium products at the reporting date. Subsequent revaluation of the inventory loan is carried out through profit or loss as part of other operating income/expenses in accordance with changes in the fair value of uranium products.

As at December 31, 2023 the fair value of liability under inventory loan agreement was 91,151 million tenge (December 31, 2022: 19,147 million tenge) (Note 25).

### Accrued payable for gas purchase agreements

As at December 31, 2023 the Group has trade payables for the purchase of gas totaling 109,819 million tenge without price agreement (Note 25). Due to the fact that the previous contracts were terminated and the procedure for agreeing prices and concluding new contracts has not yet been completed, the Group recognised accounts payable on an accrual basis, based on the best estimate of the Group's management.

When estimating accounts payable, management took into account gas purchase prices based on the previous contracts, the geographic distribution of purchased gas and analysis of the cost of supplies by regions, correspondence with the supplier, the status of negotiations with the supplier at the level of the Ministry of Energy of the RK, as well as the mechanism for determining the gas purchase price provided for in the Memorandum of Understanding between the Government of the RK and the supplier.

Application of the maximum purchase price after the discount offered by the supplier during negotiations, would lead to an increase in accounts payable as at December 31, 2023 by 65,319 million tenge, an increase in the inventory balance as at December 31, 2023 by 8,674 million tenge and an increase in cost of sales for 2023 by 56,645 million tenge.

At the issue date of these consolidated financial statements, management is still negotiating and expects to agree on prices and sign contracts by the end of the 1st half of 2024.

## 5. BUSINESS COMBINATION

### Acquisition of Dunga Operating GmbH

On October 9, 2023 the subsidiary of the Group, National Company "KazMunayGas" JSC ("KMG"), signed a purchase agreement with TOTALENERGIES EP DENMARK A/S for the acquisition of a 100% of the shares of Total E&P Dunga GmbH (renamed to Dunga Operating GmbH in December 2023), engaged in the exploration and production of crude oil and natural gas. The base consideration comprises of 358.5 million US dollars (equivalent to 165,913 million tenge). The agreement contains certain closing conditions precedent, which were met on October 30, 2023 and on November 20, 2023, the transaction was completed after the re-registration of Dunga Operating GmbH shares to KMG. The Group has obtained control over Dunga Operating GmbH, increasing the Group's share in the hydrocarbon resource base and production of the crude oil and natural gas on the market of the Republic of Kazakhstan.

The Group assessed the fair value of the net identifiable assets and liabilities of Dunga Operating GmbH at provisional amounts being the fair value of the consideration given of 358.5 million US dollars (equivalent to 165,913 million tenge). The initial accounting for the business combination has not been completed. In accordance with IFRS 3 Business Combinations the valuation of property, plant and equipment will be completed and accounted for within 12 months from the date of acquisition.

The provisional fair values of the identifiable assets and liabilities of Dunga Operating GmbH as at the date of acquisition are as presented below:

In millions of tenge	At the date of acquisition
<b>Assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment	192,313
Intangible assets	7,005
Amounts due from credit institutions	5,413
<b>Current assets</b>	
Inventories	6,607
Income tax prepaid	2,316
Trade accounts receivable	9,426
Other current financial assets	58
Other current assets	7,792
Cash and cash equivalents	7,961
<b>Total assets</b>	<b>238,891</b>
<b>Non-current liabilities</b>	
Provisions	4,346
Deferred tax liabilities	55,196
<b>Current liabilities</b>	
Trade and other payables	11,881
Other current liabilities	1,555
<b>Total liabilities</b>	<b>72,978</b>
<b>Total identifiable net assets at provisional fair values</b>	<b>165,913</b>
Purchase consideration transferred, including withholding tax	165,913

The business of Dunga Operating GmbH is represented in the Group's **Oil-and-gas and petrochemical** segment in these consolidated financial statements.

The acquisition date fair value of the trade accounts receivable amounts to 9,426 million tenge, that is the gross amount of trade accounts receivable. It is expected that the full contractual amounts can be collected.

## 6.ACQUISITION UNDER COMMON CONTROL

### Acquisition of a subsidiary under common control

“AES Shulbinskaya GES” LLP, “AES Ust-Kamenogorskaya GES” LLP and National Geological Exploration Company “Kazgeology” (hereinafter Shulbinskaya GES, UK GES and Kazgeology)

In accordance with the Resolution of the Government of the Republic of Kazakhstan No. 1033 dated December 20, 2022, on April 19, 2023 state-owned shares of Shulbinskaya GES and UK GES were transferred to the Fund. Also, in accordance with the Resolution of the Government of the Republic of Kazakhstan No. 971 dated December 30, 2021, on September 12, 2023 state-owned shares of Kazgeology were transferred to the Fund.

These transactions represent business combination of entities under common control and are accounted for retrospectively under the pooling of interest method based on the carrying value of assets and liabilities of Shulbinskaya GES, UK GES and Kazgeology in predecessor's accounting books. Accordingly, these consolidated financial statements were presented as if the shares of Shulbinskaya GES, UK GES and Kazgeology were transferred at the beginning of the earliest presented period. As a result, relevant comparative information was restated.

Assets and liabilities of Shulbinskaya GES, UK GES and Kazgeology were recorded in these consolidated financial statements at carrying amounts recorded in its financial statements, together with corresponding credit to equity.

Impact on comparative data due to acquisition of Shulbinskaya GES, UK GES and Kazgeology is presented below:

In millions of tenge	As at December 31, 2022
<b>Impact on financial position:</b>	
<b>Increase in assets</b>	
<b>Increase in non-current assets</b>	
Increase in property, plant and equipment	42,827
Increase in intangible assets	277
Increase in investments in joint ventures and associates	860
Increase in other non-current financial assets	3,602
Increase in deferred tax assets	284
	<b>47,850</b>
<b>Increase in current assets</b>	
Increase in inventories	806
Increase in income tax prepaid	280
Increase in trade accounts receivable	1,890
Increase in other current financial assets	50
Increase in other current assets	95
Increase in cash and cash equivalents	5,413
	<b>8,534</b>
<b>Increase in total assets</b>	<b>56,384</b>
<b>Increase in non-current liabilities</b>	
Increase in employee benefit liabilities	86
Increase in deferred tax liabilities	4,915
	<b>5,001</b>
<b>Increase in current liabilities</b>	
Increase in provisions	18
Increase in trade and other payables	872
Increase in employee benefit liabilities	16
Increase in other current financial liabilities	262
Increase in other current liabilities	454
	<b>1,622</b>
<b>Increase in total liabilities</b>	<b>6,623</b>
<b>Increase in equity</b>	
Increase in retained earnings	49,761
<b>Increase in equity, attributable to equity holders of the Parent</b>	<b>49,761</b>
<b>Increase in total equity</b>	<b>49,761</b>

In millions of tenge	For the year ended December 31, 2022
<b>Impact on the results:</b>	
Revenue	20,897
	20,897
Cost of sales	(13,620)
<b>Gross profit</b>	<b>7,277</b>
General and administrative expenses	(1,330)
Expected credit losses on financial assets	(198)
<b>Operating profit</b>	<b>5,749</b>
Finance income	883
Other non-operating loss	(316)
Other non-operating income	249
Share in profit of joint ventures and associates, net	129
<b>Profit before income tax</b>	<b>6,694</b>
Income tax expenses	(1,514)
<b>Profit for the period</b>	<b>5,180</b>
<b>Other comprehensive income</b>	
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	
Actuarial gain on defined benefit plans	10
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>10</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>10</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>5,190</b>
<b>Net profit for the period attributable to:</b>	
Equity holders of the Parent Company	5,180
	<b>5,180</b>
<b>Total comprehensive income for the period attributable to:</b>	
Equity holders of the Parent Company	5,190
	<b>5,190</b>

In 2022 Shulbinskaya GES, UK GES and Kazgeology declared and paid dividends to the Shareholder in the amount of 2,241 million tenge, 1,857 million tenge and 168 million tenge, respectively, based on financial results of 2021.

The net cash flows effect for the year ended December 31, 2022 were as follows:

In millions of tenge	For the year ended December 31, 2022
Operating	7,344
Investing	(4,211)
Financing	(4,266)
	<b>(1,133)</b>
Change in allowance for expected credit losses	4
<b>Net decrease in cash and cash equivalents</b>	<b>(1,129)</b>

Increase in equity, attributable to equity holders of the Parent Company due to the acquisition of Shulbinskaya GES, UK GES and Kazgeology amounted to 48,837 million tenge as at December 31, 2021.

The business of Shulbinskaya GES and UK GES is included in the Group's Energy segment, and the business of Kazgeology is included in the Group's Mining segment in these consolidated financial statements.

## 7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER

### Disposals in 2023

#### Railway Passenger Coach Construction Plant LLP

On December 13, 2022 the Group entered into a sale agreement with a third party for a 100% interest in the charter capital of Railway Passenger Coach Construction Plant LLP. As at December 31, 2022 the Group classified the assets and liabilities of Railway Passenger Coach Construction Plant LLP as a disposal group held for sale at the lower of their carrying amount and fair value less costs to sell. Since this subsidiary does not represent a separate major line of business for the Group, the Group did not classify the financial performance of the subsidiary as a discontinued operation. On January 27, 2023 the Group completed the transaction on the date of the state re-registration and lost control over the subsidiary.

At the date of loss of control net assets of Railway Passenger Coach Construction Plant LLP were as follows:

In millions of tenge	Net assets at the date of disposal
Property, plant and equipment	5,666
Inventories	40
VAT receivable	2
Other current financial assets	40,000
Other current assets	7
Cash and cash equivalents	52
<b>Total assets</b>	<b>45,767</b>
Trade and other payables	20
Other current liabilities	40,029
<b>Total liabilities</b>	<b>40,049</b>
<b>Net assets</b>	<b>5,718</b>

The result of the disposal of a subsidiary is presented as follows:

In millions of tenge	
Proceeds from disposal of subsidiary	12,000
Net assets disposed	(5,718)
<b>Result of disposal of Railway Passenger Coach Construction Plant LLP</b>	<b>6,282</b>

#### Kalamkas-Khazar Operating LLP (hereinafter — “KKO”)

On February 9, 2023, the Group, represented by its subsidiary the “National Company “KazMunayGas” JSC, and Lukoil PJSC signed a purchase and sale agreement for a 50% share of KKO, subsidiary of the Group, holder of a contract for the production of hydrocarbons at the Kalamkas-Sea, Khazar and Auezov subsoil blocks located in the Kazakhstani sector of the Caspian Sea. On September 11, 2023, KKO was re-registered after the parties fulfilled the suspensive conditions of a purchase and sale agreement. As a result of the transaction, the Group lost control over KKO.

The sale price of a 50% share was 200 million US dollars (equivalent to 93,258 million tenge at the date of disposal of subsidiary). According to the terms of the sale and purchase agreement, the sale price may be adjusted by 100 million US dollars if certain conditions are met (the Additional consideration). The Group recognized this Additional consideration as a financial asset measured at fair value through profit or loss in the amount of 29 million US dollars (equivalent to 14,154 million tenge).

On September 21, 2023, Lukoil PJSC made payment of cash consideration in the amount of 200 million US dollars (equivalent to 94,644 million tenge at the date of payment).

The investment retained in the former subsidiary is a joint venture accounted for using the equity method and its fair value is 93,258 million tenge (Note 11).

At the date of loss of control net assets of KKO were as follows:

In millions of tenge	Net assets at the date of disposal
Property, plant and equipment	5,185
Exploration and evaluation assets	14,678
VAT receivable	626
Cash and cash equivalents	20
<b>Total assets</b>	<b>20,509</b>
Borrowings	2,511
Trade and other payables	3,548
Other current liabilities	5
<b>Total liabilities</b>	<b>6,064</b>
<b>Net assets directly associated with the disposal group</b>	<b>14,445</b>
Cash consideration received at the date of disposal of subsidiary	93,258
Fair value of the Additional consideration at the date of disposal of subsidiary (Note 14)	14,154
Fair value of 50% retained interest in a joint venture (Note 11)	93,258
<b>Gain from disposal of subsidiary</b>	<b>186,225</b>

The results of KKO for the period from January 1, 2023 through the date of loss of control are presented below:

In millions of tenge	January 1, 2023 – September 11, 2023
General and administrative expenses	(108)
Finance income	7
Finance costs	(33)
Net foreign exchange loss	(98)
Income tax expenses	(1)
<b>Net loss for the period</b>	<b>(233)</b>

The net cash flows incurred by KKO for the period from January 1, 2023 through the date of loss of control are as follows:

In millions of tenge	January 1, 2023 – September 11, 2023
Operating	(102)
Investing	(16,937)
Financing	17,059
<b>Net decrease in cash and cash equivalents</b>	<b>20</b>

## 7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (CONTINUED)

### Disposals in 2022

#### PSA LLP (further PSA)

On December 20, 2022, the Group transferred to Corporate fund Samruk-Kazyna Trust 100% interest in PSA for 1 tenge. Samruk-Kazyna Trust is a non-commercial company, and the Group does not have control over it. As a result, the Group lost control over PSA.

The results of PSA for the period ended December 20, 2022 are presented below:

In millions of tenge	January 1, 2022 – December 20, 2022
General and administrative expenses	(8,950)
Finance costs	(58)
Net foreign exchange loss	(39)
<b>Loss for the period</b>	<b>(9,047)</b>

The net cash flows incurred by PSA period ended December 20, 2022 are as follows:

In millions of tenge	January 1, 2022 – December 20, 2022
Operating	(7,702)
Investing	(28)
Financing	11,871
<b>Net increase in cash and cash equivalents</b>	<b>4,141</b>

At the date of loss of control net assets of PSA were as follows:

In millions of tenge	Net assets at the date of loss of control
<b>Assets</b>	
Property, plant and equipment	36
Intangible assets	64
Right-of-use assets	255
VAT receivable	12
Other current assets	109
Cash and cash equivalents	4,137
<b>Total assets</b>	<b>4,613</b>
<b>Liabilities</b>	
Lease liabilities	286
Trade accounts payable	1,736
Other current liabilities	709
<b>Total liabilities</b>	<b>2,731</b>
<b>Net assets directly associated with disposal group</b>	<b>1,882</b>

### Assets classified as held for sale or distribution to the Shareholder

Assets classified as held for sale or distribution to the Shareholder comprised the following:

In millions of tenge	Segment	December 31, 2023	December 31, 2022
Assets classified as held for sale, including		1,684,796	1,139,967
Kazakhstan Petrochemical Industries Inc. LLP	Oil-and-gas and petrochemical	1,064,032	1,092,783
Air Astana JSC	Air transportation	618,826	-
Railway Passenger Coach Construction Plant LLP	Transportation	-	45,825
Other		1,938	1,359
Assets classified as held for distribution to Shareholder		104	104
		1,684,900	1,140,071

Liabilities associated with assets classified as held for sale or distribution to the Shareholder comprised the following:

In millions of tenge	Segment	December 31, 2023	December 31, 2022
Liabilities associated with assets classified as held for sale		(1,573,820)	(1,045,093)
Kazakhstan Petrochemical Industries Inc. LLP	Oil-and-gas and petrochemical	(1,052,257)	(1,045,062)
Air Astana JSC	Air transportation	(521,563)	-
Railway Passenger Coach Construction Plant LLP	Transportation	-	(31)
		(1,573,820)	(1,045,093)

#### Kazakhstan Petrochemical Industries Inc. LLP (hereinafter — KPI)

In its consolidated financial statements, the Group had 99% share in KPI during 2022 and as at December 31, 2022 (KPI was a joint venture between two subsidiaries of the Fund, each holding per 49.5% share). On November 7, 2022, the Group signed the contract on sales of 40% share in KPI with the third party for the consideration of 180,000 thousand US dollars (equivalent to 83,601 million tenge) to be paid in installments until November 30, 2026. The sales transaction has not been completed by end of 2022 as certain conditions precedent were not met, therefore the Group retained control over KPI as at December 31, 2022 and December 31, 2023.

On February 27, 2024 upon completion of the transaction the control over KPI was lost and the investment was recognized at fair value as an investment in joint venture, as decisions about the relevant activities of KPI require the unanimous consent of the parties sharing control (Note 40). The fair value assessment of investment in joint venture will be completed during 2024.

Since this subsidiary does not represent a separate major line of business for the Group, the Group did not classify the financial performance of the subsidiary as a discontinued operation. The management of the Group expects the transaction will be completed within 12 months after the reporting date, therefore the assets and respective liabilities were reclassified into assets held for sale as at December 31, 2023.

## 7. DISPOSALS AND ASSETS CLASSIFIED AS HELD FOR SALE OR DISTRIBUTION TO THE SHAREHOLDER (CONTINUED)

### Assets classified as held for sale or distribution to the Shareholder (continued)

#### Kazakhstan Petrochemical Industries Inc. LLP (hereinafter — KPI) (continued)

The assets and liabilities of KPI are presented as follows:

In millions of tenge	December 31, 2023*	December 31, 2022*
<b>Assets</b>		
Property, plant and equipment	920,956	896,180
Intangible assets	35,777	38,265
Other non-current financial assets	1,562	–
Other non-current assets	49,886	57,448
Inventories	11,683	12,590
Income tax prepaid	410	475
Other current financial assets	174	23
Other current assets	1,305	7,182
Cash and cash equivalents	42,279	80,620
<b>Assets classified as held for sale</b>	<b>1,064,032</b>	<b>1,092,783</b>
<b>Liabilities</b>		
Borrowings	957,992	941,587
Other non-current financial liabilities	18	35
Deferred tax liabilities	8,575	8,964
Trade and other payables	67,958	68,161
Other current financial liabilities	1,977	1,105
Other current liabilities	15,737	25,210
<b>Liabilities associated with assets classified as held for sale</b>	<b>1,052,257</b>	<b>1,045,062</b>
<b>Net assets held for sale</b>	<b>11,775</b>	<b>47,721</b>

\* Assets and liabilities are presented after eliminations of intergroup transactions.

For the year ended December 31, 2023 as a result of its operating activities KPI incurred revenue of 63,427 million tenge and expenses of 42,879 million tenge (for the year ended December 31, 2022: revenue of 8,966 million tenge and expenses of 5,747 million tenge) (Notes 26, 27).

#### Air Astana JSC (hereinafter — Air Astana)

In December 2023, a decision was made by the General Shareholder Meeting of Air Astana to split the outstanding shares of company to 306 million common shares and to increase the number of authorized shares to 366 million common shares.

On February 8, 2023 the Board of Directors of the Fund approved the decision to dispose 60,410,524 common shares of Air Astana on organized markets at a price of 1,073.83 tenge per common share.

On February 14, 2024 the Fund disposed 9,884,209 (10%) of common shares at a price of 1,073.83 tenge per common share for a total amount of 10,614 million tenge through their sale on the Astana International Exchange (AIX) and Kazakhstan Stock Exchange JSC (KASE).

As a result of held IPO, the Fund's share in Air Astana decreased from 51% to 41% and the control over Air Astana was lost. Since, after disposal the Group retains significant influence, the investment will be recognized at fair value as an investment in associate. The fair value assessment of investment in associate will be completed during 2024.

As at December 31, 2023 the Group classified the assets and liabilities of Air Astana as a disposal group held for sale. Since this subsidiary does not represent a separate major line of business for the Group, the Group did not classify the financial performance of the subsidiary as a discontinued operation (Note 40).

The assets and liabilities of Air Astana are presented as follows:

In millions of tenge	December 31, 2023*
<b>Assets</b>	
Property, plant and equipment	387,885
Intangible assets	1,289
Other non-current financial assets	15,748
Other non-current assets	8,387
Deferred tax assets	16,837
Inventories	30,705
Income tax prepaid	6,027
Trade accounts receivable	10,207
VAT receivable	4,419
Other current financial assets	1,246
Other current assets	11,524
Cash and cash equivalents	124,552
<b>Assets classified as held for sale</b>	<b>618,826</b>
<b>Liabilities</b>	
Borrowings	187
Provisions	115,362
Lease liabilities	326,780
Other non-current financial liabilities	283
Trade and other payables	27,885
Other current financial liabilities	7,615
Other current liabilities	43,451
<b>Liabilities associated with assets classified as held for sale</b>	<b>521,563</b>
<b>Net assets held for sale</b>	<b>97,263</b>

\* Assets and liabilities are presented after eliminations of intergroup transactions.

## 8. PROPERTY, PLANT AND EQUIPMENT

In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infrastructure	Machinery, equipment and vehicles	Mining assets	Other	Construction in progress	Total
<b>Net book value at January 1, 2022 (audited) (restated)</b>	4,497,010	1,969,154	1,139,648	1,209,907	3,550,625	174,914	194,536	1,569,298	14,305,092
Foreign currency translation	277,367	23,332	8,885	83	27,281	-	6,690	9,227	352,865
Changes in estimates	(106,566)	(51,243)	(3,476)	-	(2,311)	1,643	(393)	-	(162,346)
Additions	86,533	2,044	46,878	324	111,016	51,572	6,373	1,315,168	1,619,908
Additions through lease agreements	1,907	111,361	8,001	-	109,863	-	5,411	-	236,543
Capitalized repair works on right-of-use assets	-	-	-	-	2,688	-	-	-	2,688
Lease modifications	6,134	88	357	-	2,523	-	4,343	-	13,445
Disposals	(54,583)	(37,281)	(18,671)	(178)	(46,905)	(4,462)	(6,080)	(5,173)	(173,333)
Loss of control over subsidiaries	-	-	-	-	-	-	(291)	-	(291)
Depreciation charge	(269,733)	(162,932)	(67,398)	(39,499)	(376,413)	(42,045)	(21,971)	-	(979,991)
Depreciation and impairment on disposals	48,339	36,650	14,662	166	44,268	-	5,409	725	150,219
Impairment, net of reversal of impairment	909	(2,366)	(19,499)	(92)	(6,590)	(4,528)	3,363	(12,914)	(41,717)
Use of provision under an onerous contract	-	-	-	-	-	-	-	(1,125)	(1,125)
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net	-	-	(15,499)	-	(5,922)	-	(1,113)	(891,697)	(914,231)
Transfers from/(to) exploration and evaluation assets, investment property, net	3,253	-	(150)	-	-	-	-	-	3,103
Transfer from/(to) inventories, net	37	(55)	(12)	(3,601)	(124)	17,204	388	4,062	17,899
Other transfers and reclassifications	176,669	96,853	60,671	128,393	350,377	2,789	8,566	(824,318)	-
Other changes	(669)	-	-	-	9	-	-	703	43
<b>Net book value at December 31, 2022 (audited) (restated)</b>	4,666,607	1,985,605	1,154,397	1,295,503	3,760,385	197,087	205,231	1,163,956	14,428,771
Historical cost	7,013,924	4,006,573	1,897,164	1,633,474	6,904,896	450,309	413,990	1,266,880	23,587,210
Accumulated depreciation and impairment	(2,347,317)	(2,020,968)	(742,767)	(337,971)	(3,144,511)	(253,222)	(208,759)	(102,924)	(9,158,439)
<b>Net book value at December 31, 2022 (audited) (restated)</b>	4,666,607	1,985,605	1,154,397	1,295,503	3,760,385	197,087	205,231	1,163,956	14,428,771
In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infrastructure	Machinery, equipment and vehicles	Mining assets	Other	Construction in progress	Total
<b>Including right-of-use assets under lease agreements</b>									
<b>Net book value at January 1, 2022 (audited) (restated)</b>	27,595	6,175	33,895	-	421,437	-	26,543	-	515,645
Foreign currency translation	1,963	410	1,748	-	20,836	-	1,133	-	26,090
Additions through lease agreements	1,907	111,361	8,001	-	109,863	-	5,411	-	236,543
Capitalized repair works	-	-	-	-	2,688	-	-	-	2,688
Lease modifications	6,134	88	357	-	2,523	-	4,343	-	13,445
Termination of lease agreements	(7,994)	(31,884)	(12,587)	-	(5,030)	-	(399)	-	(57,894)
Loss of control over subsidiaries	-	-	-	-	-	-	(255)	-	(255)
Depreciation charge	(5,825)	(22,637)	(8,782)	-	(87,542)	-	(5,197)	-	(129,983)
Depreciation and impairment on disposals	3,863	31,884	8,552	-	4,949	-	356	-	49,604
Impairment, net of reversal of impairment	-	-	-	-	-	-	(834)	-	(834)
Transfer from/(to) property, plant and equipment, net	-	-	2,346	-	-	-	(9)	-	2,337
Other transfers and reclassifications	-	-	(945)	-	945	-	-	-	-
<b>Net book value at December 31, 2022 (audited) (restated)</b>	27,643	95,397	32,585	-	470,669	-	31,092	-	657,386
Historical cost of right-of-use assets under lease agreements	41,945	119,188	64,981	-	825,585	-	46,546	-	1,098,245
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(14,302)	(23,791)	(32,396)	-	(354,916)	-	(15,454)	-	(440,859)
<b>Net book value at December 31, 2022 (audited) (restated)</b>	27,643	95,397	32,585	-	470,669	-	31,092	-	657,386

