



SAMRUK
K A Z Y N A

**ANNUAL
REPORT / 2023**

Samruk-Kazyna JSC



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MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear ladies and gentlemen!

IN THE REPORTING PERIOD, THE SAMRUK-KAZYNA FUND AND ITS COMPANIES CONTINUED TO WORK ACTIVELY TOWARDS SUSTAINABLE ECONOMIC DEVELOPMENT AND IMPROVEMENT OF CITIZENS' WELFARE.

At the beginning of the reporting year, the long-term development plan of the Fund for 2023-2032, aimed at the development of the economy of Kazakhstan and implementation of strategically important projects, was adopted.

In the reporting year, the Fund's payment to the national budget in the form of dividends amounted to 1,269 billion KZT, which exceeded the previous year's figure by more than 7 times. In addition, KZT 133 billion was allocated to support social and infrastructure projects. Also, since 2023, as part of the implementation of one of the initiatives of the Head of State in terms of annual allocation of funds in the amount of at least 7 percent of net income, the Fund has allocated 66.6 billion KZT to the Public Fund "Kazakhstan Khalkyna".

An important achievement in 2023 was a significant increase in hydrocarbon reserves, achieved through active actions on additional exploration and drilling of wells within the framework of the Rehabilitation Program.

In the reporting period, investment projects aimed at expanding and modernizing the gas transportation infrastructure and increasing the resource base of marketable gas were actively implemented. Thus, in 2023, with the support of the Government and the Fund, the looping of the main gas pipeline "Makat-North Caucasus" was built and put into

operation, the second string of the main gas pipeline "Beineu-Zhanaozen" was launched, gasification of the area "Sarsha" and the resort area "Warm Beach" in Mangistau region was carried out, the first stage of construction of gas infrastructure for the power complex of CHP-2 and CHP-3 in Almaty was completed, and settlements in Kostanay region were gasified.

Within the framework of renewable energy in 2023 together with major foreign investors such as Acwa Power (Saudi Arabia), Masdar (UAE), Total Eren (France), Unigreen Energy (Russia), China Power International Holding and Power China (PRC) initiated projects on construction of solar and wind power plants with a total capacity of ~6 GW.

KEGOC implemented a strategically important project to strengthen the power network of the Western Zone of the Unified Power System of Kazakhstan, under which five 220 kV power transmission lines with a total length of about 780 km were built. As a result of the project, the reliability of the network of the Western zone was improved.

In the field of transport and logistics, by the end of 2023, the record indicators of transit cargo transportation in the amount of more than 27 million tons (18% more than in 2022) were achieved, including the growth of container transit indicators was about 13.6%.

In the reporting year, the Fund's payment to the republican budget in the form of dividends amounted to

1,269

KZT billion

Social and infrastructure projects in the form of other distributions were supported with an allocation of

133

KZT billion

CONTINUING THE SUCCESSFUL IMPLEMENTATION OF PROJECTS AIMED AT IMPROVING THE QUALITY OF LIFE OF CITIZENS AND SUSTAINABLE DEVELOPMENT OF THE REPUBLIC REMAINS AN IMPORTANT PRIORITY TASK OF THE SAMRUK-KAZYNA FUND FOR THE COMING YEARS.



Olzhas Bektenov

CHAIRMAN OF THE BOARD OF DIRECTORS OF THE SWF SAMRUK-KAZYNA JSC, PRIME MINISTER OF KAZAKHSTAN

Of particular importance is the successful placement of shares of Air Astana JSC and KEGOC JSC, which becomes a significant step towards diversification of the national economic portfolio and creation of favorable conditions for the development of the financial market. In the next 2-3 years it is expected that such companies as NC "Kazakhstan Temir Zholy" JSC and NC "QazaqGaz" JSC will go public. The Fund should continue to work towards the implementation of the instruction of the Head of State to bring national companies to IPO, contributing to effective privatization in the context of liberalization of the economy.

Taking into account global challenges and changes taking place in the world, the Fund seeks to diversify the country's economy by supporting projects in the field of green energy, digitalization and infrastructure development for sustainable economic growth. Continuing the successful implementation of projects aimed at improving the quality of life of citizens and sustainable development of the Republic remains an important priority task of the Samruk-Kazyna Fund for the coming years.

One of the ambitious goals set by the Head of State before the Fund is to double the economy of Kazakhstan in the near future. To achieve this goal, the Samruk-Kazyna Fund will intensify its efforts to support key sectors of the economy and attract foreign investments. I am confident that with a comprehensive approach and strategic vision, the Fund will be able to achieve its goals and ensure stable growth and prosperity of the country.

MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Dear Colleagues!

This year we celebrate a significant date – the 15th anniversary of Samruk-Kazyna JSC. Over these years, the Fund has become an integral part of the economic system of Kazakhstan, playing a key role in the realization of strategic development initiatives of the country. The Fund approached this anniversary date with impressive results.

TODAY SAMRUK-KAZYNA IS ONE OF THE TOP 30 SOVEREIGN WEALTH FUNDS IN THE WORLD. IT IS A STRATEGIC ASSET MANAGER WITH A PRESENCE IN ALL KEY SECTORS OF THE ECONOMY, INCLUDING 277 COMPANIES WITH 260 THOUSAND EMPLOYEES.

During its existence, the Fund has paid about KZT 2.9 trillion in dividends and other distributions to the Government, as well as allocated for charitable purposes, thereby making a significant contribution to the development of social infrastructure and support of the Republican budget.

Shares of 7 major companies of the Fund's group are traded on the stock market. At the same time, NAC Kazatomprom JSC and Air Astana JSC are represented on the London Stock Exchange.

Noting the achieved successes and striving for new heights, Samruk-Kazyna JSC continues to strengthen its role as a driver of economic growth.

Let me present to your attention the annual report of Samruk-Kazyna JSC for 2023 and share the key results of the Fund's activity for the reporting period.

Financial performance

According to the results of 2023, net profit per shareholder of Samruk-Kazyna JSC was formed at the level of KZT 1.7 trillion, despite the current situation on the oil market. Given that NC KazMunaiGas JSC is one of the key assets of the Fund, the decline in the cost of oil by 18% from USD 101.3 to 82.6 per barrel had a significant impact on the results. Another factor that affected the financial result is the increase in salaries of production personnel, which led to an increase in costs on this item by 23%.

At the same time, the Group's portfolio companies continue to increase volumes in their respective areas, which allows them to successfully compensate for the negative impact of external factors. For example, rail freight transportation grew by 7% due to an increase in transit transportation and income from operations with the freight car fleet. Sales of gas processing products increased by 1.2 billion m³, and uranium product sales increased due to higher production volumes and the correct pricing policy.

It should be separately noted that in conditions of high volatility on raw materials and geopolitical instability, thanks to purposeful actions on liquidity management and optimization of treasury portfolio of the Fund's group of companies, it was possible to exceed the planned indicators on financial income more than twice.

At the same time, an important step was the use of Kazpost JSC for the main part of treasury operations of the group, which not only contributed to the maximum use of the company's potential as a financial institution, but also led to its profitability for the first time in the last three years. This allowed to address a number of social issues, including a 7-25% salary increase for production personnel.

Samruk-Kazyna JSC subsidized the economy to the amount of

1.2

KZT trillion



Nurlan Zhakupov

CHAIRMAN OF THE MANAGEMENT BOARD OF SAMRUK-KAZYNA JSC

TOGETHER WITH THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN, THE FUND IS WORKING ON A SYSTEMATIC INCREASE IN TARIFFS. AT THE SAME TIME, OUR TASK IS TO KEEP THE INCREASE WITHIN THE TARGET INFLATION CORRIDOR OF 10-12%, WHICH IS CRITICAL FOR MAINTAINING SOCIAL STABILITY.

Subsidizing the economy

Samruk-Kazyna JSC subsidized the economy to the amount of KZT1.2 trillion by providing preferential tariffs and prices for oil products, commodity and liquefied gas, transportation of goods by rail, etc. The non-market tariffs lead to underfunding of capital works and consequently increases the deterioration of critical infrastructure throughout the country.

Non-market tariffs lead to underfunding of capital works and, accordingly, increase the wear and tear of the country's critical infrastructure.

Together with the Government of the Republic of Kazakhstan, the Fund is working on a systematic increase in tariffs. At the same time, our task is to keep the increase within the target inflation corridor of 10-12%, which is critical for maintaining social stability.

This will increase the value and investment attractiveness of companies and will ultimately lead to an increase in dividends and social payments to the Government.



Distributions to the Government of the Republic of Kazakhstan

In 2023, the Fund paid a record amount of KZT 1,469 billion to the State. These payments included KZT 1,269 billion in the form of dividends to the republican budget, KZT 67 billion were directed to the Public Fund "Kazakhstan Khalkyna", and the remaining KZT 133 billion were distributed for the implementation of socially significant projects.

Among the key initiatives it is worth noting the construction of a national scientific center for infectious diseases in Almaty and the creation of a national coordination center for emergency medicine, as well as a perinatal center in Astana.

Thus, the Fund has allocated to the Government and the social needs of the state an amount comparable to the budget of some major regions of Kazakhstan.

Charity

In 2023, the Fund assisted more than half a million people, allocating about KZT 9 billion for this purpose.

The Fund opened 19 rehabilitation centers in the regions and organized sports sections and inclusive camps in communities. This enabled children with locomotor disorders to take their first steps and children with speech disorders to speak.

More than 500 children with cancer were treated with modern equipment at the Scientific Center for Pediatrics and Children's Surgery in Almaty.

As part of the initiative to develop mass sports, 26 sports and playgrounds were opened in four regions and large sports complexes were built in 9 regions. Now, at these sports facilities and playgrounds, children and youth are engaged in various sports and have been given a unique opportunity to take part in competitions.

Employee safety

Every year, the Fund's group of companies carries out work to improve the level of safety culture among employees. For example, 428 internal trainers and 121,282 production employees have been trained under the "Work Safety Culture" training course, which has been approved by the Institute of Occupational Safety and Health of Great Britain IOSH, by the end of 2023, with plans to increase this figure to 100%, as well as to start training contractors' employees.

Senior management, including the heads of portfolio company organizations, are more actively involved than ever before and are focused on ensuring the safe and effective operation of the industrial safety system.

As a result of our joint efforts, we were able to achieve a 17% reduction in the number of people injured in serious and fatal accidents in 2023 compared to 2022.

Major projects of the Fund commissioned in 2023

In 2023, Samruk-Kazyna JSC implemented a number of major infrastructure projects that are the basis for the economic development of the country.

In order to ensure stable gas supply to the western regions of Kazakhstan, the project on gasification of "Sarsha" and "Warm Beach" areas were completed, the looping of the main gas pipeline "Makat-North Caucasus" and the 2nd string of "Beineu-Zhanaozen" were built.

New power transmission lines built to strengthen the electrical network of the Western Zone of Kazakhstan were commissioned. Astrakhan-Mangyshlak water pipeline was launched, which will satisfy the existing deficit and future growth of water consumption in Atyrau and Mangistau regions.

The project to switch to a cyclic-flow technology of coal mining, transportation and loading at the Bogatyr open-pit mine was completed, which increased the capacity of the mine from 32 to 40 million tons of coal per year.

The Aksai Yuzhny, Anabai, Rozhkovskoye and Eastern Urikhtau oil and gas fields were launched.

In addition, the Kokozek substation in the Almaty region was commissioned to supply power to the region, and a construction materials plant was built in Astana.

More than a thousand 5G base stations were installed ahead of current license obligations, a new logistics center of Kazpost JSC and the Flight Training Center of Air Astana JSC were opened in Astana.

International cooperation

Samruk-Kazyna JSC is one of the main catalysts of investment inflow into the country. The Fund successfully applies the tool of co-investment, which allows investors to share investment risks and receive support in communications with government agencies.

In 2023, agreements were reached with major foreign partners such as Total Eren, Masdar, ACWA Power and China Power International Holding on RES projects with a combined capacity of 4 GW. The uniqueness of these projects lies in the fact that they will be built with an electricity storage system, which was not available in Kazakhstan. Implementation of the projects will attract about USD 6 billion of foreign direct investment.

In addition, joint ventures were established with international partners – with Abu Dhabi Ports for maritime cargo transportation, with PSA for asset management of the Trans-Caspian International Transport Route, and with Presight for digitalization of production processes in portfolio companies.

Of particular note is the launch of a transnational project for the transit of Russian natural gas to Uzbekistan, which contributes to the expansion and modernization of Kazakhstan's gas transmission infrastructure and will help meet Uzbekistan's growing demand for natural gas.

We should also highlight successes in nuclear energy, including the delivery of Kazakhstan's nuclear fuel assemblies to China and the signing of a historic contract with Emirates Nuclear Energy Corporation to supply uranium for the Baraka NPP.

Key events

As part of denationalization and development of capital markets, the SPO of KEGOC, the national electricity transmission company, was successfully held. Demand for the company's shares exceeded the offer more than 1.5 times. 67% of shares were purchased by citizens of Kazakhstan. Funds raised from SPO were directed to the project of strengthening of energy-deficient Southern zone of Kazakhstan.

The launch of skstore.kz e-shop was another step in simplifying and increasing the transparency of procurement procedures. This marketplace provided convenient and fast registration through electronic digital signature, eliminating the need for pre-verification and allowing procurement in one day. In 2023, about 10 thousand orders totaling over KZT 2.4 billion were made through skstore.kz.

At the same time, as part of the desire to increase transparency and management efficiency, Samruk-Kazyna JSC initiated the introduction of a new format of tax administration through the horizontal monitoring system implemented jointly with the State Revenue Committee of the Republic of Kazakhstan. This approach allows the Fund's group of companies to provide tax and accounting reports directly to the tax authorities in real time, significantly increasing the level of mutual trust between business and the state, as well as contributing to a more timely and transparent accounting of tax liabilities.

Dear Colleagues!

We expect 2024 to be no less challenging than the previous year. I am confident that the professionalism of the team will allow us to systematically move towards our goal without slowing down.

PERFORMANCE HIGHLIGHTS OF 2023

PERSONNEL AND OCCUPATIONAL SAFETY

NUMBER OF PERSONNEL
IN THE FUND'S GROUP, PERSONS ↑0.6%

260,658

2022 — 259,055

SHARE OF WOMEN IN THE TOTAL
NUMBER OF EMPLOYEES, % 0%

28

2022 — 28

VOLUME OF SOCIAL EXPENDITURES,
KZT BILLION ↑63%

228

2022 — 139.6

LOST TIME INJURY FREQUENCY
RATE LTIF, % ↓12.5%

0.14

2022 — 0.16

FATAL ACCIDENT
RATE, % ↓3.8%

2.5

2022 — 2.6

PERSONS WITH DISABILITIES,
PERSONS ↑0.7%

2,881

2022 — 2,860

PRODUCTION PERFORMANCE

OIL AND GAS CONDENSATE
PRODUCTION, MILLION TONS ↑6.8%

23.5

2022 — 22.0

OIL TRANSPORTATION VOLUME,
MILLION TONS ↑7.6%

80.4

2022 — 74.7

OIL REFINING VOLUME¹,
MILLION TONS ↓1.5%

19.6

2022 — 19.9

GAS PRODUCTION VOLUME²,
BILLION M³ ↑15.9%

9.5

2022 — 8.2

GAS TRANSPORTATION VOLUME,
BILLION M³ ↓5.3%

79.4

2022 — 83.8

URANIUM PRODUCTION VOLUME,
THOUSAND TONS ↓0.5%

21.1

2022 — 21.2

COAL PRODUCTION VOLUME,
MILLION TONS ↑0.9%

42.9

2022 — 42.5

GOLD PRODUCTION VOLUME,
TONS ↓6.1%

52.2

2022 — 55.6

SILVER PRODUCTION VOLUME,
TONS ↓37.3%

5.2

2022 — 8.3

ELECTRICITY GENERATION VOLUME,
BILLION KWH ↓1.7%

35.3

2022 — 35.9

VOLUME OF ELECTRICITY TRANSMISSION
SERVICES, BILLION KWH ↓34.7%

38.2

2022 — 58.5

VOLUME OF OPERATIONAL CARGO
TURNOVER (RAILWAYS), BILLION TON-KM ↑7.0%

269.7

2022 — 252

VOLUME OF PASSENGER TURNOVER (RAILWAY),
BILLION PASSENGER-KM ↓4.8%

11.8

2022 — 12.4

CONTAINER TRANSIT,
THOUSAND TEU ↑13.6%

1,282.3

2022 — 1,129.2

¹ Refining volume is based on a 50% share for PKOP and Caspi Bitum, and 100% for other refineries.

² Taking into account exclusion of KazTransGas JSC and its subsidiaries and affiliates from the consolidation perimeter.

PASSENGER TRAFFIC (AIR),
MILLION PEOPLE

↑10.1%

8.7

2022 — 7.9

POSTAL SERVICES,
MILLION UNITS

↓6.8%

106.9

2022 — 114.7

NUMBER OF FIXED LINES,
THOUSAND LINES

↓5.3%

2,510.5

2022 — 2,651.5

NUMBER OF FIXED BROADBAND INTERNET ACCESS
SUBSCRIBERS,
THOUSAND PORTS

↑1.4%

1,889.3

2022 — 1,863.2

NUMBER OF PAY TV SUBSCRIBERS,
THOUSAND SUBSCRIBERS

↑12.7%

1,049.2

2022 — 930.7

NUMBER OF MOBILE
SUBSCRIBERS, MILLION SUBSCRIBERS

0%

14.5

2022 — 14.5

FINANCIAL PERFORMANCE³FUNDS SPENT IN INVESTMENT ACTIVITIES,
KZT BILLION

↑56.5%

2,151.7

2022 — 1,375.0

OPERATING PROFIT,
KZT BILLION

↑3.7%

2,130.2

2022 — 2,053.7

OTHER DISTRIBUTIONS TO THE SHAREHOLDER,
KZT BILLION

↑0.5%

132.9

2022 — 132.2

DISTRIBUTIONS TO KAZAKHSTAN KHALKYNA
FUND, KZT BILLION

↑100%

66.6

2022 — 0

NET PROFIT,
KZT BILLION

↓11.9%

1,698.1

2022 — 1,926.7

AMOUNT OF DIVIDENDS PAID
TO THE SHAREHOLDER, KZT BILLION

↑628%

1,269.1

2022 — 174.3

TAXES PAID, REPUBLIC OF KAZAKHSTAN⁴,
KZT BILLION

↑17.4%

1,992.8

2022 — 1,696.4

NET DEBT VOLUME,
KZT BILLION

↓1.1%

5,132

2022 — 5,183

VOLUME OF STATE SUBSIDIES,
KZT BILLION

↑14.2%

61

2022 — 53.4

NUMBER OF SHARES ISSUED,
MILLION PCS.

0%

3,482

2022 — 3,482

ENVIRONMENTAL PROTECTION

CARBON FOOTPRINT,
MILLION TONS OF CO₂-EQ

↑3%

62.3

2022 — 60.7

WATER FOOTPRINT,
MILLION M³

↑4.8%

331.3

2022 — 316.1

EXPENDITURES ON ENVIRONMENTAL
PROTECTION, KZT BILLION

↑43.3%

60.9

2022 — 42.5

SHARE OF ELECTRICITY FROM RENEWABLE
ENERGY SOURCES, % OF TOTAL OUTPUT

↓5%

431.0

2022 — 453.9%

1.

ABOUT THE FUND

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The contribution to the country's economic development amounted to

7,965
KZT billion

THE PURPOSE OF THE FUND'S ACTIVITY IS TO INCREASE THE NATIONAL WELFARE OF THE REPUBLIC OF KAZAKHSTAN BY INCREASING THE LONG-TERM VALUE OF THE ORGANIZATIONS INCLUDED IN THE FUND'S GROUP, AS WELL AS EFFECTIVE MANAGEMENT OF THE ASSETS INCLUDED IN THE FUND'S GROUP.

DEVELOPMENT STRATEGY



OUR VISION

A leader in the national economy, making breakthroughs in innovative development based on the principles of people's well-being and environmental protection through responsible investment.



OUR MISSION

Ensuring sustainable economic development and long-term value creation through effective management of a diversified portfolio of assets and business support for the benefit of the people of the Republic of Kazakhstan.

THE PURPOSE OF THE FUND'S ACTIVITY IS TO INCREASE THE NATIONAL WELFARE OF THE REPUBLIC OF KAZAKHSTAN BY INCREASING THE LONG-TERM VALUE OF THE ORGANIZATIONS INCLUDED IN THE FUND'S GROUP, AS WELL AS EFFECTIVE MANAGEMENT OF THE ASSETS INCLUDED IN THE FUND'S GROUP.

The updated Development Plan of the Fund for 2023-2032 was approved by the Resolution of the Government of the Republic of Kazakhstan No. 230 dated March 17, 2023.

The updated Development Plan of Samruk-Kazyna JSC until 2032, developed in accordance with the instruction of the Head of State, is a well-thought-out strategy aimed at successfully overcoming current and future challenges. Moreover, the Development Plan of the Fund corresponds to the key National priorities and contributes to the realization of the strategy "Kazakhstan-2050", which is a national document defining the long-term course of the country's development.

It should be noted that the Development Plan retains continuity with similar documents of previous years, without contradicting them, but supplementing and specifying certain provisions.

Taking into account the current socio-economic situation in the country and the role of the Fund, today it is more appropriate to focus investments on the development of the economy of Kazakhstan. In this regard, the management model of the Fund in the next 7 years is defined as a strategic holding with the tasks of maintaining social and infrastructural development of the country.

By 2030, the Fund plans to transform into an investment holding, operating under favorable market conditions and maintaining a majority stake in its strategic assets.

To enhance its competitiveness and strengthen its reputation as a "promising partner" at the international level, the Fund will seek to diversify its portfolio and fill it with innovative export-oriented projects.

STRATEGIC GOALS



INCREASE IN NET ASSET VALUE

- ◆ Increase in labor productivity
- ◆ Financial stability
- ◆ Optimization and improvement of business processes
- ◆ Asset modernization and digitalization
- ◆ Entry into new remodeling and creation of industries
- ◆ Development of R&D and innovation, high-tech industries



COMPETITION DEVELOPMENT

- ◆ IPO/SPO and decreasing share in the economy
- ◆ Large infrastructure projects
- ◆ Resource base development
- ◆ Global partnership and coordination of investment activities
- ◆ Responsible and market-based tariff setting
- ◆ Equal access to infrastructure and markets



IMPLEMENTATION OF ESG PRINCIPLES

- ◆ Corporate governance
- ◆ Openness, transparency and compliance
- ◆ Social responsibility
- ◆ H&S best practices
- ◆ Human capital development
- ◆ Resource conservation
- ◆ Decarbonization
- ◆ Green financing

EFFECTIVE ASSET PORTFOLIO MANAGEMENT

The Fund will promote portfolio optimization and quality improvement, adoption of advanced technologies, and enhancement of the business model.

ECOSYSTEM FOR BUSINESS

The Fund will continue to work towards transferring assets into a competitive environment. As a co-investor, the Fund will only participate in critical projects that cannot be realized by private investors.

SUSTAINABLE DEVELOPMENT

The focus is on human well-being, environmental balance and ensuring long-term financial sustainability based on best business practices and corporate governance principles. As a result, increasing the long-term value of assets and improving investment attractiveness.