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infrastructure	Machinery, equipment and vehicles	Mining assets	Other	Construction in progress	Total
<b>Net book value at January 1, 2023 (audited) (restated)</b>	4,666,607	1,985,605	1,154,397	1,295,503	3,760,385	197,087	205,231	1,163,956	14,428,771
Foreign currency translation	(72,102)	(6,502)	(2,831)	(172)	(8,439)	-	(2,036)	(4,015)	(96,097)
Changes in estimates	5,903	5,385	(2,927)	-	414	(2,132)	(4)	(1,572)	5,067
Additions	55,727	71,912	25,898	591	150,656	51,242	16,281	1,869,340	2,241,647
Acquisition through business combinations (Note 5)	170,276	-	4,520	-	771	-	461	16,339	192,367
Additions through lease agreements	1,447	-	13,746	-	134,196	-	40,914	-	190,303
Capitalized repair works on right-of-use assets	-	-	-	-	4,782	-	-	-	4,782
Lease modifications	2,057	19	(781)	-	65,830	-	959	-	68,084
Disposals	(39,022)	(8,819)	(10,570)	(73)	(67,495)	(52)	(7,729)	(5,737)	(139,497)
Loss of control over subsidiaries (Note 7)	-	-	-	-	-	-	-	(5,185)	(5,185)
Depreciation charge	(363,287)	(155,784)	(69,224)	(42,070)	(405,780)	(55,998)	(21,999)	-	(1,114,142)
Depreciation and impairment on disposals	23,353	8,438	6,348	58	65,220	9	7,317	3,128	113,871
Impairment, net of reversal of impairment (Note 30)	-	(83,215)	(12,154)	(922)	(1,517)	(324)	(4,528)	(26,577)	(129,237)
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net (Note 7)	-	-	(14,529)	-	(365,214)	(5)	(6,963)	(1,478)	(388,189)
Transfers from/(to) exploration and evaluation assets, investment property, net	12,107	(702)	(305)	-	-	2,360	(32)	19	13,447
Transfer from/(to) inventories, net	58	600	137	(5,108)	1,651	37,351	897	9,798	45,384
Other transfers and reclassifications	263,459	342,743	77,885	170,921	706,533	(48)	12,922	(1,574,415)	-
Other changes	(62)	-	-	-	73	-	-	(1,860)	(1,849)
<b>Net book value at December 31, 2023</b>	4,726,521	2,159,680	1,169,610	1,418,728	4,042,066	229,490	241,691	1,441,741	15,429,527
Historical cost	7,624,251	4,390,002	1,990,160	1,785,016	7,184,529	538,700	463,433	1,581,239	25,557,330
Accumulated depreciation and impairment	(2,897,730)	(2,230,322)	(820,550)	(366,288)	(3,142,463)	(309,210)	(221,742)	(139,498)	(10,127,803)
<b>Net book value at December 31, 2023</b>	4,726,521	2,159,680	1,169,610	1,418,728	4,042,066	229,490	241,691	1,441,741	15,429,527
In millions of tenge	Oil and gas assets	Pipelines and refinery assets	Buildings and premises	Railway tracks and infrastructure	Machinery, equipment and vehicles	Mining assets	Other	Construction in progress	Total
<b>Including right-of-use assets under lease agreements</b>									
<b>Net book value at January 1, 2023 (audited) (restated)</b>	27,643	95,397	32,585	-	470,669	-	31,092	-	657,386
Foreign currency translation	(518)	(103)	(427)	-	(6,659)	-	(551)	-	(8,258)
Changes in estimates	-	-	-	-	-	-	(4)	-	(4)
Additions through lease agreements	1,447	-	13,746	-	134,196	-	40,914	-	190,303
Capitalized repair works	-	-	-	-	4,782	-	-	-	4,782
Lease modifications	2,057	19	(781)	-	65,830	-	959	-	68,084
Termination of lease agreements	(20,711)	-	(6,347)	-	(21,673)	-	(31)	-	(48,762)
Depreciation charge	(5,319)	(22,628)	(8,482)	-	(93,676)	-	(5,128)	-	(135,233)
Depreciation and impairment on disposals	6,195	-	4,047	-	21,438	-	22	-	31,702
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net (Note 7)	-	-	(4,564)	-	(337,927)	-	-	-	(342,491)
Transfer from/(to) property, plant and equipment, net	-	-	820	-	(36,660)	-	(590)	-	(36,430)
Other transfers and reclassifications	-	-	-	-	-	-	-	-	-
<b>Net book value at December 31, 2023</b>	10,794	72,685	30,597	-	200,320	-	66,683	-	381,079
Historical cost of right-of-use assets under lease agreements	23,936	119,081	60,212	-	298,333	-	85,794	-	587,356
Accumulated depreciation and impairment of right-of-use assets under lease agreements	(13,142)	(46,396)	(29,615)	-	(98,013)	-	(19,111)	-	(206,277)
<b>Net book value at December 31, 2023</b>	10,794	72,685	30,597	-	200,320	-	66,683	-	381,079

In 2023, additions to construction in progress were mainly attributable to the following:

- ◆ Acquisition of electric and diesel locomotives, construction of the Dostyk-Moiynty railway transport corridor and other railway infrastructure modernization and reconstruction works of 603,471 million tenge;
- ◆ Development drilling at Ozenmunaigas JSC and Embamunaigas JSC, subsidiaries of the Group, for the total amount of 289,128 million tenge;
- ◆ Replacement of the section of the pipelines "Uzen-Atyrau-Samara" and "Astrakhan-Mangyshlak" for a total of 174,799 million tenge in kaztransoil JSC;
- ◆ Construction of the second line of the Beineu-Zhanaozen main gas pipeline in the Mangystau region in the amount of 160,160 million tenge;
- ◆ Construction of an automated gas distribution station with gas branch pipelines in the amount of 29,319 million tenge;
- ◆ Construction of a reserve gas pipeline to the existing main gas pipeline "Makat-North Caucasus" in the amount 28,881 million tenge;
- ◆ A set of works on the main gas pipelines "SATS-5", "SATS-4" and "Looping SAC- 4" of 24,469 million tenge;

- ◆ Construction of the Kairat jumper between the Kazakhstan-China and Almaty-Baiserke-Talgar main gas pipelines in the amount of 23,451 million tenge.

As at December 31, 2023 property, plant and equipment with net book value of 200,191 million tenge was pledged as collateral for some of the Group's borrowings (December 31, 2022: 822,711 million tenge).

As at December 31, 2023 the cost of fully amortised property, plant and equipment of the Group was equal to 1,404,115 million tenge (December 31, 2022: 1,372,489 million tenge).

In 2023 the Group capitalized borrowing costs at an average interest rate of 13.56% in the amount of 84,178 million tenge (Notes 20, 21) less investment income of 1,665 million tenge (2022: at an average interest rate of 6.89% in the amount of 74,087 million tenge).



## 9. INTANGIBLE ASSETS

In millions of tenge	Licenses	Subsurface use rights	Goodwill	Marketing related intangible assets	Software	Other	Total
<b>Net book value at January 1, 2022 (audited) (restated)</b>	692,169	815,857	316,265	25,467	74,630	79,888	2,004,276
Foreign currency translation	36,279	14,390	807	1,819	398	1,896	55,589
Additions	9,405	1,077	-	-	6,163	16,853	33,498
Disposals	(2,805)	-	-	-	(4,139)	(910)	(7,854)
Loss of control over subsidiaries	-	-	-	-	-	(64)	(64)
Amortization charge	(43,757)	(36,227)	-	-	(20,726)	(8,099)	(108,809)
Accumulated amortization and impairment on disposals	2,775	-	-	-	4,165	404	7,344
(Impairment)/reversal of impairment, net	93	-	-	-	35	(139)	(11)
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net	(336)	-	-	-	(6,156)	(31,773)	(38,265)
Transfers from/(to) other non-current assets, net	-	-	-	-	(22)	-	(22)
Other transfers and reclassifications	1,025	-	-	-	11,083	(12,108)	-
Other changes	132	669	-	-	1,355	(2,199)	(43)
<b>Net book value at December 31, 2022 (audited) (restated)</b>	694,980	795,766	317,072	27,286	66,786	43,749	1,945,639
Foreign currency translation	(9,039)	(3,659)	(211)	(477)	(170)	(253)	(13,809)
Changes in estimates	-	(279)	-	-	-	-	(279)
Additions	156,723	68	-	-	26,220	30,604	213,615
Acquisition through business combinations (Note 5)	-	-	-	-	5,289	1,716	7,005
Disposals	(821)	-	-	-	(6,483)	(509)	(7,813)
Amortization charge	(53,046)	(39,616)	-	-	(35,503)	(4,018)	(132,183)
Accumulated amortization and impairment on disposals	817	-	-	-	6,319	455	7,591
(Impairment)/reversal of impairment, net (Note 30)	36	-	-	-	25	(1,807)	(1,746)
Transfer from/(to) assets classified as held for sale or distribution to the Shareholder, net	-	-	-	-	(1,289)	-	(1,289)
Other transfers and reclassifications	(2,243)	-	-	-	6,955	(4,712)	-
Other changes	1	62	-	-	495	459	1,017
<b>Net book value at December 31, 2023</b>	787,408	752,342	316,861	26,809	68,644	65,684	2,017,748
Historical cost	1,088,296	972,365	432,066	68,816	307,497	149,037	3,018,077
Accumulated amortization and impairment	(300,888)	(220,023)	(115,205)	(42,007)	(238,853)	(83,353)	(1,000,329)
<b>Net book value at December 31, 2023</b>	787,408	752,342	316,861	26,809	68,644	65,684	2,017,748
Historical cost	946,833	977,169	432,277	70,041	233,393	122,594	2,782,307
Accumulated amortization and impairment	(251,853)	(181,403)	(115,205)	(42,755)	(166,607)	(78,845)	(836,668)
<b>Net book value at December 31, 2022 (audited) (restated)</b>	694,980	795,766	317,072	27,286	66,786	43,749	1,945,639

## 10. EXPLORATION AND EVALUATION ASSETS

Movements in exploration and evaluation assets are summarized as follows:

In millions of tenge	Tangible	Intangible	Total
<b>Net book value at January 1, 2022</b>	262,773	16,176	278,949
Foreign currency translation	13,683	-	13,683
Change in estimate	(195)	-	(195)
Additions	22,606	510	23,116
Disposals	(120)	(173)	(293)
Impairment/write-off, net of reversal of impairment	(16,312)	(1,694)	(18,006)
Depreciation and impairment on disposals	120	173	293
Transfers from/(to) property, plant and equipment, net	(3,253)	-	(3,253)
Transfer from/(to) inventories, net	6	-	6
<b>Net book value at December 31, 2022</b>	279,308	14,992	294,300
Foreign currency translation	(3,376)	-	(3,376)
Change in estimate	(374)	-	(374)
Additions	45,013	30,038	75,051
Disposals	(19,921)	(824)	(20,745)
Loss of control over subsidiaries (Note 7)	-	(14,678)	(14,678)
Impairment/write-off, net of reversal of impairment (Note 30)	(121,319)	(9,865)	(131,184)
Depreciation and impairment on disposals	19,918	648	20,566
Transfers from/(to) property, plant and equipment, net	(14,841)	355	(14,486)
<b>Net book value at December 31, 2023</b>	184,408	20,666	205,074
Historical cost	316,150	34,783	350,933
Accumulated impairment	(131,742)	(14,117)	(145,859)
<b>Net book value at December 31, 2023</b>	184,408	20,666	205,074
Historical cost	309,934	19,891	329,825
Accumulated impairment	(30,626)	(4,899)	(35,525)
<b>Net book value at December 31, 2022</b>	279,308	14,992	294,300

As at December 31, 2023 and 2022 the exploration and evaluation assets are represented by the following projects:

In millions of tenge	2023	2022
North Caspian project	140,098	206,007
NAC KAP projects	26,019	26,543
KMG Barlau	14,346	-
JSC "NC "QazaqGaz" projects	4,510	16,475
Embamunaigas JSC	1,509	14,084
Zhenis	-	18,310
Urikhtau	-	4,889
Other	18,592	7,992
	205,074	294,300

## 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

As at December 31 investments in joint ventures and associates comprised the following:

In millions of tenge	Main activity	Place of business	2023		2022 (restated)*	
			Carrying amount	Percentage ownership	Carrying amount	Percentage ownership
<b>Joint ventures</b>						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	3,598,510	20.00%	3,825,053	20.00%
Asia Gas Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	978,536	50.00%	710,273	50.00%
Beineu-Shymkent Pipeline LLP	Construction and operation of the gas pipeline	Kazakhstan	280,300	50.00%	238,236	50.00%
Mangistau Investments B.V.	Oil and gas development and production	Kazakhstan	203,614	50.00%	164,716	50.00%
Kalamkas-Khazar Operating LLP	Oil and gas development and production	Kazakhstan	93,258	50.00%	-	-
Forum Muider B.V.	Production of coal	Kazakhstan	79,941	50.00%	68,159	50.00%
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	69,479	50.00%	58,812	50.00%
Kazakhstan – China Pipeline LLP	Oil transportation	Kazakhstan	53,358	50.00%	37,138	50.00%
Valsera Holdings B.V. Group	Oil refining	Kazakhstan	41,515	50.00%	26,351	50.00%
JV Kazgermunai LLP	Oil and gas exploration and production	Kazakhstan	36,506	50.00%	32,070	50.00%
Other			221,804		208,831	
<b>Total joint ventures</b>			<b>5,656,821</b>		<b>5,369,639</b>	
<b>Associates</b>						
Caspian Pipeline Consortium JSC	Transportation of liquid hydrocarbons	Kazakhstan/Russia	451,913	20.75%	521,882	20.75%
Kazzinc LLP	Mining and processing of metal ores, production of refined metals	Kazakhstan	432,557	29.82%	491,846	29.82%
JV KATCO LLP	Exploration, production, processing and export of uranium	Kazakhstan	97,501	49.00%	113,920	49.00%
PetRepublic of Kazakhstanazakhstan Inc. ("PKI")	Exploration, production and processing of oil and gas	Kazakhstan	94,887	33.00%	94,635	33.00%
Other			166,328		143,519	
<b>Total associates</b>			<b>1,243,186</b>		<b>1,365,802</b>	
			<b>6,900,007</b>		<b>6,735,441</b>	

The following tables illustrate summarized financial information of significant joint ventures, based on IFRS financial statements of these entities for 2023, reflecting equity method accounting adjustments:

In millions of tenge	Tengizchevroil LLP	Asia Gas Pipeline LLP	Beineu-Shymkent Pipeline LLP	Mangistau Investments B.V.	Kalamkas-Khazar Operating LLP	Forum Muider B.V.	KazRosGas LLP	Kazakhstan – China Pipeline LLP	Valsera Holdings B.V. Group	JV Kazgermunai LLP
<b>Joint ventures</b>										
Non-current assets	24,831,196	1,086,415	599,565	462,565	9,192	191,625	33,032	127,038	431,261	64,031
Current assets, including	1,863,832	1,055,299	150,686	199,708	1,232	87,470	148,932	49,554	114,561	52,764
Cash and cash equivalents	696,871	881,038	8,226	89,410	112	5,196	65,122	23,837	66,459	44,840
Non-current liabilities, including	7,434,076	161,112	130,617	132,981	10,376	11,220	238	23,107	304,590	14,966
Non-current financial liabilities	4,091,040	-	117,703	-	-	8,959	-	-	258,338	-
Current liabilities, including	1,268,404	23,530	95,311	119,109	324	107,993	42,769	46,768	106,740	28,817
Current financial liabilities	-	-	45,825	-	-	93,781	-	32,843	80,398	-
<b>Equity</b>	<b>17,992,548</b>	<b>1,957,072</b>	<b>524,323</b>	<b>410,183</b>	<b>(276)</b>	<b>159,882</b>	<b>138,957</b>	<b>106,717</b>	<b>134,492</b>	<b>73,012</b>
Share of ownership	20.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Recognition of investment (Note 7)	-	-	-	-	93,258	-	-	-	-	-
Consolidation adjustments	-	-	18,138	(1,477)	138	-	-	-	(25,731)	-
<b>Carrying amount of investment as at December 31, 2023</b>	<b>3,598,510</b>	<b>978,536</b>	<b>280,300</b>	<b>203,614</b>	<b>93,258</b>	<b>79,941</b>	<b>69,479</b>	<b>53,358</b>	<b>41,515</b>	<b>36,506</b>
Revenue	8,796,634	856,980	178,259	878,362	-	131,225	260,125	86,843	250,435	145,728
Depreciation, depletion and amortization	(2,426,361)	(76,035)	(28,452)	(107,455)	-	(9,395)	(295)	(10,170)	(41,216)	(20,007)
Finance income	86,023	20,964	5,788	784	2	9,331	2,243	585	6,013	1,292
Finance costs	(283,225)	(3,808)	(16,971)	(14,411)	(118)	(1,083)	-	(3,628)	(36,390)	(1,667)
Income tax expenses	(730,465)	(127,111)	-	(47,354)	-	(7,139)	(13,996)	(9,341)	(12,954)	(27,450)
Profit/(loss) for the year	1,704,419	537,264	105,855	76,510	(44)	23,760	64,648	37,440	34,592	41,965
<b>Other comprehensive (loss)/income</b>	<b>(325,499)</b>	<b>(738)</b>	<b>-</b>	<b>1,285</b>	<b>-</b>	<b>(195)</b>	<b>(305)</b>	<b>1</b>	<b>16</b>	<b>(1,729)</b>
<b>Total comprehensive income/(loss)</b>	<b>1,378,920</b>	<b>536,526</b>	<b>105,855</b>	<b>77,795</b>	<b>(44)</b>	<b>23,565</b>	<b>64,343</b>	<b>37,441</b>	<b>34,608</b>	<b>40,236</b>
Dividends received	502,227	-	10,864	-	-	-	553	2,500	-	15,793

## 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The following tables illustrate summarized financial information of significant joint ventures, based on IFRS financial statements of these entities for 2022, reflecting equity method accounting adjustments:

In millions of tenge	Tengizchevroil LLP	Asia Gas Pipeline LLP	Beineu-Shymkent Pipeline LLP	Mangistau Investments B.V.	Forum Muider B.V.	KazRosGas LLP	Kazakhstan – China Pipeline LLP	Valsera Holdings B.V. Group	JV Kazgermunai LLP
<b>Joint ventures</b>									
Non-current assets	25,713,747	1,165,474	623,036	464,868	175,947	40,100	137,004	454,653	71,787
Current assets, including	3,046,293	707,366	183,695	111,126	75,715	99,637	42,103	120,412	53,303
Cash and cash equivalents	1,905,924	466,658	60,340	28,622	7,687	59,000	17,871	79,079	46,729
Non-current liabilities, including	7,808,607	241,387	273,406	144,698	74,123	269	58,417	377,788	21,559
Non-current financial liabilities	4,163,850	59,026	261,063	–	72,071	–	32,197	340,106	–
Current liabilities, including	1,826,167	210,907	93,130	99,344	41,221	21,844	46,415	97,393	39,392
Current financial liabilities	–	185,590	46,858	–	8,772	–	33,900	82,347	–
<b>Equity</b>	<b>19,125,266</b>	<b>1,420,546</b>	<b>440,195</b>	<b>331,952</b>	<b>136,318</b>	<b>117,624</b>	<b>74,275</b>	<b>99,884</b>	<b>64,139</b>
Share of ownership	20.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Consolidation adjustments	–	–	18,139	(1,260)	–	–	–	(23,591)	–
<b>Carrying amount of investment as at December 31, 2022</b>	<b>3,825,053</b>	<b>710,273</b>	<b>238,236</b>	<b>164,716</b>	<b>68,159</b>	<b>58,812</b>	<b>37,138</b>	<b>26,351</b>	<b>32,070</b>
Revenue	10,949,194	912,711	188,975	910,069	113,612	192,427	86,319	219,429	150,039
Depreciation, depletion and amortization	(1,129,895)	(77,695)	(26,893)	(26,647)	(9,018)	(323)	(10,269)	(38,552)	(22,550)
Finance income	36,076	5,108	2,901	594	7,417	2,765	357	244	791
Finance costs	(99,857)	(24,809)	(16,207)	(9,404)	(1,052)	–	(4,593)	(31,616)	(994)
Income tax expenses	(1,591,414)	(140,490)	–	(38,267)	(8,180)	(4,040)	(8,703)	(10,260)	(39,783)
Profit for the year	3,713,299	553,306	101,674	96,971	29,231	1,107	33,566	42,018	41,061
Other comprehensive income/(loss)	1,114,004	(477)	–	1,784	(408)	7,884	–	(228)	4,115
<b>Total comprehensive income</b>	<b>4,827,303</b>	<b>552,829</b>	<b>101,674</b>	<b>98,755</b>	<b>28,823</b>	<b>8,991</b>	<b>33,566</b>	<b>41,790</b>	<b>45,176</b>
<b>Dividends received</b>	<b>244,579</b>	<b>70,949</b>	<b>11,765</b>	<b>92,071</b>	<b>–</b>	<b>–</b>	<b>5,000</b>	<b>2,189</b>	<b>22,826</b>

The following tables illustrate summarized financial information of significant associates, based on IFRS financial statements of these entities for 2023 and 2022, reflecting equity method accounting adjustments:

In millions of tenge	2023				2022			
	Caspian Pipeline Consortium JSC	Kazzinc LLP	JV KATCO LLP	Petro-Kazakhstan Inc. ("PKI")	Caspian Pipeline Consortium JSC	Kazzinc LLP	JV KATCO LLP	Petro-Kazakhstan Inc. ("PKI")
<b>Associates</b>								
Non-current assets	1,969,703	1,057,553	166,440	206,008	2,240,723	1,383,099	132,022	224,559
Current assets	295,663	834,858	88,943	138,626	292,198	797,108	132,298	116,827
Non-current liabilities	18,722	74,966	22,037	20,063	35,730	218,044	20,139	18,489
Current liabilities	279,064	366,986	14,872	16,497	196,152	312,897	8,822	15,586
<b>Equity</b>	<b>1,967,580</b>	<b>1,450,459</b>	<b>218,474</b>	<b>308,074</b>	<b>2,301,039</b>	<b>1,649,266</b>	<b>235,359</b>	<b>307,311</b>
Share of ownership	20.75%	29.82%	49.00%	33.00%	20.75%	29.82%	49.00%	33.00%
Goodwill	43,640	–	68	–	44,416	–	68	–
Unrecognized gain on transactions with associates	–	–	(16,881)	–	–	–	(10,592)	–
Additional allocation of profits	–	–	7,261	–	–	–	9,118	–
Impairment of the investment	–	–	–	(6,778)	–	–	–	(6,778)
<b>Carrying amount of investment</b>	<b>451,913</b>	<b>432,557</b>	<b>97,501</b>	<b>94,887</b>	<b>521,882</b>	<b>491,846</b>	<b>113,920</b>	<b>94,635</b>
Revenue	1,039,509	(1,668,169)	147,448	128,343	976,076	1,632,251	146,304	140,901
Profit/(loss) for the year	310,160	(170,572)	66,006	14,814	567,533	(21,889)	82,891	19,702
Other comprehensive income	(42,915)	–	–	(4,927)	185,893	–	–	9,782
<b>Total comprehensive income/(loss)</b>	<b>267,245</b>	<b>(170,572)</b>	<b>66,006</b>	<b>9,887</b>	<b>753,426</b>	<b>(21,889)</b>	<b>82,891</b>	<b>29,484</b>
Other	–	–	(6,288)	–	–	–	(2,141)	–
Dividends received	124,585	–	49,689	2,864	108,975	88,819	18,796	2,890

All of the above joint ventures and associates are strategic for the Group's business.

## 11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

The following tables illustrate aggregate financial information of individually insignificant joint ventures (the Group's proportional interest):

In millions of tenge	2023	2022
<b>Carrying amount of investments as at December 31</b>	221,804	208,831
Net profit for the year	25,685	35,908
Other comprehensive (loss)/income	(2,466)	225
<b>Total comprehensive income</b>	23,219	36,133

The following tables illustrate aggregate financial information of individually insignificant associates (the Group's proportional interest):

In millions of tenge	2023	2022
<b>Carrying amount of investments as at December 31</b>	166,328	143,519
Net profit for the year	65,799	56,099
Other comprehensive (loss)/income	(7,503)	5,075
<b>Total comprehensive income</b>	58,296	61,174

In 2023 dividends received from individually insignificant joint ventures and associates were equal to 99,050 million tenge (2022: 65,659 million tenge).

The following table summarizes the movements in equity investments in joint ventures and associates in 2023 and 2022:

In millions of tenge	2023	2022 (restated)
<b>Balance as at January 1</b>	6,735,441	5,681,969
Share in profit of joint ventures and associates, net (Note 33)	945,079	1,449,389
Dividends received	(808,125)	(734,518)
Change in dividends receivable	(21,796)	4,838
Additional contributions without change in ownership	21,229	15,418
Acquisitions	100,820	11,445
Adjustment of unrealized income*	(2,140)	(3,305)
Disposals	(1)	-
Transfers to assets classified as held for sale or distribution to the Shareholder	-	(1,460)
Foreign currency translation	(100,768)	309,586
Other comprehensive income, other than foreign currency translation	5,916	5,170
Discount on loans issued	29,425	(2,431)
Impairment, net (Note 30)	(5,073)	(660)
<b>Balance as at December 31</b>	6,900,007	6,735,441

\* Adjustment of unrealized income includes unrealized income from sale of other non-current assets from joint ventures to Group and capitalized borrowings costs on the loans provided by the Group to joint ventures.

As at December 31, 2023, the Group's share in unrecognized losses of joint ventures and associates was equal to 8,516 million tenge (December 31, 2022 (restated): 5,984 million tenge).

## 12. LOANS ISSUED AND NET INVESTMENT IN FINANCE LEASE

As at December 31, loans issued and net investment in finance lease comprised the following:

In millions of tenge	2023	Weighted average effective interest rate	2022	Weighted average effective interest rate
Loans issued at amortized cost	130,979	11.33%	64,371	15.98%
Loans issued at fair value through profit or loss	86,173	12.95%	117,511	12.20%
Net investment in finance lease	45,614	10.21%	54,017	10.02%
<b>Total loans and net investment in finance lease</b>	262,766		235,899	
Less: allowance for expected credit losses	(28,756)		(17,284)	
<b>Loans issued and net investment in finance lease, net</b>	234,010		218,615	
Less: current portion	(131,472)		(66,889)	
<b>Non-current portion</b>	102,538		151,726	

Movements in the loan allowance for expected credit losses for the years ended December 31 were as follows:

In millions of tenge	2023	2022
<b>Allowance at January 1</b>	17,284	19,234
Charged, net	11,372	(1,373)
Change in accounting estimates	100	(577)
<b>Allowance at December 31</b>	28,756	17,284

As at December 31, 2023 there has not been a significant increase in credit risk for loans issued since their initial recognition.

As at December 31 the components of net investment in finance lease are as follows:

In millions of tenge	2023	2022
Within one year	12,674	15,215
Later than one year, but not later than five years	28,862	31,436
After five years	21,232	30,787
<b>Lease payments</b>	62,768	77,438
Less: unearned finance income	(17,154)	(23,421)
<b>Net investment in finance lease</b>	45,614	54,017

In millions of tenge	2023	2022
Loans issued and net investment in finance lease in tenge	145,335	95,172
Loans issued in US dollars	88,675	123,443
	<b>234,010</b>	<b>218,615</b>

## 13. AMOUNTS DUE FROM CREDIT INSTITUTIONS

As at December 31 amounts due from credit institutions comprised the following:

In millions of tenge	2023	2022
Bank deposits	1,258,181	1,638,585
Loans to credit institutions	41,119	67,614
Less: allowance for expected credit losses	(420)	(2,326)
<b>Amounts due from credit institutions, net</b>	1,298,880	1,703,873
Less: current portion	(1,243,196)	(1,433,305)
<b>Non-current portion</b>	55,684	270,568

### 13. AMOUNTS DUE FROM CREDIT INSTITUTIONS (CONTINUED)

In millions of tenge	2023	2022
Rating from A+(A1) to A-(A3)	1,217,905	966,071
Rating from BBB+(Baa1) to BBB(Baa2)	-	213,729
Rating from BBB-(Baa3) to BB-(Ba3)	80,531	482,486
Rating from B+(B1) to B-(B3)	444	41,587
	1,298,880	1,703,873

In millions of tenge	2023	Weighted average effective interest rate	2022	Weighted average effective interest rate
Amounts due from credit institutions, denominated in US dollars	1,227,916	5.68%	1,197,610	2.61%
Amounts due from credit institutions, denominated in tenge	70,671	6.28%	506,263	6.63%
Amounts due from credit institutions, denominated in other currencies	293	6.62%	-	-
	1,298,880		1,703,873	

As at December 31, 2023 there has not been a significant increase in credit risk for amounts due from credit institutions since their initial recognition.

### 14. OTHER FINANCIAL ASSETS

As at December 31 other financial assets comprised the following:

In millions of tenge	2023	2022 (restated)
<b>Financial assets at fair value through other comprehensive income, including:</b>	46,696	28,322
Treasury notes of foreign governments	23,844	839
Corporate bonds	15,910	17,931
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	6,869	7,428
Equity securities	73	73
Bonds of Kazakhstani financial institutions	-	2,051
<b>Financial assets at amortized cost, including:</b>	1,513,528	918,735
Bonds of Kazakhstani financial institutions	791,958	355,976
Corporate bonds	123,472	115,125
Notes of the National Bank of the Republic of Kazakhstan	122,178	176,715
Treasury notes of foreign governments	99,079	-
Treasury bills of the Ministry of Finance of the Republic of Kazakhstan	18,462	12,966
Eurobonds of the Ministry of Finance of the Republic of Kazakhstan	1,936	1,988
Other financial assets at amortized cost, including:		
Restricted cash	186,347	227,759
Other accounts receivable	233,692	146,445
Dividends receivable	21,262	630
Amounts due from employees	13,530	9,948
Reservation of cash for repayment of borrowings	2,530	152
Other	13,670	12,364
Less: allowance for expected credit losses	(114,588)	(141,333)
<b>Financial assets at fair value through profit or loss, including:</b>	168,287	143,906
Equity securities	136,850	124,960
Additional consideration for sale of a subsidiary (Note 7)	13,862	-
Guaranteed returns from a shareholder of a joint venture	13,728	13,178
Options	2,085	1,868
Corporate bonds	1,762	3,192
Forward and futures contracts	-	681
Currency swaps	-	27
<b>Total financial assets</b>	<b>1,728,511</b>	<b>1,090,963</b>
Less: current portion	(1,134,317)	(347,750)
<b>Non-current portion</b>	<b>594,194</b>	<b>743,213</b>

### Debt securities

During the year ended December 31, 2023 as part of its free cash flow management strategy the Group was investing into notes of the National Bank of the Republic of Kazakhstan with maturities of less than twelve months, that are usually held to maturity. As of December 31, 2023 the investment amounted to 122,178 million tenge (December 31, 2022: 176,715 million tenge).

During the year ended December 31, 2023 the Group also invested in debt securities issued by the US Department of the Treasury (US Treasury). As of December 31, 2023 the investment amounted to 122,923 million tenge (December 31, 2022: null).

As at December 31 other financial assets by currency, except for derivatives, comprised:

In millions of tenge	2023	2022 (restated)
Financial assets, denominated in tenge	1,265,181	768,712
Financial assets, denominated in US dollars	437,477	286,794
Financial assets, denominated in euro	15,059	15,772
Financial assets, denominated in rubles	1	301
Financial assets, denominated in other currency	8,708	16,808
	1,726,426	1,088,387

### 15. OTHER NON-CURRENT ASSETS

As at December 31 other non-current assets comprised the following:

In millions of tenge	2023	2022
Advances paid for non-current assets	899,680	259,196
Long-term VAT receivable	332,795	225,712
Long-term inventories	18,788	12,676
Prepaid expenses	16,335	16,882
Other	30,164	20,726
Less: impairment allowance	(117,369)	(61,467)
	1,180,393	473,725

During the year ended December 31, 2023 the Group paid advances in the amount of 296,957 million tenge for supply of passenger carriages and construction of the railway, 159,433 million tenge for supply of power plant equipment based on a combined cycle plant, 38,545 million tenge for modernisation of Almaty CHPP-2 with the minimization of the environmental impact and 32,491 million tenge for reconstruction of Almaty CHPP-3.

The change in impairment allowance is mainly represented by the impairment of long-term VAT receivable in the amount of 27,898 million tenge, advances paid for non-current assets of 17,564 million tenge and prepayments on long-term assets of Ereymentau Wind Power LLP in the amount of 9,156 million tenge (Note 30) recognized during the year ended December 31, 2023.

### 16. INVENTORIES

As at December 31 inventories comprised the following:

In millions of tenge	2023	2022
Uranium products (at lower of cost and net realizable value)	328,015	308,114
Production materials and supplies (at lower of cost and net realizable value)	129,158	78,280
Work in progress (at lower of cost and net realizable value)	104,378	68,803
Crude oil (at cost)	82,354	69,332
Gas processed products (at cost)	64,123	33,518
Oil refined products for sale (at lower of cost and net realizable value)	61,621	60,670
Goods for resale (at lower of cost and net realizable value)	58,455	41,139
Oil and gas industry materials and supplies (at cost)	53,786	44,767
Fuel (at lower of cost and net realizable value)	40,305	22,940
Railway industry materials and supplies (at cost)	25,547	21,738
Electric transmission equipment spare parts (at cost)	7,400	5,855
Uranium industry materials and supplies (at lower of cost and net realizable value)	3,374	16,150
Telecommunication equipment spare parts (at cost)	2,526	2,248
Aircraft spare parts (at cost)	1,560	15,647
Other materials and supplies (at lower of cost and net realizable value)	46,044	77,089
	1,008,646	866,290

As at December 31, 2023 carrying value of inventories under pledge as collateral amounted to 186,378 million tenge (December 31, 2022: 126,345 million tenge).

## 17. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

As at December 31 trade accounts receivable comprised the following:

In millions of tenge	2023	2022 (restated)
Trade accounts receivable	1,366,846	1,145,439
Less: allowance for expected credit losses	(73,988)	(62,147)
	1,292,858	1,083,292

As at December 31 other current assets comprised the following:

In millions of tenge	2023	2022 (restated)
Advances paid and deferred expenses	167,068	141,412
Other non-financial current assets	212,266	19,987
Other prepaid taxes	118,229	97,048
Less: impairment allowance	(11,588)	(8,330)
	485,975	250,117

At December 31, 2023 the Group's receivables of 197,651 million tenge were pledged under certain Group borrowings (December 31, 2022: 176,000 million tenge).

Movements in the allowance for expected credit losses for trade accounts receivable for the years ended December 31 were as follows:

In millions of tenge	2023	2022 (restated)
<b>Allowance at January 1</b>	62,147	49,777
Charged, net	31,303	14,469
Foreign exchange difference, net	(320)	1,006
Transfers from/(to) assets classified as held for sale or distribution to the Shareholder	(266)	-
Write-off	(18,855)	(3,105)
Other changes	(21)	-
<b>Allowance at December 31</b>	73,988	62,147

Movements in the impairment allowance for other current assets for the years ended December 31 were as follows:

In millions of tenge	2023	2022
<b>Allowance at January 1</b>	8,330	12,847
Charged, net	3,468	(2,065)
Foreign exchange difference, net	(3)	44
Change in estimate	-	268
Transfers from/(to) assets classified as held for sale or distribution to the Shareholder	(84)	-
Write-off	(123)	(2,764)
<b>Allowance at December 31</b>	11,588	8,330

Other non-financial current assets mainly represent the amount of 190,178 million tenge transferred to the construction companies as part of the execution of contracts on comprehensive works and services for the construction of facilities within the framework of the pilot National project "Comfort School", where the Group acts as an agent under IFRS 15 (Note 25).

## 18. CASH AND CASH EQUIVALENTS

As at December 31 cash and cash equivalents comprised the following:

In millions of tenge	2023	2022 (restated)
Bank deposits – US dollars	816,838	690,834
Bank deposits – tenge	441,364	607,290
Bank deposits – other currency	79,121	17,550
Current accounts with banks – US dollars	467,059	1,004,182
Current accounts with banks – tenge	122,711	364,135
Current accounts with banks – other currency	16,271	34,730
Reverse repurchase agreements with contractual maturity of three months or less	465,653	164,541
Cash in accounts for servicing budget programs in accordance with the legislation of the RK	306,153	-
Balances on brokerage accounts payable on demand	10,119	35,494
Cash on hand	8,997	9,186
Cash in transit	6,461	18,258
Less: allowance for expected credit losses	(411)	(584)
	2,740,336	2,945,616

Within the framework of diversification, the Group continues to place part of its free liquidity in money market instruments, such as auto repo secured by government and other securities with maturities of up to 3 months.

At December 31, 2023, the Group had cash in the amount of 306,153 million tenge, which is represented by a cash control account in the regional treasury department of the Ministry of Finance of the Republic of Kazakhstan opened with a special purpose of the implementation of the pilot national project "Comfortable School".

Short-term bank deposits are placed for varying periods of between 1 (one) day and 3 (three) months, depending on immediate cash needs of the Group. As at December 31, 2023 the weighted average interest rates for short-term bank deposits were 15.23% in tenge, 5.22% in US dollars, 5.97% in other currency; and current accounts were 3.74% in tenge, 4.24% in USD dollars, 0.74% in other currency, respectively (December 31, 2022: the weighted average interest rates for short-term bank deposits were 14.17% in tenge, 1.63% in US dollars, 5.12% in other currency; and current accounts were 1.33% in tenge, 1.17% in USD dollars, 0.77% in other currency, respectively).

## 19. EQUITY

### 19.1 Share capital

During 2023 and 2022 the Fund issued common shares, which were paid as follows:

Payment for shares	Number of shares authorized and issued	Par value per share, in tenge	Share capital in millions of tenge
<b>As of December 31, 2021</b>	3,481,961,408		5,268,580
Property contributions	1	239,265,541	239
<b>As of December 31, 2022</b>	3,481,961,409		5,268,819
Shares issued during the year:			
Shares issued and paid by contributions of state-owned interests in subsidiaries	1	89,206,406,162	89,206
	50	723,663,220	36,183
	40	586,110,925	23,445
	100	64,469,200	6,447
Shares issued and paid by contribution of property	1,000	16,915,397	16,915
	20	114,504,250	2,290
Shares issued and paid by cash	6,000	8,246,277	49,478
<b>As of December 31, 2023</b>	3,481,968,620		5,492,783

As at December 31, 2023: 3,481,968,620 shares of the Fund were fully paid (December 31, 2022: 3,481,961,409 shares).

## 19. EQUITY (CONTINUED)

### 19.1 Share capital (continued)

#### Contribution of state-owned interests in subsidiaries

On April 19, 2023 the Fund issued 50 shares at par value of 723,663,220 tenge and 40 shares at par value of 586,110,925 tenge for the total amount of 59,628 million tenge representing their fair values, which were paid off by the Shareholder by means of 100% of interest in Shulbinskaya GES and UK GES in accordance with the Resolution of the Government of the Republic of Kazakhstan. Also, on September 12, 2023, the Fund issued 100 shares at par value of 64,469,200 tenge for the amount of 6,447 million tenge representing their fair values, which were paid off by the Shareholder by shares of Kazgeology in accordance with the Resolution of the Government of the Republic of Kazakhstan (Note 6). Shares of Kazgeology were transferred to the share capital of subsidiary National Mining Company "Tau-Ken Samruk".

These transactions represent business combination of entities under common control and are accounted for retrospectively under the pooling of interest method based on the predecessor's values. Accordingly, these consolidated financial statements were presented as if the interests of entities were transferred at the beginning of the earliest presented period and, as a result, relevant comparative information was restated. As a result of these transactions the share capital of the Fund was increased by 66,075 million tenge with respective decrease in the retained earnings in these consolidated financial statements.

On September 12, 2023 in accordance with the Resolution of the Government of the Republic of Kazakhstan the Shareholder transferred the 28.8% non-controlling interest in Kazakhtelecom JSC to the Fund as a payment for the share issued at par value of 89,206,406,162 tenge, as a result of which the Group's share in Kazakhtelecom JSC increased to 80.85%. The fair value of the exchanged shares comprised 89,206 million tenge. As a result of this transaction the difference between the carrying value of non-controlling interest acquired in the amount of 235,168 million tenge and fair value of exchanged shares of 89,206 million tenge was recognized as an increase of retained earnings of 145,962 million tenge in the consolidated statement of changes in equity.

#### Property contributions

On April 14 and August 9, 2023 the Fund issued 1,000 shares at par value of 16,915,397 tenge and 20 shares at par value of 114,504,250 tenge, which were paid off by the Shareholder by an immovable properties with a fair value of 19,205 million tenge. These properties was transferred to the share capital of subsidiaries "National Company "Qazaq Gas" JSC and "Samruk-Energy" JSC (hereinafter – "Samruk-Energy").

On June 28, 2022, the Shareholder contributed property to the Fund's share capital in form of the movable property with a fair value of 239 million tenge. This property was transferred to the share capital of subsidiary National Company "Kazakhstan Temir Zholy" JSC (hereinafter – "NC KTZh").

#### Cash contributions

In November 2023, the Shareholder made cash contributions to the Fund's share capital of 49,478 million tenge. These amounts were aimed to finance the project "Construction of Infrastructure facilities on the territory of SEZ "National Industrial Petrochemical Technopark".

### 19.2 Dividends

#### Dividends attributable to equity holder of the Parent

On December 26, 2023 according to the Resolution of the Government dated December 19, 2023 the Fund declared and paid dividends to the Shareholder of 238,027 million tenge on financial results for 2022.

During the period of October and November, according to the Resolution of the Government dated October 20, 2023 the Fund paid dividends to the Shareholder of 1,026,726 million tenge from the retained earnings of 2021.

On April 4, 2023 Shulbinskaya GES and UK GES paid dividends to the Shareholder in the amount of 2,227 million tenge and 1,872 million tenge, respectively, based on financial results of 2022 (during the year ended December 31, 2022: 2,241 million tenge and 1,857 million tenge, respectively, based on financial results of 2021).

In September and October 2022 the Fund declared and paid dividends to the Shareholder of 170,024 million tenge based on financial results for 2021 according to the Resolution of the Government dated September 22, 2022.

In July 2022 Kazgeology declared and paid dividends in the amount of 168 million tenge based on financial results of 2021. Since the transfer of these entities represent business combination of entities under common control (Note 6), dividends paid by these entities to the Shareholder were reflected as dividends attributable to the equity holder of the Parent in the consolidated statement of changes in equity.

#### Dividends attributable to non-controlling interests

During 2023 the Group declared dividends of 172,201 million tenge to the holders of non controlling interests in National Atomic Company "Kazatomprom" JSC ("NAC KAP") group, KMG group, Kazakhtelecom JSC ("KTC"), Air Astana, Kazakhstan Electricity Grid Operating Company JSC ("KEG-OC"), NC KTZh, "Samruk-Kazyna Business Service" LLP and "Samruk-Kazyna Ondeu" LLP ("SKO"). Total amount of dividends paid to the holders of non controlling interests during 2023 equaled 173,976 million tenge.

During 2022 the Group declared dividends of 186,073 million tenge to the holders of non controlling interests in KMG group, KTC, NAC KAP, KEG-OC and SKO. Total amount of dividends paid to the holders of non controlling interests during 2022 equaled 184,145 million tenge.

### 19.3 Distributions to the Public Foundation "Qazaqstan halqyna"

In accordance with Article 20 of the Law of the Republic of Kazakhstan "On the National Welfare Fund", the Fund annually allocates funds to a non-profit organization represented by the public foundation "Qazaqstan halqyna" (hereinafter – "Public Foundation") in the amount of not less than 7% of the Fund's net income according to separate financial statements. According to the Shareholder's resolution, the Fund has recognized an obligation to allocate funds to the Public Foundation in the amount of 66,614 million tenge. During 2023, the Fund transferred the funds to the Public Foundation in the amount of 20,650 million tenge.

### 19.4 Other distributions to the Shareholder

#### Social projects financing

During 2023 in accordance with the Shareholder's resolutions, the Fund recognised liabilities for financing of various social projects for the amount 32,730 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. As at December 31, 2023, the Fund fully repaid these liabilities.

During 2022 in accordance with the Shareholder's resolutions, the Fund recognised liabilities for financing of various social projects for the amount 23,978 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. As at December 31, 2022, the Fund fully repaid these liabilities.

#### Financing construction of social facilities

During 2023, in accordance with the Shareholder's resolution on the construction of a Perinatal center in Astana, the Group recognised liabilities of 65,000 million tenge as other distributions to the Shareholder in the consolidated statement of changes in equity. As of December 31, 2023 the Group made repayment of liabilities in the amount of 19,149 million tenge.

During 2022, in accordance with the Shareholder's resolutions, the Fund recognized liabilities for financing of the construction of National coordination center for emergency medicine in Astana city with 200 beds and National Scientific Center of infectious diseases in Almaty city with 350 beds in the amount of 166,867 million tenge. During 2023 the Group made repayment of liabilities in the amount of 44,792 million tenge (during 2022: 104,028 million tenge).

In addition, during 2022, in accordance with the Shareholder's resolutions, the Fund recognized liabilities for financing of the construction of residential buildings for socially vulnerable segments of the population in Zhetysay region in the amount of 11,600 million tenge.

Also, during 2022, in accordance with the Shareholder's resolutions on the construction of a medical center in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities and paid for 10,199 million tenge and 2,398 million tenge, respectively.

### 19.5 Other transactions with the Shareholder

During the year ended December 31, 2023, in accordance with the Order of the President of the Republic of Kazakhstan on the construction of the multifunctional sport and recreation complex in Uralsk (hereinafter – "the Sport Complex") as a result of his working visit to the West Kazakhstan region dated March 9, 2023, the Group recognized an obligation for the construction of the Sport Complex for the total amount of 17,925 million tenge in the consolidated statement of changes in equity. The Group made an advance payment in the amount of 8,962 million tenge.

During the year ended December 31, 2022 the Group recognized the impairment of gas turbine power plant and water treatment assets of Karabatan Utility Solutions LLP in the amount of 14,077 million tenge, part of which in the amount of 9,877 million tenge was recognised in the consolidated statement of comprehensive loss and the balance of 4,201 million tenge was recognised in equity as Other transactions with the Shareholder, as part of assets related to assets of General Plant Infrastructure ("GPI"), which are subject to impairment.

## 19. EQUITY (CONTINUED)

### 19.6 Transfer of assets to the Shareholder

In accordance with the Shareholder's Order, the Group transferred an immovable property with the carrying amount of 3,796 million tenge to the President's Affairs Administration of the Republic of Kazakhstan. This transaction was reflected as a transfer of assets to the Shareholder in the consolidated statement of changes in equity.

### 19.7 Discount on loans from the Government

During the year ended December 31, 2023, the Fund placed bonds in the amount of 173,709 million tenge (Note 21). The difference between nominal and fair value in the amount of 38,435 million tenge was recognized as a discount on loans from the Government in the consolidated statement of changes in equity (Note 21).

During the year ended December 31, 2023, the Fund received loan in the amount of 162,600 million tenge (Note 21). The difference between nominal and fair value in the amount of 139,497 million tenge was recognized as a discount on loans from the Government in the consolidated statement of changes in equity (Note 21).

In 2022, the Fund made partial early repayment of bond obligations to the National Bank in the amount of 137 million tenge, and therefore recognized the amortization of the discount on loans from the Government in the amount of 78 million tenge as a decrease in equity in the consolidated statement of changes in equity.

In December 2022, the Fund placed bonds in the amount of 162,859 million tenge. The difference between nominal and fair value in the amount of 68,762 million tenge was recognized as a discount on loans from the Government in the consolidated statement of changes in equity (Note 21).

### 19.8 Change in ownership interests of subsidiaries – disposal of interest that does not result in the loss of control

#### KMG

In 2023 the Fund sold 20% shares of KMG to the "National Bank of the Republic of Kazakhstan" in the amount of 1,300,000 million tenge. As a result of the deal the Fund received proceeds of 1,300,000 million tenge, non-controlling interests increased by 2,096,861 million tenge, and the difference of 842,858 million tenge and 45,821 million tenge was recognized as decrease of currency translation reserve and increase of retained earnings attributable to the equity holder of the Parent, respectively.

On December 6, 2022, the Fund placed 3% shares of KMG on Kazakhstan Stock Exchange (KASE) and international Stock Exchange of Astana (AIX). The price per share is 8,406 tenge.

As a result of share issue, the Group received proceeds of 151,074 million tenge, net of transaction costs of 2,786 million tenge, non-controlling interests increased by 288,571 million tenge, and the difference of 128,297 million tenge and 9,470 million tenge was recognized as decrease of currency translation reserve and retained earnings attributable to the equity holder of the Parent, respectively.

#### KEGOC

In November 2023 as part of the SPO (secondary public offering) program, KEGOC conducted a secondary placement of ordinary shares totaling 15,294,118 shares at a price of 1,482 tenge on organized securities markets (KASE and AIX).

As a result of the secondary placement of shares, the Group received an amount of 22,123 million tenge, after deducting transaction expenses totaling 543 million tenge. The non-controlling interest increased by 16,916 million tenge, and the difference was recognized as an increase in retained earnings in the amount of 5,207 million tenge.

## 19.9 Non-controlling interests

The following tables illustrate information of subsidiaries in which there is significant non-controlling interests as at December 31:

	Non-controlling interests			
	2023		2022	
	Share	Carrying amount	Share	Carrying amount
NC KazMunayGas JSC	32.58%	3,319,477	12.58%	1,198,454
NAC Kazatomprom JSC	25.00%	862,335	25.00%	713,970
Kazakhtelecom JSC	19.15%	229,731	47.97%	393,372
KEGOC JSC	15%	55,160	10.00% – 1	30,741
Air Astana JSC	49.00%	47,522	49.00%	34,519
Other		94,304		132,960
		4,608,529		2,504,016

All significant subsidiaries with non-controlling interests are registered in Kazakhstan.

The following tables illustrate summarized financial information of subsidiaries, in which there are significant non-controlling interests as at December 31, 2023 and for the year then ended:

In millions of tenge	NC KazMunay-Gas JSC	Kazatomprom NAC JSC	Kazakhtelecom JSC	KEGOC JSC	Air Astana JSC
<b>Summarized statement of financial position</b>					
Non-current assets	13,505,675	1,308,584	1,265,576	483,938	430,146
Current assets	3,437,037	1,290,708	217,424	120,371	189,166
Non-current liabilities	5,014,097	160,213	390,631	198,049	315,072
Current liabilities	1,534,218	430,812	288,706	38,527	207,256
<b>Total equity</b>	<b>10,394,397</b>	<b>2,008,267</b>	<b>803,663</b>	<b>367,733</b>	<b>96,984</b>
<b>Attributable to:</b>					
Equity holder of the Parent	7,074,920	1,145,932	573,932	312,573	49,462
Non-controlling interests	3,319,477	862,335	229,731	55,160	47,522
<b>Summarized statement of comprehensive income</b>					
Revenue	8,319,543	1,434,635	669,468	252,136	533,071
Profit for the year	924,461	580,335	104,403	71,563	30,739
Other comprehensive (loss)/income	(117,847)	(357)	1,998	–	3,315
<b>Total comprehensive income for the year, net of tax</b>	<b>806,614</b>	<b>579,978</b>	<b>106,401</b>	<b>71,563</b>	<b>34,054</b>
<b>Attributable to:</b>					
Equity holder of the Parent	842,977	418,835	95,065	71,563	34,054
Non-controlling interests	(36,363)	161,143	11,336	–	–
<b>Dividends declared to non-controlling interests</b>					
	39,226	117,174	7,048	3,336	3,683
<b>Summarised cash flow information</b>					
Operating activity	966,144	432,225	240,883	67,265	122,738
Investing activity	(53,771)	(61,200)	(403,934)	(28,064)	(20,994)
Financing activity	(608,388)	(319,425)	(3,019)	(21,385)	(91,459)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>303,985</b>	<b>51,600</b>	<b>(166,070)</b>	<b>17,816</b>	<b>10,285</b>



## 19. EQUITY (CONTINUED)

### 19.9 Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries, in which there are significant non-controlling interests as at December 31, 2022 and for the year then ended:

In millions of tenge	NC KazMunay-Gas JSC	Kazatomprom NAC JSC	Kazakhtelecom JSC	KEGOC JSC	Air Astana JSC
<b>Summarized statement of financial position</b>					
Non-current assets	13,515,455	1,274,813	939,567	441,251	408,965
Current assets	3,135,308	947,720	347,166	112,679	169,752
Non-current liabilities	5,174,219	254,627	335,083	187,040	323,207
Current liabilities	1,603,094	271,403	221,043	59,477	185,064
<b>Total equity</b>	<b>9,873,450</b>	<b>1,696,503</b>	<b>730,607</b>	<b>307,413</b>	<b>70,446</b>
<b>Attributable to:</b>					
Equity holder of the Parent	8,674,996	982,533	337,235	276,672	35,927
Non-controlling interests	1,198,454	713,970	393,372	30,741	34,519
<b>Summarized statement of comprehensive income</b>					
Revenue	8,686,384	1,001,171	621,838	217,256	474,182
Profit for the year	1,317,319	472,963	128,753	65,140	37,583
Other comprehensive income/(loss)	468,745	(510)	(2,916)	-	5,240
<b>Total comprehensive income for the year, net of tax</b>	<b>1,786,064</b>	<b>472,453</b>	<b>125,837</b>	<b>65,140</b>	<b>42,823</b>
<b>Attributable to:</b>					
Equity holder of the Parent	1,756,410	347,590	111,202	65,140	42,823
Non-controlling interests	29,654	124,863	14,635	-	-
<b>Dividends declared to non-controlling interests</b>					
	(21,445)	(142,145)	(19,421)	(3,023)	-
<b>Summarised cash flow information</b>					
Operating activity	1,058,204	283,859	242,989	80,679	145,845
Investing activity	(1,624,864)	(10,893)	(105,733)	(31,209)	(27,797)
Financing activity	287,753	(268,877)	(119,945)	(33,058)	(101,769)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(278,907)</b>	<b>4,089</b>	<b>17,311</b>	<b>16,412</b>	<b>16,279</b>

### 19.10 Currency translation reserve

The currency translation reserve is used to record exchange differences arising from the translation of financial statements of the subsidiaries, whose functional currency is not tenge and whose financial statements are included in the consolidated financial statements. In 2023 foreign translation difference amounted to 204,939 million tenge before tax of 11,101 million tenge (2022: 747,358 million tenge before tax of 36,525 million tenge).

Certain borrowings of the Group denominated in US dollars were designated as hedge instrument for the net investment in the foreign operations. As at December 31, 2023 unrealized foreign currency gain of 46,478 million tenge resulting from translation of these borrowings were transferred to currency translation reserve recognized in other comprehensive income (2022: loss of 224,708 million tenge).