ASSET PORTFOLIO

THE LIST INCLUDES ONLY LARGE PORTFOLIO COMPANIES OF THE FUND AND IS NOT EXHAUSTIVE



KAZAKHSTAN OPERATOR IN EXPLORATION, PRODUCTION, PROCESSING AND TRANSPORTATION OF HYDROCARBONS

67.42 %

of shares

Regions of presence:

Abay, Aktobe, Atyrau, Zhambyl, Zhetysu, West Kazakhstan, Kostanay, Kyzylorda, Mangistau, Pavlodar, Turkestan, Ulytau regions, as well as in cities of republican significance and the capital city



Number of employees:
48,196 people

www.kmg.kz



THE LARGEST OPERATOR OF KAZAKHSTAN'S MAINLINE RAILROAD NETWORK

100%

of shares

Regions of presence:

all regions



Number of employees:
116,560 people

www.railways.kz

18
19



KAZAKHSTAN OPERATOR FOR IMPORT-EXPORT OF URANIUM, RARE METALS, NUCLEAR FUEL FOR NUCLEAR POWER PLANTS

75%

of shares

Regions of presence:

Akmola, East-Kazakhstan region, Kyzylorda, Turkestan region



Number of employees:
16,477 people

www.kazatomprom.kz



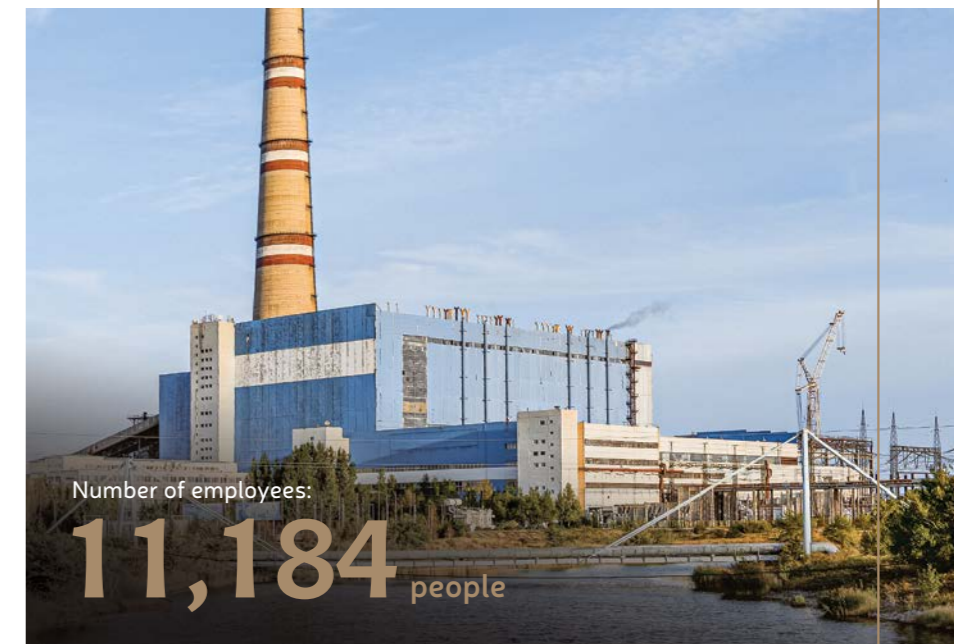
KAZAKHSTAN'S LARGEST DIVERSIFIED ENERGY HOLDING COMPANY

100%

of shares

Regions of presence:

Almaty, East-Kazakhstan, Pavlodar, Turkestan regions, as well as in cities of republican significance and the capital city



Number of employees:
11,184 people

www.samruk-energy.kz



A KAZAKHSTAN GAS COMPANY OPERATING ALONG THE ENTIRE CHAIN FROM EXPLORATION AND PRODUCTION TO THE SALE OF END PRODUCTS

100%

of shares

Regions of presence:

Almaty, Aktobe, Atyrau, East Kazakhstan, Zhambyl, West Kazakhstan, Karaganda, Kostanay, Kyzylorda, Mangistau, Ulytau and Turkestan regions, as well as in cities of republican importance and the capital city



Number of employees: 12,800 people

www.qazaqgaz.kz



SYSTEM OPERATOR OF THE UNIFIED ELECTRIC POWER SYSTEM OF KAZAKHSTAN

85%

of shares

Regions of presence:

Abay, Akmola, Aktobe, Almaty, Atyrau, East Kazakhstan, Zhambyl, Karaganda, Kostanay, Kyzylorda, Mangistau, Pavlodar, Turkestan, and Akmola regions



Number of employees: 4,446 people

www.kegoc.kz



THE LARGEST TELECOMMUNICATIONS COMPANY IN KAZAKHSTAN, HAS THE STATUS OF A NATIONAL TELECOMMUNICATIONS OPERATOR

80.85%

of shares

Regions of presence:

Abay, Aktobe, Almaty, Atyrau, East Kazakhstan, Zhambyl, West Kazakhstan, Karaganda, Kostanay, Kyzylorda, Mangistau, Pavlodar, North Kazakhstan, Turkestan, Ulytau, and West Kazakhstan regions



Number of employees: 23,540 people

www.telecom.kz



NATIONAL POSTAL OPERATOR OF KAZAKHSTAN, PROVIDING A WIDE RANGE OF POSTAL, FINANCIAL, BROKERAGE AND AGENCY SERVICES

100%

of shares

Regions of presence:

all regions



Number of employees: 17,665 people

www.post.kz



KAZAKHSTAN'S LARGEST AIR CARRIER

51%

of shares

Regions of presence:

Aktobe, Atyrau, East Kazakhstan, West Kazakhstan, Kostanay, Kyzylorda, Mangistau regions, as well as in cities of republican importance and the capital city



Number of employees: 6,499 people

www.airastana.com



KAZAKHSTAN AIRLINE OPERATING REGIONAL FLIGHTS WITHIN THE COUNTRY

100%

of shares

Regions of presence:

Akmola, Aktobe, Atyrau, East Kazakhstan, Zhetysu, West Kazakhstan, Kostanai, Kyzylorda, North Kazakhstan, Turkestan, Ulytau regions, as well as in cities of republican significance and the capital city



Number of employees: 309 people

www.flyqazaq.com



KAZAKHSTAN COMPANY FOR EXPLORATION, DEVELOPMENT, PRODUCTION, PROCESSING, AND SALE OF SOLID MINERALS

100%

of shares

Regions of presence:

Republic of Kazakhstan



Number of employees: 655 people

www.tks.kz



SAMRUK-KAZYNA ONDEU

KAZAKHSTAN COMPANY FOR DEVELOPMENT AND IMPLEMENTATION OF INVESTMENT PROJECTS IN THE CHEMICAL INDUSTRY

100%

of shares

Regions of presence:

Akmola, Atyrau, Zhambyl regions



Number of employees: 615 people

www.ucc.com.kz

FUND'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT

SAMRUK-KAZYNA JSC PLAYS A SIGNIFICANT ROLE IN DEVELOPING THE NEW MODEL OF SUSTAINABLE ECONOMIC GROWTH IN KAZAKHSTAN. BY THE END OF 2023, THE FUND'S CONTRIBUTION TO THE COUNTRY'S SUSTAINABLE DEVELOPMENT WAS ESTIMATED AT KZT 10.1 TRILLION.

In 2023, the Fund's social impact amounted to

396

KZT billion

Special attention is given to social responsibility. In 2023, the Fund's social impact amounted to KZT 396.3 billion, including expenditures on social projects within other distributions to Shareholder, allocations to the Public Fund "Kazakhstan Halkyna", charitable projects by Samruk-Kazyna Trust, social support for employees and regions of presence, and ensuring safety in production. Key social projects include the construction of the National Scientific Center for Infectious Diseases in Almaty and the establishment of the National Coordination Center for Emergency Medicine, as well as a perinatal center in Astana.

The contribution to the country's economic development amounted to KZT 7,965 billion. Dividends and taxes totaling KZT 3,262 billion were paid to the state. The Fund invested KZT 1,302 billion in critical infrastructure and key sectors of the economy, including energy, gas infrastructure, transportation and communications, as well as exploration and extraction. In support of entrepreneurship, domestic producers were supplied with goods, works, and services worth KZT 3,401 billion.

The contribution to the environmental sector amounted to KZT 542 billion, covering environmental payments and environmental protection costs, including technology implementation, energy efficiency, research, and development. The total amount also includes reserves for the decommissioning of operating facilities and environmental damage restoration, as well as reserves for environmental damage liabilities.

Subsidizing the economy enables maintaining low prices for oil and gas products, crucial for ensuring social stability and supporting domestic producers.

In 2023, cross-subsidization of prices and tariffs by the Fund amounted to KZT 1,177 billion. Economic subsidies mainly covered prices for petroleum products (KZT 199 billion), natural and liquefied gas (KZT 208 billion), and freight transportation tariffs by rail (coal, grain, iron and non-ferrous ores, construction goods, chemicals and soda, mineral fertilizers, etc.) (KZT 338 billion). Additionally, funds amounting to KZT 9 billion were allocated to maintain low heat energy tariffs. A significant portion was also directed towards tariffs for periodicals, as well as for local-level pension and allowance payments, totaling KZT 17 billion. Capital investments not covered by tariffs amounted to KZT 406 billion.

Furthermore, systematic tariff increases are being implemented to renew infrastructure and enhance investment attractiveness. The Fund's task is to maintain tariff growth within the target inflationary corridor of 10-12%, ensuring social stability. These and other measures undertaken by the Fund contributed to the growth of the country's gross domestic product and strengthened its economic stability.

The contribution to the country's economic development amounted to

7,965

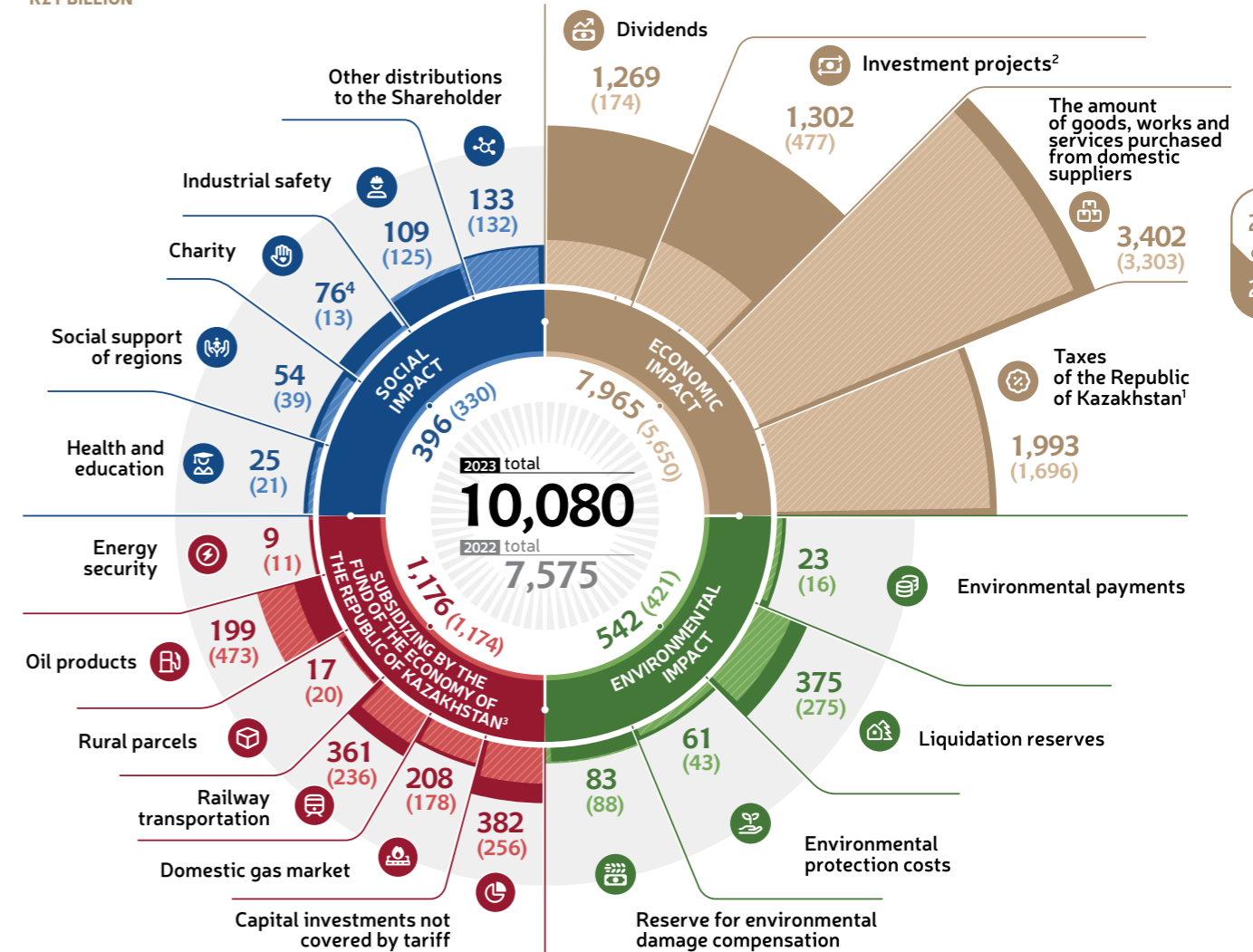
KZT billion

The contribution to the environmental sector amounted to

542

KZT billion

IMPACT MATRIX, 2023
KZT BILLION



2023: ●●●●●
2022: ●●●●●

¹ Excluding Individual Income Tax
² Excluding VAT, on an accrual basis
³ Cross-subsidization by the Fund of socially significant areas in order to curb the growth of prices and tariffs
⁴ Including distributions to the Public Fund «Kazakhstan Halkyna», on an accrual basis

2.

CONSOLIDATED FINANCIAL INDICATORS

The Fund's credit ratings	28
Revenue by segment	30

Consolidated revenues for 2023 amounted to

15.4

KZT trillion

THE FUND'S CREDIT RATINGS

OBTAINING RATINGS FROM LEADING INTERNATIONAL RATING AGENCIES REPRESENTS AN INDEPENDENT AND SOUND ASSESSMENT OF THE FUND'S CREDITWORTHINESS.

The agencies have access to all necessary information for a thorough assessment. They also emphasize the significant role of the Fund in the economy of Kazakhstan, which is aimed at industrialization and financial stability.

On November 6, 2023, S&P Global Ratings affirmed the "stable" outlook on the Fund's rating and affirmed the Fund's long-term and short-term ratings at "BBB-/A-3" and the Kazakhstan national scale rating of "KZAAA".

On November 9, 2023, Moody's affirmed the rating of Samruk-Kazyna JSC at the level of Baa2, the outlook – "positive".

On November 21, 2023, Fitch affirmed the ratings of Samruk-Kazyna JSC at the level of "BBB", outlook "stable".

RATING AGENCY 2023

BBB-/A-3
 November 6
 Stable outlook
 S&P Global Ratings

Baa2
 November 9
 Positive outlook
 MOODY'S

BBB
 November 21
 Stable outlook
 FitchRatings

The Fund's financial results are based on the 12 months ended December 31, 2023 and compared to the prior two years. The following table sets out financial information showing the consolidated performance of the Fund's group.

PERFORMANCE INDICATORS OF THE FUND GROUP			
Indicator	2021	2022, ⁵	2023
Consolidated revenue, KZT billion (excluding state subsidies)	11,710	14,815	15,434
Assets, KZT billion	30,310	33,631	36,926
Equity capital, KZT billion	17,173	19,793	21,737
Consolidated net profit per shareholder, KZT billion	1,629	1,927	1,698
EBITDA (operating), KZT billion	2,856	3,241	3,543
EBITDA Margin (%)	24.4	21.9	23.0

⁵ All financial figures for 2022 have been restated and derived from the consolidated financial statements for the year ended December 31, 2023

Consolidated revenues for 2023 amounted to

15.4
 KZT trillion

the Fund paid taxes and payments to the budget of the Republic of Kazakhstan in the amount of

1,708
 KZT billion

EBITDA (OPERATING) AND EBITDA MARGIN FOR 2023 AMOUNTED TO KZT 3,543 BILLION AND 23% RESPECTIVELY, COMPARED TO KZT 3,241 BILLION AND 21.9% IN 2022.

Consolidated revenues for 2023 amounted to KZT 15.4 trillion, which is higher than in 2022 by KZT 0.6 trillion, or 4%. Most segments in 2023 show year-on-year revenue growth, namely: sales of crude oil (+KZT 29 billion), railway cargo transportation (+KZT 391 billion), sales of gas products (+KZT 92 billion), oil and gas transportation (+KZT 24 billion), air transportation (+KZT 57 billion), electricity complex (+KZT 106 billion), telecommunication

services (+KZT 49 billion), oil processing (+KZT 44 billion), electricity transmission (+KZT 13 billion) and railway passenger transportation (+KZT 15 billion).

As of December 31, 2023, the Fund's consolidated assets amounted to KZT 36.9 trillion, increasing by KZT 3.3 trillion or 9.8% compared to 2022. EBITDA (operating) and EBITDA margin for 2023 amounted to KZT 3,543 billion and

23% respectively, compared to KZT 3,241 billion and 21.9% in 2022. For 2023, the Fund paid taxes and payments to the budget of the Republic of Kazakhstan in the amount of KZT 1,708 billion. General and administrative expenses for 2023 amounted to KZT 526.4 billion.

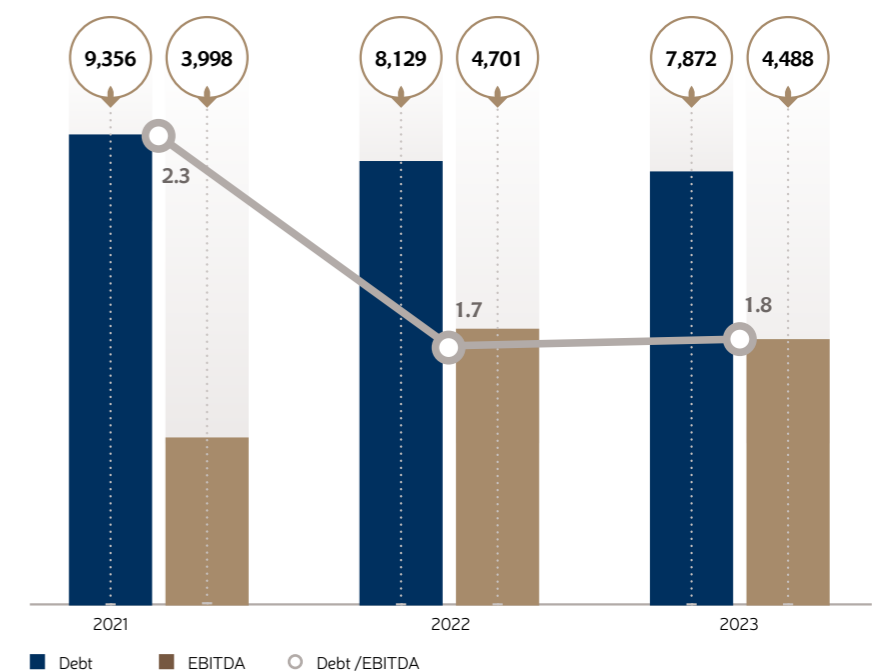
Debt and EBITDA of the Fund (consolidated)

AT THE END OF 2023, THE DEBT/EBITDA RATIO AMOUNTED TO 1.75, WHICH IS DUE TO THE GROWTH OF EBITDA AND REDUCTION OF DEBT. THE DECREASE IN CONSOLIDATED DEBT TO THE LEVEL OF KZT 7,872 BILLION RESULTED FROM THE SCHEDULED AND EARLY FULFILLMENT OF DEBT OBLIGATIONS BY THE FUND GROUP.

At the end of 2023, the Debt/EBITDA ratio amounted to

1.75

DEBT AND EBITDA OF THE FUND (CONSOLIDATED), KZT BILLION



REVENUE BY SEGMENT

Indicator, KZT billion	2021	2022	2023
Sales of crude oil	3,704	4,586	4,615
Sales of oil refined products	2,027	3,252	2,680
Railway cargo transportation	1,191	1,287	1,678
Sales of uranium products	667	964	1,391
Sales of gas products	763	895	987
Sales of refined gold	719	943	813
Telecommunication services	580	620	669
Air transportation	332	492	549
Electricity complex	345	428	534
Oil and gas transportation fee	323	296	320
Oil processing fees	203	204	248
Electricity transmission services	314	184	197
Railway passenger transportation	59	91	106
Postal services	43	46	50
Other revenue	369	438	545
Interest revenue	47	48	49
Rental income	26	40	88
	11,709	14,815	15,434

REVENUE GROWTH BY SEGMENTS WAS DUE TO THE IMPACT OF EXTERNAL AND INTERNAL CIRCUMSTANCES.

In the oil sector, there was an increase in crude oil export sales volumes in 2023, which compensated for the drop in Brent crude oil prices to USD 82.6/barrel from USD 101.3/barrel in 2022. Sales of refined products decreased as a result of lower prices and lower refining volumes. Railway cargo transportation increased due to higher transit traffic and higher revenues from freight car fleet operations. Sales of refined gas products increased due to higher export sales of gas, while sales of uranium products increased due to higher spot prices for U308 and higher sales volumes as a result of additional customer requests for increased annual deliveries under existing contracts as well as new long-term supply contracts. Oil and gas transportation also increased due to higher volumes of crude oil transported by pipeline and sea routes.

The growth in the electricity sector was due to the increase in tariffs from June 2023. Refined gold sales decreased due to lower supplies of gold-containing raw materials, while telecommunication services showed an increase in data services revenue. The increase in postal services revenue was primarily due to increased revenue from expedited mail, parcel post, and specialty communications services.

More detailed information is provided in the Fund's financial statements for 2023 (Annex 1).



REFINED GOLD SALES DECREASED DUE TO LOWER SUPPLIES OF GOLD-CONTAINING RAW MATERIALS, WHILE TELECOMMUNICATION SERVICES SHOWED AN INCREASE IN DATA SERVICES REVENUE.

3.

FUND PERFORMANCE

Oil and gas	34
Energy	49
Production and extraction	56
Transport and logistics	64
Information and communication operators	84
Investment activities	96
Support for socially oriented construction	103
Procurement support	106
Scientific Research initiatives	110
Shared Service Center	111
Charitable activities	114
Human capital development	115
Center for Social Cooperation and Communications	117

The investment portfolio of the Fund's group of companies includes over 130 investment projects totaling

~49
KZT trillion



TO INCREASE COMMERCIAL ASSETS IN THE FUND'S PORTFOLIO, AND THUS FOCUS ON CONTINUING OPTIMIZATION AND RESTRUCTURING OF THE PORTFOLIO WITH A FULL TRANSITION TO ACTIVE MANAGEMENT OF THE INVESTMENT PORTFOLIO BY 2024 — THESE ARE THE FUND'S OBJECTIVES FOR THE FORESEEABLE FUTURE.

OIL AND GAS

Transforming commodity revenues



NATIONAL COMPANY KAZMUNAIGAS JSC (HEREINAFTER — KMG) IS THE LEADING VERTICALLY INTEGRATED OIL AND GAS COMPANY IN KAZAKHSTAN.