### 19.11 Hedge reserve

#### Air Astana JSC

In 2015 Air Astana JSC entered into a cash flow hedge with finance lease obligations denominated in US dollars, to reduce the risk of changes in sales revenue expressed in US dollars. In connection with the transition of the functional currency to US dollar, this hedge ceased to be economically effective from December 31, 2017.

As a result of the change, the hedge relationship has been discontinued so that starting from January 1, 2018 no further foreign currency translation gains or losses are transferred from profit or loss to hedge reserve, and the hedge reserve recognized in equity as at December 31, 2022 shall remain in equity until the forecasted revenue cash flows are received.

During 2023 amount reclassified from the hedging reserve to foreign exchange loss from inception of the hedge was 5,191 million tenge before tax of 1,038 million tenge (2022: 5,687 million tenge before tax of 1,137 million tenge). Hedge income attributable to non-controlling interests comprised 2,544 million tenge before tax of 509 million tenge (2022: 2,787 million tenge before tax of 557 million tenge).

#### KMG

The Group buys crude oil from the market, refines it and later sells the finished products (e.g.: gasoline, diesel, jet fuel etc.). Throughout a given period, the volatility associated with the oil market, both in crudes and in finished products, is transmitted to the Group's refinery margin (difference between the purchase price of crude oil and the selling price of finished products). To reduce this volatility, the Group hedges the margin with a swap on a hedged basket as relevant for the period.

For the year ended December 31, 2023, the effective part of 849 million tenge was recorded in the cash flow hedging reserve through other comprehensive income as net fair value gain on cash flow hedging instruments (for the year ended December 31, 2022: 11,872 million tenge as net fair value loss on cash flow hedging instruments). Hedge income attributable to non-controlling interests comprised 101 million tenge (2022: hedge loss attributable to non-controlling interests of 920 million tenge).

#### NC KTZh

On August 7, 2015, the Group hedged cash flows to reduce the risk of changes in tenge equivalent revenue denominated in Swiss Francs. The principal from Eurobonds issued on June 20, 2014 on the Swiss stock exchange and maturing on June 20, 2022 is used as hedging instrument, which is separately identifiable and reliably estimated. A highly probable revenue stream forecast relating to transit transportation in Swiss Francs, in particular, first sales received in the period from January 1 to June 20, 2022, is the hedged item in this hedging relationship.

As at December 31, 2022, hedge accounting was discontinued due to the receipt of revenue from freight transportation in international (transit) route, which is the hedge item, accordingly, the cumulative deferred loss attributable to this hedging instrument was reclassified from other comprehensive loss to revenue from freight transportation in the amount of 54,442 million tenge.

For the year ended December 31, 2022, the effective portion of 2,445 million tenge was allocated to the hedging reserve in other comprehensive income in the form of a net loss on the hedging instrument.

### 19.12 Other capital reserves

Other capital reserves include mainly remuneration of employees for the services rendered in the form of share-based payments with equity instruments of a subsidiary in which they are employed. The cost of equity-settled remunerations is recognized, together with a corresponding increase in other capital reserves, over the period in which performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award.

### 19.13 Book value and earnings per share

In accordance with the decision of the Exchange Board of Kazakhstan Stock Exchange JSC ("KASE") dated October 4, 2010 financial statements shall disclose book value per share (common and preferred) as of the reporting date, calculated in accordance with the KASE rules.

In millions of tenge	2023	2022 (restated)
Total assets	36,926,344	33,631,379
Less: intangible assets	(2,017,748)	(1,945,639)
Less: total liabilities	(15,189,029)	(13,837,957)
<b>Net assets for common shares</b>	<b>19,719,567</b>	<b>17,847,783</b>
Number of common shares as at December 31	3,481,968,620	3,481,961,409
Book value per common share, tenge	5,663	5,126
<b>Earnings per share</b>		
Net profit for the year attributable to Equity holder of the Parent	1,698,074	1,926,689
Weighted average number of common shares for basic and diluted earnings per share	3,481,963,068	3,481,961,408
Basic and diluted share in net profit for the period attributable to Equity holder of the Parent	487.68	553.33

\* Presentation of book value per common share is a non-IFRS measure required by KASE.

Basic earnings per share is calculated by dividing the profit or loss attributable to Equity holder of the Parent by the weighted average number of common shares during the year. The Group has no dilutive potential common shares, therefore, the diluted earnings per share equals the basic earnings per share.

## 20. BORROWINGS

As at December 31 borrowings, including interest payable, comprised the following:

In millions of tenge	2023	Weighted average effective interest rate	2022	Weighted average effective interest rate
<b>Fixed interest rate borrowings</b>	4,997,501		5,517,313	
Loans received	1,059,372	12.71%	1,041,195	11.12%
Debt securities issued	3,938,129	6.11%	4,476,118	6.70%
<b>Floating interest rate borrowings</b>	1,366,401		1,150,362	
Loans received	1,095,542	8.15%	900,560	9.85%
Debt securities issued	270,859	18.82%	249,802	15.63%
	6,363,902		6,667,675	
Less: amounts due for settlement within 12 months	(980,684)		(1,267,512)	
<b>Amounts due for settlement after 12 months</b>	5,383,218		5,400,163	

In millions of tenge	2023	2022
US dollar-denominated borrowings	3,682,629	3,859,503
Tenge-denominated borrowings	2,137,211	2,162,421
Swiss francs-denominated borrowings	256,070	125,349
Euro-denominated borrowings	223,659	96,589
Rubles-denominated borrowings	51,207	405,818
Other currency-denominated borrowings	13,126	17,995
	6,363,902	6,667,675

As at December 31, the bonds comprised:

In millions of tenge	Issuance amount	Redemption date	Effective interest rate	December 31, 2023	December 31, 2022
<b>Bonds</b>					
Bonds LSE 2018	1.5 billion USD	2048	6.375%	669,582	681,014
Bonds LSE 2018	1.25 billion USD	2030	5.375%	562,142	571,508
Bonds LSE 2017	1.25 billion USD	2047	5.75%	552,309	561,160
Bonds LSE 2017	1 billion USD	2027	4.75%	454,060	460,655
Bonds LSE 2020	750 million USD	2033	3.50%	336,780	340,415
Bonds ISE 2017	750 million USD	2027	4.448%	323,208	328,757
Bonds KASE 2019	0.3 billion KZT	2034	11.50%	308,433	308,433
Bonds LSE 2021	500 million USD	2026	2.36%	225,947	229,241
Bonds KASE 2022	118.9 billion KZT	2024	TONIA Compounded 6M + 3% margin	129,491	128,216
Bonds KASE 2019	70 billion KZT	2024	4%	82,746	84,161
Bonds KASE 2019	80 billion KZT	2026	11.50%	80,262	80,244
Bonds KASE 2018	75 billion KZT	2024	9.25%	76,831	76,831
Bonds KASE 2016	50 billion KZT	2026	Inflation rate + 2.52%	56,302	53,750
Bonds KASE 2016	47.5 billion KZT	2031	17.28%	52,769	51,630
Bonds LSE 2018	500 million USD	2025	4.75%	-	232,586
Bonds KASE 2020	129 billion tenge	2023	10.90%	-	100,041
Bonds SIX Swiss Exchange 2018	170 million Swiss Francs	2023	3.25%	-	84,925
Other	-	-	-	298,126	352,353
<b>Total</b>				<b>4,208,988</b>	<b>4,725,920</b>

### Loans received

In 2023, the Group received Syndicated loan (Unicredit Tiriak Bank, ING Bank, BCR, Raiffeisen Bank) used to finance its working capital for the total amount of 307 million US dollars (equivalent to 140,232 million tenge), on a net basis.

In 2023, the Group received a loan from Bank of Tokyo-Mitsubishi UFJ. Ltd to finance working capital in the amount of 101 million US dollars (equivalent to 45,855 million tenge), on a net basis, at the rate of COF (5.37%) + 1.80% per annum and maturity in 2024.

In 2023, the Group made full repayment of the loan from VTB Bank (PJSC) in the amount of 58,010 million Russian Roubles (equivalent to 294,841 million tenge), including accrued interest.

In 2023, the Group under the Master Framework Agreement with Societe Generale and Natixis under the guarantee of export credit agency BPIfrance dated February 23, 2023 to finance the acquisition of freight and passenger locomotives for a total amount of 627 million euro, borrowed 329 million euro (equivalent to 162,473 million tenge) (including the BPIfrance premium). Loan interest is paid semi-annually at Euribor 6m + 1.15% margin. Principal is repaid semi-annually until full repayment in 2034.

In November 2023, the Group under the credit agreement with Citibank and Santander and the guarantee of MIGA, dated September 19, 2023 to finance the acquisition of electric locomotives, passenger carriages, capital and current repairs of railway tracks, borrowed 513 million Swiss francs (equivalent to 264,633 million tenge) (including the MIGA premium). Loan interest is paid semi-annually at SARON 6m + 0.95%. Principal is repaid semi-annually until full repayment in 2033. The grace period for repayment of principal debt is 1 year.

In 2023, a subsidiary of the Group, Atyrau Refinery LLP (further Atyrau refinery), partially repaid loans from Halyk Bank of Kazakhstan JSC for a total amount of 102,674 million tenge, respectively, including interest.

In 2023, the Group under the loan agreement with EDB dated May 11, 2023 to finance the acquisition of freight diesel locomotives for a total amount of 17,685 million Russian Roubles borrowed 10,045 million Russian Roubles (equivalent to 50,345 million tenge). Loan interest is paid semi-annually at 7.8%. Principal is repaid semi-annually until full repayment in 2034.

On April 24, 2023, the Group received a loan in the amount of 138,172 million tenge from Halyk Bank of Kazakhstan JSC to finance the construction of a power plant based on a combined cycle gas plant in the Turkestan region with a credit limit of 188,427 million tenge. Interest at a rate of 18.5% per annum is payable quarterly until December 29, 2032, starting from the second quarter of 2025.

In 2023, based on the notification of the Ministry of Energy of RK on the termination of the subsoil use contract, the Group derecognized the loan of Eni Isatai B.V. for the Isatai project in the amount of 4,377 million tenge (Note 32).

### Debt securities issued

On April 26, 2023, the Group made an early repayment of Eurobonds in the amount of 501 million US dollars (equivalent to 227,520 million tenge), including premium for early repayment and coupon payment with an interest rate of 4.75% and maturity in 2025.

### Covenants

Under the terms of some loan agreements, respective subsidiaries of the Group are obliged to comply with certain covenants. The Group reviews compliance with all the Group loan covenants at each reporting date.

### Loan received from Halyk Bank of Kazakhstan JSC

In March 2022, the Group represented by its subsidiary JV Alaigyr LLP entered into a credit line agreement with Halyk Bank of Kazakhstan JSC for a total amount of 56,000 thousand US dollars. Repayment of interest and principal on the credit line is made monthly, while the principal debt is paid starting from 2024. The loan was classified as a short-term due to early repayment clause.

JV Alaigyr LLP has certain financial and non-financial covenants in accordance with the terms of the credit line. In accordance with the terms of the covenants, among other conditions, the lender has the right to demand repayment of loans in advance. As of December 31, 2023, the JV Alaigyr LLP did not comply with the covenants on maintaining the debt-equity ratio in the project financed under the contract and confirming the attraction of funds to the Group in the amount necessary to complete the project financed under the contract.

On December 29, 2023, the JV Alaigyr LLP received a confirmation letter from Halyk Bank of Kazakhstan JSC that there was no breach of the above covenants. In addition, on January 26, 2024, the Group received a letter from Halyk Bank of Kazakhstan JSC to postpone the covenants until July 1, 2024.

As of December 31, 2023 and as of December 31, 2022 the Group complied with all financial and non-financial covenants under loan agreements, except those mentioned above.

## 20. BORROWINGS (CONTINUED)

### Covenants (continued)

#### Loan received from Halyk Bank of Kazakhstan JSC (continued)

The carrying amounts of loans from the Fund and the Group's subsidiaries are presented below:

In millions of tenge	2023	2022
NC KMG and its subsidiaries	3,281,937	3,708,949
NC KTZh and its subsidiaries	1,348,931	1,098,347
Qazaq Gaz and its subsidiaries	375,947	492,188
The Fund	346,741	519,370
Kazakhtelecom and its subsidiaries	248,820	205,305
Samruk-Energy and its subsidiaries	190,448	190,790
KEGOC and its subsidiaries	163,535	156,352
CCGT Turkistan LLP	156,521	-
EGRES-2	97,017	97,834
NAC KAP and its subsidiaries	86,252	138,270
NMC TKS and subsidiaries	66,772	52,319
Other subsidiaries of the Fund	981	7,951
<b>Total borrowings</b>	<b>6,363,902</b>	<b>6,667,675</b>

Changes in borrowings are as follows:

In millions of tenge	2023	2022
<b>Balance as at January 1</b>	6,667,675	7,862,692
Received by cash*	1,218,171	1,178,196
Interest accrued	465,318	487,882
Discount	(1,090)	(332)
Interest capitalized (Note 8)	64,557	74,087
Interest paid	(503,416)	(540,453)
Repayment of principal*	(1,535,865)	(1,618,601)
Purchase of property plant and equipment financed by borrowings	114,106	5,706
Transfer to assets classified as held for sale or distribution to the Shareholder (Note 7)	(187)	(941,587)
Amortization of discount	19,948	17,347
Foreign currency translation	(132,183)	406,629
Derecognition of loan (Note 32)	(4,377)	-
Return of insurance premium in cash	-	7,370
Commission for the early redemption of the loan	-	4,498
Repayment of principal and interest by reserved cash	-	(259,459)
Other	(8,755)	(16,300)
<b>Balance as at December 31</b>	<b>6,363,902</b>	<b>6,667,675</b>

\* The amounts are not reconciled to cash flows shown within financing activities of the consolidated statement of cash flows, as do not contain the changes with respect to liabilities associated with assets classified as held for sale.

## 21. LOANS FROM THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN

As at December 31 loans from the Government of the Republic of Kazakhstan comprised the following:

In millions of tenge	Redemption date	Effective interest rate	2023	2022
Bonds acquired by the National Bank of the Republic of Kazakhstan using the assets of the National Fund	2035-2063	5.56-13.99%	836,941	672,208
Loans from the Government of the Republic of Kazakhstan	2029-2046	5.15-11.59%	35,905	11,396
			872,846	683,604
Less: amounts due for settlement within 12 months			(11,028)	(3,760)
<b>Amounts due for settlement after 12 months</b>			<b>861,818</b>	<b>679,844</b>

The change in loans from the Government of the Republic of Kazakhstan are represented as follows:

In millions of tenge	2023	2022
<b>Balance as at 1 January</b>	683,604	579,369
Received by cash	336,309	162,859
Interest accrued	13,758	17,364
Interest capitalized (Note 8)	19,621	-
Discount (Note 19.7)	(177,932)	(68,684)
Interest paid*	(26,696)	(17,448)
Repayment of principal	(891)	(10,776)
Amortisation of discount	25,073	20,920
<b>Balance as at 31 December</b>	<b>872,846</b>	<b>683,604</b>

\* Cash repayments of certain borrowings obtained by the Fund are included within cash flows from operating activities because these borrowings are part of the Fund's main activity of assets management.

### Bonds acquired by the National Bank of the Republic of Kazakhstan

During the year ended December 31, 2023 the Fund placed bonds in the amount of 173,709 million tenge for financing the construction of the second tracks of the Dostyk-Moiynty railway section, aimed at increasing the transit and export potential of the country. The bonds were purchased by the National Bank of the Republic of Kazakhstan funded by the National Fund. The fair value of consideration received was 135,274 million tenge. The difference between nominal and fair value of the bond in the amount of 38,435 million tenge was recognized as a discount on loan from the Government in the consolidated statement of changes in equity (Note 19.7).

In February 2022, in accordance with the corporate decisions made by the Fund and with the edition of the Rules on proceeds to the National Fund of the Republic of Kazakhstan from transfer of assets of national managing holdings, national holdings, national companies and their subsidiaries, affiliates and other legal entities affiliated with them to the competitive environment approved by the Resolution of the Government of the Republic of Kazakhstan No. 323 dated 4 June 2018, effective on the redemption date, the Fund made a partial early redemption of bonds at par value in the amount of 137 million tenge which was carried out within the eleventh bond issue of the Fund purchased by the National Bank of the Republic of Kazakhstan. In this regard, the Fund recognized amortization of discount on loans from the Government in the amount of 78 million tenge in the consolidated statement of changes in equity (Note 19.7).

In December 2022, Fund's bonds issue in the amount of 542,863 million tenge with an annual coupon of 7.37% per annum was registered. On December 30, 2022, the Fund's bonds were placed in the amount of 162,859 million tenge. The bonds were purchased by the National Bank of the Republic of Kazakhstan at the expense of the National Fund. The funds received from the sale of these bonds were used to provide a loan to NC KTZh in order to finance the construction of the second tracks of the Dostyk-Moiynty railway section with a total length of 836 km, aimed at increasing the transit and export potential of the country. The fair value of consideration received was 94,097 million tenge. The difference between nominal and fair value of the bond in the amount of 68,762 million tenge was recognized as a discount on loan from the government in a consolidated statement of changes in equity (Note 19.7).

### Other loans from the Government

During the year ended December 31, 2023, in accordance with the Law of the Republic of Kazakhstan "On Republican budget for 2023-2025" dated December 1, 2022, the Fund received loan from the Ministry of Finance of the Republic of Kazakhstan in the total amount of 162,600 million tenge with an interest rate of 0.05% and maturity of 30 years. The fair value of consideration received was 23,103 million tenge. The difference between nominal and fair value of the bond in the amount of 139,497 million tenge was recognized as a discount on loan from the Government in the consolidated statement of changes in equity (Note 19.7).

## 22. PROVISIONS

As at December 31 provisions comprised the following:

In millions of tenge	Asset retirement obligations	Provision for environmental remediation	Provision for taxes	Provision for aircraft maintenance	Other	Total
Provision at January 1, 2022	346,420	68,194	17,727	54,910	55,491	542,742
Foreign currency translation	9,164	3,286	238	4,030	2,928	19,646
Change in estimate	(162,695)	4,514	(3,169)	(947)	2,644	(159,653)
Unwinding of discount	21,440	5,892	-	-	224	27,556
Provision for the year	60,973	12,084	3,740	38,146	48,846	163,789
Use of provision (restated)	(161)	(5,594)	(2,937)	(8,402)	(12,021)	(29,115)
Reversal of unused amounts	(61)	(392)	(1,327)	-	(855)	(2,635)
<b>Provision at December 31, 2022</b>	<b>275,080</b>	<b>87,984</b>	<b>14,272</b>	<b>87,737</b>	<b>97,257</b>	<b>562,330</b>
Foreign currency translation	(1,506)	(1,062)	(44)	(1,507)	(1,109)	(5,228)
Change in estimate	6,162	(1,350)	(548)	-	(155)	4,109
Transfer to liabilities associated with assets classified as held for sale or distribution to the Shareholder (Note 7)	-	-	-	(115,362)	-	(115,362)
Additions through business combinations (Note 5)	4,346	-	-	-	-	4,346
Unwinding of discount	26,137	2,926	-	1,536	162	30,761
Provision for the year	67,092	3,796	787	40,476	58,561	170,712
Use of provision	(1,616)	(5,168)	(366)	(11,532)	(26,257)	(44,939)
Reversal of unused amounts	(367)	(4,619)	(5,651)	(1,348)	(29,609)	(41,594)
Other changes	-	-	-	-	2,380	2,380
<b>Provision at December 31, 2023</b>	<b>375,328</b>	<b>82,507</b>	<b>8,450</b>	<b>-</b>	<b>101,230</b>	<b>567,515</b>

Current portion and non-current portion of provisions are presented as follows:

In millions of tenge	Asset retirement obligations	Provision for environmental remediation	Provision for taxes	Provision for aircraft maintenance	Other	Total
Current portion (restated)	8,795	10,829	14,272	33,165	88,058	155,119
Non-current portion	266,285	77,155	-	54,572	9,199	407,211
<b>Provision at December 31, 2022</b>	<b>275,080</b>	<b>87,984</b>	<b>14,272</b>	<b>87,737</b>	<b>97,257</b>	<b>562,330</b>
Current portion	9,081	7,056	8,450	-	71,866	96,453
Non-current portion	366,247	75,451	-	-	29,364	471,062
<b>Provision at December 31, 2023</b>	<b>375,328</b>	<b>82,507</b>	<b>8,450</b>	<b>-</b>	<b>101,230</b>	<b>567,515</b>

### Other provisions

During the year ended December 31, 2023 the Group recognized the provision for payment of compensation for the unauthorised volume of uranium, which relates to MC Ortalyk LLP. In October 2017, MC Ortalyk LLP obtained a contract for uranium exploration at Zhalpak field for a period up to May 31, 2018. In May 2018, the Ministry of Energy of the RK (hereinafter ME of RK) agreed to extend the exploration period under the contract until December 31, 2022 for performing evaluation works. However, the approval process of evaluation works by the ME of RK was delayed. Test production was stopped in April 2020. The volume of unauthorised uranium at the Zhalpak field for the period from June 2018 to April 2020 amounted to 162,454 tons. In early 2023 the issue of paying compensation for the unauthorised volume of uranium began to be actively discussed with the government authorities. As a result, on August 15, 2023 MC Ortalyk LLP paid a compensation of 11,404 million tenge to the government for unauthorized volume of uranium.

During the year ended December 31, 2023 the Group recognized an obligation for construction of the Sport Complex for the total amount of 17,925 million tenge (Note 19.5).

As at December 31, 2023 other provisions included provision for gas transportation of 33,226 million tenge (as at December 31, 2022: 33,817 million tenge), and the obligation for construction of the Sport Complex of 17,925 million tenge.

## 23. LEASE LIABILITIES

The Group has leases for various items of property, plant and equipment, mainly aircraft.

During the years from 2012 to 2014, Air Astana JSC (further – Air Astana), a subsidiary of the Group, acquired 10 (ten) aircraft under fixed-interest lease agreements with transfer of title. The lease term for each aircraft is 12 (twelve) years. Air Astana has the option to purchase each aircraft for a nominal amount at the end of the lease. For other aircraft lease contracts are concluded for eight years without repurchase options at the end of the lease terms.

As at December 31, 2023 Air Astana has 5 (five) Airbus and 3 (three) Boeing 767 aircraft under fixed interest lease agreements with transfer of title (2022: 5 (five) Airbus and 3 (three) Boeing 767 aircraft).

Loans provided by financial institutions to the lessors in respect of five new Airbus aircraft which were delivered during 2012 and 2013 were guaranteed by European Export Credit Agencies while three Boeing 767 aircraft which were delivered in 2013 and 2014 were guaranteed by the US Export Import Bank.

The Group's leases with transfer of title are subject to certain covenants. These covenants impose restrictions in respect of certain transactions, including, but not limited to restrictions in respect of indebtedness. Certain lease agreements with transfer of title include covenants as regards to change of ownership of the Group. These requirements have been met as at December 31, 2023 and 2022.

All other aircraft leases other than described above are contracted without the right for purchase at the end of the lease term.

Air Astana's obligations under leases are secured by the lessors' title to the leased assets. These assets have a carrying value of 333,934 million tenge (December 31, 2022: 330,418 million tenge).

As at December 31, 2023 interest calculation was based on effective interest rates ranging from 6.72% to 18.87% (December 31, 2022: from 8% to 17.3%).

As at December 31 future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

In millions of tenge	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	2023	2022
Within one year	94,648	176,622	70,906	138,192
Two to five years inclusive	247,169	474,013	160,297	361,654
After five years	259,758	197,364	121,874	121,314
	601,575	847,999	353,077	621,160
Less: amounts representing finance costs	(248,498)	(226,839)	-	-
<b>Present value of minimum lease payments</b>	<b>353,077</b>	<b>621,160</b>	<b>353,077</b>	<b>621,160</b>
Less: amounts due for settlement within 12 months			(70,906)	(138,192)
<b>Amounts due for settlement after 12 months</b>			<b>282,171</b>	<b>482,968</b>

The Air Astana lease obligations are denominated in US dollars.

Changes in lease liabilities are as follows:

In millions of tenge	2023	2022
<b>Balance as at January 1</b>	621,160	509,661
Interest paid	(48,016)	(48,040)
Repayment of principal	(161,898)	(153,822)
Interest accrued (Note 31)	58,190	53,565
Foreign currency translation	(6,876)	23,279
Additions of leases	168,259	230,622
Transfer to liabilities associated with assets classified as held for sale or distribution to the Shareholder (Note 7)	(326,780)	-
Lease agreement termination	(17,012)	(7,856)
Lease agreement modification	68,074	11,113
Other	(2,024)	2,638
<b>Balance as at December 31</b>	<b>353,077</b>	<b>621,160</b>

## 24. OTHER NON-CURRENT FINANCIAL AND OTHER LIABILITIES

As at December 31 other current liabilities comprised the following:

In millions of tenge	2023	2022
<b>Other financial liabilities</b>		
Derivative financial instruments	35,719	565
Obligations under guarantee agreements	30,171	33,924
Accounts payable	13,997	10,440
Historical costs associated with obtaining subsoil use rights	7,054	7,741
Other	14,773	13,948
<b>Other non-financial liabilities</b>		
Government grant liability	73,272	45,693
Contract liabilities to customers	52,516	56,578
Advances received and deferred income	4,788	5,287
Other	1,758	4,504
	234,048	178,680

### Derivative financial instruments

In October-November 2022, the Group's subsidiary, NC KTZh, entered into agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) cross-currency swap transactions to manage the exposure to foreign exchange risk of borrowings denominated in US Dollars.

NC KTZh pays a fixed amount of Swiss Francs in exchange for a fixed amount of US Dollars. The payment of these fixed amounts in Swiss Francs is a manage of the foreign exchange risk of borrowings, as NC KTZh has a share of revenue denominated in Swiss Francs. These derivative financial instruments are not designated into hedging relationships.

During 2023, as part of the cross-currency swap transactions, the Group received cash from J.P. Morgan Securities plc. (UK), Societe Generale SA (France) and Citibank London in the amount of 17,478,556 US Dollars (8,146 million tenge) and 4,485,525 Swiss Francs (2,345 million tenge).

As at December 31, 2023, the fair value of derivative financial instruments, accounted at fair value through profit or loss, under agreements with Societe Generale SA (France), Citibank London and J.P. Morgan Securities plc. (UK) in the amount of 78,578,766 US Dollars (35,719 million tenge) was recognised within non-current financial liabilities (December 31, 2022: within other non-current financial assets of 58,693 US Dollars (27 million tenge) and within non-current financial liabilities of 1,220,034 US Dollars (564 million tenge)). The change in fair value of derivative financial instruments for the year ended December 31, 2023 was recognised in finance costs of 35,182 million tenge.