Hydrocarbon reserves (2P)

733

million TOE

Founded in 2002, KMG covers the full range of activities in the oil and gas sector, including prospecting, production, transportation, and processing of hydrocarbons, as well as providing core services in 15 regions. KMG plays a key role in representing Kazakhstan's interests in the oil and gas market, operating four major domestic refineries and two refineries in Romania. KMG participates in projects

at major fields: Tengiz (20%), Kashagan (16.87%) and Karachaganak (10%), cooperating with strategic investors. The Company maintains its competitive advantage through a stable cycle of production, transportation, and processing of hydrocarbons. KMG is actively exercising its priority right to acquire subsoil use assets, which contributes to the replenishment of the resource base.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators, million tons:		
Oil and gas condensate production volume	22.0	23.5
Oil refining volume ⁶	19.9	19.6
Oil refining volume in the Republic of Kazakhstan	14.3	14.2
Oil transportation volume	74.7	80.4
Gas production, billion m ³ ⁷	8.2	9.5
Financial indicators, KZT billion:		
Revenue	8,693	8,320
Dividends	200	300
Net profit	1,307	925
Costs	8,028.4	8,047.8
Operating profit	1,698.1	1,486.2
Net debt	2,154	1,645
Sustainability indicators:		
CO ₂ emissions into the atmosphere, million tons	7.6	11.93
Volume of disposed waste, thousand tons	693.7	1,145
Accidents	36	29
Fatal accidents	1	2

In 2023, KMG faced a number of challenges, including price fluctuations, geopolitical instability, unofficial export of oil products to neighboring countries, increased competition and various subjective difficulties. Nevertheless, the Company successfully overcame these obstacles, demonstrating growth in all aspects of its operations, covering the value chain from hydrocarbon exploration and production to transportation and refining.

In 2023, an operating company was established to run the Kalamkas Sea and Hazar project, and in parallel basic engineering and design (hereinafter — FEED) work is actively underway.

Seismic and data interpretation works were completed at 5 sites of geological study of subsurface (hereinafter — GSS).



Rehabilitation works were launched at Uzen and Karamandybas fields, where special attention is paid to the integration of advanced technologies and equipment.

At the end of November 2023, the acquisition of a 60% stake from France's TotalEnergies in the Dunga oil and gas field located in the Mangistau region was completed, and negotiations on the purchase of the remaining 40% have also been initiated.

In addition, production was launched at the Rozhkovskoye, East Urikhtau and Aksai South gas fields.

Pre-FEED development was completed for the Karachaganak Gas Processing Plant (hereinafter — GPP) (4.5 billion m³ per year).

As part of the development of the Trans-Caspian international transport route, the Company initiated oil transportation in the direction of Baku and further through the Baku-Tbilisi-Ceyhan pipeline, thanks to which about 1 million tons of oil was shipped in 2023. As part of the strategy of diversification of transport routes, the Company also started oil transportation through the Atyrau-Samara pipeline and further through the Transneft pipeline system to Germany, where the volume of deliveries for the year also amounted to about 1 million tons of oil.

January of the current year was marked by a significant event for the Company: a joint venture with Abu Dhabi Ports from the United Arab Emirates was established, as a result of which two tankers, Taraz and Liwa, each with deadweight of 8 thousand tons, were acquired. These vessels are already actively involved in the transportation of Kazakh oil across the Caspian Sea, with plans to further expand the fleet. In addition, the establishment of a shipbuilding and ship repair enterprise in the Republic of Kazakhstan is being studied.

As part of ensuring uninterrupted operation of the Caspian Pipeline Consortium (hereinafter — CPC), KMG, in agreement with the shareholders of the CPC, entered into a contract with Bluewater (Holland) for the construction of 2 outriggers and their delivery to the CPC marine terminal in 2026.

In 2023, KMG successfully ensured stability in the domestic market of oil products by implementing measures that led to a reduction of "gray" exports in border areas to 20%. The Company is actively working on the transition to a three-year non-stop overhaul period and improving the productivity of oil refineries (hereinafter — refineries). At the Pavlodar Refinery, a new furnace was commissioned at the bitumen production unit, and projects are underway to create hydrogen production units and produce winter diesel fuel.

A pre-feasibility study was completed for the expansion of PetroKazakhstan Oil Products LLP's (hereinafter — PKOP) refinery, and the adaptation process has begun.

CASPI BITUM LLP is actively developing a working project aimed at increasing production capacity from 500 to 750 thousand tons per year.

In addition, the reconstruction and expansion of the first stage of the Astrakhan-Mangyshlak water pipeline has been successfully completed and the construction of the water pipeline at the Kashagan Integrated Gas Treatment Plant has been fully completed, which contributes to improved infrastructure capabilities and operational efficiency.

HYDROCARBON RESERVES

Recorded proved and probable (2P) hydrocarbon reserves

5,680
million barrels

In 2023, KMG recorded proved and probable (2P) hydrocarbon reserves of 733 million tons of oil equivalent, equal to 5,680 million barrels of oil equivalent. This reflects an increase of 26 million tons compared to the previous year, with a reserve replacement ratio of 110%. The reserves replacement was achieved through increased geological and engineering activities and drilling of wells at Uzen-Karamandybas fields as part of the rehabili-

tation program, as well as through revised development plans, including geological and engineering activities, operational studies and drilling of new wells at Kashagan, Alibekmola, Novobogatinskoye SE and South Karatobe fields, as well as the development of East and Central Urrikhtau fields, including well abandonment.

NET INVENTORIES BY PRMS (AS OF DECEMBER 31, 2023)

Reserves category, million TOE	2022 (KMG share)	2023 (KMG share)
Proven (1P)	486	507
Proven plus probable (2P)	707	733
Proven plus probable plus possible (3P)	816	842

EXPLORATION AND PRODUCTION OF OIL AND GAS

KMG'S INVESTMENT PORTFOLIO LARGELY CONSISTS OF OIL AND GAS EXPLORATION AND PRODUCTION PROJECTS BOTH ONSHORE AND OFFSHORE.

In 2022, in order to enhance the investment potential of the oil and gas sector in Kazakhstan, the Government, in cooperation with international investors and KMG, introduced a training and discipline package providing regulatory and tax incentives for technically complex projects, including new onshore, offshore and gas exploration projects. In December of the same year, the President of Kazakhstan signed amendments to the Code on Subsoil and Subsoil Use and the Tax Code, which stimulated the activation of KMG's projects on the Caspian shelf and complex onshore gas projects.

In 2023, thanks to the training and methodological complex, work on the complex and capital-intensive projects "Kalamkas Sea – Khazar", "Karaton Podsolevoy" and "Urrikhtau" was activated, and the relevant contracts were concluded. In 2024, active exploration work is planned for the Abay and Al-Farabi offshore projects.

In 2022, GSS licenses were obtained for 5 areas: Mugodzhary, Berezovsky, Zharkyn, Bolashak and North Ozen. In 2023, an advance seismic survey was carried out as part of the program of geological study of subsurface resources ahead of schedule. Field seismic exploration works were completed at 3 sites in Mangistau and West Kazakhstan regions. Field work is being carried out at the Mugodzhary site in Aktobe region. The re-processing and re-interpretation of historical profiles for the Bolashak area, as well as the processing and interpretation of seismic data for the North Ozen, Zharkyn and Berezovsky areas are being finalized. In the period 2024-2025 it is planned to complete advanced seismic exploration works with subsequent processing and interpretation of the results, the purpose of which is to reduce geological risks and obtain data for geological and technical and economic evaluation.

In the period 2022-2023, preparatory stages for the drilling of an exploration well were completed within the framework of the Turgai Paleozoic Project, and in 2024 it is planned to implement the drilling of an exploration well to a depth of 5,500 meters. In addition, in 2023, contracts were successfully obtained for the Karaton Podsolevoy and Kalamkas Sea-Khazar areas, after which operating companies were established and strategic partners were engaged for the implementation of each project. Specifically, for the Karaton Podsolevoy area, the first exploration well is scheduled to be drilled in 2024 with the strategic partner funding, with completion of testing anticipated in 2025. For the Kalamkas Sea-Khazar prospect, design work is scheduled to be completed in 2024.

In the Eastern Urrikhtau and Rozhkovskoye field development projects, the pilot operation stages have been completed. The event of November 2023 was the launch of production at the Vostochny Urrikhtau project. Also in December 2023, well U-21 was put into operation under the Rozhkovskoye Field Development project, which demonstrates the progress and effectiveness of the Company's development plans.

Drilling of an exploration well was completed in 2023 at the Zhenis prospect in the Kazakhstan sector of the Caspian Sea. The drilling results did not reveal oil and gas deposits and it was decided to stop further exploration in this area. The risk of non-discovery of oil and gas deposits was realized at the expense of a strategic partner in the project.

The Company continues to increase reserves through additional exploration of existing onshore fields. Additional exploration is underway at the Karasor West field of Embamunaigas JSC. It is planned to drill two appraisal wells and complete design and survey work on the field development in 2024.

In 2024 it is planned to implement the drilling of an exploration well to a depth of

5,500
meters



HYDROCARBON PRODUCTION

KMG'S OIL AND GAS CONDENSATE PRODUCTION IN 2023 AMOUNTED TO 23,532 THOUSAND TONS (486 THOUSAND BARRELS PER DAY), UP 6.9%. PRODUCTION OF ASSOCIATED AND NATURAL GAS (BEFORE REINJECTION) INCREASED BY 14.8% TO 9,460 MILLION M³.

1.	2.	3.
ABOUT THE FUND	CONSOLIDATED FINANCIAL INDICATORS	FUND PERFORMANCE

In 2023, the Tengiz field saw a 1.0% decrease in oil production to 5,779 thousand tons (126 thousand barrels per day). The decrease in production was due to the suspension of oil intake in the CPC system during scheduled maintenance of the oil pipeline and downtime at the marine terminal due to unfavorable weather conditions in the fourth quarter.

Associated gas production decreased by 0.9% to 3,202 million m³.

At the Kashagan field, KMG's share in oil production reached 3,108 thousand tons (68 thousand barrels per day), showing an increase of 121.8%, while gas production increased by 123.8% to 1,963 million m³. The production growth was mainly due to the increase of KMG's share in the project from 8.44% to 16.88% as a result of the completion of the buy-back of 50% of KMG Kashagan B.V. from Samruk-Kazyna JSC in September 2022, as well as due to the shutdown of production in the summer of 2022 and the overhaul and rehabilitation of the offshore and onshore complexes.

At Karachaganak, oil and condensate production increased by 7.1% to 1,086 thousand tons (23 thousand barrels per day) and gas production increased by 15.1% to 2,239 million m³. The growth in production was driven by an increase in the ability to receive crude gas from the Orenburg gas processing plant.

In 2023, oil and condensate production at KMG's operating assets decreased by 1.5% to 13,559 thousand tons (269 thousand barrels

per day). Emergency power outages and power restrictions emanating from the Mangistau Nuclear Power Plant from July to September had a significant impact on the production decline at the Ozenmunaigas fields and other areas. Production declines are also observed at brownfields as a result of natural production decline. However, this decline was partially offset by an increase in production at Embamunaigas fields following successful geological and engineering measures, including at the East Wing of the field S. Nurzhanov and Uaz North.

In November 2023, KMG successfully completed the purchase of 100% of Total E&P Dunga GmbH from TotalEnergies EP Danmark A/S, a subsidiary of TotalEnergies S.E., thereby increasing its stake in the Dunga project to 60%. The Dunga oil and gas field, located in the Tupkaragan district of the Mangistau region, was discovered in 1966 and has geological reserves of 93 million tons of oil and more than 7 billion m³ of gas.

Three gas projects were launched in 2023. On May 10, 2023, JV Kazgermunai LLP started supplying gas from the Aksai Yuzhny field. The field is being developed by JV Kazgermunai LLP, where KMG holds a 50% interest. On November 29, 2023, Urikhtau Operating, with KMG 100% participation, put into commercial operation the Eastern Urikhtau field, which is the first in the Republic of Kazakhstan to apply the Enhanced Model Contract. On December 21, 2023, Ural Oil and Gas, 50% owned by KMG, put into commercial operation the Rozhkovskoye gas condensate field in the West Kazakhstan region.

OIL AND CONDENSATE PRODUCTION IN 2023, THOUSAND TONS

Oil and condensate production, thousand tons	2022 (KMG share)	2023 (KMG share)
Ozenmunaigas	5,096	4,877
Mangistaumunaigas	3,049	3,075
Embamunaigas	2,581	2,722
Tengiz	5,836	5,779
Kashagan ⁸	1,400	3,108
Karachaganak	1,013	1,086
Others	3,036	2,883
Total	22,011	23,520

A number of gas projects launched in 2023

3

gas projects

⁸ KMG's share in the project 16.88% after September 15, 2022

4.	5.	6.	7.
SUSTAINABLE DEVELOPMENT	CORPORATE GOVERNANCE	ANNEXES	CONTACT INFORMATION

TENGIS, KASHAGAN, KARACHAGANAK MEGAPROJECTS

KMG is actively involved in key oil and gas projects, including Tengiz (20%), Kashagan (16.87%) and Karachaganak (10%), working together with strategic investors. At Tengiz, the "Wellhead Pressure Management Project/Future Expansion Project", aimed at increasing annual oil production by 12 million tons, is progressing well. As of the end of 2023, the project has made significant progress of 99.3%, with full completion of mechanical works. The Joint Production Control Center has also been commissioned, and preparation of systems for operation and commissioning has commenced.

OIL TRANSPORTATION

The total volume of trunk and marine oil transportation increased by 7.6% to 80,359 thousand tons. In December 2022, the "CPC Oil Pipeline System Bottleneck Elimination Project", which allows increasing the capacity of the CPC pipeline to 80 million tons per year, ensured readiness to increase oil pumping volumes to 81.5 million tons per year. In 2023, the Tengiz and Atyrau oil pumping stations were completed and put into operation.

The volume of oil transportation through main pipelines increased by

6.5%

The Karachaganak field is actively pursuing projects to maintain production levels. In 2023, a concept was developed for the construction of a gas processing plant with an annual capacity of 4 billion m³ of marketable gas, which facilitates the monetization of recovered raw materials and their processed products. For 2024, the "Fifth Gas Injection Compressor (5IC) Installation Project" is scheduled for completion, while the "Sixth Gas Injection Compressor Installation Project" is under active construction, with 43% completion of the total works.

The volume of oil transportation through main pipelines increased by 6.5% and amounted to 69,581 thousand tons. The growth was due to an increase in oil transportation for export through the KazTransOil system in the direction of Germany, oil shipment through the port of Aktau in the direction of Baku-Tbilisi-Ceyhan, as well as an increase in oil delivery from the Kashagan field to the CPC system.

The total volume of sea transportation of oil in the reporting year increased by 15.4% to 10,778 thousand tons. The increase in transportation volumes was mainly due to an increase in exports of Kazakh oil via the Aktau port-Baku port route and further via the Baku-Tbilisi-Ceyhan pipeline.

OIL TRANSPORTATION VOLUME IN 2023, %

Oil transportation ⁹ , thousand tons	2022 (KMG share)	2023 (KMG share)
KazTransOil	40,656	44,188
Kazakhstan-China Pipeline	9,618	9,403
MunaiTas ¹⁰	2,859	2,819
Caspian Pipeline Consortium	12,183	13,171
Kazmortransflot	9,343	10,778
Total	74,658	80,359

⁹ Some crude oil volumes may be transported by two or three pipeline companies and, accordingly, these volumes are accounted for more than once in the consolidated volume of crude oil transportation.

¹⁰ MunaiTas is an equity consolidated joint venture and therefore transportation volumes are shown according to a 39% ownership interest.

REFINING AND MARKETING OF PETROLEUM PRODUCTS

Refining volumes at KMG International (Petromidia, Vega) in Romania

5,387

thousand tons

The volume of hydrocarbon feedstock processed at Kazakhstan refineries decreased by 0.4% to 14,206 thousand tons. The decrease in refining throughput was mainly at the PKOP refinery due to lower utilization in the middle of the reporting year due to unscheduled repair of the heat exchanger at the catalytic reforming and catalyst regeneration unit. The increase in refining volumes at Atyrau Refinery in 2023 partially offset the decrease at PKOP.

Refining volumes at KMG International (Petromidia, Vega) in Romania decreased by 4.3% to 5,387 thousand tons. The decrease in refining volume followed an incident at the soft hydrocracking unit in mid-summer 2023. Remediation work at the unit continues, with completion delayed to 2024, due to the large volume of reactor remediation work associated with ensuring the integrity of the equipment and the continued safe operation of the unit.

OIL AND GAS CHEMISTRY

Since December 2022, a polypropylene production line at the plant of KPI Inc. LLP has been in operation with an annual production capacity of up to

500

thousand tons

As part of its strategy to diversify its business and expand its product portfolio, KMG intensified its efforts to form an oil and gas chemical cluster in Kazakhstan, opening a new page in the Company's development. Since December 2022, a polypropylene production line at the plant of KPI Inc. LLP has been in operation with an annual production capacity of up to 500 thousand tons. In 2023, the plant produced 180 thousand tons of polypropylene, serving the markets of Kazakhstan, China, European countries, and CIS. To date, production of 6 grades of products has been mastered KMG in cooperation with key partners,

including SIBUR and Sinopec, is constructing a polyethylene plant with a planned production capacity of 1,250 thousand tons per year, where design work is already underway.

In addition, KMG is implementing infrastructure projects, including the construction of a gas separation complex and trunk pipelines for transportation of ethane and propane, in order to provide resources for the future polyethylene plant.

HYDROCARBON FEEDSTOCK PROCESSING VOLUME IN 2023, %

Hydrocarbon feedstock processing, thousand tons	2022 (KMG share)	2023 (KMG share)
Atyrau Oil Refinery	5,224	5,475
Pavlodar Oil Chemistry Refinery	5,480	5,434
PKOP ¹¹	3,103	2,870
Caspi Bitum ¹²	461	427
Petromidia	5,258	5,012
Total	19,526	19,593

Production of petroleum products at Kazakhstani and Romanian refineries decreased by 2.7% to 18,138 thousand tons in 2023. Kazakhstan refineries produced 12,951 thousand tons of petroleum products, which is 1.3% less than in 2022 due to lower utilization at PKOP refinery. KMG International refineries (Petromidia, Vega) produced 5.3% less petroleum products, which amounted to 5,221 thousand tons compared to 5,512 thousand tons a year earlier.

KMG faces the important task of supplying Kazakhstan's domestic market with domestic oil products against the backdrop of expected consumption growth. In response to this, the Company started implementing measures to improve the reliability of equipment at the Atyrau Oil Refinery and Pavlodar Oil Chemistry Refinery, aiming to increase the period between repairs to three years and to increase the production of light oil products at the Atyrau Oil Refinery by processing Tengiz oil.

To address the problematic issues related to the shortage of bitumen in the domestic market, KMG started implementation of the project to increase the capacity of JV CASPI BITUM LLP on oil refining to 1.5 million tons per year with production of road bitumen up to 750 thousand tons per year. Realization of this project will allow to continuously provide bitumen to the road sector of the country from 2025.

The study of expansion of Pavlodar Oil Chemistry Refinery capacity continues. The pre-feasibility study for the project is scheduled for completion in 2024.

In the direction of oil marketing development, projects implemented by KMG-Aero were included in KMG's investment portfolio in 2023. The projects provide for investments in construction and/or modernization of fuel refueling complexes at key airports of the country for storage of Jet A-1, RT/TS-1 jet fuel and will allow to provide services for storage and refueling of fuel "on the wing" to domestic and foreign airlines without intermediaries.

DIVIDENDS

In 2023, KMG paid dividends in favor of Shareholders in the amount of KZT 300 billion.



PLANS FOR 2024

IN 2024, KMG SETS AMBITIOUS AND BROAD GOALS, DEMONSTRATING ITS COMMITMENT TO DEVELOPMENT. WITH THE DISCOVERY OF NEW OIL AND GAS DEPOSITS IN VARIOUS FIELDS, THE COMPANY PLANS TO EXPAND ITS ENERGY PRODUCTION OPERATIONS.

The Company has set a target for oil production during 2024 of over

23

million tons

This approach is critical to meeting its obligations to the Government and shareholders, emphasizing KMG's reputation as a reliable and strategic player in the energy sector. As part of these strategic plans, the Company has set a target for oil production of over 23 million tons during 2024.

The Company has also decided to study the possibility of constructing a plant for the production of polyethylene terephthalate. Within this direction PetroChem LLP in partnership with Sinopec started to prepare a pre-feasibility study for this project.

The Company has developed a geological exploration strategy with the prospect of increasing reserves through both internal development and acquisitions. As part of this strategy, drilling activities are planned for the next five years in key areas such as the Turgai Paleozoic (KMG), Abai (Eni) and Karaton Podsolovoy (Tatneft), emphasizing the active pursuit of expanding and strengthening the resource base.

Particular importance is attached to the completion of the construction of a 120 MW hybrid power plant implemented jointly with Eni in the Mangistau region. This unique hybrid project in Kazakhstan combines solar (50 MW), wind (77 MW) and gas (120 MW) power plants, providing electricity generation for KMG's subsidiaries in the region.

KMG attaches great importance to the provision of clean drinking water to the population. In the context of social responsibility, the Company is constructing a new desalination plant in the Mangistau region. In addition, KMG plans to expand its activities in the oil and gas chemical industry, including the construction of a gas chemical complex to produce polyethylene.

¹¹ The volume of PKOP and Caspi Bitum processing is indicated at a share of 50%.

¹² The processing volume of PKOP and Caspi Bitum is indicated at a share of 50%, while the other plants have a share of 100%.

Gas supply to the domestic market



NATIONAL COMPANY QAZAQGAZ JSC (HEREINAFTER — QAZAQGAZ) IS A VERTICALLY INTEGRATED GAS COMPANY ENGAGED IN MANAGEMENT OF CENTRALIZED INFRASTRUCTURE FOR TRANSPORTATION OF MARKETABLE GAS THROUGH MAIN GAS PIPELINES AND GAS DISTRIBUTION NETWORKS, AS WELL AS PROVISION OF INTERNATIONAL TRANSIT AND SALE OF GAS IN DOMESTIC AND FOREIGN MARKETS.

Annual throughput capacity

240

billion m³

QAZAQGAZ: MILESTONES OF HISTORY

THE BEGINNING OF QAZAQGAZ HISTORY DATES BACK TO FEBRUARY 5, 2000, WHEN THE RESOLUTION OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN ON THE ESTABLISHMENT OF CLOSED KAZTRANSOIL JSC WAS SIGNED, WHICH WAS RENAMED INTO KAZTRANSOIL JSC IN 2004.

In addition, QazaqGaz participates in designing, financing construction and operation of pipelines and gas storage facilities in the territories of presence in 14 regions and 3 cities of republican importance — Astana, Almaty and Shymkent.

QazaqGaz, as a national operator in the field of gas and gas supply, manages the largest network of main gas pipelines, the length of which increases annually and currently exceeds 21.2 thousand km (including gas pipelines — branches of 3 thousand km), and gas distribution networks, the length of which is more than 68.7 thousand km.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators, billion m³:		
Gas transportation volume	83.8	79.4
Volume of gas sold	22.7	24.1
Gas sales volume (export)	4.3	5.8
Financial indicators¹³, KZT billion:		
Revenue	952.3	1,081.2
Dividends	-	27
Net profit	386.6	325.9
Costs	839.1	1,038.2
Operating profit	103.7	-6.1
Net debt	425.1	392.3
Taxes paid	90.4	50.2
Sustainability indicators:		
Air emissions, tons		
- pollutants	121,981	136,595
- greenhouse gases	5,137,784	6,234.5
Volume of disposed waste, tons		
- hazardous	3,574.2	1,344.7
- non-hazardous	2,440.8	2,622.8
Accidents	4	3
Death in accidents	0	1



KazTransGaz JSC received the status of a national company on November 30, 2021, and in December of the same year KazTransGaz JSC was renamed QazaqGaz.

Over the years, QazaqGaz has been working purposefully to strengthen the country's energy security and improve the quality of life of the population. Its extensive geographical presence allows increasing the level of gasification of the country's settlements every year. To date, the level of gasification has reached 60%, covering more than 2.3 million subscribers.

As part of further measures to ensure uninterrupted gas supply, it is planned to increase the length of main gas pipelines and distribution networks up to 89 thousand kilometers.

One of the key events was the approval and implementation of a comprehensive Development Strategy of QazaqGaz until 2032, aimed at strengthening the energy security of the country and improving the quality of life of the population through stabili-

zation of cost-effective gas supplies. The main objective of this strategy is to maximize the investment attractiveness of Kazakhstan's gas industry and unlock its potential.

As part of the implementation of the Development Strategy, the first sectoral scientific and technical center was established to develop scientific and technical potential for efficient operation of the gas industry, to improve the level of knowledge and competence of QazaqGaz personnel, as well as a comprehensive solution of technologically complex tasks of the Company.

Work continues to expand the gas resource base through the introduction of new exploration projects with a total potential of 1 trillion m³. A new gas field Anabai in Moyinkum district of Zhambyl region was commissioned, and an agreement on joint development of the Pridorozhnoye and Pridorozhnoye Yuzhnoye fields was signed with Geo-Jade Petroleum Corporation.

Important evidence of the Company's compliance with high standards of responsible business and low risk in the field of sustainable development is the receipt of ESG-rating of 19.2. According to the international rating agency Morningstar Sustainability, QazaqGaz ranked 1st among the group of companies of Samruk-Kazyna JSC and 7th among global gas companies and entered the TOP-3 rating for ESG information disclosure according to PwC Kazakhstan.

For 2023 QazaqGaz received the "Best Social Partner" award in the "Reliable Employer" nomination.

FITCH AFFIRMED THE RATING OF QAZAQGAZ

In 2023, the international agency Fitch Ratings once again confirmed the position of QazaqGaz as a strong player in the domestic market with a diversified business profile related to production, trade, domestic and international transit. Thus, the long-term foreign and local currency issuer ratings of QazaqGaz and its wholly owned subsidiaries, Intergas Central Asia JSC and KazTransGas Aimak JSC, are rated at BBB-.

Within the framework of evaluation of the main criteria, Fitch Ratings notes strong ties with the state as a factor that means systematic support of QazaqGaz initiatives from the Government of the Republic of Kazakhstan in the implementation of state policy in the field of energy security.

In addition, the strategic and operational incentives of the above-mentioned subsidiaries, which were able to effectively incorporate management strategy, overall planning and development of business plans, are rated at a high level.

NEW GAS PROCESSING PLANT

In 2023, a project team was formed and mobilized to implement the project after its transfer to the trust management of GPC Investment LLP (operator of the 1 billion m³ Kashagan gas processing plant project) to QazaqGaz. With the support of the Government of Kazakhstan, the project team organized the logistics of equipment supplies.



¹³ Financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements

As part of the comprehensive audit with participation of international companies, ILF technical audit, KPMG due diligence, PWC financial audit and HAZOP session in cooperation with NCOC were completed for all process units of the GPP.

In addition, a positive conclusion of the state expert review was obtained for the adjusted project documentation.

RESOURCE BASE

IN 2023, THERE IS AN INCREASE IN GAS CONSUMPTION IN KAZAKHSTAN, WHICH REACHED THE LEVEL OF 24.1 BILLION M³.

Considering the current annual growth, domestic gas consumption is expected to increase to 40 billion m³ by 2030. Positive dynamics in gas exports is also noticeable: compared to 2022, it increased by 12% to 5.6 billion m³.

Given the growing consumption, expanding the gas resource base becomes a strategic necessity.

Current data show that recoverable gas reserves in Kazakhstan reach 3.8 trillion m³. The main gas reserves are in 4 major fields: Karachaganak, Tengiz, Kashagan and Zhanazhol, with a combined volume of 2.7 trillion m³.

The 2023 assessment revealed that total residual natural gas reserves amount to 15.8 billion m³. Of these, the Amangeldy field accounts for 10.01 billion m³, the Zharkum

In 2023, the project employed 700 people. At the peak of construction, it is planned to employ up to 2,000 people, use 300 units of specialized machinery and 991 units of equipment. Once the GPP is commissioned, it is planned to create 600 permanent jobs, contributing to the development of the regional economy.

To ensure a continuous supply of inert materials, construction of the railroad tracks of the first start-up complex was successfully completed.

The construction of a shift camp for the employees of GPC Investment LLP has also started, providing comfortable conditions for their stay during the project implementation period.



field for 0.05 billion m³, the Ayraqty field for 2.45 billion m³ and the Anabai field for 2.22 billion m³.

As part of the development of the adopted Pridorozhnoye field (previously owned by Samruk-Energy JSC), in October 2023 QazaqGaz signed a cooperation agreement with Geo-Jade Petroleum Corporation on joint development of Pridorozhnoye and Pridorozhnoye South fields. According to forecast data, recoverable reserves of this field are about 9.5 billion m³.

In accordance with the objectives of the Roadmap for increasing marketable gas volumes approved by the Ministry of Energy of the Republic of Kazakhstan, QazaqGaz commissioned the Anabai gas field in Zhambyl region in the fourth quarter of 2023 with initial production of 6.8 million m³ per year.

During 2023, activities under the GSS license for the Akkuduk area in the Mangistau region were carried out, which led to the receipt of environmental permits for the commencement of field seismic surveys.

MODERNIZATION OF THE GAS TRANSPORTATION SYSTEM

The pace of gasification of regions is conditioned by the need to achieve the strategic goal of covering 65% of the country's population (or 13.5 million people). Given the introduction of new industrial facilities and the need to implement large gas chemical projects, QazaqGaz faces the task of commissioning new gas infrastructure facilities and modernizing existing ones.

Based on the results of 2023, a number of priority projects aimed at expanding the gas transportation infrastructure were completed. In particular, the looping of the Makat-North Caucasus main gas pipeline was built and put into operation, the second string of Beineu-Zhanozen was launched, gasification of Sarsha locality and Warm Beach resort area in Mangistau region was carried out, as well

as the first stage of construction of gas infrastructure for Almaty energy complex (CHPP-2, CHPP-3) was completed.

QazaqGaz continues to implement investment projects related to the construction, modernization, and reconstruction of gas transport infrastructure and the gasification of regions, as well as attracting investors in this direction.

The main barrier to the modernization of the gas infrastructure is the unprofitable tariff for the supply of natural gas to Kazakhstani consumers, which has resulted in losses for QazaqGaz. The Company's losses in 2023 amounted to KZT 175 billion due to an average increase in wholesale prices across Kazakhstan by 12.2%.

Given the current situation, QazaqGaz is purposefully working on a socially equitable reform of the pricing system for commercial gas. Specifically, in 2023, an incentivizing formula for the purchase price of new gas volumes from subsoil users was approved, and maximum wholesale prices were established.

As a result of negotiations between NC QazaqGaz JSC/Intergas Central Asia JSC and Gazprom PJSC, which took place from April 17 to 21, 2023, a joint Action Plan was developed and approved. This plan organizes the preparatory work for the "Central Asia – Center" gas pipeline (hereafter "CAC") to transport Russian gas to the Republic of Uzbekistan, comprising two stages of cooperation.

IPO QAZAQGAZ

One of the strategic tasks for QazaqGaz is to launch an IPO. In this context, the following results were achieved in 2023 to increase the investment attractiveness of the Company:

- ◆ QazaqGaz development strategy was implemented, aimed at consolidating the efforts of all participants in the gas supply market and forming the reputation of a reliable partner.
- ◆ QazaqGaz ranked first among the companies of Samruk-Kazyna JSC and seventh among gas companies worldwide according to the international rating agency Morningstar Sustainalytics (19.2). This confirms the national operator's position as a highly efficient and socially responsible player in the gas market.
- ◆ QazaqGaz was included in the TOP-3 for ESG disclosure according to PwC Kazakhstan, as part of ensuring transparency in operations.
- ◆ An incentivizing formula for the purchase price of new volumes of gas from subsoil users was approved, and maximum wholesale prices for gas were established. This work was conducted as part of the reform of the pricing system for commercial gas to optimize losses.

Stage 1. Combined dedicated route of the "Central Asia – Center-4" (CAC-4)/"Central Asia – Center-5" (CAC-5).

The Kazakhstani side is to complete a set of measures by October 1, 2023, to facilitate the transportation of Russian gas via the combined dedicated route of CAC-4/CAC-5.

Stage 2. Dedicated route of CAC-4 starting from October 1, 2025.

The agreement on medium-term and long-term needs for the volumes of transportation of Russian gas via the dedicated CAC-4 route.

On June 16, 2023, within the framework of the St. Petersburg International Economic Forum, a contract was signed for the transit of Russian gas through the territory of the Republic of Kazakhstan via the combined dedicated route of CAC-4/CAC-5, covering 823 km, effective from October 1, 2023, to September 30, 2025.

PLANS FOR 2024

Within the framework of the QazaqGaz Development Strategy, the following directions of work are outlined:

- ◆ Implementation of a comprehensive development plan, including efforts to increase the resource base of commercial gas, development of the domestic gas market, development of gas transit and export, gas chemistry and deep processing, and investment and operational efficiency;
- ◆ Maintaining the position of a leader as a company with low exposure to ESG risks, namely improving corporate governance, social and environmental aspects of operations;
- ◆ Implementation of a number of major investment projects in collaboration with investors in the areas of gas production, transportation, and processing;
- ◆ Completion of the second phase of construction of the feeder infrastructure for the Almaty energy complex;
- ◆ Continuation of projects "Construction of the new compressor station KS-14 and the main gas pipeline "KS-14-Kostanay" and "Construction of the second line of the main gas pipeline "Beineu – Bozoi – Shymkent". These will ensure reliable natural gas supply to the population and system-forming enterprises of Kostanay city and Kostanay region, as well as maintain the volumes

In 2023, the transit amounted to 1.281 billion cubic meters. According to the contract, the transit volume in 2024 is planned to be 2.804 billion cubic meters, and in 2025 (from January to September) – 2.029 billion cubic meters.

To ensure reliable and uninterrupted gas supply to consumers in the Republic of Uzbekistan with natural gas via the dedicated route of the "Central Asia – Center-IV" pipeline, a contract is planned to be signed in 2024 for the transportation of Russian natural gas through the territory of the Republic of Kazakhstan for the needs of consumers in the Republic of Uzbekistan. The contract will be effective from October 1, 2025, to December 31, 2040, with an annual transit volume of up to 11 billion cubic meters.

of gas exports to China. Following the receipt of conclusions from RSE "Gosexperiza" on the developed feasibility studies for the above projects, it is planned to proceed to the subsequent stages of project implementation;

- ◆ Continuation of negotiations with the operator of the Kashagan field (NCOC) to reach an agreement on managing the entire volume of liquefied hydrocarbon gas.

Development of chemical production



**SAMRUK-KAZYNA
ONDEU**

SAMRUK-KAZYNA ON-DEU LLP (HEREINAFTER — SK ONDEU, FORMERLY KNOWN AS UNITED CHEMICAL COMPANY LLP) WAS ESTABLISHED IN 2009 BY A DECISION OF THE BOARD OF DIRECTORS OF THE SOVEREIGN WEALTH FUND SAMRUK-KAZYNA JSC DATED NOVEMBER 28, 2008, FOLLOWING A DIRECTIVE FROM THE PRESIDENT OF THE REPUBLIC OF KAZAKHSTAN ISSUED DURING THE EXTENDED SESSION OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN ON OCTOBER 13, 2008, TO "CREATE A SPECIAL COMPANY THAT WILL HANDLE PROJECTS IN THE CHEMICAL INDUSTRY".

Sulfuric acid production volume

193.9

thousand tons

The net profit plan was exceeded by

969

KZT million

* Excluding KUS LLP

The Company's main mission is to facilitate the development of new chemical productions in Kazakhstan through participation in capital.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators:		
liquid glyphosate production volume, thousand liters	603	37.5
sulfuric acid production volume, thousand tons	175.34	193.94
electricity production volume, million kWh	2,052	1,995
Financial indicators, KZT billion:		
Revenue	37.5	33.7
Gross profit	8.9	7.2
Net profit	-145	-23.7
Costs	218.2	79.1
Operating income	3.6	-6.3
Net debt	67.3	60.3
Taxes paid	3.2	2.3
Sustainability indicators:		
CO ₂ emissions into the atmosphere, tons	163.475*	158.225*
Volume of disposed waste, tons	463.42*	455.218*
Accidents	0	0
Fatal accidents	0	0

In 2023, the main reasons for not achieving production and financial targets were changes in market conditions, non-fulfillment of contractual obligations by partners, breakdown of production equipment, and the introduction of amendments to the Law of the Republic of Kazakhstan "On Electric Power Engineering".

Specifically, the subsidiary producing agro-chemical products (CHEM-Plus LLP) failed to meet the planned production indicators due to the absence of sales of products manufactured in 2022 (sales were planned for the first half of 2023). Thus, considering the overstocking of warehouse spaces, production was suspended in 2023. Additionally, there was a sharp decline in the market prices of the main raw material (from USD 10.25 to USD 3.4 per kilogram).

The raw material used for the subsidiary's products was purchased at USD 10.25 (before

the price reduction). Consequently, the current selling price is non-competitive in the market due to the high cost of production. Despite these difficulties, by the end of 2023, the Company managed to secure contracts for the sale of products for the 2024 season (remaining inventory at the beginning of 2023 was 437 thousand liters, and at the end of 2023 it was 171 thousand liters).

Additionally, in 2023, there was a slight deviation from the planned production figures for sulfuric acid at SSAP LLP. In the first quarter of 2023, the plant had to reduce its production capacity to 73% due to the non-pickup of finished products by the main consumer. The decrease in capacity utilization was also related to issues starting in December 2022 with the main pump for transferring concentrated sulfuric acid, which had been in operation since 2015. Regular maintenance was conducted, but the pump's capacity dropped in the second half of March 2023.



On March 30, 2023, a scheduled shutdown of the pump for repair was conducted, during which it was discovered that the pump could no longer operate at full capacity. This factor also negatively impacted the fulfillment of the production and sales plan. In the second quarter of 2023, the Company received and installed a new pump and resolved the sulfuric acid pickup issues. The measures taken helped to reduce the deviation from the planned indicators with a gradual increase in production. As a result, by the end of 2023, the plan was almost met, with a deviation of only 0.3%. Despite the issues encountered, SSAP LLP ended the year with positive financial results, exceeding the net profit plan by KZT 969 million, or 136%.

Also, in 2023, KUS LLP did not meet the planned volume of electricity generation and sales due to maintenance work on the waste heat boilers. These maintenance works led to the downtime of steam turbines. Another reason for the deviation was the introduction of the Single Electricity Buyer mechanism on July 1, 2023. The unequal rights of electricity purchasing by the Single Buyer during trades at KO-REM JSC (according to the Law of the Republic of Kazakhstan "On Electric Power

Engineering", electricity from renewable energy sources (hereinafter — RES), thermal power plants (hereinafter — TPP), and stations with investment agreements is purchased outside of trades led to a significant reduction in the volume of electricity sold from the combined cycle power plant. Thus, from July 1, 2023, KUS LLP sold electricity to cover the remaining deficit after the aforementioned stations.

The main issue is the amendments made to the Law of the Republic of Kazakhstan "On Electric Power Engineering", with ongoing work with the Ministry of Energy of the Republic of Kazakhstan to address this matter.

In 2023, the Company incurred additional costs from paying an administrative fine for exceeding greenhouse gas emission quotas, amounting to KZT 7,224,486 thousand. As a result of these additional expenses, the net profit was KZT 4 billion, while without the aforementioned fine, the net profit would have been approximately KZT 3 billion in positive value.

For the first time in the history of SK Ondeu, dividends were paid in 2023 to the Fund amounting to KZT 2.9 billion.

In 2023, obligations to the Fund were reduced by KZT 3.2 billion for the loan to Polymer Production LLP through scheduled loan repayments. SK Ondeu received dividends from two subsidiaries totaling KZT 3.2 billion by the end of 2023, which positively impacted the financial stability of the group of companies.

As part of the Fund's management directive to reform portfolio companies and divest non-core assets, successful work was carried out in 2023 to sell a 100% stake in the charter capital of Polymer Production LLP in favor of NC KazMunayGas JSC. Also, in 2023, the trust management agreement for shares in the charter capital of KPI Inc. LLP was extended, and the participation share in the charter capital of Karabatan Utility Solutions LLP was transferred to the trust management of NC KazMunayGas JSC.



MODERNISATION

1. Sulphuric acid production — 180 thousand tons per year (expansion of SSAP LLP)

The project involves the construction of a second line for an existing sulfuric acid production facility with the development of some infrastructure in Stepnogorsk.

Current Status:

- ◆ Completion of the development of the TEJ ("Revision 1") is nearing;
- ◆ Procurement procedures have started for contracting the state expertise of the TEJ;
- ◆ Negotiations are ongoing with licensors to reduce the CAPEX portion of the project.

Planned Activities for 2024:

- ◆ In June 2024, receipt of the state expertise of the project is expected;
- ◆ The results of the TEJ are planned to be presented to the corporate bodies of the Partnership in the third quarter of 2024;
- ◆ The commencement of work on the detailed project documentation of the project is expected in the fourth quarter of 2024.

2. Production of sulphuric acid 800 thousand tons per year. Project of TQZ LLP

The project entails the construction of a sulfuric acid plant in the Turkistan region in collaboration with a private domestic investor to supply sulfuric acid to NAC Kazatomprom JSC.

Current Status:

- ◆ The agreement on joint project implementation is currently under review by the interested parties;
- ◆ Development of documents for the Fund's import substitution program aimed at concluding an offtake contract (purchase of finished products) is underway;
- ◆ An application has been submitted to include the project in the Industrialization Map.

Planned Activities for 2024:

- ◆ The signing of the agreement on joint project implementation is planned for May 2024.

- ◆ Designing and compiling technical specifications for long-lead equipment and building structures is scheduled for July 2024.
- ◆ Orders for long-lead equipment are expected to be placed between August and September 2024.
- ◆ Completion of preparatory works on the site, including the construction camp, fencing, etc., is planned to be completed by the end of 2024.

3. Methanol production

The project involves the construction of a methanol production complex in the West Kazakhstan Region, Bayterek District, Beles Rural District.

As part of the project implementation, on September 20, 2023, an agreement on the main terms of cooperation was signed between SK Ondeu LLP and Zhaik Petroleum LLP.

Current Status:

- ◆ On October 20, 2023, indicative financing terms for the project were received from the Development Bank of Kazakhstan;
- ◆ In January 2024, the Ministry of Energy of the Republic of Kazakhstan hosted the first meeting of the commission for concluding an investment agreement;
- ◆ In January 2024, an independent evaluation of Zhaik Petroleum LLP's business was completed.

Planned Activities for 2024:

- ◆ In May 2024, the project is planned to be presented to the Investment and Strategic Committee of the Fund for approval to move to the "Implementation" stage.
- ◆ Upon receiving a positive Final Investment Decision (FID), it is planned to sign an accession agreement with the project initiator.
- ◆ The commencement of construction works and placement of orders for the manufacturing of the main equipment are expected in the third quarter of 2024.

4. Production of butadiene and its derivatives

The project involves the construction of facilities for processing butane mixture to produce butadiene and its derivatives. The project is being implemented by the project company Butadien LLP, a joint venture between Tatneft PJSC (75%) and SK Ondeu LLP (25%).

After completing a two-stage competitive bidding process to select an EP (Engineering, Procurement) contractor, Tatneft PJSC plans to make a final investment decision on the project in May 2024, followed by the conclusion of the EP contract.

ENERGY

Ensuring energy security



SAMRUK-ENERGY JSC WAS ESTABLISHED IN 2007 WITH THE PRIMARY OBJECTIVE OF IMPLEMENTING STRATEGIC STATE TASKS FOR MODERNIZING CURRENT GENERATION FACILITIES AND DEVELOPING NEW PRODUCTION CAPACITIES IN THE ENERGY SECTOR.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators:		
Electricity generation volumes, million kWh	35,884	35,330
Capacity sales volumes, MW	4,013	3,138
Heat energy sales volumes, million Gcal	5.50	5.78
Electricity transmission volumes, million kWh	8,154	8,686
Coal sales, million tons	42.4	42.5
Financial indicators, KZT billion:		
Revenue	381.5	444.96
Dividends	2	2
Net profit	30.1	43.08
Operating income	64.6	92.8
Net debt	231.3	228
Taxes paid	54.6	54.1
Sustainability indicators:		
CO ₂ emissions into the atmosphere (excluding fuel gas compressor)	31,978	31,877
Volume of disposed waste	0	1,342
Accidents	10	10
Fatal accidents	4	2



POWER GENERATION

In 2023, the total electricity generation by the Samruk-Energy JSC group of companies reached 35,330 million kWh, distributed among the facilities as follows: Ekibastuz SDPP-1 generated 22,870 million kWh, Ekibastuz SDPP-2 – 5,659 million kWh, Almaty Power Plants – 5,055 million kWh, Moinak HPP – 832 million kWh, and Shardara HPP – 530 million kWh. During this period, Samruk-Energy JSC produced 31.3% of the total electricity generated in the Republic of Kazakhstan.



MODERNISATION AND RECONSTRUCTION OF POWER GENERATING FACILITIES

As part of the project to convert Almaty CHPP-2 to gas, following the completion of an international two-stage tender under the auspices of the European Bank for Reconstruction and Development, an EPC contract was signed on May 31, 2023, with a consortium that includes Dongfang Electric International Corp., Power China Sepco1 Electric Power Construction Co. Ltd., and Power China Hebei Electric Power Engineering Co. Ltd. On October 27, 2023, the EPC contractor signed a deal with Siemens Energy to supply three gas turbine units. Subsequently, on November 30, 2023, an agreement was reached with Dongfang Electric Group Dongwan Steam Turbine Co., Ltd. to supply a steam turbine and generator. On De-

cember 20, 2023, the EPC contractor finalized an agreement with Dongfang Electric Group Boiler Co., Ltd. for the supply of four water boilers, three steam boilers, and three heat recovery steam generators.