### Government grant liability

In 2021 the Government of the Republic of Kazakhstan approved the changes to the Rules for the assignment of frequency bands, radio frequencies, operation of radio-electronic means and high-frequency devices ("the Rules"), based on which the Group is eligible for government grants in form of 90% reduction in the annual fee for use of radio frequencies from January 1, 2020 till January 1, 2025. The government grants are subject to conditions, namely financing of the projects related to broadband internet in rural and urban areas. If the financing of the projects related to broadband internet is lower than the amount of the tax incentive received, the Group should pay the annual fee equal for use of radio frequencies to the amount of unfulfilled obligations to the authorities. These government grant liabilities are included in Communication segment in these consolidated financial statements.

The funds released as a result of reduction in the annual fee for use of radio frequencies for 2023 in the amount of 22,778 million tenge were used by the Group for the purchase and construction of broadband internet access networks. Government grants related to assets are recognized as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset. As of December 31, 2023 the balance of government grants related to Communication segment was equal to 40,176 million tenge (as of December 31, 2022: 26,858 million tenge), and part of these government grants released to the profit and loss over the period necessary to match the related depreciation charges equal to 9,460 million tenge.

## 25. TRADE AND OTHER PAYABLES, AND OTHER CURRENT FINANCIAL AND OTHER LIABILITIES

As at December 31 trade accounts payable comprised the following:

In millions of tenge	2023	2022 (restated)
Trade accounts payable	1,210,558	893,392
Accounts payable for the supply of property, plant and equipment	341,397	198,991
Other accounts payable	45,660	34,467
	1,597,615	1,126,850

As at December 31, trade accounts payable were expressed in the following currencies:

In millions of tenge	2023	2022 (restated)
Tenge-denominated trade accounts payable	649,265	407,055
US dollar-denominated trade accounts payable	470,228	350,261
Other currency-denominated trade accounts payable	91,065	136,076
	1,210,558	893,392

As at December 31 other current liabilities comprised the following:

In millions of tenge	2023	2022 (restated)
<b>Other financial liabilities</b>		
Obligations to the Shareholder on the financing of social projects	172,982	127,276
Vacation and other employee benefits allowance	154,041	132,305
Amounts due to customers	80,054	46,208
Due to employees	52,572	49,759
Payable under repo transactions	9,595	20,469
Obligations under guarantee agreements	4,445	1,608
Historical costs associated with obtaining subsoil use rights	2,676	3,453
Dividends payable	1,043	2,797
Other	55,634	51,996
<b>Other non-financial liabilities</b>		
Liabilities under agency agreements	496,331	-
Contract liabilities to customers	287,048	313,338
Other taxes payable	194,576	213,128
Liabilities under inventory loan agreements	91,151	19,147
Pension and social contributions liabilities	31,742	27,578
Advances received and deferred income	16,382	27,169
Government grant liability	11,708	8,967
Amounts due under uranium swap contracts	-	4,709
Joint operations liabilities	-	4,569
Other	21,380	19,798
	1,683,360	1,074,274

### Liabilities on financing of other social projects

In 2023, based on the resolutions of the Shareholder, the Fund recognized liability due to Public Foundation and obligations on financing of various social projects in the total amount of 154,927 million tenge (2022: 202,445 million tenge) (Notes 19.3, 19.4).

Actual amount of cash paid during 2023 totaled to 117,321 million tenge (2022: 130,404 million tenge).

## 25. TRADE AND OTHER PAYABLES, AND OTHER CURRENT FINANCIAL AND OTHER LIABILITIES (CONTINUED)

### Liabilities under agency agreements

During 2023 the Group entered into agency agreements with local authorities for the implementation of the pilot national project "Comfortable School" ("national project") on construction of secondary education facilities. The Group acts as an agent under IFRS 15.

The liabilities under the agency agreements represent the amounts received from local authorities, which are to be further transferred by the Group to the construction companies (Note 17), that are responsible for construction of secondary education facilities under the national project.

### Liabilities under inventory loan agreements

In 2020 the Group obtained uranium under commodity loans totalling 21.9 million US Dollars. A liability was initially recognised to return inventory at a cost of 8,597 million tenge. This liability is subsequently remeasured in accordance with changes in uranium spot prices and exchange rates. In 2023 the Group returned uranium under inventory loan agreements by purchasing it from third party.

The Group borrowed 886 tones of natural uranium from ANU Energy OEIC Ltd. due for return at December 31, 2023. In December 2023 the Group has returned 38 tones and extended the due date of agreement until the end of March 2024. As at December 31, 2023 the fair value of liability under inventory loan agreement was 91,151 million tenge, revaluation loss for the year recorded in other operating loss amounted to 37,977 million tenge (2022: revaluation loss of 1,906 million tenge).

## 26. REVENUE

Revenue comprised the following for the years ended December 31:

In millions of tenge	2023	2022 (restated)
<b>Revenue from contracts with customers:</b>		
Sales of crude oil	4,614,945	4,585,784
Sales of oil refined products	2,679,801	3,251,802
Railway cargo transportation	1,677,659	1,286,854
Sales of uranium products	1,391,438	964,390
Sales of gas products	987,297	895,318
Sales of refined gold	812,527	943,458
Telecommunication services	668,530	619,869
Air transportation	548,804	492,231
Electricity complex	448,999	428,191
Oil and gas transportation fee	319,978	296,445
Oil processing fees	248,058	204,390
Electricity transmission services	197,436	183,646
Railway passenger transportation	105,570	91,365
Sales of test products (Note 7)	63,427	8,966
Postal services	50,405	45,920
Other revenue	482,169	429,148
	15,297,043	14,727,777
Rental income	88,283	39,525
Interest revenue	48,679	47,845
	15,434,005	14,815,147

In millions of tenge	2023	2022
<b>Geographical markets</b>		
Kazakhstan	5,981,665	5,416,365
Other countries	9,315,378	9,311,412
	15,297,043	14,727,777

## 27. COST OF SALES

Cost of sales comprised the following for the years ended December 31:

In millions of tenge	2023	2022 (restated)
Materials and supplies	6,455,824	6,614,061
Personnel costs, including social taxes and withdrawals	1,679,910	1,362,694
Depreciation, depletion and amortization	1,166,315	1,017,700
Fuel and energy	550,822	562,856
Production services rendered	417,286	340,933
Repair and maintenance	389,665	345,906
Taxes other than social taxes and withdrawals	202,551	176,766
Mineral extraction tax	195,212	192,590
Transportation expenses	138,573	44,732
Short-term rent	118,566	93,068
Interest expense	58,777	58,710
Communication services	49,145	48,633
Security services	38,638	31,786
Other	312,166	410,457
	11,773,450	11,300,892

## 28. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprised the following for the years ended December 31:

In millions of tenge	2023	2022 (restated)
Personnel costs, including social taxes and withdrawals	269,343	247,597
Audit and consulting services	33,038	31,469
Depreciation and amortization	32,905	36,695
Taxes other than social taxes and withdrawals	28,834	30,569
Other services by third parties	26,139	20,898
Compensation payment for uranium mined without license (Note 22)	16,084	7,310
Repair and maintenance	11,469	8,496
Business trips	8,519	6,492
Sponsorship and charitable donations	6,800	213
Short-term rent	5,251	5,344
Insurance	4,658	4,541
Utilities expenses and maintenance of buildings	4,536	4,406
Professional education and advanced trainings	3,905	3,629
Transportation services	3,020	2,797
Communication services	2,452	3,426
Bank services	2,113	2,445
Fines and penalties	755	7,022
Other	66,560	60,463
	526,381	483,812

## 29. TRANSPORTATION AND SELLING EXPENSES

Transportation and selling expenses comprised the following for the years ended December 31:

In millions of tenge	2023	2022
Transportation	488,491	448,378
Rent tax	138,986	215,765
Custom duties	115,965	134,249
Commission fees to agents and advertising	31,560	23,063
Personnel costs, including social taxes and withdrawals	28,601	23,918
Depreciation and amortization	19,085	20,330
Rent expenses	9,265	7,112
Other	38,545	34,054
	870,498	906,869

### 30. IMPAIRMENT LOSS

Impairment loss comprised the following for the years ended December 31:

In millions of tenge	2023	2022
Impairment of property, plant and equipment, exploration and evaluation assets and intangible assets (Notes 8, 9, 10)	262,167	55,533
Impairment/(reversal) of VAT receivable, net	27,606	(476)
Impairment of investments in joint ventures and associates (Note 11)	5,073	660
Impairment of assets held for sale	23	14,401
Other	30,938	1,564
	<b>325,807</b>	<b>71,682</b>

For the following non-current assets impairment losses were recognised for years ended:

In millions of tenge	2023	2022
<b>Impairment and write-off expenses</b>		
CGUs of KMGi (Note 4)	97,636	-
Kairan and Aktoty project	74,255	-
Jenis project	40,244	-
Objects of the unfinished construction of power unit No. 3. (Note 4)	13,216	-
Liman project	8,847	-
Ereymentau Wind Power assets (Note 4)	4,913	-
Southern Urikhtay project	4,876	8,895
Polymer Production LLP	2,955	7,096
Sultankuduk, Moldybay, Kaskynbay, Koskuduk fields	2,868	5,893
Isatay project	93	3,172
JV Alaigyr LLP	-	13,296
Gas turbine power plant and water treatment assets	-	9,876
Barys, Berkut, Beket Ata and Turkistan sea vessels	-	1,801
Other	12,264	5,504
	<b>262,167</b>	<b>55,533</b>

#### Kairan and Aktoty project

During the year ended December 31, 2023 the Group recognized impairment loss of 74,255 million tenge on exploration and evaluation assets relating to Kairan and Aktoty project due to the notification of termination of the subsoil use right for the mentioned mining areas received from the Ministry of Energy of the RK.

#### Jenis project

During the year ended December 31, 2023 the Group recognized impairment loss of 40,244 million tenge on exploration and evaluation assets relating to Jenis project due to negative drilling results indicating the absence of hydrocarbons in the well.

#### Southern Urikhtay project

For the year ended December 31, 2023, the Group has recognized impairment of exploration and evaluation assets in the amount of 4,876 million tenge of the Urikhtay, due to the expiration of the subsoil use contract.

#### Polymer Production assets

For the year ended December 31, 2023, the Group has recognized impairment of property, plant and equipment of Polymer Production in the amount of 2,955 million tenge in accordance with the recoverability analysis.

### 31. FINANCE COSTS

Finance costs comprised the following for the years ended December 31:

In millions of tenge	2023	2022
Interest on loans and debt securities issued	520,793	497,666
Interest on lease liabilities (Note 23)	58,190	53,565
Revaluation loss on financial assets at fair value through profit/loss	45,374	39,796
Discount on provisions and other payables	43,101	31,999
Discount on assets at rates below market	12,520	5,471
Financial guarantees	1,695	1,512
Other	28,274	23,980
	<b>709,947</b>	<b>653,989</b>

### 32. FINANCE INCOME

Finance income comprised the following for the years ended December 31:

In millions of tenge	2023	2022 (restated)
Interest income on amounts due from credit institutions and cash and cash equivalents	309,175	176,212
Interest income from loans and financial assets	108,890	43,634
Revaluation gain on financial assets at fair value through profit/loss	47,041	38,400
Derecognition of loan (Note 20)	4,377	-
Income from financial guarantees	2,513	8,096
Income from subsidized interest rates on financial liabilities	2,220	31,398
Discount on liabilities at rates below market	1,090	805
Other	11,058	22,438
	<b>486,364</b>	<b>320,983</b>

### 33. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

Share in profit/(loss) of joint ventures and associates comprised the following for the years ended December 31:

In millions of tenge	2023	2022 (restated)
<b>Joint ventures</b>		
Tengizchevroil LLP	340,884	742,660
Asia Gas Pipeline LLP	268,632	276,653
Beineu Shymkent Gas Pipeline LLP	52,927	50,837
Petrosun LLP	46,567	23,184
Mangistau Investments B.V.	38,255	48,486
KazRosGas LLP	32,324	554
KazGerMunay LLP	20,983	20,530
Kazakhstan – China Pipeline LLP	18,720	16,783
Valsera Holdings B.V. Group	17,296	21,009
Ural Group Limited BVI	(47,006)	(11,470)
Other	38,004	38,733
<b>Associates</b>		
Caspian Pipeline Consortium JSC	64,358	117,763
JV South Mining Chemical Company LLP	34,171	18,528
JV KATCO LLP	33,315	47,593
Kazzinc LLP	(50,868)	(6,528)
Other	36,517	44,074
	<b>945,079</b>	<b>1,449,389</b>

## 34. INCOME TAX EXPENSES

Income tax expenses comprised the following for the years ended December 31:

In millions of tenge	2023	2022 (restated)
<b>Current income tax expenses</b>		
Corporate income tax ("CIT")	610,694	455,708
Withholding tax on dividends and interest income	92,630	55,314
Excess profit tax	838	2,573
<b>Deferred income tax expense/(benefit)</b>		
Corporate income tax ("CIT")	71,215	145,467
Withholding tax on dividends and interest income	(33,376)	113,331
Excess profit tax	(10,392)	239
<b>Income tax expenses</b>	<b>731,609</b>	<b>772,632</b>

The Romanian government introduced a solidarity contribution on profits in the fossil fuel sector by Emergency Ordinance No. 186 issued on December 28, 2022. The solidarity contribution is payable by companies operating in the crude oil, natural gas, coal, and refinery sectors on taxable profits of 2022 and 2023 exceeding 120% of the average taxable profit of the preceding four years, 2018 to 2021, at a rate of 60%. If the average taxable profit related to the period 2018-2021 is negative, for the purpose of calculating the solidarity contribution, it is considered that the average taxable profit is equal to zero. As of December 31, 2023, KMGJ recognized income tax in the amount of 31.1 million US dollars (equivalent to 14,141 million tenge) (2022: 124.9 million US dollars, equivalent to 57,584 million tenge).

A reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (20% in 2023 and 2022) to income tax expenses was as follows for the years ended December 31:

In millions of tenge	2023	2022 (restated)
Accounting profit before income tax	2,859,692	3,146,696
<b>Income tax expenses on accounting profit</b>	<b>571,938</b>	<b>629,339</b>
Tax effect of other items, which are not deductible	87,355	101,881
Change in unrecognized deferred tax assets	(28,117)	(43,142)
Effect of different corporate income tax rates	74,413	89,756
Excess profit tax	(9,554)	2,812
Share in non-taxable profit of joint ventures and associates	(133,736)	(176,192)
Other differences	169,310	168,178
<b>Total corporate income tax expenses</b>	<b>731,609</b>	<b>772,632</b>

Deferred tax balances, calculated by applying the statutory tax rates effective at the respective reporting dates to the temporary differences between tax basis of assets and liabilities and the amounts reported in the consolidated financial statements, are comprised of the following at December 31:

In millions of tenge	2023				2022 (restated)			
	Corporate income tax	Excess profit tax	Withholding tax	Total	Corporate income tax	Excess profit tax	Withholding tax	Total
<b>Deferred tax assets</b>								
Property, plant and equipment	28,225	-	-	28,225	33,252	-	-	33,252
Tax loss carryforward	839,623	-	-	839,623	826,477	-	-	826,477
Employee related accruals	27,136	-	-	27,136	25,710	-	-	25,710
Allowance for expected credit losses of financial assets	61,364	-	-	61,364	38,118	-	-	38,118
Provisions	81,887	-	-	81,887	82,764	-	-	82,764
Other accruals	68,527	-	-	68,527	126,355	-	-	126,355
Other	79,430	10,334	-	89,764	68,926	-	-	68,926
Less: unrecognized deferred tax assets	(569,200)	-	-	(569,200)	(597,317)	-	-	(597,317)
Less: deferred tax assets offset with deferred tax liabilities	(518,947)	-	-	(518,947)	(515,033)	-	-	(515,033)
<b>Deferred tax assets</b>	<b>98,045</b>	<b>10,334</b>	<b>-</b>	<b>108,379</b>	<b>89,252</b>	<b>-</b>	<b>-</b>	<b>89,252</b>
<b>Deferred tax liabilities</b>								
Property, plant and equipment	1,612,640	539	-	1,613,179	1,460,789	597	-	1,461,386
Undistributed earnings of joint ventures and associates	-	-	571,270	571,270	-	-	615,747	615,747
Other	94,830	-	-	94,830	97,031	-	-	97,031
Less: deferred tax assets offset with deferred tax liabilities	(518,947)	-	-	(518,947)	(515,033)	-	-	(515,033)
<b>Deferred tax liabilities</b>	<b>1,188,523</b>	<b>539</b>	<b>571,270</b>	<b>1,760,332</b>	<b>1,042,787</b>	<b>597</b>	<b>615,747</b>	<b>1,659,131</b>
<b>Net deferred tax liabilities</b>	<b>(1,090,478)</b>	<b>9,795</b>	<b>(571,270)</b>	<b>(1,651,953)</b>	<b>(953,535)</b>	<b>(597)</b>	<b>(615,747)</b>	<b>(1,569,879)</b>

The movements in the net deferred tax liabilities were as follows for the years ended December 31:

In millions of tenge	2023				2022 (restated)			
	Corporate income tax	Excess profit tax	Withholding tax	Total	Corporate income tax	Excess profit tax	Withholding tax	Total
<b>Balance at January 1</b>	<b>953,535</b>	<b>597</b>	<b>615,747</b>	<b>1,569,879</b>	<b>802,608</b>	<b>358</b>	<b>465,891</b>	<b>1,268,857</b>
Foreign currency translation	(7,763)	-	(11,101)	(18,864)	14,128	-	36,525	50,653
Recognised to other comprehensive income	1,456	-	-	1,456	296	-	-	296
Business combination (Note 5)	55,198	-	-	55,198	-	-	-	-
Transfer to assets classified as held for sale or distribution to the Shareholder (Note 7)	16,837	-	-	16,837	(8,964)	-	-	(8,964)
Recognised to profit and loss	71,215	(10,392)	(33,376)	27,447	145,467	239	113,331	259,037
<b>Balance at December 31</b>	<b>1,090,478</b>	<b>(9,795)</b>	<b>571,270</b>	<b>(1,651,953)</b>	<b>953,535</b>	<b>597</b>	<b>615,747</b>	<b>(1,569,879)</b>

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax asset arising mainly from tax losses carry forward were equal to 569,200 million tenge as at December 31, 2023 (December 31, 2022: 597,317 million tenge).

Tax losses carryforwards as at December 31, 2023 in the Republic of Kazakhstan expire for tax purposes 10 (ten) years from the date they are incurred.



## 35. CONSOLIDATION

Subsidiaries included in the consolidated financial statements are presented as follows:

	Main activity	Country of incorporation	Ownership percentage	
			2023	2022 (restated)
1	National Company "KazMunayGas" JSC ("NC KMG") and subsidiaries	Kazakhstan	67.42%	87.42%
2	National Company "QazaqGaz" JSC and subsidiaries	Kazakhstan	100.00%	100.00%
3	National Company "Kazakhstan Temir Zholy" JSC ("NC KTZh") and subsidiaries	Kazakhstan	100.00%	100.00%
4	National Atomic Company "Kazatomprom" JSC ("NAC KAP") and subsidiaries	Kazakhstan	75.00%	75.00%
5	Samruk-Energy JSC ("Samruk-Energy") and subsidiaries	Kazakhstan	100.00%	100.00%
6	Kazakhstan Electricity Grid Operating Company JSC ("KEGOC") and subsidiaries	Kazakhstan	85.00%	90.00% + 1
7	Kazpost JSC and subsidiaries	Kazakhstan	100.00%	100.00%
8	Kazakhtelecom JSC ("KTC") and subsidiaries	Kazakhstan	80.85%	52.03%
9	Air Astana JSC ("Air Astana") and subsidiaries	Kazakhstan	51.00%	51.00%
10	Samruk-Kazyna Construction JSC and subsidiaries	Kazakhstan	100.00%	100.00%
11	National Mining Company "Tau-Ken Samruk" ("NMC TKS") and subsidiaries	Kazakhstan	100.00%	100.00%
12	Samruk-Kazyna Odeu LLP and subsidiaries	Kazakhstan	100.00%	100.00%
13	Samruk-Kazyna Invest LLP and subsidiaries	Kazakhstan	100.00%	100.00%
14	Samruk-Kazyna Contract LLP	Kazakhstan	100.00%	100.00%
15	Stantsiya Ekibastuzskaya GRES-2 JSC ("EGRES-2")	Kazakhstan	100.00%	100.00%
16	SK Business Service LLP and subsidiaries	Kazakhstan	100.00%	100.00%
17	Qazaq Air JSC	Kazakhstan	100.00%	100.00%
18	Kazakhstan nuclear electric plants LLP	Kazakhstan	100.00%	100.00%
19	Kazakhstan Petrochemical Industries Inc. JSC	Kazakhstan	99%	99%
20	CCGT Turkistan LLP	Kazakhstan	100.00%	100.00%
21	Center for Scientific and Technological Initiatives "Samgau" Foundation	Kazakhstan	100.00%	100.00%
22	AES Shulbinskaya GES LLP and subsidiary	Kazakhstan	100.00%	100.00%
23	AES Ust-Kamenogorskaya GES LLP	Kazakhstan	100.00%	100.00%

## 36. RELATED PARTY DISCLOSURES

In accordance with IAS 24 Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Related parties include key management personnel of the Group, enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the Group's key management personnel and other entities controlled by the Government. Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties. The Group recognizes allowances for ECL on amounts owed by related parties.

The following table provides the total amount of transactions, which have been entered into with related parties as at December 31:

In millions of tenge	2023	2022 (restated)	Associates	Joint ventures	Other state-controlled entities
Trade and other accounts receivable	2023	2022 (restated)	25,045	120,512	87,153
			6,546	63,217	49,668
Trade and other payables	2023	2022 (restated)	69,428	440,772	20,746
			60,274	213,335	10,450
Sale of goods and services	2023	2022 (restated)	132,423	642,987	1,305,296
			156,034	492,406	1,171,162
Purchase of goods and services	2023	2022 (restated)	294,267	2,517,627	218,691
			266,535	2,669,338	115,032
Other income/(loss), net	2023	2022 (restated)	2,578	530	(25,079)
			6,995	24,651	2,530
Cash and cash equivalents, and amounts due from credit institutions (assets)	2023	2022	-	331	308,390
			-	242	278,176
Loans issued	2023	2022	7,124	90,978	39,978
			10,947	117,605	7,952
Borrowings	2023	2022 (restated)	3,506	15,492	1,192,634
			7,002	13,262	1,026,451
Other assets	2023	2022 (restated)	14,368	43,823	304,772
			19,023	19,218	328,927
Lease and other liabilities	2023	2022 (restated)	19,675	143,454	96,259
			26,483	189,399	73,151
Interest accrued due from related parties	2023	2022	1,379	14,845	56,991
			1,549	20,234	15,508
Interest accrued due to related parties	2023	2022	2,527	17,198	97,109
			2,752	18,636	78,658

As at December 31, 2023 some of the Group's borrowings of 6,758 million tenge were guaranteed by the Government of the Republic of Kazakhstan (December 31, 2022: 16,026 million tenge).

Total compensation to key management personnel (members of the Boards of Directors and Management boards of the Fund and its subsidiaries) included in general and administrative expenses in the consolidated statement of comprehensive income was equal to 7,649 million tenge for the year ended December 31, 2023 (December 31, 2022: 6,637 million tenge). Compensation to key management personnel mainly consists of contractual salary and other payments based on achievement of operating results.

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments consist of borrowings, loans from the Government of the Republic of Kazakhstan, lease liabilities, amounts due to the customers, derivatives, cash and cash equivalents, loans issued, amounts due from credit institutions, other financial assets, as well as accounts receivable and accounts payable. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk and credit risk. The Group also monitors the liquidity risk arising from all financial instruments.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash, investments and borrowings are denominated.

The Group's exposure to interest risk relates primarily to the Group's long-term and short-term borrowings with variable interest rates (Note 20).

The following table demonstrates the sensitivity of the Group's profit before income tax (through the impact on variable rate borrowings) to a reasonably possible change in variable interest rates, with all other variables held constant.

In millions of tenge		Increase/ (decrease) in basis points*	Effect on profit before income tax
SOFR	2023	382/(382)	(11,593)/(11,593)
	2022	223/(223)	3,790/(3,790)
SARON	2023	176/(176)	4,507/(4,507)
	2022	-	-
Key Rate of National Bank of RK	2023	100/(100)	1,703/(1,703)
	2022	100/(100)	1,726/(1,726)
EURIBOR	2023	334/(334)	5,447/(5,447)
	2022	136/(136)	350/(350)
COF**	2023	143/(143)	2,023/(2,023)
	2022	143/(143)	1,407/(1,407)
TONIA	2023	297/(297)	4,805/(4,805)
	2022	825/(825)	11,915/(11,915)
Inflation rate of RK	2023	400/(400)	4,363/(4,363)
	2022	400/(400)	4,215/(4,215)
Key Rate of Central Bank of Russia Federation	2023	-	-
	2022	619/(619)	20,895/(20,895)

\* 1 basis point = 0.01%;

\*\* Cost of funding.

### Currency risk

As a result of significant borrowings, lease liabilities, and trade accounts payable, cash and cash equivalents, amounts due from credit institutions and accounts receivable denominated in the US dollars, the Group's consolidated financial position can be affected significantly by movement in the US dollar / tenge exchange rates.

The following table demonstrates the sensitivity of the Group's profit before income tax to a reasonably possible change in the US dollar and euro, with all the variables held constant.

In millions of tenge	Increase/(decrease) in exchange rate	Effect on profit before income tax
<b>2023</b>		
US dollar	14.15%/(14.15%)	(255,765)/246,390
Euro	12.95%/(12.95%)	(22,419)/22,416
RUB	28.54%/(28.54%)	(13,429)/13,429
<b>2022</b>		
US dollar	21.00%/(21.00%)	(584,346)/584,346
Euro	17.99%/(17.99%)	(11,277)/11,277
RUB	22.05%/(22.05%)	(86,858)/86,858

### Credit risk

Credit risk arising from the inability of a party to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the counterparty's obligations exceed the obligations of the Group to that party. It is the Group's policy to enter into financial instruments with a diversity of creditworthy parties. The maximum exposure to credit risk is represented by carrying amount of each financial asset.

The Group considers that its maximum exposure is reflected by the amount of loans issued (Note 12), amount due from credit institutions (Note 13), trade accounts receivable and other current assets (Note 17), other financial assets (Note 14), and cash and cash equivalents (Note 18), net of allowances for expected credit losses recognized at the reporting date.

Concentrations of credit risk may arise from exposures to a single debtor or to groups of debtors having similar characteristics such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The Group has a policy that ensures enforcement of constant control procedures for sales to only be made to buyers with an appropriate credit history and that an acceptable credit exposure limit is not exceeded. Credit risk is minimised by the fact that the Group operates on a prepayment basis with the majority of its buyers.