For the conversion of Almaty CHPP-3 to gas, the EPC contract was signed on September 12, 2023, with a consortium including KBI Energy Group LLP, Energo Spets Stroy LLP, StandardEnergо KZ LLP and STROYINDUSTRIA LLP. On November 9, 2023, the EPC contractor signed a reservation agreement with Ansaldo Energia for the manufacture and supply of gas turbine units.

For the restoration of power unit No. 1 at Ekibastuz SDPP-1 with the installation of new electrostatic precipitators, the physical volume of construction and installation works is estimated at 99.16%. On December 22, 2023, a test run of the power unit was conducted, including its connection to the grid.

In the framework of the project for the expansion and reconstruction of Ekibastuz SDPP-2 with the installation of units No. 3 and No. 4, by the end of 2023, 76% of the equipment had been delivered to the station. Efforts are being made to secure financing.

CONTRIBUTION TO THE DEVELOPMENT OF RENEWABLE ENERGY

In 2023, the electricity production from RES at the facilities of Samruk-Energy JSC group companies (solar power stations, wind power stations, and small hydropower plants) increased by 32.8%, totaling 554.4 million kWh. This figure accounts for 8.1% of the total RES-generated electricity in Kazakhstan.

Together with foreign investors, such as Total Eren, ACWA Power, Masdar, China Power International Holding Ltd, and Power China, projects were launched to construct solar and wind

power stations with a combined capacity of up to approximately 6 GW. Documents establishing the main terms of cooperation have been signed, including a joint venture agreement with Total Eren and joint development agreements with ACWA Power, Masdar, and China Power International Holding Ltd. Additionally, principal terms for solar power station construction projects between Samruk-Energy JSC and Unigreen Energy have been developed, as well as a shareholders' agreement between Qazaq Green Power PLC and Tumar Commerce LLP (a subsidiary of Uni-

green Energy). Intergovernmental agreements have also been concluded between the Republic of Kazakhstan and France, as well as between the Republic of Kazakhstan and the UAE, in the context of wind power station construction projects with Total Eren and Masdar.

Moreover, efforts are ongoing to develop the TEJ for the construction of the counter regulating Kerbulak HPP on the Ili River and the preliminary TEJ for the construction of the Semipalatinsk HPP.

BOGATYR KOMIR

BOGATYR KOMIR LLP IS A LEADING COAL MINING COMPANY SPECIALIZING IN OPEN-PIT COAL EXTRACTION. THE COMPANY'S TOTAL INDUSTRIAL RESERVES AMOUNT TO ABOUT 3 BILLION TONS OF COAL.

In 2023, the cyclic-flow technology was implemented at the Bogatyr mine. As a result, the production capacity of Bogatyr Komir LLP increased to 50 million tons.

Bogatyr Komir LLP accounts for 66% of the coal mined in the Ekibastuz basin and 38% of the total coal production in Kazakhstan.

The Company is a reliable energy partner for major thermal power plants in Kazakhstan and Russia, including the Reftinskaya SDPP, and provides employment for more than 6.3 thousand people.

The production capacity of Bogatyr Komir LLP increased to

50

million tons

CONSTRUCTION OF NEW PROJECTS

In 2023, the construction of the 110/10 kV "Kokozek" substation was completed, with connection to the 110 kV open switchgear at the 220 kV "Kaskelen" substation in the Karasai district of the Almaty region. The project is aimed at covering the deficit of free capacities needed to ensure reliable electricity supply and prospective development of the social infrastructure in the Karasai, Zhambyl, and Ili districts of the Almaty region, as well as the implementation of investment projects in the existing Industrial Zone.

There are plans to construct a maneuverable power station based on clean coal technologies (SDPP-3). Efforts are being made to develop a preliminary TEJ and to attract investors in collaboration with companies from China, Russia, Turkey, and India.

PLANS FOR 2024

In 2024, the Company will continue implementing projects aimed at improving the reliability of energy supply for the industrial and residential sectors of the country, supporting low-carbon development strategies, supporting, developing, and integrating RES, enhancing the export potential, energy security, and energy independence of Kazakhstan.





Kazakhstan Electricity Grid Operating Company JSC (hereinafter – KEGOC JSC) is a key organization that manages the National Power Grid of Kazakhstan and holds the status of the system operator of the Unified Power System of the country's Unified Energy System, playing a central role in managing and regulating national electricity supply.

Transmitted electricity

38.2

billion kWh

FACTORS AFFECTING ACTIVITIES

In 2023, KEGOC JSC, as the system operator, completed several significant projects, including the reinforcement of the electrical networks in the Western energy hub, a secondary public offering (SPO), market reform, and the introduction of a new service for the use of the National Electric Grid. Additionally, the project to strengthen the Southern zone of Kazakhstan's Unified Power System was initiated.

During this period, KEGOC JSC continued to ensure the quality operation of Kazakhstan's Unified Electric Power System and reliable electricity supply to the country's consumers. Electricity consumption in the country in 2023 amounted to 115.1 billion kWh, which is 1.9% more than in 2022. This increase contributed to the Company achieving a net profit of KZT 42.7 billion, which is KZT 15.9 billion or 60% higher than in 2022.

1.

ABOUT THE FUND

2.

CONSOLIDATED FINANCIAL INDICATORS

3.

FUND PERFORMANCE

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators:		
Electricity transmission volumes, billion kWh	58.5	38.2
Volumes of NEG utilisation services, billion kWh	-	36.0
Volumes of technical dispatching services, billion kWh	104.26	106.28
Volumes of balancing services, billion kWh	203.12	205.41
Financial indicators¹⁴, KZT billion:		
Revenue	217.3	252.14
Dividends	30.2	33.3
Net profit	26.7	43.4
Costs	166.4	181.4
Operating income	40.9	56.6
Net debt	69.5	83.7
Taxes paid	36	40.5
Sustainability indicators:		
CO ₂ emissions into the atmosphere, thousand tons	0.01	0.001
Volume of disposed waste, million tons	2.6	3.4
Number of people injured in accidents ¹⁵	3	1
Fatal accidents	1	0

Furthermore, due to amendments made in 2023 to the Law of the Republic of Kazakhstan "On Electric Power Engineering" regarding the introduction of the single buyer model and the launch of the balancing electricity market on July 1, 2023, KEGOC introduced a new service related to the use of the national electric grid. This service, related to the transmission of electric energy according to the legislation of the Republic of Kazakhstan on natural monopolies, is provided by KEGOC to wholesale market participants for purchasing electricity from the single buyer and for carrying out transactions of buying and selling balancing electricity and negative imbalances with the balancing market settlement center. As of July 1, 2023, KEGOC provides the following main types of system services: transmission of electric energy via the National Electric Grid, use of the national electric grid, technical dispatching of grid feed and electricity consumption, and organization of the balancing of electricity production and consumption.

In 2023, significant efforts were made to improve the welfare of the Company's employees, with a focus on supporting production personnel. A Preferential Lending Program was implemented by KEGOC, aimed at the social support of employees to retain and attract highly qualified personnel needed by the Company. As a result, 51 employees purchased housing during the year. Additionally, the Company assisted in resolving housing issues for 129 employees by partially reimbursing housing expenses totaling KZT 155.1 million. Consequently, in 2023, the total funds allocated for the social support of the Company's employees amounted to KZT 810 million.

4.

SUSTAINABLE DEVELOPMENT

5.

CORPORATE GOVERNANCE

6.

ANNEXES

CONTACT INFORMATION



INVESTMENT ACTIVITY

To ensure the reliability of electricity supply to consumers and the sustainable development of Kazakhstan's UES, KEGOC JSC continued implementing several investment projects aimed at developing the National Electric Grid.

In November 2023, the Company successfully completed a project to strengthen the electrical network of the Western Zone of Kazakhstan's UES, as a result of which the transmission capacity of the lines on the "West Kazakhstan Energy Hub – Atyrau – Mangystau" route more than doubled. Thanks to the timely measures taken, the reliability of energy supply in the region significantly increased, and a foundation was laid for further integration of the Western Zone with UES of Kazakhstan.

The modernization of 220-500 kV lines has been completed in three of KEGOC's nine branches. The reconstruction continues and will cover transmission lines in all the Com-

pany's production branches. Over the next eight years, transmission lines that have been in operation for extended periods will be updated, and their operational lifespans will be extended for at least another 30 years.

Additionally, the Company has begun the "Strengthening the Electrical Network of the Southern Zone of Kazakhstan's UES" project. This project is aimed at improving the reliability of electricity supply to consumers in the southern energy zone by strengthening the 500 kV electrical networks in the Zhambyl and Turkestan regions, including the construction of the 500 kV Shu-Zhambyl-Shymkent overhead line with the corresponding expansion of 3 electrical substations.

All the Company's projects are implemented using its own and borrowed funds, without budget financing.

DIVIDENDS AND PAYMENTS

KEGOC JSC paid dividends of KZT 30.2 billion for the year 2022, and for the first half of 2023, the dividends amounted to KZT 20.2 billion. The sum of dividends paid in the second half of 2023 was KZT 21.9 billion.

¹⁴ Financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements
¹⁵ Fixing from the date of accident occurrence

SPO LAUNCH

One of the major events for the Company in terms of enhancing shareholder value was the secondary public offering (SPO) of shares, which raised more than KZT 34.8 billion, exceeding the proposed volume by 1.5 times. The funds raised through the SPO will be used to implement KEGOC's major investment project aimed at strengthening the networks of the Southern Zone of Kazakhstan's UES.

In 2023, KEGOC JSC successfully carried out the second issuance of KEGOC "green" bonds on the KASE trading platform, totaling KZT 16.9 billion. The cumulative volume of "green" bond issuances since December 2022 amounted to KZT 33 billion. The funds raised are directed towards financing the Company's investment projects, "Reconstruction of 220-500 kV Lines at KEGOC Branches" and "Strengthening the Electrical Network of the Western Zone of the UES of Kazakhstan. Construction of Electric Power Facilities."

On June 7, 2023, during the "Astana Finance Days" conference, the "Green Finance Awards 2023" ceremony took place, where KEGOC JSC was awarded the "Largest Non-Financial Corporate Green Bond" for the largest issue of "green" bonds in 2022.

OCCUPATIONAL HEALTH AND SAFETY

KEGOC JSC HAS ESTABLISHED AN EFFECTIVE OCCUPATIONAL SAFETY SYSTEM, WHICH REPRESENTS A COMPREHENSIVE APPROACH TO ENSURING SAFE WORK IN PRODUCTION FROM THE IMPLEMENTATION AND CONTROL OF NECESSARY SAFETY STANDARDS AND REGULATIONS TO THE COMMITMENT OF LEADERS IN THE FIELD OF HEALTH & SAFETY.

ESG PRINCIPLES

KEGOC recognizes the importance of its impact on the economy, environment and society and seeks to grow long-term value by ensuring that its operations are aligned with the principles of sustainable development by aligning its environmental (E), social (S) and governance (G) objectives.

The Company is methodically working to improve ESG principles, including corporate governance with a focus on ensuring environmental and social responsibility. This involves the effective implementation of shareholders' rights, fair treatment of shareholders, a balanced dividend policy, the efficiency of the Board of Directors and the Management Board of KEGOC, as well as a system for interacting with stakeholders and proper disclosure of company information.

Due to the Company's efforts to integrate ESG factors into its strategy and business processes, as well as its commitment to the principles of corporate governance, social responsibility and business ethics, and the quality of its disclosures, KEGOC was awarded an S&P Global CSA Score 2023 ESG rating of 51/100 on 25 August 2023. This score confirms the Company's commitment to environmental, social and governance sustainability and reflects its contribution to creating a more sustainable future.

KEGOC JSC is a participant in the "Vision Zero" movement, whose principles include "zero tolerance" for safety violations, continuous improvement of personal safety systems, and the implementation of the best global practices in occupational safety.

Thanks to a systematic approach, KEGOC JSC has reduced the Lost Time Injury Frequency Rate (LTIFR) by three times during the reporting period, and the Fatality Accident Rate (FAR) has been reduced to zero.

KEGOC JSC was ranked first among the portfolio companies of Samruk-Kazyna JSC for achievements in production safety for the year 2023.

NEW TECHNOLOGIES

As part of the measures to create an intelligent energy system, Smart Grid, the Company is systematically implementing modern intelligent digital technologies. Within the strategic goal of "Ensuring reliable operation of Kazakhstan's UES in the context of energy transition", the Company continues to implement projects to modernize the SCADA/EMS system and expand the WAMS system, which will enhance the efficiency of managing Kazakhstan's UES. Additionally, in the reporting year, within the framework of automating and digitizing business processes, robotic systems and BI were successfully implemented, and an automated human capital management (HCM) portal was launched.

Furthermore, in 2023, KEGOC JSC implemented advanced technologies for the security of electrical networks by introducing a centralized system of emergency automation. This system ensures the reliability of the national grid in real-time and minimizes disconnections of consumers in the event of disruptions in the operation of the electrical networks.

PLANS FOR 2024

KEGOC JSC's plans include the implementation of its investment portfolio for the development of the National Electric Grid, which includes the integration of the Western Power System with the UES of Kazakhstan, construction of a direct current line from North to South, construction of the 500 kV line from "City step-down substation (TsGPP) — Karaganda — Nura", and continuation of two more phases of the Company's power network reconstruction covering all regions of presence.

KEGOC JSC will continue its active efforts to create conditions for the development of generating capacities, including traditional and maneuverable generation. The Company will also actively participate in the development and discussion of a new electric power market model, and in the preparation of legal acts related to the integration of wholesale market participants into Kazakhstan's National Electric System.

Low-carbon Energy Sources



KAZAKHSTAN NUCLEAR POWER PLANTS LLP (HEREINAFTER — KNPP LLP) WAS ESTABLISHED TO PREPARE THE GROUNDWORK AND DETAILED PLANS FOR THE CONSTRUCTION OF NUCLEAR POWER PLANTS (HEREINAFTER — NPPS) IN KAZAKHSTAN, INCLUDING THE DEVELOPMENT OF TEJ AND THE COMPLETE PACKAGE OF PROJECT DOCUMENTATION, AS WELL AS TO COORDINATE THE NPP CONSTRUCTION PROCESS.

CURRENT STATUS OF IMPLEMENTATION OF THE NPP CONSTRUCTION PROJECT WITH CAPACITY UP TO 2.8 GW

In 2023, public hearings were held in the village of Ulken in the Zhambyl district of the Almaty region, dedicated to the construction of a nuclear power plant near the village. Residents expressed support for the construction of the NPP in the Republic of Kazakhstan. The Ministry of Energy of the Republic of Kazakhstan approved the Technical Assignment for the development of the TEJ for the "Construction of the Ulken Nuclear Power Plant" in the Almaty region.

INFORMATION AND EXPLANATORY WORK

In 2023, the Kazakhstani media actively covered the topic of nuclear energy, releasing 1,061 pieces, including 108 television segments, 2 radio broadcasts, and 951 online publications. On social networks, including the official pages of KNPP LLP on Instagram, Facebook, and YouTube, 1,355 posts were made.

KNPP LLP conducted a comprehensive sociological study to gauge the opinion of the Kazakhstani population regarding the use of nuclear energy and specific initiatives related to the construction of NPPs.

The survey conducted in 2023 recorded a positive shift in public perception and a higher level of public acceptance of nuclear energy compared to the previous year: 57.2% of respondents supported the development of nuclear energy (compared to 48% in 2022). About the plans for NPP construction in Kazakhstan, 73% of respondents were aware (in 2022 — 65%). 53.6% of survey participants believe that Kazakhstan needs its own NPP (in 2022 — 48%). Opponents of the project accounted for 40% of respondents, which is less than the 44% recorded in 2022.

PLANS FOR 2024

- ◆ Participation in the preparation and holding of the National Referendum on the construction of NPP in Kazakhstan;
- ◆ Initiation of the Resolution of the Government of the Republic of Kazakhstan on selection of location for NPP construction;
- ◆ Determination of the marketing cost of engineering surveys and feasibility studies for the construction of a nuclear power plant in Kazakhstan;
- ◆ Supporting the Government of the Republic of Kazakhstan in selecting the main supplier of technologies for NPP (vendor).

PRODUCTION AND EXTRACTION

World Leadership in Uranium Mining



NAC KAZATOMPROM JSC (HEREINAFTER REFERRED TO AS KAZATOMPROM) HOLDS A SIGNIFICANT POSITION ON THE INTERNATIONAL STAGE IN THE EXPORT AND IMPORT OF URANIUM AND ITS DERIVATIVES, NUCLEAR FUEL FOR NUCLEAR POWER PLANTS, AS WELL AS SPECIALIZED EQUIPMENT AND TECHNOLOGIES.

Kazakhstan has established itself as a global leader in uranium mining, providing about 39% of the world's supply.

Kazatomprom is recognized as the leading natural uranium producer in the world and has preferential access to one of the most significant resource bases. The Company operates uranium deposits suitable for in-situ leaching, an economically advantageous and environ-

mentally safer method of extraction. This, along with the prolonged operational life of its mining assets, allows Kazatomprom to maintain leading positions in the global market thanks to one of the lowest costs of uranium production.

Since November 2018, Kazatomprom's shares have been actively traded on the stock exchanges of the Astana International Financial Centre and the London Stock Exchange.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators, thousand tons:		
Uranium production	21.2	21.1
Uranium sales	16.4	18.1
Financial indicators¹⁶, KZT billion:		
Revenue	1,001.2	1,434.6
Dividends	227.4	200.9
Net profit	472.9	580.3
Operating income	455.9	680.8
Net debt	-32	125.5
Taxes paid	211	279.3
Sustainability indicators:		
Accidents	3	4
Fatal accidents	1	0

In 2023, 64% of all uranium shipments from Kazakhstan to Western countries were successfully carried out via the Trans-Caspian International Transport Route, which the Company has used as an alternative route since 2018. This was done to mitigate the potential risk of the route through the Russian Federation becoming unavailable.

The Company continues to monitor the situation with sanctions against Russia and their potential impact on the transportation of finished products through Russian territory. To date, there are no restrictions related to the delivery of finished products to the Company's clients worldwide.

Kazatomprom is closely monitoring the current situation and is prepared to make decisions that will minimize risks and ensure the continuity and efficiency of the holding's operations.



Net profit for the year amounted to

580

KZT billion

Consolidated sales volumes reached

18.069

million tons

THE COMPANY'S CONSOLIDATED REVENUE FOR THE YEAR EXCEEDED KZT 1.4 TRILLION, WHICH IS 43% HIGHER THAN THE PREVIOUS YEAR, PRIMARILY DUE TO AN INCREASE IN THE AVERAGE SELLING PRICE.

PROSPECTS

In light of the global energy crisis, triggered by soaring fossil fuel prices and the need to reduce carbon dioxide emissions, nuclear energy is increasingly viewed by countries as a stable and eco-friendly energy source.

The increased activity in the energy sector and changes in the nuclear power market, fueled by geopolitical situations, are prompting global producers to resume suspended production capacities and launch new ones.

Reflecting these trends, Kazatomprom demonstrated strong results in 2023 due to the positive dynamics of spot uranium prices. The Company's consolidated revenue for the year exceeded KZT 1.4 trillion, which is 43% higher than the previous year, primarily due to an increase in the average selling price.

Operating income reached KZT 681 billion, up 49% compared to 2022, reflecting the increase in average sales price. Net profit for the year amounted to KZT 580 billion, which is 23% higher than the previous year.

Production volumes remained nearly the same as last year, decreasing by 1% to 21.112 million tons on a 100% basis. Meanwhile, consolidated sales volumes increased by 10% compared to 2022, reaching 18.069 million tons.

The significant rise in the spot price of uranium also contributed to an increase in the average selling price to KZT 65.344 per kilogram of uranium (USD 55.09 per pound U₃O₈), which is 27% higher than in 2022.

¹⁶ Financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements

THE FIRST DELIVERY OF KAZAKHSTAN'S NUCLEAR FUEL

In 2023, Ulba-FA LLP successfully delivered four batches of fuel assemblies (herein-after referred to as FA), containing just over 130 tons of low-enriched uranium. All delivered FAs underwent acceptance control and were approved by a nuclear power plant in China. The FA plant's products will be guaranteed for delivery to CGNPC nuclear power plants in China until 2040. In 2024, the project is expected to reach its design capacity for manufacturing FAs, with an annual output of 200 tons of low-enriched uranium.



Kazatomprom significantly increased its investment in safety, spending on occupational health, fire, and industrial safety programs

12.47

KZT billion

Costs for ensuring fire safety

1.3

KZT billion

SUSTAINABILITY

Kazatomprom places particular emphasis on sustainable development in its operations.

In 2023, the Company developed the Sustainable Development Program of NAC Kazatomprom JSC for 2023-2030, which was approved by the Company's Board of Directors.

As part of its commitment to environmental sustainability, Kazatomprom has approved the Radioactive Waste Management Program for 2023-2030, which sets a unified policy and comprehensive approach for the medium-term management of radioactive waste. In October 2023, the Company's Board of Directors approved the Water Resource Management Strategy for NAC Kazatomprom JSC for 2023-2030.

In December 2023, based on the Corporate Sustainability Assessment questionnaire, the international rating agency S&P Global Ratings evaluated Kazatomprom at the level of last year's assessment. In 2023, Kazatomprom disclosed data for the first time under the "Climate Change" category in the CDP (Carbon Disclosure Project) climate rating, receiving its first climate rating at the "B" level (management).

WELFARE OF THE COMPANY'S EMPLOYEES

The Company is committed to protecting the health, interests, and motivation of its personnel. Kazatomprom increased labor compensation expenses for its employees, actively supports the development and growth of the regions where the Company operates, finances socially significant projects, and contributes to improving the welfare of the local population.

In 2023, in accordance with subsoil use contracts, the holding's enterprises directed KZT 2.264 billion towards the development of their regions of presence. Additionally, in 2023, the atomic holding's enterprises initiated a number of socially significant projects in their regions, including funding the construction of a cultural center, building children's playgrounds and sports grounds, purchasing educational equipment, improving settlements, providing financial assistance to socially vulnerable layers of the population in the form of coal purchases, food baskets, school supplies, New Year's gifts, and other socially significant initiatives totaling more than KZT 580 million.

One of the Company's main priorities is the welfare of its employees. The Company implements a comprehensive set of measures aimed at ensuring social stability and creating a favorable moral and psychological climate in the workforce across four aspects: physical well-being and healthy lifestyles, mental well-being, financial well-being, and career and social well-being.

In the realm of financial well-being, to support the families of employees, attract employees and their family members to understand the values of the Company through active involvement, and support the younger generation by creating favorable conditions for personal development and fostering their interest in the nuclear industry, the Company organized the "IQanat High School of Burabay" summer educational camp in 2023.

To enhance mental well-being, the work of a corporate psychologist is conducted.

In terms of physical well-being and promoting healthy lifestyles, large-scale events such as the "Nomad time" national sports competitions and the Kazatomprom Marathon have been organized. The "Healthy Heart Days" campaign was also implemented, further promoting the health and well-being of the Company's employees.

OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY

For Kazatomprom, production safety has always been and remains an absolute priority. The indicators from recent years confirm a steady decrease in the number of industrial injuries, which demonstrates continuous improvement in working conditions and an increased level of safety.

Production is conducted in strict compliance with national and international standards, and comprehensive measures are implemented to prevent accidents and continuously improve the safety culture among all employees and management.

The safety measures adopted in 2023 helped prevent significant industrial accidents, including uncontrolled explosions, releases of hazardous substances, or the destruction of buildings at Kazatomprom's facilities. In 2023, Kazatomprom significantly increased its investment in safety, spending KZT 12.47 billion on occupational health, fire, and industrial safety programs, which is KZT 4.39 billion more than the previous year. It is worth noting that this amount for the reported year includes costs of about KZT 1.3 billion for ensuring fire safety.

PLANS FOR 2024

Kazatomprom's plans for 2024 align with a market-oriented strategy. The Company anticipates that the uranium production level for most of its mining assets will be at -20% relative to the subsoil use contracts, and it will make every effort to avoid any breaches of production volume commitments under these contracts. However, enterprises that hold subsoil use rights for newly commissioned deposits/sections face a risk of reducing production levels by more than 20% from contract obligations due to delays in the construction of surface complexes and infrastructure.

It is expected that in 2024, uranium production volumes will range from 21,000 to 22,500 tons, while consolidated sales volumes are forecasted to be between 15,000 and 16,500 tons. The Company's financial results may be influenced by various factors, including logistical complexities, changes in the tax legislation of the Republic of Kazakhstan, and potential changes in social contributions.

In 2023, Kazatomprom reaffirmed its leadership as a leading global producer and supplier of natural uranium, strengthening its position in the international market and highlighting the long-term prospects for the development of the nuclear industry. The Company's strategic priorities remain unchanged: Kazatomprom continues to adhere to strict market discipline in production and sales, which allows it to maximize benefits and create significant value for all stakeholders. Kazatomprom is committed to maintaining the highest international standards in key aspects of its operations such as transparency, corporate governance, and occupational and environmental safety.

Mining and metallurgical industry



“NATIONAL MINING COMPANY “TAU-KEN SAMRUK” JOINT STOCK COMPANY (HEREINAFTER — TAU-KEN SAMRUK), FOUNDED IN 2009, IS A VERTICALLY INTEGRATED COMPANY WHOSE KEY TASK IS TO STRENGTHEN THE ECONOMIC AND STRATEGIC POSITIONS OF THE STATE IN THE MANAGEMENT OF PUBLIC ASSETS IN THE MINING AND METALLURGICAL INDUSTRY AND TO DEVELOP KAZAKHSTAN’S MINERAL RESOURCE COMPLEX.

Gold produced
52.2
tons

NEW DEVELOPMENT STRATEGY

In December 2023, the Board of Directors approved the Company’s Development Strategy for 2024-2033, highlighting the following strategic directions:

- ◆ Comprehensive development of the mining industry to increase the investment attractiveness of the Company.
- ◆ Effective management of the portfolio to form a high-quality asset portfolio.
- ◆ Sustainable development aimed at implementing and adhering to ESG principles.

The Company aims to fully unlock the potential of the country’s mineral resources by attracting leading international partners and innovative technologies. By 2033, Tau-Ken Samruk envisions itself as a reliable partner in the global mining arena.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators, tons:		
Gold production volume	55.6	52.2
Silver production volume	8.3	5.2
Gold sales volume	55.6	48.7
Silver sales volume	4.3	9.1
Financial indicators¹⁷, KZT billion:		
Revenue	947	816
Dividends	89	-
Net profit	-16.9	-47.3
Costs	976	817
Operating income	11	-11
Net debt	55	83
Taxes paid	2.7	1.6
Income tax paid	1	0.7
Other taxes and payments	1.7	0.9
Sustainability indicators:		
CO ₂ emissions into the atmosphere, tons	189.9	127.62
Volume of disposed waste, tons	416	379
Accidents	1	0
Fatal accidents	0	0

In 2023, Tau-Ken Samruk continued to implement its existing geological exploration, mining, and metallurgical projects. Additionally, in 2023, the registration of the transfer of 100% of the shares of Kazgeology JSC from the RSI “Committee on State Property and Privatization” of the Ministry of Finance of the Republic of Kazakhstan to Samruk-Kazyna JSC was completed, with subsequent transfer to Tau-Ken Samruk.

10 YEARS OF PERFECT WORK IN TAU-KEN ALTYN LLP

A solemn event dedicated to the 10th anniversary of the plant took place on July 13, 2023. Tau-Ken Altyn LLP (hereinafter — Tau-Ken Altyn) participated in the “EXPO Central Asia — 2023” exhibition, which was timed to coincide with the 5th Consultative Meeting of the Heads of State of the region.

Tau-Ken Altyn also participated in the 2nd International Metallurgical Summit “Metals and Alloys. Kazakhstan”, where industry

leaders gathered to exchange experiences and discuss current trends in industrial development. At the summit, representatives of the plant detailed the technology of vacuum distillation of silver, as well as the features of the equipment used.

Additionally, Tau-Ken Altyn launched a new workshop for processing production waste, capable of handling up to 15 tons of solid waste annually, including slag and thermal processing waste.



INTERNATIONAL COOPERATION

TAU-KEN SAMRUK AND D MINERAL SIGNED A TERMS SHEET FOR THE EXPLORATION AND STUDY OF PROSPECTIVE AREAS, AIMING TO SUBSEQUENTLY OBTAIN LICENSES FOR GEOLOGICAL EXPLORATION AND TO ESTABLISH A JOINT VENTURE. TAU-KEN SAMRUK ALSO SIGNED A MEMORANDUM OF UNDERSTANDING WITH THE CHINESE COMPANY ZIJIN MINING.

Additionally, Tau-Ken Samruk and the European Bank for Reconstruction and Development (hereinafter referred to as EBRD), with the participation of the European Commission, signed a Memorandum of Understanding aimed at consolidating efforts to modernize the mining sector and enhance its investment attractiveness.

Tau-Ken Samruk, the European Commission, and the EBRD also signed a “Statement of Intent on Technical Support for Raw Material Projects”. According to this document, signed during the Raw Materials Week in Brussels, the EU and EBRD will allocate a grant of 400,000 euros to conduct research on two projects: the extraction of lithium from the Aral Sea salt flats and the development of the Upper Kairakty tungsten deposit.

¹⁷ Financial indicators for 2022 are as per the Company’s 2022 Consolidated Financial Statements



CONTRIBUTION TO THE ECONOMIC AND INDUSTRIAL DEVELOPMENT OF THE COUNTRY AND MAJOR PROJECTS IMPLEMENTED IN 2023

Co-operation with Discovery Ventures Kazakhstan Ltd (Discovery)

Since 2022, Tau-Ken Samruk and Discovery have been implementing a joint project for geological exploration aimed at searching for polymetallic deposits, where Tau-Ken Samruk owns 20% of the shares, and Discovery owns 80%. Discovery is a Kazakhstani junior company, a subsidiary of the British company East Star Resources PLS, specializing in the exploration of copper ores and resource development.

In 2023, extensive desktop studies were conducted to further explore the areas of interest according to historical reports and the results of the 2022 aerial electromagnetic survey. Additional geological work, including soil sampling and geophysical surveys of the sites, has been completed on the licensed areas. Based on the results, a decision was made to further study the sites under three licenses.

Continuation of drilling operations is planned for 2024.

Co-operation with Esan Eczacıbaşı Endüstriyel Hammaddeler San. ve Tic. A.Ş. (hereinafter – Esan)

Since 2022, Tau-Ken Samruk and the Turkish mining company Esan, part of Çalık Holding, have been conducting a joint geological exploration project aimed at searching for copper deposits. Within the project, Tau-Ken Samruk owns 20% of the shares, and Esan owns 80%.

In the second quarter of 2023, core drilling work commenced in the Aktobe region. At the licensed sites "Geological", "Auliesai", and "Milyasha", 22 boreholes totaling 6,796.3 linear meters were drilled to assess the potential of these areas.

In the third quarter of 2023, geophysical research began to identify anomalies. On the "Geological" and "Milyasha" sites, a scheme for ground geophysical survey covering 33.4 linear kilometers was developed.

In September 2023, the Company received two additional exploration licenses in the Aktobe region. Additionally, 1,087 soil samples were collected for analysis.

Continuation of geological exploration work for copper deposits and the acquisition of new licenses are planned for 2024.

Co-operation with Fortescue Metals Group Ltd (Fortescue)

Since 2020, Tau-Ken Samruk, in collaboration with Fortescue, a global leader in the iron ore industry, has been implementing a geological exploration project aimed at searching for copper deposits. Fortescue is recognized for its high production culture, innovations, and development of world-class infrastructure, particularly in the Pilbara mining industry in Western Australia. Tau-Ken Samruk owns a 20% stake in the project, while Fortescue controls 80%. This project makes a significant socio-economic contribution, including creating jobs and tax contributions.

In 2023, the following geological exploration activities were continued:

- ◆ Digitization and analysis of historical exploration reports for the "Zhezdy-1,2,3" licenses, followed by the creation of a database for the locations.
- ◆ Verification of data correlation from drilling results for the years 2021-2022.
- ◆ Analysis of historical reports and interpretation of obtained field data, as well as refinement of the database for drilling wells.

Continuation of geological exploration work to search for copper deposits is planned for 2024.

ESG INITIATIVES BASED ON THE RESULTS OF 2023

In December 2023, the development strategy for the Company for the period 2024–2033 was approved, which includes an important goal – the implementation of ESG principles. The main task of the strategy is to reduce the net carbon footprint by 10% and obtain a corresponding ESG rating, which facilitates the implementation of environmentally friendly, energy-efficient, and low-carbon projects.

Additionally, in the same month, an internal audit of the human resource management system was conducted. For the first time in the history of the Company, the procedure for verifying sustainable development indicators for the annual report for 2022 was completed. A production safety management system was developed, and a roadmap was created to obtain the ESG rating.

In October 2023, a facility for processing its own solid production waste was successfully launched at Tau-Ken Altyn. Business processes in the fields of environmental protection and occupational safety at this enterprise were also automated, and the "Aspans Safe Production" digital platform was implemented.

Furthermore, the Company actively worked on aligning its business processes with international standards, as evidenced by obtaining the ISO 37001:2016 certification – an anti-bribery management system. In 2023, training sessions on the Code of Business Ethics were also conducted, highlighting the Company's commitment to principles of honest and responsible business conduct.

SOCIAL WELFARE

The share of women on the Boards of Directors of subsidiary organizations has been increased to 30%. A memorandum of cooperation was signed between Tau-Ken Samruk and the Center for International Programs. This document regulates joint activities aimed at meeting the staffing needs of the mining company.

At the production site of ShalkiyaZinc LTD JSC, exercises were conducted to localize and eliminate a fire in the mine, as well as the emergency evacuation of personnel to the surface. The exercises tested the joint action algorithms of emergency rescue services and workers in the event of emergencies. Employees of ShalkiyaZinc LTD JSC and contracting organizations participated in the training session: the branch of the emergency rescue service CRH MPERS LLP, Kingka Mining Construction LLP, Sherif-H LLP as well as representatives of interested government bodies, Tau-Ken Samruk, and Samruk-Kazy-na JSC.

The Youth Council of the Tau-Ken Samruk Group of Companies was established. In October 2023, the first forum of the Council of Young Professionals of the Company's Group was held to discuss topical issues of youth policy, such as staffing of the production facilities under construction, representation of interests of young employees, interaction of young people with the management of the companies, as well as familiarization with the work of miners at the first horizon of the mine shaft of ShalkiyaZinc LTD JSC. Kasymkhan Tileubekov, Chief Surveyor of ShalkiyaZinc Ltd JSC, was announced as a finalist of the "Best Employee" contest.

PLANS FOR 2024

- ◆ Development and implementation of proactive tools for accident prevention;
- ◆ Completion of the divestment transaction of Tau-Ken Temir LLP and Silicon Mining LLP as part of the transfer to a competitive environment;
- ◆ Fulfillment of refined gold production volume;
- ◆ Attraction of partners for the implementation of projects in the mining sector;
- ◆ Implementation of geological exploration projects;
- ◆ Execution of the roadmap for the implementation of the Company's development strategy for 2024-2025;
- ◆ Execution of activities provided in the unified roadmap for obtaining an ESG rating in 2025.

TRANSPORT AND LOGISTICS

Development of passenger transport



FOUNDED IN 2002, AIR ASTANA JSC (HEREINAFTER — AIR ASTANA, THE GROUP) IS THE LARGEST AIRLINE IN KAZAKHSTAN IN TERMS OF REVENUE AND FLEET SIZE.

In 2023, the Board of Directors approved the issuance of a separate Air Operator Certificate (AOC) for FlyArystan and in September made a number of decisions regarding its future: FlyArystan became a separate legal entity, wholly owned by Air Astana, and was renamed FlyArystan JSC.

Thus, by the end of 2023, the Group operated flights on 91 routes, providing regular, direct, and transit, short-haul and long-haul air transportation on domestic, regional, and international routes. The Group offers a network of route connections in growing markets to capitalize on the increasing mobility levels in Kazakhstan and neighboring countries. By the end of 2023, the Group operated 49 aircraft, serving 91 domestic and international routes across 43 destinations.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators:		
Passenger traffic, million	7.4	8.1
Aircraft load factor, %	83	83
On-time flight performance indicator, %	74	79
Financial indicators, KZT billion:		
Revenue	478.0	535.2
Dividends	7.5	0
Net profit	37.6	30.7
Operating income	70.1	61.3
Sustainability indicators:		
GHG emission intensity (tons of CO ₂ per seat-kilometer)	0.064	0.063
Volume of disposed waste, tons	8.15	11.79
Accidents	17	29
Fatal accidents	0	0

By the end of 2023, the Group operated

49

aircraft



MARKET OVERVIEW

AIR TRANSPORTATION OF PASSENGERS AND CARGO IS CLOSELY LINKED TO GLOBAL ECONOMIC DEVELOPMENT.

In 2023, the international air transport network recovered to

89.5%

Recent restrictions on flights to and from Russia have had a negative impact, but the opening of the market in China has already shown positive effects. In 2023, the international air transport network recovered to 89.5% of its pre-pandemic level, and domestic transport to 97.5%, which is 12 percentage points higher than in 2022¹⁸. The situation is expected to continue improving in 2024.

Leisure travel is more closely tied to seasonality, particularly evident in Europe, which was unprepared for the huge number of passengers wanting to fly in the summer of 2023. In 2019, a 50% increase in demand was anticipated for the vacation season. The increase to 65% in 2023 led to delays and dissatisfaction among both passengers and staff. However, in North America, the impact was not as severe, as flights to resort destinations at short distances are operated year-round.

The solution to this problem should be flexibility and adaptation to increased seasonal fluctuations. Some airlines have already taken steps to shift crew training and annual employee vacations to off-peak periods. Maintenance programs have been adjusted accordingly. Wider use of automated processes, such as self-service passenger check-in, helps to reduce the load. On the other hand, identifying and increasing the number of destinations for beach holidays in winter, as well as seeking commercial and international contracts from the MICE category (meetings, incentives, conferences, and exhibitions), can increase revenues during low-demand periods.

¹⁸ Source: Global Outlook for Air Transport, IATA, December 2023.

KAZAKHSTAN AVIATION MARKET

Kazakhstan has 20 airports, 18 of which are open for international commercial flights. The airports are either state or privately owned, except for the Aktobe International Airport, which is owned by a public-private partnership.

According to the Aviation Administration of Kazakhstan (AAK), the civil aircraft registry of Kazakhstan has 920 units, 17% of which are airliners.

The number of Kazakhstani operators registered with AAK is 53 in 2023. Air Astana is one of seven airlines allowed to fly to EU countries. The other operators are Comlux, Prime Aviation, FlyJet.kz, KazAirJet, Jupiter Jet and SCAT. Six airlines operate domestic flights: Air Astana, FlyArystan, SCAT, Qazaq Air, Southern Sky and Zhetysu.

Kazakhstan continued to develop its air transport capabilities in 2023. The Civil Aviation Committee is reforming its sector, intending

to adopt the European management model within 2-3 years. As part of this effort, AAK is responsible for the regulatory oversight functions of the industry, improving efficiency, and preventing corruption.

The Government of Kazakhstan intends to increase the number of international flights and continues to implement the open sky policy to attract new foreign carriers. Specifically, flights to Doha (Qatar), Ankara (Turkey), Medina (Saudi Arabia), Baku (Azerbaijan), and Dushanbe (Tajikistan) were added in the spring and summer. Additionally, the number of flights from Astana, Almaty, Aktobe, Turkistan, and Atyrau to Istanbul will be increased, as well as from Astana and Almaty to Antalya, and from Almaty to Baku, Tbilisi, Phuket, and Malé.

Air Astana launched flights to Tel Aviv twice a week in September 2023, but was forced to discontinue them a month after opening due to the conflict in the region.

DOMESTIC MARKET

The launch of FlyArystan has had a significant impact on Kazakhstan's domestic market (before, during, and after the pandemic) and has contributed to the rapid recovery of the overall air transport market. Today, Kazakhstan's market is the fastest-growing domestic market in the world.

Over the past five years, FlyArystan has driven the majority of domestic transport growth, accounting for 37% of domestic flights in Kazakhstan in 2023. Together with Air Astana's 30% share, the Group represents 67% of the entire domestic market.

Since the inception of FlyArystan, both of Kazakhstan's major airports—in Almaty (the largest airport) and Astana—have seen an increase in domestic passengers, totaling about 70%. While Astana Airport accounted for about 5% of this volume, the number of domestic passengers at Almaty Airport grew from 2.8 million in 2018 to more than 5 million in 2023.

TRUCKING. GLOBAL OVERVIEW

THE GLOBAL DECLINE IN DEMAND FOR CARGO AIR TRANSPORT, WHICH BEGAN IN 2022, CONTINUED FOR MOST OF 2023.

The problems remained largely the same: a downturn in the global economy and trade, the geopolitical situation worldwide, persistently high inflation in key markets, and increased global oil prices. Tensions in the Red Sea region added to these issues in the fourth quarter, the full impact of which has yet to manifest.

One of the latest effects of the pandemic in 2023 was the gradual discontinuation of passenger aircraft temporarily converted for cargo transport (so-called "freighters"), as they were reconfigured and returned to regular passenger service. Global cargo capacity significantly increased over the past two years as international passenger flights resumed and schedules expanded exponentially, opening opportunities for cargo transport in the belly-hold of passenger aircraft. The overall cargo capacity, measured in available ton-kilometers (hereinafter — ATKs), increased by 11.3% compared to 2022 and grew by 2.5% compared to pre-pandemic levels. Belly cargo in passenger aircraft accounted for 49% of the ATKs, a significant increase from 20% in 2020. This mode of transport continues to capture market share from dedicated freighter aircraft.

The overall cargo capacity, measured in available ton-kilometers, increased by

11.3%

This substantial increase in belly-hold capacity negatively impacted cargo load factors (CLFs), affecting cargo revenues and airline profitability. Decreasing throughout the year, the global average CLF ended the year at 44%, although it reached 49.9% on international routes, 0.8% higher than in 2019. As an indicator of the balance between supply and demand in the industry, it is expected to stabilize after the normalization of passenger and cargo volumes to pre-pandemic levels.

Air Astana Group's cargo turnover growth in 2023 primarily occurred on routes from China, Korea, and the UAE to Kazakhstan. The growth matched the increase in capacities deployed in 2023. Cargo volumes from Turkey were affected by the slowdown in economic growth and the limited cargo capacity of narrow-body aircraft.

AIRCRAFT FLEET

AIR ASTANA'S PLANS FOR FUTURE CAPACITY AND PASSENGER COMFORT ARE CLOSELY LINKED TO THE EXPANSION AND SIMPLIFICATION OF A FUEL-EFFICIENT AND ENVIRONMENTALLY FRIENDLY AIRCRAFT FLEET, ADDRESSING ALL THREE STRATEGIC DIRECTIONS: GROWTH, EFFICIENCY, AND HIGH STANDARDS.

In 2023, the Group acquired the latest aircraft, an Airbus A321LR in October and an Airbus A320neo in November. As of December 31, 2023, the Group's aircraft fleet increased to 49 aircraft (43 in 2022), including 41 narrow-body Airbus A320 family aircraft, 5 narrow-body Embraer E190-E2 aircraft, and 3 wide-body Boeing 767 aircraft (under a single Air Operator Certificate (AOC), 31 aircraft are operated by Air Astana and 18 by FlyArystan).

The new, more modern, and eco-friendly aircraft reduce operational costs and environmental impact. For example, the Airbus A320neo family can provide up to 20% reduction in fuel consumption, a 20% reduction in CO₂ emissions (NOx), and a 50% reduction in noise levels compared to the previous generation A320ceo aircraft. Considering the fleet additions in recent years and in 2023, the average age of the Group's operating fleet is now 5.3 years.

Taking into account the planned returns and further acquisition of aircraft, the Group plans to increase its fleet to 80 aircraft by the end of 2028, with Air Astana operating 46 aircraft and FlyArystan operating 34 aircraft. To achieve this goal, an additional delivery of 48 aircraft is required from 2024 to 2028, for which 22 operational lease agreements have already been concluded by 2026: 19 Airbus aircraft (11 A320neo and eight A321neo) and three Boeing 787-9 Dreamliners.

MAINTENANCE AND REPAIR

The Department of Engineering Provision and Technical Maintenance (EPTM) of Air Astana has approximately 900 employees who work at the airports in Almaty and Astana, as well as at the line maintenance stations in Atyrau, Aktobe, and Shymkent. The EPTM Department is responsible for all maintenance work, technical services, aircraft acceptance/return, support for repair shops, sales of engineering consulting services, and cabin cleaning for the entire Air Astana aircraft fleet. It also prepares engineering and technical specialists (FlyArystan delegates all its engineering support and maintenance work to Air Astana).

The EPTM Department holds an AAK certificate and an EASA Part 145 certificate, which authorize it to perform line and base maintenance of its aircraft. Based on other certificates from the National Aviation Administration and an approved EASA Part 145 certificate, Air Astana also provides maintenance services to more than 22 other international and domestic airlines, including Asiana, DHL, Air Arabia, VietJet, Jazeera Airways, Lufthansa, Qatar Airways, Wizz Air, Fly Dubai, Air China, and Turkish Airlines, as well as Qazaq Air and SCAT Airlines. Additionally, the Training Academy conducts maintenance training on Air-

bus A320 family aircraft with various engine configurations in the Air Astana and FlyArystan fleets in accordance with the approved EASA Part 147 certificate.

The simplification of the Group's aircraft fleet has created opportunities for efficient planned and unplanned maintenance without the need for external contractors. Since 2019, Air Astana has become the first airline in Kazakhstan capable of independently performing complex maintenance on the Airbus A320 family of aircraft, such as C1-check and C2-check, at its engineering bases in Almaty and Astana. After successfully completing the first six-year C-check maintenance at the end of 2023, Air Astana performs all C-checks on Airbus A320 family aircraft, including those owned by FlyArystan. The six-year maintenance is very complex: it took over 20 days and required 7,800 man-hours of work by highly qualified mechanics and engineers with international EASA Part 66 certificates and licenses, including specialists trained through the Air Astana aviation technicians' training program. The airline was authorized to perform this type of work at the beginning of 2023 following an international EASA audit. According to the Group's estimates, the ability to conduct

C-check maintenance in-house is expected to lead to annual savings of approximately USD 3.0 million and has already reduced aircraft ground time by 14-18%.