### Liquidity risk

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

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

The table shown below summarizes the maturity profile of the Group's financial liabilities at December 31 based on contractual undiscounted payments.

In millions of tenge	On demand	Due later than 1 month but not later than 3 months	Due later than 3 months but not later than 1 year	Due later than 1 year but not later than 5 years	Due after 5 years	Total
<b>At December 31, 2023</b>						
Loans from the Government of the Republic of Kazakhstan	13	24	45,501	279,850	2,702,651	3,028,039
Borrowings	38,310	101,197	1,245,750	3,939,878	6,185,751	11,510,886
Lease liabilities	5,437	34,970	151,783	480,124	314,966	987,280
Due to customers	37,679	-	42,375	16	-	80,070
Financial guarantees*	39,750	3,084	12,441	52,631	88,153	196,059
Trade and other payables	463,535	960,182	269,793	14,503	-	1,708,013
Other financial liabilities	123,482	33,422	5,836	49,442	-	212,182
	708,206	1,132,879	1,773,479	4,816,444	9,291,521	17,722,529

In millions of tenge	On demand	Due later than 1 month but not later than 3 months	Due later than 3 months but not later than 1 year	Due later than 1 year but not later than 5 years	Due after 5 years	Total
<b>At December 31, 2022</b>						
Loans from the Government of the Republic of Kazakhstan	-	24	40,738	252,450	2,371,786	2,664,998
Borrowings	71,945	147,115	1,321,139	4,284,743	6,342,580	12,167,522
Lease liabilities	6,498	35,426	136,844	487,375	162,639	828,782
Due to customers	12,427	-	33,781	12	-	46,220
Financial guarantees*	27,785	2,109	12,652	78,467	117,092	238,105
Trade and other payables	332,850	612,897	252,995	10,509	-	1,209,251
Other financial liabilities	1,249	13,710	115,382	8,280	-	138,621
	452,754	811,281	1,913,531	5,121,836	8,994,097	17,293,499

\* The Group includes financial guarantees to the maturity profile table, however, the cash outflow in relation to financial guarantees is subject to certain conditions. Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. In 2023 and 2022 there was no significant instances of financial guarantees execution.

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Capital management

The Group manages its capital primarily through capital management of its subsidiaries while conducting its oversight function. Major objective of the capital management is to ensure that subsidiaries of the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group manages capital of its subsidiaries by setting various performance indicators tailored to the business need and industry specific matters of each subsidiary.

The Group manages capital of its subsidiaries by setting various performance indicators tailored to the business need and industry specific matters of each subsidiary. Key performance indicators ("KPI") used by the Group to manage capital of its subsidiaries are ratios of: Debt to Earnings before Interest, Taxes, Depreciation and Amortization, and Interest ("D/EBITDA") from continuing and discontinued operations; and Debt to Equity ("D/E").

Debt is considered to be equal to all borrowings, debt securities, guarantee and finance lease liabilities of relevant subsidiaries reduced by value of cash and cash equivalents. Equity is considered to be equal to the entire equity of the subsidiary attributable to majority shareholders.

Allowed maximum for the indicator is approved for each subsidiary based on the needs and specifics of its business and varies within following ranges (consolidated KPI's for the Group have been presented for reference purposes as the Group does not monitor KPI's on the consolidated level):

Key Performance Indicators	2023	2022
D/EBITDA	1.75	1.73
D/E	0.36	0.41

In billions of tenge	2023	2022
Borrowings (Note 20)	6,364	6,668
Loans from the Government of the Republic of Kazakhstan (Note 21)	873	684
Lease liabilities (Note 23)	353	621
Derivative instruments	36	2
Guaranteed principal amount of liabilities of entities outside the Group	246	154
<b>Total debt</b>	<b>7,872</b>	<b>8,129</b>

Less: cash and cash equivalents	(2,740)	(2,946)
<b>Net debt</b>	<b>5,132</b>	<b>5,183</b>
<b>EBITDA</b>	<b>4,488</b>	<b>4,701</b>
<b>Total equity</b>	<b>21,737</b>	<b>19,793</b>

### Fair values of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- ◆ Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- ◆ Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- ◆ Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 category.

As at December 31, 2023 and 2022 the carrying amount of the following Group's financial instruments is a reasonable estimate of their fair value:

In millions of tenge	Level 1	Level 2	Level 3	December 31, 2023
<b>Financial instruments category</b>				
<b>Assets</b>				
Loans issued at fair value through profit and loss	-	-	86,173	86,173
Financial assets measured at fair value through OCI	24,986	21,636	74	46,696
Financial assets at fair value through profit and loss	50,576	75,824	39,802	166,202
Derivative financial assets	-	347	2,085	2,432

In millions of tenge	Level 1	Level 2	Level 3	December 31, 2022
<b>Financial instruments category</b>				
<b>Assets</b>				
Loans issued at fair value through profit and loss	-	-	117,511	117,511
Financial assets measured at fair value through OCI	1,121	27,127	74	28,322
Financial assets at fair value through profit and loss	81,709	32,342	27,279	141,330
Derivative financial assets	-	1,477	1,099	2,576

December 31, 2023					
Fair value by level of assessment					
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
<b>Financial assets</b>					
Loans issued at amortized cost and net investment in finance lease	147,837	148,057	-	6,285	141,772
Amounts due from credit institutions	1,298,880	1,294,716	1,021,437	273,279	-
<b>Financial liabilities</b>					
Borrowings	7,322,081	7,068,783	2,951,315	2,913,962	1,203,506
Loans from the Government of the Republic of Kazakhstan	872,846	631,071	-	631,071	-
Guarantee obligations	34,616	35,054	-	32,268	2,786

December 31, 2022					
Fair value by level of assessment					
In millions of tenge	Carrying amount	Fair value	Quotations in an active market (Level 1)	From the observed market (Level 2)	Based on the significant amount of unobserved (Level 3)
<b>Financial assets</b>					
Loans issued at amortized cost and net investment in finance lease	101,104	83,451	-	10,392	73,059
Amounts due from credit institutions	1,703,873	1,694,238	1,206,833	487,386	19
<b>Financial liabilities</b>					
Borrowings	7,609,261	6,917,679	3,546,266	2,192,828	1,178,585
Loans from the Government of the Republic of Kazakhstan	683,604	500,904	-	500,904	-
Guarantee obligations	35,532	38,873	-	37,565	1,308

The fair value of the above financial instruments has been calculated by discounting the expected future cash flows at prevailing interest rates.

## 37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### Fair values of financial instruments (continued)

Except for the financial instruments stated above as at December 31, 2023 and December 31, 2022 the management assessed that the fair value of financial instruments of the Group, such as trade and other accounts receivable and payable, cash and cash equivalents, short-term bank deposits and other current liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

Reconciliation of fair value measurements:

	Loans issued at fair value through profit and loss	Financial assets measured at fair value through profit and loss
<b>As at January 1, 2022</b>	123,161	32,913
Interest income	16,254	-
Gain/(loss) on change in fair value	5,215	(6,567)
Additions	3,850	-
Redemption	(30,969)	-
Other	-	933
<b>As at December 31, 2022</b>	117,511	27,279
Interest income	13,000	871
Loss on change in fair value	(25,196)	-
Additions	12,846	11,233
Redemption	(31,988)	-
Other	-	419
<b>As at December 31, 2023</b>	86,173	39,802

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range as of December 31,	
			2023	2022
Loans issued at amortized cost and net investment in finance lease	Discounted cash flow method	Interest/discount rate	8.5%-30%	8.05%-32%
Financial assets at fair value through profit and loss	WACC	Interest/discount rate	9.2%-18.46%	16.21%
Loans issued at fair value through profit and loss	Discounted cash flow method	Interest/discount rate indexed to changes in the US dollar exchange rate	SOFR+2.8% – 15%	3.5%+12M LIBOR+forex adjustment
Amounts due from credit institutions	Discounted cash flow method	Interest/discount rate	-	14.1%
Borrowings	Discounted cash flow method	Interest/discount rate	SOFR+3.0% – 17%	5.7%-17%
Financial guarantee issued	Discounted cash flow method	Discounted cash flow method	8.4%-14.56%	12.31%-16.68%

The quantitative sensitivity analysis of the fair value measurements categorised within Level 3 of the fair value hierarchy, as at 31 December 2023 and 2022 are shown below:

	Valuation technique	Fair value	Sensitivity of the input to fair value
Financial assets at fair value through profit and loss	WACC	<b>2023: 39,802</b> 2022: 27,279	1% (2022: 1%) increase/ (decrease) in the discount rate would result in an increase/ (decrease) in fair value by (1,063)/1,158 (2022: (280)/565)
Loans issued at fair value through profit and loss	Discounted cash flow method	<b>2023: 86,173</b> 2022: 117,511	1% (2022: 1%) increase/ (decrease) in the discount rate would result in an increase/ (decrease) in fair value by (391)/395 (2022: (2,474)/2,614)

## 38. COMMITMENTS AND CONTINGENCIES

### Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

### Commodity price risk

The Group generates most of its revenue from the sale of commodities, primarily crude oil and oil products. Historically, the prices of these products have been volatile and have fluctuated widely in response to changes in supply and demand, market uncertainty, the performance of the global or regional economies and cyclicalities in industries.

Prices may also be affected by government actions, including the imposition of tariffs and import duties, speculative trades, an increase in capacity or an oversupply of the Group's products in its main markets. These external factors and the volatility of the commodity markets make it difficult to estimate future prices.

A substantial or extended decline in commodity prices would materially and adversely affect the Group's business and the consolidated financial results and cash flows of operations. The Group does not hedge significantly its exposure to the risk of fluctuations in the price of its products.

### Environmental, Social and Governance (ESG) matters — Consideration of climate change and resulting climate related risks

The Group shares the concerns of the world community climate change and supports global efforts to reducing greenhouse gas emissions, increasing energy efficiency, transition to renewable sources energy and phasing out carbon fuels. The Group has the strategic goal to reduce the carbon footprint of the Group by 10% by 2032 compared to 2021 and aims to achieve carbon neutrality by 2060. In general, carbon neutrality does not mean complete exclusion of greenhouse gas emissions – the volume of emissions that not possible to reduce, must be compensated.

The Group is continuously assessing climate related and environmental risks and their impact on the Group's operation. For the identified risks, the Group has assessed their impact on the recognition/derecognition of assets and liabilities and measurement of such assets and liabilities as well as the disclosure provided in its consolidated financial statements. The areas listed below are predominantly impacted by the climate related and environmental risks:

- The Group has initiated projects on constructions of new combined cycle gas plant at the Almaty CHP-2 and CHP-3. The purpose is the replacement of the existing coal-fired equipment with modern environmentally friendly combined cycle power units; and
- The Group has assessed and recognized provisions for decommissioning of power plants and rehabilitating environmental damage due to recently introduced regulatory requirements in accordance with Environmental Code (Note 22).

In relation to the identified risks associated with climate change, the Group assessed their impact on the recognition/derecognition of assets and liabilities, the measurement of such assets and liabilities, and the disclosures in the consolidated financial statements. The following areas are primarily exposed to risks associated with climate change:

#### Modernisation of Almaty CHP-2

In 2023 EPC contract was signed and loan agreements were signed with a number of financial institutions as part of the project of Modernisation of Almaty CHP-2 with the minimization of the environmental impact. On July 5, 2023, an advance payment was made under the EPC Contract. The Group's management plans to complete the project to convert CHP-2 to gas by December 31, 2026.

The conclusion of an investment agreement and the receipt of an individual capacity tariff to finance the project of converting CHP-2 to gas is expected by the end of 2024. The project for the modernization of CHP-2 provides for the conservation of the existing capacities of CHP-2 after the commissioning of a new gas-fired plant. In 2021, the Group recognized a provision for impairment in the amount of 20,737 million tenge of the core assets of CHP-2, including coal-fired power units subject to conservation or dismantling after commissioning of the combined-cycle gas plant. Accordingly, the residual value of these assets will be zero by the time the new combined-cycle power units are put into operation.

#### Reconstruction of Almaty CHP-3

AIES is implementing the project "Reconstruction of the Almaty CHP-3 (with construction of a CCGT unit with a capacity of at least 450 MW)" (the "Project"). The project implementation period is 2022-2026. The purpose of the Project is reconstruction of the Almaty CHP-3, which provides for the replacement of the existing pulverized coal-fired equipment with modern environmentally friendly combined cycle power units, the construction of a new CHP plant of greater capacity with a cycling service on the existing site, to partially cover the shortage of maneuverable capacities in the southern zone of Kazakhstan.

The Agreement on the purchase of a service to maintain the readiness of electric power during the construction of newly commissioned generating plants with a cycle generation mode with RFC was signed. The EPC contract has been signed and work is underway to organize financing. An Agreement for the supply of gas turbine units was signed between Ansaldo Energia and the EPC contractor. Engineering-geological and engineering-geodetic work is being carried out.

## 38. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Environmental, Social and Governance (ESG) matters — Consideration of climate change and resulting climate related risks (continued)

#### Reconstruction of Almaty CHP-3 (continued)

The Almaty CHP-3 reconstruction project provides for the replacement of the existing equipment, the fleet life of which will be exhausted by the time the new plant is commissioned, with modern environmentally friendly combined cycle power units, as well as fully depreciated, so the Group's management did not identify any significant changes having negative consequences for the Group, which are expected in the near future.

#### Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international business regardless of whether the transaction participants are related or not. The transfer pricing legislation requires that all taxes applicable to a transaction should be calculated based on market price determined in accordance with the arm's length principle. The law on transfer pricing came into force in Kazakhstan from January 1, 2009. The law is not explicit and there is little precedence with some of its provisions. Moreover, the law is not supported by detailed guidance for application of transfer pricing control to various types, as a result, there is a risk that the tax authorities may take a position that differs from the Group's position, which could result in additional taxes, fines and interest. As at December 31, 2023 management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Group's positions with regard to transfer pricing will be sustained.

#### Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Management believes that as at December 31, 2023 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

#### Comprehensive tax audit at oil refineries of the Group

All three major oil refineries in the Group, Atyrau refinery, Pavlodar oil chemistry refinery LLP (hereinafter—"Pavlodar refinery") and PetroKazakhstan Inc. (hereinafter—"Shymkent refinery") were subject to a comprehensive tax audit covering periods of a few years (up to 2020) in 2020-2022. As a result of the audits, the total amount of additional charges for VAT for 37,728 million tenge, for income tax for 17,830 million tenge, for other taxes for 476 million tenge, including penalties for all additional charges of 8,959 million tenge and reduction in tax carry-forward losses for 119,871 million tenge.

Atyrau refinery, Pavlodar refinery and Shymkent refinery did not agree with the assessment and appealed to the Ministry of Finance of RK. Shymkent refinery partially appealed one of the notifications regarding the amount of additional taxes and penalties for 3,694 million tenge. However, on February 15, 2024, the Civil Chamber of the Supreme Court canceled the decision in favor of Shymkent refinery made on November 15, 2021 by the Civil Chamber of the Shymkent City Court. Shymkent refinery continues to work to appeal the decision.

At all three refineries there are additional accruals on similar issues for VAT in the total amount of 33,709 million tenge, for corporate income tax 12,146 million tenge, including penalties on all additional accruals and a reduction in carry-forward losses for 15,040 million tenge.

#### Tax audit of Samruk-Energy JSC and its subsidiary EGRES-1

From July 2020, the State Revenue Committee of the Ministry of Finance of the RK (hereinafter — "SRC") launched a pilot project to introduce horizontal monitoring, which will last until December 31, 2024. In 2021-2022, SRC, as part of a pilot project on horizontal monitoring, inspected the historical data of the EGRES-1 and Samruk-Energy JSC for the five years period. Based on the results, SRC completed tax audits and issued acts with the results of tax audit. The main non-compliances relate to the interest expense deducted for tax purposes and underaccrual of withholding tax. The Group expressed its disagreement with these notifications, claims and complaints were filed with the courts and the Appeal Commission of the Ministry of Finance of the RK. As for Samruk-Energy JSC in December 2023, the decision of the Appeal Commission was in favor of the company regarding the main amounts of additional charges, for EGRES-1 the challenge in the courts continues.

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

## Legal proceedings

### The civil litigation at KMGI

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005. The hearings have been held periodically, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Based on the results of the hearing in December 2021, the court granted the complaint and returned the case for reconsideration.

Most of Faber's lawsuits were dismissed by the Supreme Court in May and September 2022, including an appeal filed by Faber challenging Faber's corporate documents approving the bond issue and paying off historical budget debts as filed after the deadline. In January 2023, hearings were held on the claims filed by Faber. Faber withdrew its claims in two cases, and the court postponed the decision in the third.

On April 12, 2023 the court rejected Faber's appeal. The decision is subject to a second appeal to the Supreme Court.

The Group believes that its position regarding Faber's new application will be resolved in a similar manner to other similar proceedings resolved in favor of the Group. Accordingly, the Group did not recognize a provision in this case as of December 31, 2023.

### Civil legal dispute between the National Mineral Resources Agency (NAMR) and Oilfield Exploration Business Solutions S.A (OEBS), subsidiary of KMGI, at the Focsani field

On December 17, 2019 OEBS has been noticed by the NAMR that a Request for Arbitration would have been filed in to ICC Paris for an alleged breach by OEBS of the Concession Agreement as regards the exploration block near Focsani. Starting from that period, OEBS was in dispute with NAMR. On July 29, 2022 the Court decided to oblige OEBS to pay 10.1 million U.S. dollars from a total NAMR claim of 20 million U.S. dollars. In 2022, the Group recognized a provision in the amount of 10.1 million dollars (equivalent to 4,673 million tenge). As at December 31, 2023, the Group had not made any payments to NAMR, and the Group believes that no changes to the assessment of provision are required.

### Competition investigation in Moldova

Since the beginning of 2021, Rompetrol Moldova (further RPM), a subsidiary of KMGI operating in Moldova, is involved in an investigation and related court proceedings initiated by the Competition Council of Moldova (further CCM) alleging RPM agreed with other industry players on retail prices for petroleum products. RPM is challenging the competition report prepared by the CCM investigation division that forms the basis for the allegations in accordance with applicable regulations. A few attempts to dismiss the said report were unsuccessful with the latest ruling rejecting RPM's request to dismiss the report issued by the local court on May 26, 2022. RPM has filed an appeal and a first hearing is scheduled for March 21, 2023. In 2022, the Group recognized a provision in the amount of 12 million dollars (equivalent to 5,552 million tenge). During 2023, RPM filed in an appeal and the first hearing was scheduled for October 4, 2023, however, the court rejected the appeal. The second appeal was filed in on January 24, 2024. A hearing date has not been scheduled. As at December 31, 2023 the Group believes that no changes to the assessment of provision are required.

### The case of arbitration between KazRosGas LLP, a joint venture of the company, (further KRG) and Karachaganak Petroleum Operating B.V. (further KPO)

On August 23, 2022, the Secretariat of the International Chamber of Commerce in Paris submitted to KRG a Notice of Initiation of Arbitration Proceedings by KPO, which is the operator under the Final Production Sharing Agreement for the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, with amendments and additions (further FPSA). KPO intends to increase the gas sale price under the existing Karachaganak Gas Purchase and Sale Agreement. If the gas price is agreed later than October 1, 2022, KRG and KPO shall recalculate the gas price for the period from October 1, 2022 to the date of the price agreement.

In October 2022, a working group was established to develop a negotiating position of the Kazakh side on the peaceful settlement of the dispute over the arbitration process between the KRG and KPO, chaired by the First Vice Minister of Energy of RK. The working group also includes representatives of the Ministry of Energy of RK, JSC "NC "QazaqGaz", KMG and KRG.

In August 2023, the Tribunal approved the Procedural Timetable for the Arbitration (further Arbitration Timetable), according to which the final hearing is scheduled for the week of November 18, 2024, and the deadline for the Tribunal to make decision is until the end of March 2025.

On September 29, 2023, KPO sent a detailed claim to the Tribunal and this claim was provided to KRG. According to the Arbitration Timetable, the KRG provides a response to the claim by December 22, 2023. Following the meeting on December 22, 2023, the KRG's response to the KPO claim was prepared and sent to Arbitration. In January, 2024, a meeting was held between the Ministry of Energy of the RK, KPO, KMG and the KRG for the purpose of a peaceful settlement. The agreement has not been yet reached. Still, the Group believes that the risk of loss is not probable as of December 31, 2023.

## 38. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Legal proceedings (continued)

#### The case of an administrative offense of the Pavlodar refinery initiated by the Department of Agency for protection and development of competition of RK (hereafter — Antimonopoly agency) of the Pavlodar region

In 2022 the Prosecutor's Office of the Pavlodar region together with the Antimonopoly agency conducted an inspection of the Pavlodar refinery operations for compliance with the legislation of the RK in the field of oil and petroleum products turnover, labor, tax and antimonopoly legislation for 2020–2021. On March 16, 2022 Antimonopoly agency issued the Conclusion which stated that Pavlodar refinery set monopolistically high tariff for oil refining services. On July 25, 2022, Antimonopoly agency of the Pavlodar region initiated an administrative offence and issued a Protocol to the Specialized Court for Administrative Offenses of Pavlodar city for setting by the Pavlodar refinery monopolistically high tariff for oil refining services in 2021 and to confiscate revenue for 2021 of 21,961 million tenge and impose fine of 6,226 million tenge.

On June 9, 2023, Specialized Court for Administrative Offenses of Pavlodar city issued a resolution to terminate administrative proceedings. On June 30, 2023, Decree on the consumption of administrative proceedings and the cancellation of the protocol entered into legal force. As a result, in June 2023, Pavlodar refinery recovered a provision accrued in 2022 in the amount of 28,187 million tenge and recognized in other operating income.

#### The proceedings initiated against Mr. Stati and his related parties on the suit of the Fund due to the arrest of shares KMG Kashagan B.V. belonging to the Fund

On September 14, 2017 the pre-judgement attachment in respect of the Fund's rights on management of 50% KMG Kashagan B.V. in amount of 5.2 billion US dollars, shares was imposed with regard to the decision of Amsterdam Court (the "Pre-judgement Attachment").

The named Pre-judgement Attachment was imposed as part of the claim for recognition and enforcement of arbitral award in Netherlands on the matter of Anatolie Stati, Gabriel Stati, Ascom Group SA and Terra Raf Trans Trading Ltd, against the Republic of Kazakhstan issued in 2013 by the Arbitration Tribunal at the Arbitration Institute of the Stockholm Chamber of Commerce. On July 14, 2020 the Court of Appeal of Amsterdam decided to recognise in the Netherlands an arbitral award rendered in 2013 against the Republic of Kazakhstan, while rejecting Stathi's claim to enforce the award against the Fund. On December 18, 2020 the Supreme Court quashed the decision of the Amsterdam Court of Appeal from May 7, 2019 to uphold the arrest.

On June 14, 2022, the Court of Appeal of The Hague made a decision in respect of cancellation of arrest on KMG Kashagan B.V. shares owned by the Fund, imposed in September 2017. On August 8, Stati filed a cassation appeal against the decision of the Court of Appeal of The Hague dated June 14, 2022.

On September 22, 2023 the Supreme Court of the Netherlands rejected the Stati's appeal against the decision of the Hague Court of Appeal dated June 14, 2022. The decision of the Supreme Court is final and cannot be appealed.

#### Main proceedings in the Stati claim filed on December 7, 2017, in which the Stati asks the court to recognize the Fund as part of the Republic of Kazakhstan and oblige the Fund to comply with the Arbitral Award

On March 17, 2021 a hearing in the main proceedings was held.

On April 28, 2021 the Court of Appeal granted the Fund's request to postpone this process until the decision of the Court of Appeal in The Hague to appeal the restriction on shares of KMG Kashagan B.V.

On November 2, 2022, the Fund filed an application to terminate the trial, in connection with the decision of the Court of Appeal of The Hague dated June 14, 2022, according to which the arrest of Kashagan shares owned by the Fund, imposed in September 2017, was lifted.

On February 8, 2023, the District Court of Amsterdam ruled that the claims of Anatole and Gabriel Stati and their companies ("Stati") against the Fund were inadmissible and, as a result, the proceedings were dismissed. Stati is currently appealing this decision.

#### Legal proceedings of NAC KAP

On July 23, 2021 the Fund for the Protection of the Rights of Investors in Foreign Countries (hereinafter — "the Fund for the Protection"), to which the rights of claim were assigned by Quorum Debt Management Group, filed a lawsuit with the Arbitration Court of the Irkutsk Region, Russia, demanding the recovery of funds from the NAC KAP in the amount of 50,000,000 US dollars under a Framework Agreement (support for asset recovery activities) dated December 26, 2013, which was expired on December 25, 2016. By the ruling of the Arbitration Court of the Irkutsk Region dated August 31, 2021 the civil case on the above claim was terminated due to lack of jurisdiction, with which the NAC KAP fully agrees, since the agreement provides for jurisdiction under Kazakh procedural legislation. By the decision of the Fourth Arbitration Court of Appeal dated January 24, 2022 and the decision of the Arbitration Court of the East Siberian District dated May 24, 2022, the ruling of the Arbitration Court of the Irkutsk Region dated August 31, 2021 in the above case was left unchanged. However, on December 7, 2022 the Judicial Collegium for Economic Disputes of the Supreme Court of the Russian Federation cancelled the rulings of the Arbitration Court of the Irkutsk Region of August 31, 2021 the rulings of the Fourth Arbitration Court of Appeal of January 24, 2022 and the rulings of the Arbitration Court of the East Siberian District of May 24, 2022 with sending the case for a new trial to the Arbitration Court of the Irkutsk Region in connection with the jurisdiction of this case by the courts of the Russian Federation.

On May 3, 2023 the Arbitration Court of the Irkutsk Region ruled to satisfy the claims and recover from the NAC KAP in favour of Quorum Debt Management Group LLC (previously the Fund for the Protection was the claimant in the case) 50,000,000 US dollars of losses, as well as 200,000 Russian roubles for the payment of state duty. The NAC KAP believes that the decision of the Judicial Collegium for Economic Disputes of the Supreme Court of the Russian Federation of December 7, 2022 was made with violations and intends to appeal the judicial acts to all higher instances.

NAC KAP filed a supervisory appeal against the decision of the Supreme Court of the Russian Federation dated December 7, 2022. However, by the decision of the Supreme Court of the Russian Federation from April 18, 2023 it was refused to transfer the supervisory appeal for consideration by the Presidium of the Supreme Court of the Russian Federation. Also, At May 11, 2023 NAC KAP filed a complaint addressed to the Chairman of the Supreme Court of the Russian Federation against the rulings of the Supreme Court of the Russian Federation and the refusal to transfer the complaint for consideration by the Presidium of the Supreme Court of the Russian Federation. On July 7, 2023 by letter of the Chairman of the Supreme Court of the Russian Federation, the NAC KAP complaint was denied.

Also, the NAC KAP filed an appeal against the decision of the Arbitration Court of the Irkutsk Region dated May 3, 2023, as part of the consideration of the appeal. At October 19, 2023 the Court rejected the NAC KAP appeal and upheld the decision of the Arbitration Court of the Irkutsk Region dated May 3, 2023.

On November 1, 2023, the NAC KAP filed a cassation appeal against the Resolution of the Fourth Arbitration Court of Appeal dated October 19, 2023 and the Decision of the Arbitration Court of the Irkutsk Region dated May 3, 2023. On January 17, 2024, the Arbitration Court of the East Siberian District satisfied NAC KAP cassation appeal, judicial acts of May 3, 2023 and October 19, 2023 were canceled and the case was sent back to the court of the first instance for a new trial. On March 26, 2024, the Arbitration Court of Irkutsk Region granted the NAC KAP's application to postpone the hearing and adjourned the hearing until May 21, 2024. As at December 31, 2023, the NAC KAP had not recognised a liability in this litigation.

#### "National Company "Qazaq Gas" JSC legal proceedings

In 2019, the Group purchased 2,026,419 thousand m<sup>3</sup> of gas from Asiagas Chunja LLP. In 2022, the Financial Monitoring Agency of the Republic of Kazakhstan ("the Agency") investigated and initiated criminal proceedings against the owners of Asiagas Chunja LLP, as well as one of the former members of the Group's management, in relation to this transaction. During 2022, Asiagas Chunja LLP returned 14,565 million tenge to the Group's accounts. Accordingly, the Group recognized the amount returned by Asiagas Chunja LLP as part of other financial liabilities until the court decision.

On March 31, 2023 the Astana district court announced a guilty verdict against the owners of Asiagas Chunja LLP, as well as one of the former members of the Group's management in relation to this gas purchase and sale transaction. On June 29, 2023 the verdict was overturned. The case was subject to consideration by the court of appeal according to the rules of the trial court in a collegial composition.

On September 15, 2023 the judicial panel for criminal cases of the Astana city court issued an appeal verdict against the owners of Asiagas Chunja LLP, as well as one of the former members of the Group's management. According to the appeal verdict, which entered into legal force, the Group recognized income in the amount of 14,565 million tenge by adjusting the cost of sales.

#### Investigation of the Prosecutor of the Pavlodar region of EGRES-2

On February 16, 2024 information appeared in the Kazakh media that the Prosecutor's Office of the Pavlodar region was conducting an investigation in respect to EGRES-2 for the embezzlement of funds intended for the expansion and reconstruction of the thermal power plant with the installation of the 3rd power unit. As of the date of issue of these consolidated financial statements, the Group's management concluded that all transactions and EGRES-2 were carried out within the framework of the law and this event did not have an impact on the Group's consolidated financial statements. The Group's management is monitoring this issue and providing the necessary information and support to the Pavlodar Region Prosecutor's Office regarding this issue.

#### Investigation of the Antimonopoly agency of EGRES-1

Currently, at EGRES-1, the Antimonopoly agency is conducting an inspection on the issue of unjustified refusal to sell goods if, at the time of application, there is a possibility of selling the relevant goods, which led to the elimination of competition in centralized bidding on the market for services to maintain the readiness of electrical power.

According to the Antimonopoly agency, in the period from 2019 to 2022, EGRES-1, taking part in centralized auctions of electrical capacity, due to refusal to compete, did not sell at the auction the entire amount of capacity specified in the application, thereby deliberately refusing to compete with other energy transmission organizations ("ETOs") and creating imaginary competition with bidders.

The company sold power at the approved tariff in accordance with the Rules for the Organization and Operation of the Electric Power Market (approved by Order of the Minister of Energy of the RK dated February 27, 2015 No. 152) and categorically disagrees with the Order of the Antimonopoly Authority

In February 2024, the EGRES-1 sent a statement of claim to the Specialized Interdistrict Administrative Court of Astana to challenge decisions, actions of administrative bodies, officials on antimonopoly disputes, which was accepted for proceedings.

The Group's management believes that the likelihood of losses or reputational damage from these investigations is low and that the results of these investigations will not have a material impact on the Group's consolidated financial statements.

## 38. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Legal proceedings (continued)

#### Investigations and notices in respect of Kcell JSC

##### Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan dated 15 June ,2022

In accordance with the Order of the Agency for the Protection and Development of Competition of the Republic of Kazakhstan for the city of Almaty No. 42-OD dated June 15, 2022 (hereinafter referred to as the Order), an investigation was initiated against Kcell JSC on the grounds of a violation provided for in Article 174 (1) of the Entrepreneurial Code of the Republic of Kazakhstan. Initial audited period was from January 1, 2020 to September 12, 2022. The subject of investigation is the establishment of factual data confirming or refuting the commission of a violation by Kcell JSC, expressed in maintaining a monopoly high price. The Group did not agree with the investigation and on July 26, 2022 started the appealing process. As a result of the judicial proceedings held during 2022 and 2023, the year 2022 was excluded from the initial audited period by the resolution of the Supreme Court of the Republic of Kazakhstan dated November 9, 2023. In accordance with the definition on the resumption of the investigation of violations of the legislation of the Republic of Kazakhstan in the field of competition protection, the investigation was resumed on November 27, 2023. On December 13, 2023 the Group filed an appeal against resumption of investigation. On December 22, 2023 the investigation was suspended due to filed appeal. During February 2024 the Group participated in preliminary Court hearings related to its appeal to the Specialized Inter-District Administrative Court of Almaty.

If these violations are revealed as a result of the investigation, Kcell JSC may be held administratively liable under Part 3 of Article 159 of the Code of the Republic of Kazakhstan on Administrative Violations entailing liability in the form of a fine in the amount of 5% of the income (revenue) received as a result of monopolistic activities with confiscation of monopoly income received as a result of monopolistic activities of Kcell JSC for no more than one year.

##### Order of the Antimonopoly agency dated December 21, 2023.

In accordance with the Order of the Antimonopoly agency for the city of Almaty No. 38-OD dated December 21, 2023 an investigation was initiated against Kcell JSC. The subject of investigation is the suspection of coordinated actions with competitors to set and maintain prices for communication services during May-July 2023. The Group started the appealing process. The investigation was suspended from January 10, 2024. Final response of the Republican antimonopoly office has not been received yet. Should the Group be found to have committed a violation, the Group may be obligated to pay a fine of 5% of monopolistic profits, with confiscation of monopolistic profits earned by Kcell JSC during the period of up to one year.

##### Notices of the Antimonopoly agency

During 2023 the Group received the following notices of the Antimonopoly agency:

1. Notice No.05-07/1805 to Kcell JSC of violation of the competition legislation of the Republic of Kazakhstan on August 25, 2023 of unreasonably reduced and changed volumes of cellular service for the period from 2022 through to the first quarter of 2023. Should the Group fail to comply with the Notice, the Department will initiate an investigation. On November 24, 2023, the Group, disagreeing with the determination of the Almaty Specialized Inter-District Administrative Court to return the administrative claim, filed a private complaint against the determination of the Almaty Specialized Inter-District Administrative Court to return the administrative claim. The Judicial Board for administrative cases of Almaty City Court ruled on December 26, 2023 to uphold the decision of the court of first instance and to dismiss the complaint. A cassation appeal was filed on January 26. The date for the cassation hearing has not yet been set. If violations are confirmed by the investigation results, the Group may be brought to administrative liability and ordered to pay a turnover fine in the amount of 5% of the income received as a result of monopolistic activities of Kcell JSC during the period in question.
2. Notice No.05-07/2439 dated November 21, 2023 of the violation expressed in the fact that the price of some tariff plans is unreasonably high. The Group fulfilled the requirement to decrease the price starting from December 25, 2023.

The Management of the Group assessed the risk of the violation of the antimonopoly law as possible and accordingly has not accrued provision for losses in relation to any of the abovementioned investigations and notices in respect of Kcell JSC as of December 31, 2023.

### Environmental audits

#### Inspection of land-based facilities of North Caspian Operating Company N.V., which is the operator under the Product Sharing Agreement for the Northern Caspian Sea (hereinafter referred to as the Operator)

The Atyrau Region Department of Ecology of the Environmental Regulation and Supervision Committee at the Ministry of Ecology, Geology and Natural Resources of the RK (hereinafter referred to as the "Department of Ecology") undertook an inspection of the onshore facilities of North Caspian Operating Company N.V., which is the operator under the Production Sharing Agreement for the North Caspian Sea (hereinafter referred to as the "Operator"). Based on the results of the inspection, the Operator was issued an order to rectify violations. One of the specific issues highlighted pertains to the overstocking of sulfur in the amount of 1,020 thousand tons.

The Operator did not agree with the inspection results and hence, filed an administrative lawsuit to dispute the aforementioned order. On June 14, 2023 the Specialized Inter-District Administrative Court of Astana made a ruling in favour of the Operator in relation to the disputed sulfur storage. On February 27, 2024 the SIAC of Astana considered the appeal from the Department of Ecology and ruled against the Operator. This ruling will be appealed in the Supreme Court. As at December 31, 2023 no provisions pertaining to this inspection have been recognized by the Group. Should the Operator be held accountable as per the administrative ruling, the fine amount will be determined in line with the Administrative Code of the RK.

### Cost recovery audits

The Group's subsidiary, Kashagan B.V., has a share of 16.88% in the North Caspian Production Sharing Agreement dated November 18, 1997, as amended (further PSA).

KMG Karachaganak LLP, subsidiary of the Group, has a share of 10% in the Final Production Sharing Agreement in respect of the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, as amended (further FPSA).

Under the base principles of the PSA and FPSA, the RK transferred to the participants of these agreements (further Contractors) the exclusive rights to conduct activities in the subsurface areas, but did not transfer neither ownership rights, nor lease rights to these areas. Thus, all extracted and processed oil (i.e. the hydrocarbons produced) are the property of the RK.

Subsoil use operations are carried out on the basis of reimbursement of certain expenditures and the RK reimburses such expenditures to Contractors not in cash but in the form of the portion of oil production, thereby allowing Contractors to recover their expenditures (further Recoverable Costs) and earn profit.

PSA and FPSA provides for a procedure of expense reimbursement and determine the list of expenses that are not Recoverable Costs.

PSA LLP conducts audits of Recoverable Costs as an organization authorized to act on behalf of the RK within the framework of the PSA and FPSA (further the Authorized Body).

The RK and the Contractors under the PSA and FPSA (except for Kashagan and KMG Karachaganak LLP) have a number of disputes concerning the application of certain PSA and FPSA provisions, which are subject to arbitration and expert determination under the PSA and FPSA. The Contractors consider that they have acted in accordance with the PSA and FPSA, the RK laws and applicable standards and best practices. As of December 31, 2023, the RK and the Contractors have appointed their arbitrators.

### Kazakhstan local market obligation

The Government requires oil companies in the RK to supply a portion of the products to meet the Kazakhstan domestic energy requirement on an annual basis, mainly to maintain oil products supply balance on the local market and to support agricultural producers during the spring and autumn sowing and harvest campaigns.

Kazakhstan local market oil prices are significantly lower than export prices and even lower than the normal domestic market prices determined in an arm-length transaction. If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Group, such supplies will take precedence over market sales and will generate substantially less revenue than crude oil sold on the export market, which may materially and adversely affect the Group's business, prospects, consolidated financial position and performance.

In 2023, in accordance with its obligations, the Group delivered to the Kazakhstan market 7,619 thousand tons of crude oil, including its share in the joint ventures and associates in the total volume of 2,639 thousand tons (2022: 7,951 thousand tons, including its share in the joint ventures and associates of 3,044 thousand tons).

### Oil supply commitments

As of December 31, 2023, the Group had commitments under the oil supply agreements in the total amount of 3.0 million tons (December 31, 2022: 4.5 million tons). The monetary equivalent is determined based on the market prices at the moment of realization.

### Commitments under oilfield and mining field licenses and subsurface use contracts

As at December 31, 2023 the Group had the following commitments (net of VAT) related to a minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate (in millions of tenge):

Year	Capital expenditures	Operational expenditures
2024	549,745	307,082
2025	547,631	283,111
2026	517,737	285,206
2027	596,040	290,360
2028-2059	3,865,371	3,351,349
<b>Total</b>	<b>6,076,524</b>	<b>4,517,108</b>

## 38. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### Liabilities on unconditional purchase of gas transportation services to the joint ventures

As of December 31, 2023, the Group has unconditional liability on purchase of gas transportation services to Asia Gas Pipeline LLP and Beineu Shymkent Gas Pipeline LLP in the total amount of 313,200 million tenge and 203,148 million tenge excluding VAT, respectively (31 December 2022: 95,558 million tenge and 216,131 million tenge).

### Capital commitments

As at December 31, 2023 the Group had capital commitments of approximately 1,960,099 million tenge related to acquisition and construction of property, plant and equipment, excluding VAT (as at December 31, 2022: 1,418,761 million tenge, excluding VAT), including capital commitments of joint ventures and associates in the amount of 16,508 million tenge, excluding VAT (as at December 31, 2022: 31,589 million tenge, excluding VAT).

As at December 31, 2023, the Group had commitments in the total amount of 1,139,355 million tenge (as at December 31, 2022: 1,387,680 million tenge) under the investment programs approved by the joint order of Ministry of Energy of the RK and CRNM to facilitate production units.

### Liabilities under agreements for the implementation of the pilot national project "Comfortable School"

In order to implement the pilot national project "Comfortable School", the Group has concluded contracts on the comprehensive works and services for the construction of secondary education facilities and contracts for the project management services with local authorities.

Within the framework of the concluded contracts, it is planned to purchase works on the construction of 359 facilities. During 2023, tender procedures were conducted for the purchase of works on the construction of 208 facilities.

As at December 31, 2023 the Group had contractual commitments to local authorities for the provision of project management services in the amount of 17,640 million tenge, where the Group acts as a principal, as well as the comprehensive construction works and services in the amount of 2,307,427 million tenge, where the Group acts as an agent.

### Non-financial guarantees

As of December 31, 2023 and 2022, the Group has outstanding performance guarantees issued in favour of third parties whereas it provides guarantee should its joint venture or associate fail to perform their obligations under the natural gas purchase-sale, transportation and other agreements.

As of December 31, 2023 and 2022, the management of the Group believes that there were no expected cases of non-performance from the guaranteed parties and, accordingly, no obligations related to the above stated non-financial contingencies were recognized.

## 39. SEGMENT REPORTING

For management purposes, the Group is organized into organizational business units based on their products and services, and has 8 (eight) reportable operating segments (Note 1).

Certain of operating segments have been formed by aggregation of smaller reportable segments in line with the organizational structure of the Group. Each reportable segment maintains its accounting records in line with IFRS. Financial performance of each segment prepared in line with IFRS is reported to the chief operating decision maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Eliminations represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.



## 39. SEGMENT REPORTING (CONTINUED)

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group for 2023:

In millions of tenge	Oil-and-gas and petrochemical segment	Mining	Transportation	Communication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenues from sales to external customers	9,301,623	2,250,519	2,425,440	719,496	657,259	16,975	41,679	21,014	-	15,434,005
Revenue from contracts with customers	9,291,454	2,250,325	2,374,644	719,496	635,416	16,975	-	8,733	-	15,297,043
Rental income	10,169	194	50,796	-	21,843	-	-	5,281	-	88,283
Interest revenue	-	-	-	-	-	-	41,679	7,000	-	48,679
Revenues from sales to other segments	162,048	87	21,274	5,367	80,266	13,000	639,490	19,386	(940,918)	-
<b>Total revenue</b>	<b>9,463,671</b>	<b>2,250,606</b>	<b>2,446,714</b>	<b>724,863</b>	<b>737,525</b>	<b>29,975</b>	<b>681,169</b>	<b>40,400</b>	<b>(940,918)</b>	<b>15,434,005</b>
<b>Geographical markets</b>										
Kazakhstan	1,866,922	966,159	2,005,457	703,619	683,041	29,776	639,490	28,119	(940,918)	5,981,665
Other countries	7,586,580	1,284,253	390,461	21,244	32,641	199	-	-	-	9,315,378
<b>Gross profit</b>	<b>1,957,694</b>	<b>767,475</b>	<b>551,867</b>	<b>223,374</b>	<b>225,843</b>	<b>3,737</b>	<b>593,078</b>	<b>17,126</b>	<b>(618,597)</b>	<b>3,721,597</b>
General and administrative expenses	(234,493)	(58,061)	(135,945)	(50,729)	(27,949)	(3,378)	(20,118)	(6,117)	10,409	(526,381)
Transportation and selling expenses	(804,777)	(28,927)	(13,201)	(23,226)	(13,428)	(1,281)	-	(36)	14,378	(870,498)
Finance income	184,921	47,655	39,237	42,411	18,050	3,188	139,213	46,844	(35,155)	486,364
Finance costs	(439,422)	(10,820)	(236,040)	(42,673)	(51,118)	(5,659)	(19,893)	(24,111)	119,789	(709,947)
Share in profits/(loss) of joint ventures and associates	868,403	47,664	8,145	-	12,075	(14)	8,819	(13)	-	945,079
Foreign exchange gain/(loss), net	61,441	(19,678)	(20,451)	(4,109)	399	(38)	(5,222)	4,531	3,555	20,428
Depreciation, depletion and amortization	(667,497)	(95,830)	(232,802)	(140,928)	(87,335)	(6,343)	(691)	(3,354)	13,219	(1,221,561)
(Impairment)/reversal of property, plant and equipment, exploration and evaluation assets and intangible assets	(230,491)	134	(11,670)	(993)	(14,241)	(4,906)	-	-	-	(262,167)
(Impairment)/reversal of other assets, net	(47,686)	(1,259)	3,432	130	(10,536)	(3,931)	(4,241)	451	-	(63,640)
Income tax expenses	(255,362)	(148,904)	(32,911)	(29,835)	(43,546)	(791)	(214,698)	(5,445)	(117)	(731,609)
<b>Total net profit/(loss) for the year</b>	<b>1,244,482</b>	<b>533,727</b>	<b>166,216</b>	<b>105,990</b>	<b>94,057</b>	<b>(23,626)</b>	<b>476,925</b>	<b>25,719</b>	<b>(495,407)</b>	<b>2,128,083</b>
<b>Other segment information</b>										
Total assets of the segment	20,504,018	3,321,395	4,987,879	1,811,102	2,158,606	199,417	11,096,378	838,239	(7,990,690)	36,926,344
Total liabilities of the segment	7,595,072	701,773	3,222,807	967,452	966,377	67,377	3,193,305	674,649	(2,199,783)	15,189,029
Allowances for expected credit losses on trade receivables, loans and other current financial assets	(15,586)	(15,620)	2,627	(10,620)	(180)	(881)	454	(6,260)	7,252	(38,814)
Investments in joint ventures and associates	6,081,988	641,794	40,568	-	82,883	8,682	44,092	-	-	6,900,007
Capital expenditures	(1,232,059)	(88,351)	(799,097)	(414,466)	(209,027)	(1,943)	(1,435)	(1,669)	858	(2,747,189)

## 39. SEGMENT REPORTING (CONTINUED)

The following table represents information about profit and loss, assets and liabilities of operating segments of the Group for 2022:

In millions of tenge	Oil-and-gas and petrochemical segment	Mining	Transportation	Communication	Energy	Industrial	Corporate center	Other	Elimination	Total
Revenues from sales to external customers	9,585,882	1,947,699	1,926,051	666,830	599,515	28,120	40,935	20,115	-	14,815,147
Revenue from contracts with customers	9,574,407	1,947,341	1,904,011	666,830	599,506	28,120	-	7,562	-	14,727,777
Rental income	11,475	358	22,040	-	9	-	-	5,643	-	39,525
Interest revenue	-	-	-	-	-	-	40,935	6,910	-	47,845
Revenues from sales to other segments	61,751	41	11,806	4,856	85,941	9,366	825,085	13,667	(1,012,513)	-
<b>Total revenue</b>	<b>9,647,633</b>	<b>1,947,740</b>	<b>1,937,857</b>	<b>671,686</b>	<b>685,456</b>	<b>37,486</b>	<b>866,020</b>	<b>33,782</b>	<b>(1,012,513)</b>	<b>14,815,147</b>
<b>Geographical markets</b>										
Kazakhstan	1,624,304	1,055,803	1,570,250	649,049	650,772	32,386	825,085	21,229	(1,012,513)	5,416,365
Other countries	8,011,854	891,579	345,567	22,637	34,675	5,100	-	-	-	9,311,412
<b>Gross profit</b>	<b>2,224,569</b>	<b>531,383</b>	<b>373,025</b>	<b>225,338</b>	<b>223,919</b>	<b>8,909</b>	<b>802,293</b>	<b>15,413</b>	<b>(837,202)</b>	<b>3,567,647</b>
General and administrative expenses	(223,284)	(45,790)	(115,410)	(50,461)	(30,626)	(3,659)	(20,873)	(4,426)	10,717	(483,812)
Transportation and selling expenses	(853,650)	(25,683)	(10,772)	(16,979)	(13,265)	(745)	-	(16)	14,241	(906,869)
Finance income	156,368	23,192	70,256	23,880	11,480	2,027	53,761	46,863	(66,844)	320,983
Finance costs	(372,488)	(9,176)	(168,296)	(43,783)	(54,723)	(6,017)	(60,628)	(61,250)	122,372	(653,989)
Share in profits/(loss) of joint ventures and associates	1,337,127	82,589	8,546	-	14,304	(216)	7,018	21	-	1,449,389
Foreign exchange (loss)/gain, net	(6,551)	15,404	22,680	8,949	6,437	(790)	(48,050)	(9,528)	1,551	(9,898)
Depreciation, depletion and amortization	(571,203)	(82,469)	(210,591)	(122,960)	(81,771)	(7,172)	(728)	(3,251)	3,533	(1,076,612)
(Impairment)/reversal of property, plant and equipment, exploration and evaluation assets and intangible assets	(19,642)	(13,297)	(170)	(2,751)	(2,700)	(16,973)	-	-	-	(55,533)
Reversal/(impairment) of other assets, net	1,373	1,304	644	(493)	(7,706)	(14,361)	(228,919)	(455)	232,464	(16,149)
Income tax (expenses)/benefit	(518,783)	(111,965)	(47,028)	(35,696)	(38,758)	422	(17,445)	3,044	(6,423)	(772,632)
<b>Total net profit/(loss) for the year</b>	<b>1,653,779</b>	<b>455,464</b>	<b>131,062</b>	<b>115,919</b>	<b>109,630</b>	<b>(33,685)</b>	<b>815,069</b>	<b>(9,309)</b>	<b>(863,865)</b>	<b>2,374,064</b>
<b>Other segment information</b>										
Total assets of the segment	19,835,479	2,977,510	4,632,180	1,593,990	1,750,872	179,461	9,603,793	337,055	(7,278,961)	33,631,379
Total liabilities of the segment	7,774,919	610,791	3,077,764	835,531	801,496	73,385	2,527,357	201,901	(2,065,187)	13,837,957
Allowances for expected credit losses on trade receivables, loans and other current financial assets	(4,412)	133	(5,560)	(8,373)	167	(102)	31,789	908	(34,134)	(19,584)
Investments in joint ventures and associates	5,896,273	690,634	28,799	-	70,906	3,788	45,006	35	-	6,735,441
Capital expenditures	(1,006,194)	(89,710)	(472,722)	(134,616)	(149,945)	(20,786)	(382)	(6,447)	468	(1,880,334)

## 40. SUBSEQUENT EVENTS

### Issue of shares

On January 24, 2024, the Fund issued 100 shares at par value of 387,371,430 tenge and 1 share at par value of 57,672,000 tenge for the total amount of 38,795 million tenge, which were paid off by the Shareholder by means of 100% of interest in authorized capital of "GPC Investment" LLP and 50% of interest in authorized capital of "Soft Art" LLP.

### Dividends

On April 19, 2024 the Fund paid dividends to the Shareholder in the amount of 100,002 million tenge from retained earnings of 2022 in accordance to the Resolution of the Government dated April 13, 2024.

### Loss of control over the subsidiary

On February 14, 2024 the Fund disposed 9,884,209 (10%) of common shares of Air Astana at a price of 1,073.83 tenge per common share for a total amount of 10,614 million tenge through their sale on the Astana International Exchange (AIX) and Kazakhstan Stock Exchange JSC (KASE). As a result, the Group lost control over the subsidiary and recognized investment in associate (Note 7).

On February 21, 2024, the Group signed a purchase and sale agreement with PJSC Tatneft, a third party, for a sale of 50% shares of Karaton Operating Ltd., a wholly owned subsidiary of KMG, for cash consideration of 18.2 million US dollars (equivalent to 8,255 million tenge on the date of disposal of the subsidiary). As a result, the Group lost control over the subsidiary and recognized investment in joint venture.

On February 27, 2024 the Group completed the sale of 40% share in KPI to SIBUR Holding PJSC. As a result, the Group lost control over the subsidiary and recognized investment in joint venture (Note 7). On February 29, 2024 SIBUR Holding PJSC made payment of the 1st tranche under the sale agreement for a 40% share in KPI in the amount of 90 million US dollars (equivalent to 40.618 million tenge).

On January 20, 2024, at a meeting of the State Commission for Economic Modernization, it was decided to sell a 100% share in Mobile Telecom-Ser-vice LLP. For the implementation the adopted decision made on February 14, 2024 a trilateral agreement on principles was signed in Qatar between the Fund, KTC and Power International Holding (the leading conglomerate in the Middle East) during the official visit of the President of RK to Qatar.

### Sale of share in joint venture

On March 29, 2024, the Group sold a 20% share in Silleno LLP, a joint venture of the Group, to SINOPEC OVERSEAS INVESTMENT HOLDING (SINGAPORE) PTE. LTD for 9,919,892 US dollars (equivalent to 4,465 million tenge at the date of payment receipt). As a result of the transaction, the Group retained joint control over Silleno LLP.

## 40. SUBSEQUENT EVENTS (CONTINUED)

### Dividends received

On March 12, 2024, the Group received dividends from Tengizchevroil LLP, the joint venture, of 85 million US dollars (equivalent to 38,191 million tenge).

### Tariff for the mainline railway network services

In February 2024, the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy of the RK approved the maximum level of tariff for 2024-2025 as an index to tariffs for mainline railway network services at 3.0 for freight transportation from stations of the RK in all export directions, as well as for freight transportation between member states of the EAEU passing through connecting stations of the RK.

### Addendum to the subsoil use contract of Semizbay-U LLP

Addendum to subsoil use contract for Irkol field that had an expiration date on March 4, 2024, was signed on February 28, 2024 with the new contract date of 2030.

### Distributions to the Public Foundation “Qazaqstan halqyna”

During the period from January to March 2024, the Fund made payments to the Public Foundation “Qazaqstan halqyna” in the total amount of 45,964 million tenge.