The Group plans to expand its maintenance capabilities in line with the expected expansion of its aircraft fleet. This will require enlarging the existing hangar at the Astana airport and constructing a larger hangar at the Almaty airport to simultaneously accommodate two Boeing 787s or five Airbus A320s. As the Group gains experience in conducting C-check maintenance, it intends to offer C-check inspections to other aircraft operators by 2025.

SINCE 2008, THE GROUP HAS BEEN RUNNING THE PILOT AB-INITIO CADET PROGRAM TO MEET THE DEMAND FOR LOCAL QUALIFIED PILOTS.

AIR ASTANA TRAINING ACADEMY

The Air Astana Training Academy, located in Almaty, was established with the aim of creating a center of expertise dedicated to training Group personnel, developing operational and personal skills of employees, and providing services to external customers from the aviation industry in CIS countries. It is the only training center in Kazakhstan certified under EASA Part 147, where both theoretical and practical training according to Part 147/145 standards is conducted, in collaboration with the Flight Training Center (see below).

The Training Academy ensures all aspects of operational training:

- ◆ The Training Academy offers approximately 79 programs in engineering support, ground handling, and onboard services based on international standards (ICAO, IATA, and EASA 147/145), accredited by AAK and thus also available to external organizations.
- ◆ The new Flight Training Center, located at the Astana airport, was commissioned in 2023 and enables training on the L3 Harris Reality Seven A320 full-flight simulator. It is the first of its kind in Kazakhstan and is designed for 7,000 hours of training per year, which, according to the Group's estimates, will reduce pilot travel time to external training centers by about 25%, equating to more than 1,000 person-days. Procedural training is also conducted on Aerosim fixed-base simulators, supported by the flight simulator. The Group plans to acquire a second full-flight simulator in 2025.
- ◆ Advanced onboard safety training at the Training Academy means that the Group will not engage external providers for initial or triennial crew training for its Airbus fleet. It is estimated that using the emergency cabin escape simulator provided by Skyart and the realistic fire training simulator provided by Flame Aviation for the A320 family of aircraft instead of sending pilots and crew members to Germany and Turkey for training will provide significant savings. The Group also intends to offer safety and emergency response training to other airlines in Kazakhstan in the future.

- ◆ A regular internal leadership course for captains, "Leadership for Flight Commanders", launched in 2020 as part of the "Learning/Career Options" program for the pilot community, is conducted for new captains.
- ◆ Since 2008, the Group has been running the Pilot Ab-Initio Cadet program to meet the demand for local qualified pilots. Each year, about 20 cadets start training under the program, and since its inception, 270 cadets have completed the training, with many becoming flight crew members, and some achieving the rank of captain. In 2024, the number of cadets recruited annually will be increased to meet the ongoing need for qualified pilots.
- ◆ All crew members undergo training, including safety techniques and emergency actions, first aid, and handling of hazardous materials. The Training Academy also conducts refresher training for crew members transitioning to business class or other positions within the Company.
- ◆ After completing two programs for obtaining EASA Part 66 licensed qualifications for apprentice mechanics from 2018 to 2022, in August 2023, the Training Academy also introduced a professional training program. New participants undergo a five-year course and receive international and local certificates, as well as the additional opportunity to obtain a licensed EASA B1/B2 qualification. Engineers responsible for aircraft airworthiness in the Group's Technical Standards Department provide mentoring on standards compliance and coordinate training under the EASA Part 147 program.

MAJOR IT INVESTMENTS AND DIGITALIZATION

Air Astana sees itself as one of the leaders in digital technology among airlines in the Central Asia and Caucasus region. The Group operates its own Airline Performance Excellence (APEX) program, which provides the Company with unrestricted access to information and helps model scenarios, especially during periods of rapid change. Several budget management and forecasting modules have been launched to handle fixed and variable costs, staffing, operational expenses, and to automate procurement planning through inventory control systems and accumulated stock management. The next stage of continuous improvement and a full part of the Group's strategic planning process involves expanding the forecasting capabilities within these modules.

The Group is also investing in a new online booking system aimed at increasing the visitor return rate to the website and conversion in e-commerce, as well as improving the overall quality of digital services by enhancing performance and a more modern, user-friendly interface. The system's capabilities will be expanded with the following enhancements:

- ◆ Convenient features that allow website users to find the nearest airport, select "low fare days", and store passenger and credit card data. This will simplify and speed up the booking process and help strengthen customer loyalty.
- ◆ Improvements will be made to the Nomad loyalty program that will facilitate user registration in the loyalty program and simplify the use of accumulated points.
- ◆ A wider selection of ancillary products will be displayed during the booking process to encourage more active use of these high-profit additional services.



SUSTAINABILITY

Air Astana aims to become the leading environmentally sustainable and socially responsible airline in the CIS and Central Asia. Air Astana is committed to reducing its negative impact on the environment and the communities in which it operates, implementing a comprehensive approach to sustainable development. These efforts include reducing emissions, waste management, the efficient use of resources (such as energy) and supporting local communities.

ESG STRATEGY

In February 2023, the Group approved a comprehensive ESG Strategy for 2023–2032. It was developed based on best practices and international standards, considers steps already taken or planned by the Group in sustainable development, and is aligned with the United Nations Sustainable Development Goals (SDGs). The Group identified six priority SDGs: Quality Education (SDG 4), Gender Equality (SDG 5), Decent Work and Economic Growth (SDG 8), Reduced Inequality (SDG 10), Climate Action (SDG 13), and Partnerships for the Goals (SDG 17).

Specifying SDGs as priorities allowed the Company to develop an ESG Strategy that is not only more targeted but also more effective, reflecting the specific challenges and opportunities of the civil aviation sector. While we focus particularly on these six SDGs, we do not overlook the other goals. All 17 SDGs are necessary for a sustainable future and deserve our attention. Nevertheless, given the complex specifics of the industry, we have made a strategic choice to direct our efforts towards achieving those SDGs that are most closely related to our core activities, our capabilities, and where we can make a significant impact.

SPECIFYING SDGS AS PRIORITIES ALLOWED THE COMPANY TO DEVELOP AN ESG STRATEGY THAT IS NOT ONLY MORE TARGETED BUT ALSO MORE EFFECTIVE, REFLECTING THE SPECIFIC CHALLENGES AND OPPORTUNITIES OF THE CIVIL AVIATION SECTOR.

Delivery of seven A320neo family aircraft increasing the fleet to

56

units

Number of cadets joining the Ab-initio pilot training program each year

40

cadets

THE GROUP PLANS TO REFRESH ITS LOW CARBON DEVELOPMENT PROGRAM AND COMMIT TO ZERO EMISSIONS BY 2050 THROUGH A SUSTAINABILITY PLAN AND ACHIEVABLE SHORT-TERM TARGETS FOR THE NEXT FIVE YEARS.

LOW-CARBON DEVELOPMENT PROGRAM

To set targets for reducing greenhouse gas emissions, the Group has developed a Low Carbon Development Program (LCDP) for 2023-2032. It is part of the Group's ESG Strategy and is in line with Kazakhstan's goal of achieving carbon neutrality by 2060.

Under this program, the Group is replacing Airbus family aircraft with new generation A320 and A321neo aircraft. Airbus notes that this family of aircraft can provide up to 20% reduction in fuel consumption, 20% reduction in CO₂ (NOx) emissions and 50% reduction in noise levels compared to the previous generation A320ceo family of aircraft. In recent years, the Group has made extensive efforts to reduce CO₂ emissions, reducing CO₂ emissions from 0.122 tons per passenger-kilometer performed

in 2016 to 0.076 tons in 2023. The achieved emission reduction of 38% wins against comparable emissions for comparable international air carriers and low-cost carriers.

The Group is currently aiming to achieve zero emissions by 2060. However, during 2024, the Group plans to review its LCDP and update its commitment to achieve carbon neutrality by 2050 in line with the long-term goal adopted by the International Civil Aviation Organization (ICAO) by developing a sustainability roadmap with realistic short-term targets for the next five years. These will be independently verified by a third party as science-based targets (SBTi) consistent with the Paris Agreement's mitigation goals.

In line with the recent resolution of the Asia Pacific Airlines Association, the Group has also set a target to achieve a collective blending rate of 5% of sustainable aviation fuel with conventional fuel by 2030 (assuming SAF is available in the market). This target may be adjusted, if necessary, following the update of the LCDP.

PLANS FOR 2024:

- ◆ Air Astana's IPOs on the London Stock Exchange, AIFC and Kazakhstan Stock Exchange attracted new Kazakhstani and international investment, which will help realize our ambitious business development plans from 2024 to 2028.
- ◆ Delivery of seven A320neo family aircraft (4 for FlyArystan and 3 for Air Astana), increasing the fleet to 56 units, in line with plans to increase the fleet to 80 units by 2028.
- ◆ Expansion of the route network by opening flights to Kuala Lumpur (Malaysia) in 2024. Flights to Japan and Singapore are planned for 2025-2026.
- ◆ Training volume on the L3 Harris A320 flight simulator is expected to increase to 5,500-6,000 hours. The simulator has a maximum annual capacity of 7,000 hours. The Group plans to purchase a second simulator in 2025.
- ◆ Each year, about 40 cadets join the Ab-initio pilot training program, which was established to meet the need for locally qualified pilots. A total of 270 cadets have already graduated and enrollment is expected to increase to 300 in 2024.
- ◆ Eight Airbus family aircraft are subject to maintenance, three of which require a full six-year C-check maintenance program, and the first 12-year C-check maintenance program is planned. In-house C-check maintenance has already reduced downtime by approximately 14-18%. By 2025, the Group intends to offer this type of maintenance to other aircraft operators.
- ◆ In July 2023, Pratt & Whitney announced an engine recall due to contamination of the material used in engine production. Air Astana has already addressed a number of issues related to this situation and has taken mitigating actions ahead of the market. During 2024, 34 engines are scheduled for removal and alternative engine replacement options are already in place to avoid schedule disruptions. The Company is in the final stages of negotiating an agreement with Pratt & Whitney that provides compensation and other support to the Company for operational impacts.
- ◆ The Group plans to refresh its low carbon development program and commit to zero emissions by 2050 through a sustainability plan and achievable short-term targets for the next five years.
- ◆ Investment in a new online booking system designed to increase repeat website visits and e-commerce conversion rates and improve the overall quality of digital service delivery.





QAZAQ AIR JSC (HEREINAFTER — QAZAQ AIR) IS A KAZAKHSTAN AIRLINE, WHICH IS A SUBSIDIARY OF THE FUND AND IS BASED AT NURSULTAN NAZARBAYEV INTERNATIONAL AIRPORT LOCATED IN ASTANA.

MARKET OVERVIEW

ACCORDING TO THE INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA) WORLD AIRLINES INCREASED PASSENGER TRAFFIC BY 36.9% IN 2023, AS A RESULT, IT RECOVERED TO 94.1% OF PRE-PANDEMIC 2019 LEVELS. KAZAKHSTAN'S CIVIL AIR TRANSPORTATION MARKET HAS DEMONSTRATED STRONG GROWTH IN THE POST-COVID PERIOD.

QAZAQ AIR strives to realize its mission in providing affordable inter-regional air transportation that meets high international and national safety standards. The growing demand for interregional air transportation confirms the high potential of the country's regions to develop tourism and business activity.

The Company's aircraft fleet consists of 5 modern turboprop aircraft manufactured in Canada, which is classified as a small fleet size by aviation standards. Using the convenient geographical location of the base airport in Astana, the Company successfully develops a hub route network to the regions and border cities of neighboring countries.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators:		
Passenger traffic, thousand people	561	588
Cargo transportation volume, tons	32	23
Aircraft load factor, %	82	84
On-time performance of flights, %	78	77
Financial indicators¹⁹, KZT billion:		
Revenue	20.4	19.6
Dividends	0	0
Net loss	-6.6	-7.6
Costs	18.9	20.8
Operating profit/loss	3.2	-2.9
Taxes paid	0.6	0.6
Sustainability Indicators:		
GHG emissions intensity (tons of CO ₂ per kilometer)	0.012	0.011
Volume of waste disposed of, tons	0.3	0.19
Accidents	0	0
Deaths in accidents	0	0

The annual growth of passenger traffic at the level of about 20% indicates an active phase of market growth.

In 2023, half of domestic scheduled air routes are subsidized by the government to phase them into commercial viability.

The cost-effectiveness of QAZAQ AIR based on the current fleet, which has the best indicators on the size of the cost of production on regional routes, allows the rational launch of new and low-intensity subsidized routes. Subsequently, when passenger traffic grows, QAZAQ AIR will transfer these routes to a commercial basis.

The relatively low level of infrastructure of regional airports does not allow to service narrow-body aircraft, which additionally creates a natural competitive advantage for QAZAQ AIR in the domestic market.

In Kazakhstan and border territories of neighboring countries at a distance of 500 km from the borders of the Republic of Kazakhstan lives a population of about 100 million people.

QAZAQ AIR aims to develop international air service on cross-border international routes with high commercial potential.

In 2023, the Company was among the top three in the nomination "Best Regional Airlines of Central Asia and CIS 2022" according to Skytrax. The high assessment of the Company's performance in the Skytrax awards is proof of the Company's commitment to high standards and recognition by passengers.



FACTORS AFFECTING THE RESULTS

QAZAQ AIR delivered a historic record in 2023 with 5 aircraft carrying 588,000 passengers, the highest number of passengers carried in a similar period since operations commenced in 2015.

Significant changes were made to the seasonal schedule for passenger convenience, the number of flights was increased, and various measures were implemented to stimulate ticket sales, including seasonal discounts during periods of low demand. These measures resulted in an increase in overall traffic volume. The route network remained largely unchanged from the previous year.

In 2023, due to temporary restrictions by the authorities of neighboring countries, the program of international flights was reduced, which had a negative impact on profitability.

ROUTE NETWORK

In 2023, QAZAQ AIR's route network included 29 destinations between cities in the Republic of Kazakhstan. Subsidized flights were also introduced to support domestic tourism, such as Astana — Urjar, Almaty — Kokshetau, Turkestan — Aktobe and Shymkent — Zhezkazgan. These air services have demonstrated their potential and the Company has received positive feedback from its passengers.

EXPANSION OF AIR TICKET DISTRIBUTION NETWORK

QAZAQ AIR has entered into an interline ticketing agreement with European airline Hahn Air. This agreement gives passengers worldwide and Hahn Air agents access to QAZAQ AIR tickets via electronic booking services. Thus, the Company has significantly expanded its presence in the international market.

¹⁹ Financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements

ENVIRONMENTAL SAFETY

QAZAQ AIR strives to minimize the negative impact of its operations on the public and the environment, to prevent industrial accidents that damage the environment, and supports the rational use and reproduction of natural resources. The Company complies with the principles of energy efficiency, resource conservation and utilization of alternative energy sources. The Company's management undertakes to comply with legal and other requirements applicable to the environmental aspects of QAZAQ AIR's operations.

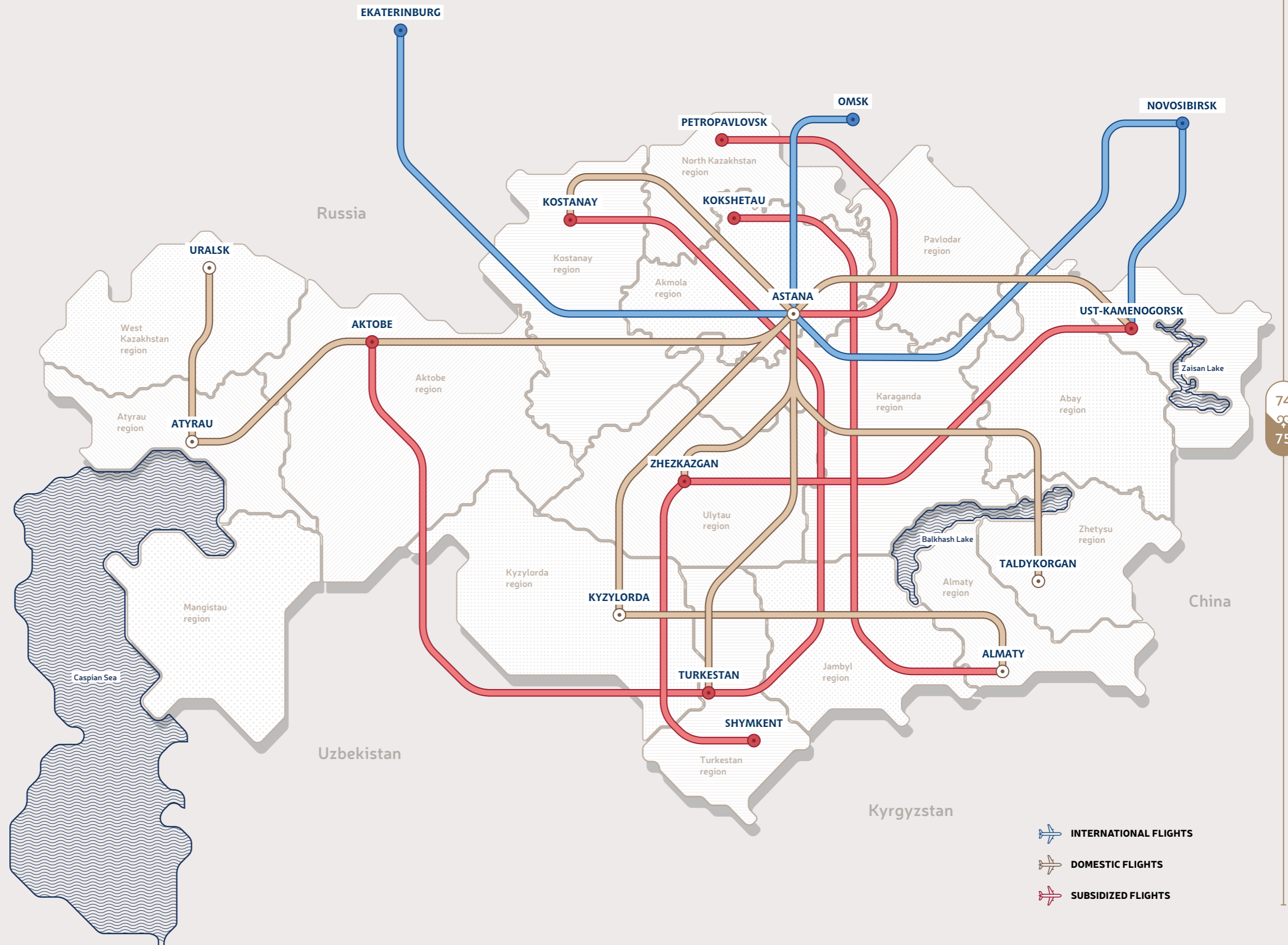
The Company adheres to the principles of no harm to people and protection of the environment in carrying out our work and achieving our objectives. QAZAQ AIR's environmental policy is aimed at improving the energy and environmental efficiency of passenger, baggage, mail and cargo transportation.

ENSURING A SAFETY CULTURE

The health and safety of employees forms the basis for the realization of the Company's strategic goals. QAZAQ AIR follows the safety performance indicators, reducing the risk of injuries and accidents by embedding a safety culture in all aspects of operations. For 2023, the Lost Time Injury Frequency (LTIF) rate is 0, with no accidents or incidents recorded during the period.

TOWARD THE GOAL

In the short term, a project is underway to bring QAZAQ AIR into a competitive environment aimed at attracting a strategic partner for the purpose of expanding and diversifying its fleet and flight geography.



Transport and Logistics Potential Development



National Company Kazakhstan Temir Zholy JSC (hereinafter – KTZh) is the key transportation and logistics holding company and operator of the main railway network of the Republic of Kazakhstan, performing the functions of a national carrier of cargo and passengers. The Company plays a central role in economic integration, connecting 17 regions of the country and three cities

of national importance, as well as providing transport links with five neighboring countries – China, Russia, Uzbekistan, Kyrgyzstan and Turkmenistan through 16 connecting points.

KTZh owns the largest fleet of locomotives and railcars in Kazakhstan and is one of the largest employers in the country.

Cargo turnover (operational)
269.7
billion ton-km

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators:		
Cargo turnover (operational), billion t-km	252	269.7
Passenger turnover, billion p-km	12.4	11.8
Container transit, thousand TEU	1,129.2	1,282.3
Financial indicators²⁰, KZT billion:		
Revenue	1,481.5	1,934.1
Net profit	36.9	136.8
Costs	1,520.6	1,854.1
Operating profit	177.9	332.8
Net debt	1,520, 8	2,061.2
Taxes paid	111.2	140.6
Sustainability indicators:		
Atmospheric emissions (CO ₂ scope 1), thousand tons	2,389	2,389
Atmospheric emissions (CO ₂ coverage 2), thousand tons	3,284	3,119, ²¹
Volume of disposed waste, tons	59.1	58.6
Accidents	22	25
Deaths in accidents	5	6

FACTORS AFFECTING THE RESULTS

THE INCREASE IN FINANCIAL RESULTS WAS DUE TO THE GROWTH OF INCOME FROM OPERATIONS.

The increase in net debt was due to the attraction of debt financing for the renewal of the Company's locomotive fleet (approximately KZT 216 billion), renewal of Stadler passenger cars (KZT 162.6 billion) and financing the leasing of 100 passenger cars (KZT 73 billion). The Company also purchased KTT gondola cars (KZT 71.5 billion), issued the second tranche of bonds to finance the infrastructure project "Construction of second tracks on the Dostyk-Moyinty section" (KZT 173.7 billion), refinanced 250 million Swiss francs Eurobonds and repaid short-term loans (KZT 258.5 billion).

In 2023, KTZh worked actively to overcome the problems associated with the disruption

of traditional transportation and logistics chains. As part of this work, measures were taken to adapt and optimize transport flows in the context of the changing geopolitical environment and logistical challenges.

In general, the efforts of KTZh and the Government made it possible to maintain the attractiveness of Kazakhstan's transit corridors in difficult geopolitical conditions, forming a new framework for the country's transport and logistics complex.

By 2023, the volume of container transit transportation reached 1,282 thousand twenty-foot equivalent units (hereinafter – TEU), which is 13.6% more compared to the previous year.



INFRASTRUCTURE MODERNIZATION

Within the framework of the National Project "Strong Regions – Driver of the Country's Development" and in accordance with the Concept of Development of Transport and Logistics Potential of the Republic of Kazakhstan until 2030, construction of second tracks on the Dostyk – Moyinty section was started in November 2022. The purpose of this project is to increase the throughput capacity of this section and stimulate the transit potential of Kazakhstan.

The implementation of the project on construction of the second line with a total length of 836 km will increase the number of cargo trains five times – from 12 to 60 pairs per day. This will be a significant step in strengthening the country's export capabilities and will expand transportation opportunities for Kazakh exporters in this direction.

Construction is scheduled for completion in 2025.

In 2023, the construction of the following infrastructure projects was launched:

- ◆ "Construction of Almaty bypass railroad line";
- ◆ Construction of the Darbaza-Maktaaral railroad line;

- ◆ Construction of the third border railroad crossing "Bakhty" on the Kazakhstan-China border with access to the existing railroad section "Semey – Aktogay".