### Floods in Kazakhstan

In March-April 2024, a complex flood situation developed in several regions of the country (North Kazakhstan, Atyrau, Aktobe, Akmola, Kostanay, West Kazakhstan and other regions). A state of emergency was introduced in several areas. As of the date of issue of these consolidated financial statements, the Group provided ABOUT 12 billion tenge as financial assistance to regions affected by the natural disaster. A flood situation, as well as measures to minimize its consequences, may affect the activities of the Group's companies. The overall effect of floods on the Group cannot be assessed with reasonable certainty at this time.

## Annex 2.

### Report on the progress of withdrawal of assets of Samruk-Kazyna JSC and its subsidiaries for sale within the framework of execution of the Resolution of the Government of the Republic of Kazakhstan dated December 29, 2020 No. 908

Annexes 2 and 5 to the Resolution of the Government of RK No. 908 include 29 assets of the Fund's group: including 7 large assets of the Fund and 22 non-large assets of portfolio companies.

In 2023, 1 asset activity has been completed:

- ◆ **KEGOC JSC (SPO)** — sold 15,294,118 common shares for a total amount of over KZT 22.6 billion or 5.6% of the total number of outstanding shares; the share of retail investors increased from 2% to 5.7%, the number of shares in free float (excluding UAPF) increased from 3% to 8%, which contributed to a 20-fold increase in liquidity on the secondary market.

In 2024, activities have been completed for 2 assets:

- ◆ **Air Astana JSC (IPO)** — the price for 1 global depository receipt amounted to USD 9.5, and for 1 common share KZT 1,073.83. In the framework of the placement was raised USD 370 million. After the offering, the Fund's share decreased to 41%.
- ◆ **East Cooper LLP (direct targeted sale)** — on February 7, 2024, a purchase and sale agreement for 25% of participation interest in the authorized capital of East Cooper LLP was signed between Kazgeologiya JSC and Standard Minerals LLP.

Also, a sale and purchase agreement was signed for one asset included in Annex 6 to Resolution of the Government of RK No. 908: **Polymer Production LLP**.

## Annex 3. Informatization and digitalization

Automation and digitalization of information technologies in the Fund is aimed at introducing advanced technologies to optimize manual processes and transfer information into electronic format. This contributes to a significant increase in efficiency, accuracy and productivity, which, in turn, improves the performance of employees of the Fund and the group of companies of Samruk-Kazyna JSC.

### WHAT'S DONE IN 2023

The list of priority activities in the reporting period includes the following priority activities:

#### Modernization of the Fund's external website – SK.kz

As part of the task of modernizing the external website, a new design for the Fund's sk.kz website was developed, which is based on an innovative content management system. This represents a significant step in modernization, allowing to separate content from the way of display and provide more flexible resource management. The site is currently undergoing an internal discussion stage to gather feedback from the Fund's structural units, which is key to guaranteeing the integrity and relevance of the information published. The final stage will be the migration of the site to a productive server with an updated and more modern platform that meets current requirements and trends in web development.

#### Implementation of "Horizontal Monitoring Platform" software

The work on implementation of the software "Horizontal Monitoring Platform" was carried out in the Fund. The platform was introduced to ensure enhanced information interaction between the Fund and the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan within the framework of tax control processes in the horizontal monitoring mode for corporate income tax and value added tax.

#### Geo-reserving

As part of the improvement of the risk management system in case of emergencies, the approach of applying the "geo-redundancy" method was chosen to ensure the protection of critical data and information systems. In 2023, the Fund approved the Fund's IT Business Continuity and Critical Resources Recovery Plan, which approved the list of critical IT services for the Company. To ensure the "geo-redundancy" procedure, the Fund entered a contract to lease cloud computing capacity in an alternative geographically remote data center (data center). In addition, the Fund carries out annual testing of this service.

#### Carrying out activities to improve the maturity of IT competencies of the employees of the Fund and portfolio companies

In February 2023, a training program on the use of AI (artificial intelligence) in daily work was launched for employees of the Fund and portfolio companies. The aim of the training was not only to increase work efficiency with the latest technology, but also to improve information hygiene when working with large language models and to facilitate mastering this revolutionary technology. The training was accompanied by active feedback gathering and individual face-to-face consultations, which allowed for a deeper understanding of the needs and obstacles faced by employees, as well as customization of the training process to achieve the best results.

#### Development of Large Language Models (LLM, AI and ML)

As part of its efforts to improve internal big data analytics, the Fund has worked to explore and implement scenarios for using large language models (LLM), such as OpenAI's GPT-4 and open-source models. This work included developing techniques to anonymize data when external models are plugged in to ensure security and compliance with privacy standards. Many open-source neural models were tested to optimize information processing, improve decision making. In 2024, it is planned to implement the selected LLM use cases within the Fund's back end on the basis of Secure Cloud Native Infrastructure, which will improve the efficiency and security of data processing.

#### Development of analytics based on data from information and pricing agencies, exchanges, etc.

In 2023, an information dashboard (dashboard) was developed to provide real-time data on the Fund's PC quotations through integration with the Kazakhstan Stock Exchange (KASE). In 2024, it is planned to expand the range of data available from exchange sources.

#### Scalable infrastructure for digitalization and collaboration across the group of companies

In 2023, the challenge to create a scalable infrastructure for digitalization and improved collaboration within the group of companies was initiated. Aiming to move from classic legacy infrastructure to Secure Cloud Native Infrastructure, selected open-source solutions to achieve the goals.

Full scaling for use by Samruk-Kazyna JSC is planned after completion of customization.

#### Interactive dashboards to display product date

In 2023, a comprehensive database was developed to create interactive dashboards that combine data from exchanges and other sources. These dashboards are designed to support informed decision-making, improve analysis of market information, and provide access to the latest trends. Key achievements in the reporting year:

1. Development of two pilot dashboards based on open-source technologies demonstrating data visualization capabilities.
2. Presenting the experience of dashboarding labor safety data to the Ministry of Labor and Social Protection of the Population and receiving positive feedback from the government agency.
3. Practical application of dashboard in the occupational health and safety sector for daily analysis.

Plans for 2024 include the creation of additional dashboards to support data-driven decision-making. These measures aim to strengthen decision-making by improving access to relevant information and analytics to support more responsive and informed management.

## Annex 4. List of transactions in which Samruk-Kazyna JSC is an interested party, the decision to enter into which was made by the Fund's Management Board

Nº	Name of counterparty	Sign of interest	Name of transaction
1	NC KazMunayGas JSC	Portfolio company	Sale and purchase agreement for 25% interest in the authorized capital of Butadiene LLP
2	Almaty Power Plants JSC	Organization of the Fund Group	Guarantee and Reimbursement Agreement
3	Samruk-Energy JSC	Portfolio company	Guarantee agreement
4	Ozenmunaigas JSC	Organization of the Fund Group	Sublicense agreement
5	NC KazMunayGas JSC	Portfolio company	Bond purchase and sale agreement
6	Samruk-Energy JSC	Portfolio company	Share Purchase and Sale Agreement for shares of public company Qazaq Green Power PLC
7	NC Kazakhstan Temir Zholy JSC	Portfolio company	Credit agreement
8	CCGT Turkestan LLP	Organization of the Fund Group	Guarantee and Reimbursement Agreement
9	NC Kazakhstan Temir Zholy JSC	Portfolio company	Bond purchase and sale agreement
10	Alatau Zharyk Company JSC	Organization of the Fund Group	Trust management agreement for electric grid facilities
11	Almaty Power Plants JSC	Organization of the Fund Group	Guarantee and Reimbursement Agreement
12	Almaty Power Plants JSC	Organization of the Fund Group	Additional Agreement to the Agreement on Granting Guarantee and Reimbursement of Expenses dated February 13, 2023 No. 1603-i
13	Samruk-Energy JSC	Portfolio company	Guarantee agreement
14	Samruk-Energy JSC	Portfolio company	Additional Agreement to the Guarantee Agreement dated February 13, 2023 No.1602-i
15	NC QazaqGaz JSC	Portfolio company	Bond purchase and sale agreement
16	Tau-Ken Samruk JSC	Portfolio company	Agreement on delegated management of state property in the form of 100% block of shares of the National Geological Exploration Company Kazgeology Joint Stock Company
17	KMG Karachaganak LLP	Organization of the Fund Group	Loan agreement
18	Samruk-Kazyna Business Service LLP	Portfolio company	Additional Agreement No. 10 to SAP Software License Trust Agreement No. 630-i dated December 20, 2016
19	1) KAP Logistics LLP; 2) ORTALYK Mining Enterprise LLP; 3) NAC Kazatomprom JSC; 4) Ozenmunaigas JSC; 5) Ulba Metallurgical Plant JSC.	Portfolio companies and organizations of the Fund's Group	Agreements for the transfer of rights to use SAP software in the future
20	1) KAP Logistics LLP; 2) ORTALYK Mining Enterprise LLP; 3) NAC Kazatomprom JSC; 4) Ozenmunaigas JSC; 5) Ulba Metallurgical Plant JSC.	Portfolio companies and organizations of the Fund's Group	Sublicense agreements
21	Kazakh gas processing plant LLP	Organization of the Fund Group	Guarantee and Reimbursement Agreement
22	NC KazMunayGas JSC	Portfolio company	Guarantee agreement
23	GPC Investment LLP	Organization of the Fund Group	Guarantee and Reimbursement Agreement
24	NC QazaqGaz JSC	Portfolio company	Guarantee agreement
25	Samruk-Energy JSC	Portfolio company	Joint venture agreement for the project "Construction of wind power plants in the Republic of Kazakhstan with a total capacity of 1GW"
26	Kcell JSC	Organization of the Fund Group	Agreement on the exchange of rights to use SAP software
27	Almaty Power Plants JSC	Organization of the Fund Group	Guarantee and Reimbursement Agreement
28	Samruk-Energy JSC	Portfolio company	Guarantee agreement
29	Samruk-Kazyna Business Service LLP	Portfolio company	Additional Agreement No. 11 to SAP Software License Trust Agreement No. 630-i dated December 20, 2016
30	KAP Technology LLP	Organization of the Fund Group	Agreement on transfer of rights to use SAP software in the future
31	KAP Technology LLP	Organization of the Fund Group	Sublicense agreement
32	Tau-Ken Samruk JSC	Portfolio company	Temporary Financial Assistance Agreement
33	Qazaq Green Power PLC	Organization of the Fund Group	Agreement on assignment of rights and obligations under the Cooperation Agreement in favor of Qazaq Green Power PLC within the framework of implementation of the project "Construction of a wind power plant in the Republic of Kazakhstan with aggregate capacity of 1GW" jointly with Masdar

Nº	Name of counterparty	Sign of interest	Name of transaction
34	Qazaq Green Power PLC	Organization of the Fund Group	Agreement on assignment of rights and obligations under the Joint Development Agreement in favor of Samruk-Energy JSC under the project "Construction of a wind power plant in the Republic of Kazakhstan with a total capacity of 1 GW" jointly with China Power International Holding.
35	Qazaq Green Power PLC	Organization of the Fund Group	Agreement on assignment of rights and obligations under the Joint Venture Agreement in favor of Samruk-Energy JSC within the framework of implementation of the project "Construction of a wind power plant in the Republic of Kazakhstan with aggregate capacity of 1 GW" jointly with Total Eren
36	Qazaq Green Power PLC	Organization of the Fund Group	Agreement on assignment of rights and obligations under the Joint Development Agreement in favor of Samruk-Energy JSC within the framework of implementation of the project "Construction of a wind power plant in the Republic of Kazakhstan with aggregate capacity of 1 GW" jointly with Acwa Power Company.
37	Samruk-Kazyna Ondeu LLP	Portfolio company	Additional Agreement No. 1 to the Credit Agreement No. 807-i dated June 13, 2018
38	Samruk-Kazyna Ondeu LLP	Portfolio company	Additional Agreement No. 7 to the Credit Agreement No. 741-i dated December 15, 2017

## Annex 5. Information on compliance / non-compliance with the principles and provisions of the Code of Corporate Governance of Sovereign Wealth Fund Samruk-Kazyna JSC, approved by the Resolution of the Government of the Republic of Kazakhstan dated November 5, 2012 No. 1403

In accordance with the requirements of the Code of Corporate Governance of SWF Samruk-Kazyna JSC, approved by the Resolution of the Government of the Republic of Kazakhstan dated November 5, 2012 No. 1403 (hereinafter – the Code), this information provides an overview of compliance with the principles and provisions of the Code in 2023.

The Code applies to Samruk-Kazyna JSC (hereinafter – the Fund) and Organizations, more than fifty percent of voting shares (participatory interests) of which are directly or indirectly owned by the Fund on the right of ownership or trust management (hereinafter – Organizations). The objectives of the Code are to improve corporate governance in the Fund and the Organizations, to ensure transparency of governance, to confirm the commitment of the Fund and the Organizations to follow the standards of good corporate governance.

Taking into account the evolution of international practice of corporate governance and constant striving to improve the system, on July 14, 2023, the new edition of the Code was approved by the Resolution of the Government of the Republic of Kazakhstan No. 590 (decision of the Sole Shareholder of the Fund).

The work carried out within the framework of improving corporate governance is detailed in the Report on Compliance/Compliance with the Principles and Provisions of the Code approved by the Board of Directors. Among the main initiatives, the following should be emphasized:

- ◆ The Fund Management Council headed by the First President of the Republic of Kazakhstan – Yelbasy was abolished in accordance with the amendments made on November 16, 2023 to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" (these amendments are effective from January 1, 2024);
- ◆ The Prime Minister of the Republic of Kazakhstan was elected as the Chairman of the Board of Directors of the Fund in accordance with the Resolution of the Government of the Republic of Kazakhstan dated January 16, 2023 No. 19 "On Amendments to the Resolution of the Government

of the Republic of Kazakhstan" dated October 17, 2008 No. 962 "On Measures to Implement the Decree of the President of the Republic of Kazakhstan dated October 13, 2008 No. 669" on the basis of amendments to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" introduced on December 30, 2022;

- ◆ The Fund's Development Plan for 2023-2032 was approved by the Resolution of the Government of the Republic of Kazakhstan dated March 17, 2023 No. 230 (hereinafter – the Development Plan). The new Development Plan was developed based on the analysis of global and corporate challenges and opportunities for further development with a focus on three strategic directions: effective asset portfolio management, creating an ecosystem for business and ensuring sustainable development. The Fund's management model for the next 7 years is defined as a strategic holding with the tasks of supporting social and infrastructural development of the country. By 2030, the Fund should switch to the model of investment holding under favorable market conditions and retain a majority stake in the Fund's strategic assets;
- ◆ In accordance with the best international practice, during 2023 at each in-presence meeting of the Board of Directors, reports of the Chairman of the Management Board of the Fund were heard, containing operational information on key production and financial indicators, on the interaction of the Fund's group with the state authorities of the Republic of Kazakhstan, including on tariff setting, as well as on cooperation with foreign partners. These reports also included information on the work performed and the Fund's plans for the future;
- ◆ At the regular meetings of the Board of Directors, information on monitoring the implementation of major investment projects of the Fund's group was discussed. It is important to note that the inclusion of KPI "Implementation of major investment projects" in the maps of motivational key performance indicators of the Fund for 2023 and 2024 not only provides strict control over the progress of 42 key investment projects important for the economic development of Kazakhstan, but also strengthens the responsibility of the Fund

for the successful implementation of these projects;

- ◆ The Charter of the Fund was amended by the decrees of the Government of the Republic of Kazakhstan dated January 25, 2023 No. 45 and dated June 19, 2023 No. 484, aimed at bringing it in compliance with the amendments to the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" dated December 30, 2022, as well as new exclusive competences of the Sole Shareholder (to make decisions on annual allocation by the Fund to the non-profit organization Kazakhstan Khalkyna in the amount of not less than seven percent of the net income of the Fund) and duties of the Chairman of the Board were added. These amendments to the Charter will support socially significant initiatives in favor of the people of Kazakhstan and ensure prompt and effective implementation of strategic initiatives for the development of the economy and society;
- ◆ In accordance with the best international practices, sustainable development and ESG principles are integrated into the management system and key business processes of the Fund Group. A recommendation on the election of a senior independent director has been included; the activities of the Compliance Service have been regulated;
- ◆ A new version of the Fund's Code of Conduct was approved by the decision of the Board of Directors No. 219 dated June 20, 2023 as part of the implementation of the Development Plan and the Roadmap for the Implementation of HIT Values 2022-2023 approved by the Chairman of the Fund's Management Board dated December 12, 2022. This document defines new values of the Fund, such as "modesty", "honesty" and "transparency", and some norms are harmonized with the Development Plan in terms of defining the strategic vision, mission and role of the Fund;
- ◆ The Ombudsman of the Fund and Organizations belonging to the Fund's group was appointed for the purpose of observing the principles of business ethics and optimal regulation of social and labor disputes arising in the Fund and Organizations by the decision of the Board of Directors No. 212 dated February 28, 2023, for the period from March 1, 2023 to February 28, 2025;

- ◆ For the first time in 2023, the Fund's 2022 Sustainability Report, which has been published annually on the Fund's website since 2016, has been certified by KPMG Tax & Advisory in accordance with the international standard on auditing and assurance ISAE 3000. This report certifies the transparency and openness of the Fund and portfolio companies in respect of key aspects of the Fund's activities, including ESG aspects;
- ◆ In June 2023, the Board of Directors approved the Strategy for the Development of Compliance Function in the Fund group of companies for 2023-2027 to define long-term objectives and priorities for the development of compliance processes in the compliance system of the Fund and Organizations. Key areas: development of compliance methodology, culture and management system, increasing transparency and improving interaction with state authorities. The Corporate Standard on the compliance function in the Fund's portfolio companies was updated, including in terms of a clear definition of anti-corruption principles, regulation of the procedure for screening candidates for vacant positions exposed to corruption risks, and the procedure for making decisions on appointment/termination of powers and application of disciplinary measures;
- ◆ PricewaterhouseCoopers (hereinafter – PwC) independently assessed the performance of the Fund's Internal Audit Service in the fourth quarter of 2023. According to the PwC report, most aspects of internal audit were rated highly (9 out of 11), which indicates a high-quality organization of internal audit processes. The final average score was 4.7 out of 5, which corresponds to 94%. Based on the results of the assessment, it was recommended to develop and implement a program to ensure and improve the quality of internal audit, including assessment of the efficiency and effectiveness of internal audit, as well as identification of opportunities for improvement;

- ◆ A new version of the Regulations on the evaluation of the performance of the Board of Directors, Committees of the Board of Directors, members of the Board of Directors and the Corporate Secretary Service of Samruk-Kazyna JSC in connection with the entry of the Prime Minister of the Republic of Kazakhstan into the Board of Directors of the Fund (decision of the Board of Directors of the Fund dated October 27, 2023 No. 226) was approved. These Regulations provide for a separate procedure for assessing the performance of the Board of Directors in the event that the Chairman of the Board of Directors is the Prime Minister of the Republic of Kazakhstan ex officio;
- ◆ On December 15, 2023, the new Rules of Samruk-Kazyna JSC on the organization and implementation of internal control were approved, aimed at improving the efficiency of the internal control system through documentation, design evaluation and testing of control procedures. Training of employees on the internal control system and certification of employees for knowledge of internal regulatory documents, as well as monitoring of the effectiveness of control procedures in three key business processes were conducted. The results showed that the current system is effective and covers business process risks sufficiently.

The Fund continuously improves the system of corporate governance, adhering to high standards and ensuring transparency in its activities. In addition, the Fund builds partnership relations with the Sole Shareholder and actively improves the efficiency of the Board of Directors and the Management Board of the Fund.

This information emphasizes the constant dedication to the principles of good corporate governance and the desire to comply with them in all aspects of the Fund's activities.

## Annex 6. Glossary

Abbreviation	Full name
ACS	Automated control system
AGDS	Automated gas distribution station
AIFC	Astana International Financial Centre
Air Astana, Air Astana JSC	Air Astana Joint Stock Company
Atyrau Refinery, AOR	Atyrau Oil Refinery
BIA	Broadband internet access
BoD	Board of Directors
BPM system	Business Process Management system
CA	Central Asia
CADS	Centralized Archival Document Storage
CC	Corporate Center
CCGT	Combined cycle gas turbine
CRH MPERS LLP	Centralised Republican Headquarters of Militarized Professional Emergency Rescue Services LLP
CFT	Cyclic-Flow Technology
CGNPC	China General Nuclear Power Group
CHPP	Combined heat and power plant
CIS	Commonwealth of Independent States
Companies, Fund Portfolio companies, PC	National companies and other legal entities, more than 50% of the voting shares (interests) of which is owned by the Fund on the right of property or trust management
CPC	Caspian Pipeline Consortium
CPM	Category Procurement Management
CRM	Customer Relationship Management
CRNM	Committee on the Regulation of Natural Monopolies
CS	Compressor Stations
CSTI	Center for Scientific and Technological Initiatives
DSE	Design specifications and estimates
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBRD	European Bank for Reconstruction and Development
EKR	East Kazakhstan region
EMC	Educational and Methodological Complex
EMG, Embamunaigas JSC	Embamunaigas Joint Stock Company
EMS	Express Mail Service, an international express mail delivery service
eNPS	Employee Net Promoter Score
EP-contracts	Engineering, procurement and construction
EPIS	Electronic procurement Information System of Samruk-Kazyna JSC
ESDPP-2, ESDPP-2 JSC, Ekibastuz SDPP-2 JSC	Ekibastuz State District Power Plant-2 Joint Stock Company
ESG	Environmental, Social, and Corporate Governance
EU	European Union
FA	Fuel assemblies
FAR	Fatal Accident Rate
FOCL	fiber optic communication line
Fund Group	The Fund, companies, their subsidiaries, more than 50% of the voting shares (interests) of which is owned by companies, as well as legal entities, more than 50% of the voting shares (interests) of which is owned by the specified subsidiaries of companies
Fund, Samruk-Kazyna JSC	Sovereign Wealth Fund Samruk-Kazyna JSC
Gcal	Gigacalorie
GDP	Gross Domestic Product
GJ	Gigajoule
GPON	Gigabit Passive Optical Network
GPP	Gas Processing Plant
GRI	Global Reporting Initiative
GSC	Gas separation complex
GSS	Geological Study of Subsurface
GTM	Geological and technical measures
GTPA	Gas transmittal pipelines administration
GWS	Goods, works and services
HEI	Higher education institution
HPP	Hydroelectric power plant
HR	Human resources

Abbreviation	Full name
HSE	Health, Safety, and Environment
IATA	International Air Transport Association
IOSA	The IATA Operational Safety Audit
IPO	Initial Public Offering
IR	Industrial relations
IRD	Internal regulatory document
IS	Information system
IT	Information technology
JV	Joint Venture
KAP, NAC Kazatomprom JSC	National Atomic Company Kazatomprom JSC
KASE	Kazakhstan Stock Exchange
Kazpost, Kazpost JSC	Kazpost Joint Stock Company
KEGOC, KEGOC JSC	Kazakhstan Electricity Grid Operating Company Joint Stock Company (KEGOC)
KIMEP	Kazakhstan Institute of Management Economics and Forecasting
Km	Kilometer
KMG Karachaganak LLP	One of the largest hydrocarbon projects in Kazakhstan.
KMG, NC KMG JSC	National Company KazMunayGas JSC
KNPP	Kazakhstan nuclear power plants
KPI	Kazakhstan Petrochemical Industries
KPI	Key performance indicator
KPO	Karachaganak Petroleum Operating
KTC, Kazakhtelecom, Kazakhtelecom JSC	Kazakhtelecom Joint Stock Company
KTZh, NC KTZh JSC	National Company Kazakhstan Temir Zholy JSC
kWh	Kilowatt-hour
LC	Local Content
LMS	Learning management system
LPU	Linear Production Management
LTE	Long-Term Evolution, a fourth generation (4G) wireless standard that provides increased network capacity and speed for cellphones and other cellular devices
LTIF	Lost Time Injury Frequency
MBA	Master of Business Administration
MGP	Main gas pipeline
MHz	Megahertz
MMG, Mangistaumunaigas JSC	Mangistaumunaigas Joint Stock Company
MRO	Maintenance and Repair Operations
MW	Megawatt
NATO	North Atlantic Treaty Organization
NEN	National Electric Network
NKR	North Kazakhstan Region
NPO	Nonprofit organization
NPP	Nuclear power plant
OHSMS	Occupational Health and Safety Management System
Pavlodar Refinery	Pavlodar Oil Chemistry Refinery
PC	Portfolio companies
PCS	Procurement Category Strategy
Pkm	Passenger Kilometer
PKOP	PetroKazakhstan Oil Products Limited Liability Partnership
PQS	Preliminary Qualification of Suppliers

Abbreviation	Full name
PRC	People's Republic of China
Pre-FEED	Preliminary Front End Engineering Design
PRMS	Petroleum Resources Management System
QAZAQ AIR, QAZAQ AIR JSC	QAZAQ AIR Joint Stock Company
QazaqGaz	NC QazaqGaz JSC
QPS	Qualified Potential Suppliers
R&D	Research and Development
RC	Residential complex
Register of CPF	Register of commodity producers of the Fund
Register of QPS	Register of qualified potential suppliers
RES	Renewable energy sources
RF	Russian Federation
RK	Republic of Kazakhstan
Russian Railways OJSC	Russian Railways Open Joint Stock Company
SDGs	Sustainable Development Goals
SDPP	State district power plant
SE, Samruk-Energy JSC	Samruk-Energy Joint Stock Company
SEZ	Special Economic Zone
SKI, Samruk-Kazyna Invest LLP	Samruk-Kazyna Invest Limited Liability Partnership
SLP	Safety and Labor Protection
SME	Small and Medium Enterprises
SPO	Secondary Public Offering
SPS	Solar Power Station
SRS	Samruk Research Services
SS	Substation
SSC	Shared Service Center
Subsidiaries	Subsidiaries and Affiliates
TEJ	Technical and Economic Justification
Tengizchevroil LLP	Tengizchevroil Limited Liability Partnership
TFE	twenty-foot equivalents
thous.	Thousand
TITR	Trans-Caspian International Transport Route
TKm	Ton-Kilometer
TKS, NMC Tau-Ken Samruk JSC	National Mining Company Tau-Ken Samruk JSC
TMA	Trust management agreement
TPP	Thermal power plant
U308	Natural uranium concentrate (tr uranium octoxide)
UAE	United Arab Emirates
UAPF	Unified Accumulative Pension Fund
UES	Unified Electricity System
UN	United Nations
Un.	Unit
UNDGWS	Unified Nomenclature Directory of Goods, Works and Services
USA	United States of America
VAT	Value added tax
WKR	West Kazakhstan region
WPP	Wind Power Plants