The purpose of the projects is to increase the capacity of the sections and the transit and transportation potential of the country.

As part of KTZh's transformation into a full-fledged transportation and logistics company and to increase the volume of transit cargo traffic, work has been done in the following key areas:

Partnerships and strategic alliances:

- ◆ For the development of the TITR route, KTZh, together with Azerbaijan Railways CJSC and Georgian Railway JSC, established Middle Corridor Multimodal Ltd on the basis of the Astana International Financial Center.
- ◆ A memorandum was signed between RZD Logistics, KTZ Express and TLC Turkmenistan to establish a joint venture for the development of the North-South transport corridor.
- ◆ An agreement was formalized with Abu Dhabi Ports Group to create a multimodal route Kostanai – Kuryk – ports of Anzali, Bandar Abass (Iran) – Khalifa Port (Abu Dhabi).

- ◆ "United Transport and Logistics Company – Eurasian Rail Alliance" JSC, which is a joint venture with Russia and Belarus, continues its operations on the China-Russia-Europe transit route.

Development of logistics capacities:

- ◆ A cargo terminal was opened in Xi'an, becoming a key hub for sending container trains to Kazakhstan, Central Asia, Europe, Turkey and Iran.

Digitalization and innovation:

- ◆ In May 2023, KTZh Express JSC and PSA formed a joint venture, KPMC Ltd, aimed at developing the TITR route and creating a digital trade corridor.
- ◆ KTZh, cooperating with global leaders in digitalization such as Huawei, Wabtec and PSA, launched the Smart Railway project.

Overall, KTZh's efforts in 2023 were aimed at creating the conditions for further growth of transit potential and strengthening the country's export opportunities.

²⁰ The financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements

²¹ The methodology specified in the GHG Protocol Scope 2 Guidance has been applied to the Scope 2 calculation.

PASSENGER TRANSPORTATION

IN 2023, RAIL PASSENGER TURNOVER DECREASED BY 1.5% COMPARED TO 2022, ACCOUNTING FOR 22% OF TOTAL PASSENGER TURNOVER.

Revenues from passenger transportation for 2023 amounted to

101.7

KZT billion

KTZh's subsidiary, Passenger Transportation JSC, is actively working to create comfortable conditions for passengers. Given the length of railroads in Kazakhstan, this is a key aspect in maintaining the image and attractiveness of this business sector in KTZh. The Company carefully studies passenger preferences, a feedback system is actively functioning, and complaints about the quality of service are carefully recorded and analyzed. Measures are also being taken to renew the car fleet.

The Company's passenger turnover in 2023 decreased by 4.2% compared to the 2022 level and amounted to 11,831 million p-km (12,353 million p-km in 2022). The decrease in passenger turnover was due to the reduction in the frequency of some routes from daily to alternating daily service, as well as the cancellation of a number of trains.

The number of passengers dispatched by Passenger Transportation JSC in 2023 amounted to 13,681 thousand passengers (14,073 thousand passengers in 2022), including:

- ◆ on the trains formed by Passenger Transportation JSC -11,178 thousand passengers;
- ◆ Suburban Transportation branch – 2,338 thousand passengers;
- ◆ by trains of other railroad administrations – 165 thousand passengers.

Revenues from passenger transportation for 2023 amounted to KZT 101.7 billion, which is 15% higher than in 2022. The increase was due to a 2.6-fold increase in passenger turnover on interstate and transit routes, as well as a 7% increase in tariffs from January 1, 2023.

NEW ROUTES

As part of the tasks set for Passenger Transportation JSC to unload the Astana-Shu railway section to meet the traffic schedule and increase the route speed, measures were taken to introduce a batch schedule by organizing a circular movement of Talgo trains and combining passenger train strings:

- ◆ Replacement of standard cars with Talgo on trains No.9/10 Astana-Almaty and No.71/72 Astana-Shymkent;
- ◆ Increasing the frequency of trains No.11/12 Almaty-Shymkent, No.25/26 Almaty-Shymkent, No.46/45 Pavlodar-Turkestan to a daily service, and train No.1/2 Almaty-Tashkent to every other day.
- ◆ Extension of the route of train No.613/614 Uralsk-Beyneu to Mangistau station.

Due to the implementation of these measures, the residents of the regions have felt positive changes as the trains have increased their frequency of service, which directly stimulates the development of the regional economy.

In addition, Talgo fast trains give impetus to the development of tourism and are in great demand not only by local residents, but also by visiting guests and tourists.

In Talgo trains, passengers can use the services of the dining car. The Grand and Grand PMR class cars (for persons with disabilities) have shower cabins. Passenger Transportation JSC constantly renews its car fleet: from 2010 to 2023, the Company purchased 1,326 cars.

In 2021, Passenger Transportation JSC launched a pilot project to sell railway travel documents exclusively for women, including boys under 7 years of age.

Thus, one compartment car "Women's carriage" each in the following passenger trains of the Company is involved:

From October 2021:

- ◆ No.77/78 communication "Almaty-Mangistau", carriage No.07;
- ◆ No.351/352 communication "Almaty-Oskemen", carriage No.10.

From February 2022:

- ◆ No.45/46 communication "Pavlodar-Turkestan", carriage No.09;
- ◆ No.37/38 communication "Mangistau-Seimei", carriage No.06;
- ◆ No.47/48 communication "Atyrau-Nur-Sultan", carriage No.06.

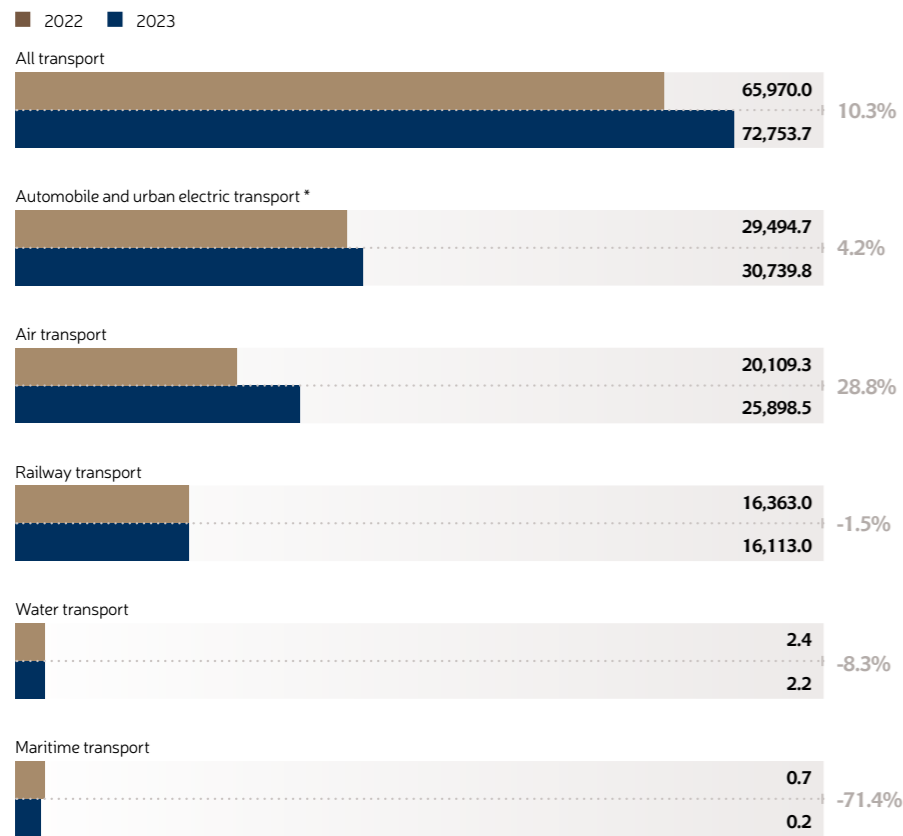
Due to the demand for this service, the Company organized additionally in three passenger trains from the beginning of the summer period of 2023:

- ◆ No.33/34 communication "Almaty-Aktobe", carriage No.06;
- ◆ No.4/3 communication "NurSultan-NurlyZhol-Almaty", carriage No.17;
- ◆ No.71/72 communication "NurSultan-Shymkent", carriage No.10.

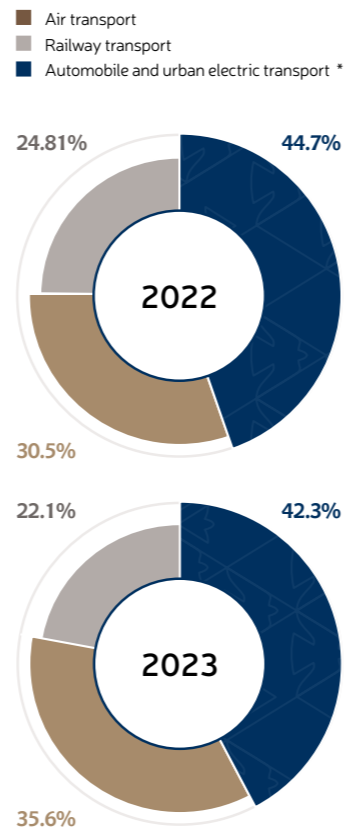
Since the introduction of the pilot project, 289,242 people have used the service, including: in 2021 – 13,414 people, in 2022 – 114,068 people, in 2023 – 161,760 people.

As part of the implementation of the loyalty program in the pilot mode from March 14, 2022 Passenger Transportation JSC launched a discount card "Altyn", which provides a 25% discount for travel in standard passenger cars and "Talgo". The card can be purchased at the Company's ticket offices and costs KZT 19,999.

PASSENGER TURNOVER OF KAZAKHSTAN IN 2023 BY TYPE OF TRANSPORTATION, MILLION P-KM



SHARE IN TOTAL PASSENGER TURNOVER, %



COMFORTABLE CONDITIONS FOR PASSENGERS

In 2023, 102 railcars were added to Kazakhstan's passenger rail fleet. In 2024, it is planned to deliver 62 new railcars and purchase approximately 50 railcars. In addition, in the period from 2025 to 2030, it is planned to purchase more than 600 new cars from ZIKSTO JSC and Stadler Kazakhstan LLP, all of which will meet international standards. After delivery of these cars, the fleet will be renewed by two thirds.

In 2023, the passenger railroad fleet of Kazakhstan was replenished by

102

railcars

Note: Statistical data on the Transport sector from January 2023 are formed taking into account the change in the methodological approach to the formation of indicators of individual entrepreneurs engaged in commercial transportation of goods and passengers by road transport. In order to obtain comparable data with the same period of the previous year, the main indicators of the Transport sector for 2022 were reformed.

CARGO TRANSPORTATION

Cargo turnover of all types of transport in 2023 amounted to 501,340.9 million ton-km, which is 3.1% higher than in 2022.

Rail transport remains the main player in cargo transportation, accounting for 65.2% of the country's total cargo turnover. Rail cargo turnover in 2023 increased by 4.8% to 326,811.7 million ton-km.

In 2023, the Company recorded a tariff cargo turnover of 262.4 billion ton-km, which is 7.0% higher than the previous year's figure of 245.2 billion ton-km. This growth was achieved due to an increase in cargo turnover on all routes.

In the structure of types of communications, cargo turnover was as follows:

- ◆ In intra-republican traffic, there was an increase of 1.1% due to a 1.7% growth in the average distance of cargo transportation, including iron ore, oil products, grain, non-ferrous ores and metals, cement and limestone for fluxing.
- ◆ In terms of exports, cargo turnover increased by 6.5% due to a 9.0% increase in the average distance of cargo transportation. This increase was due to higher transportation of iron ore, crude oil, grain, chemicals, fertilizers, non-ferrous ore and cement;
- ◆ For imports, cargo turnover increased by 13.9% due to an 11.1% increase in the volume of cargo transportation. The increase affected all cargo nomenclatures except coal, construction cargo, ferrous metal scrap and non-ferrous ore.

- ◆ As for transit, the increase amounted to 16.5%, which was due to an 18.0% increase in transportation volume. There was an increase in transportation of oil from Russia to Uzbekistan, oil products from Russia to CA countries, grain from Russia to Kyrgyzstan, chemicals from China to Uzbekistan and Russia, from Russia to China, fertilizers from Belarus to China and from Russia to CA countries and China, non-ferrous metals from Russia to China (copper) and Uzbekistan (aluminum), ferrous metals from Russia and China to CA countries, as well as other cargoes: wood from Belarus to China and Central Asian countries, machinery and equipment from China to Russia, Belarus and Central Asian countries, fruits and vegetables from Uzbekistan to China.

In 2023, compared to 2022, there was an increase in cargo turnover of the following cargoes:

- ◆ chemicals and fertilizers – by 21.7%;
- ◆ petroleum products – by 19.8%;
- ◆ grain – by 17.9%;
- ◆ ferrous metals – by 11.7%.

In 2023, the Company recorded a tariff cargo turnover of

262.4

billion ton-km

ALTERNATIVE TRANSPORTATION ROUTES

In August 2022, Kazakhstan's President Kassym-Jomart Tokayev put forward an initiative to develop TITR. Throughput capacity of TITR is about 6 million tons per year, including up to 80 thousand containers.

In 2023, about 2.8 million tons of cargo was transported along the TITR route, which is 86% higher than in 2022, and almost five times higher than in 2021. The growth was due to a multiple increase in Kazakhstan's exports along this route, which grew 2.5 times compared to 2022.

In order to increase the capacity of TITR, measures are being taken synchronously with all participants of the route to remove infrastructure constraints, as well as the integration of national digital systems.

At the end of 2022, a roadmap to remove bottlenecks on the TITR route was approved at the governmental level of Kazakhstan, Azerbaijan, Turkey and Georgia. Today, active work is underway to implement this roadmap by all participants.

The main infrastructure projects are the development of railroad and port infrastructure along the entire TITR corridor. It is planned that the implementation of the roadmap will increase the throughput capacity of the route to 10 million tons.

One of the key projects of the roadmap is the construction of an international container hub in the port of Aktau, which is capable of becoming a driver of container transportation growth.

To intensify transit traffic in the East-West direction, the construction of the Kazakh-Chinese "Dry Port" in Xi'an was launched in May 2023 with the participation of the Head of State of Kazakhstan. The test run of trains in the direction of Absheron took place already in December 2023.



ON THE ESTABLISHMENT OF A JOINT VENTURE WITHIN THE FRAMEWORK OF TITR

FOLLOWING THE OFFICIAL VISIT OF THE PRESIDENT OF THE REPUBLIC OF AZERBAIJAN TO THE REPUBLIC OF KAZAKHSTAN ON APRIL 10, 2023 IN ASTANA, THE HEAD OF STATE INSTRUCTED TO WORK OUT WITH THE AZERBAIJANI SIDE THE ISSUE OF ESTABLISHING A JOINT VENTURE (SINGLE OPERATOR) ON THE TITR AT THE SITE OF AIFC.

On October 26, 2023 in Tbilisi, KTZh, Azerbaijan Railways CJSC and Georgian Railways JSC signed an agreement on the establishment of a joint venture "Middle Corridor Multimodal Ltd." on a parity basis.

On November 16, 2023, Middle Corridor Multimodal Ltd. was incorporated as a private company under the AIFC. The establishment of this joint venture will enable:

- ◆ provide one-stop-shop services;
- ◆ guarantee delivery time and cost;
- ◆ pursue a coordinated policy on the development of multimodal service to increase cargo traffic in the direction "China-Europe/Turkey-China".

The eastern direction of the North-South international transportation corridor attracts the attention of shippers as a promising alternative route for delivering goods to the markets of Iran, India and the Persian Gulf countries.

Transit in containers along these routes increased by 14% compared to 2022 and reached 1,282.3 thousand TEU.

The main share in transit container transportation is the route "China – Europe – China", which occupies 73% of the total volume.

However, despite this interest in 2023 showed a decline. Compared to 2022, the volumes decreased by 18% amounting to 402.3 thousand TEU.

At the same time, efforts have been intensified to increase transit cargo traffic through TITR, as well as through the North-South corridor. Special attention is paid to increasing cargo turnover towards India and the Persian Gulf countries, mainly through Iran and the port of Bandar Abbas.

On December 15, 2023, a consortial agreement was signed with an investor for the project "Construction of the Ayagoz-Bakhty railway line". The project was launched on December 20, 2023.

ESG PRINCIPLES

On December 22, 2023, the independent rating agency S&P Global assigned KTZh an ESG rating of 54 points out of 100 as part of the Global Corporate Sustainability Assessment.

KTZh's scores for ESG components are as follows: environmental – 61 points, social – 59 points, and corporate governance – 40 points. The average indicator in the Transport and Transportation Infrastructure industry was 26 points, which allowed KTZh to enter the top 15% of the best companies in the industry in the S&P Global Corporate Sustainability Assessment rating.

The assigned rating reflects the Company's ESG efforts and confirms its commitment to high standards in the areas of the environment, social responsibility and corporate governance. The results of the KTZh rating by S&P Global are available on the S&P Global website at the following link: S&P Global ESG Scores.

PLANS FOR 2024

In 2024, the Company plans to:

- ◆ increase operational cargo turnover to 295.4 billion tons-km, up 9.5% compared to 2023;
- ◆ continue construction of the railroad line bypassing Almaty station;
- ◆ continue construction of the second railroad line on the Dostyk – Moyinty section;
- ◆ continue construction of the Darbaza-Maktaaral railroad line.



INFORMATION AND COMMUNICATION OPERATORS

National information superhighway



KAZAKHTELECOM

KAZAKHTELECOM JSC (HEREIN-AFTER — KAZAKHTELECOM) IS THE LEADING TELECOMMUNICATIONS COMPANY OF KAZAKHSTAN, FOUNDED IN 1994.

Kazakhtelecom operates as a telecommunications operator of the Republic of Kazakhstan for creation, installation, operation and maintenance of the public telecommunications network and private telecommunications systems, performs functions of an operator of the public telecommunications network and, among others, an operator of long distance and international communications with the right to make settlements with telecommunications administrations of other states, companies, users, international organizations in accordance with the Regulations of the International Telecommunications Union (ITU).

Kazakhtelecom owns the National information super backbone — fiber-optic transport ring, which connects major cities of Kazakhstan with the network for high-speed data transmission. The Company's extensive infrastructure includes more than 87 thousand kilometers of fiber-optic networks and more than 14 thousand base stations, providing

fixed-line coverage throughout the country. In addition, Kazakhtelecom's infrastructure includes 27 data processing centers and 40,000 city video surveillance cameras, emphasizing its scale and technological equipment.

2023 turned out to be a productive and eventful year for Kazakhtelecom. In particular, Kazakhtelecom actively started implementation of strategically significant projects, such as deployment of 5G network and construction of fiber-optic line along the Caspian Sea bottom on the route Azerbaijan — Kazakhstan (hereinafter — Trans-Caspian FOCL).

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production indicators:		
Number of fixed lines, thousand lines	2,651.5	2,510.5
Number of fixed broadband subscribers, thousand ports	1,863.2	1,889.3
Pay TV, thousand subscribers	930.7	1,049.2
Mobile subscribers, thousand subscribers	14,548.9	14,471.5
Financial indicators²², KZT billion:		
Revenue	634.5	687.8
Operating expenses	460	517
Operating income,	180.7	161.3
Net profit	128.8	104.4
EBITDA	285.3	297.9
Dividends paid ²³	39.5	33.4
Net debt ²⁴	32.1	291.3
Taxes paid	108.4	107.9
Sustainability indicators:		
CO ₂ emissions into the atmosphere, ton	294.01	228.57
Volume of disposed waste, ton	41,695	53,49
Accidents	2	4
Fatal accidents	-	0

²² Financial indicators for 2022 are as per the Company's 2022 Consolidated Financial Statements.

²³ The dividends accrued for 2020 and 2021 were paid in 2021 and 2022, respectively.



INVESTMENTS IN INFRASTRUCTURE

In recent years, Kazakhtelecom has invested more than KZT 100 billion annually in long-term assets. In 2022, the telecom operator invested KZT 121.5 billion in the development of Kazakhstan's telecom infrastructure, which amounted to approximately 70% of total fixed capital investments in the "Information and communication" sector across the country.

Significant growth in capital expenditures for 9M 2023 amounted to KZT 342 billion, or 68% of revenues. A significant impact on this amount is the realization of mobile operators as part of the consortium — 5G project and the significant cost of the 5G frequency itself in the amount of KZT 156 billion, which was paid to the budget. Accordingly, excluding the cost of the frequency, Kazakhtelecom's capital costs amount to KZT 186 billion, which is 37% of consolidated revenues.

MOBILE BUSINESS

Kazakhtelecom group of companies includes leading mobile operators Kcell JSC (Kcell, Activ) and Mobile Telecom-Service LLP (Tele2 and Altel).

Over the past 20 years, they have managed to build one of the most modern, technologically advanced and extensive mobile communication networks in Kazakhstan. The companies provide 2G/3G/4G (LTE/LTE Advanced) mobile communication services, short message services, value-added services (VAS) such as multimedia messaging, access to mobile content, and data services, including Internet access.

In December 2022, the Consortium of Kcell JSC and Mobile Telecom-Service LLP was recognized as the winner in the auction for the allocation of frequency bands for the introduction and development of fifth generation 5G/IMT cellular communications in the Republic of Kazakhstan. The consortium, according to the terms of license obligations, was to install 782 5G base stations in the cities of Astana, Almaty and Shymkent during 2023. At the end of 2023, the operators installed more than 1,157 5G base stations in 20 cities (Astana, Almaty, Shymkent, Aktau, Atyrau, Karaganda, Kokshetau, Kostanai, Kyzylorda, Oskemen, Pavlodar, Petropavlovsk, Semey, Taraz, Turkestan, Uralsk, Zhezkazgan, Aktobe, Konaev and Taldykorgan).

²⁴ Net debt is calculated according to the consolidated financial statements, where: Debt — loans and lease liabilities, Cash — cash and cash equivalents + Short-term financial assets measured at amortized cost. Information for 2022 according to the preliminary unaudited financial statements and may be adjusted after preparation of the consolidated audited financial statements for 2022.

BUSINESS PORTFOLIO

KAZAKHTELECOM'S SERVICES ARE PROVIDED BOTH IN THE RETAIL AND WHOLESALE MARKETS OF TELECOMMUNICATIONS SERVICES. IN THE WHOLESALE MARKET, THE COMPANY PROVIDES SERVICES IN THE OPERATOR SEGMENT, STRICTLY ADHERING TO THE NORMS OF THE CURRENT LEGISLATION AND PRINCIPLES OF MUTUALLY BENEFICIAL PARTNERSHIP.

In 2024 the Division intends to complete the organization of a new hermetic zone of

44

racks

In plans to build a new TIER III level data center in Astana for

300

racks

The Company strives to preserve and develop the factors of competitive advantage — availability of the necessary number of network resources for connecting operators' networks and passing through all types of traffic, extensive telecommunications network built on the latest digital equipment with high bandwidth capacity, providing quality and reliable service to operators and their subscribers. Operator services include: connection of telecommunications networks and transmission of inter-network, local, long-distance and international traffic, access to the Internet, leasing of backbone communication channels, additional services for laying networks through cable channelization, billing services, connection to the network clock synchronization — services of connection to the Kazakhtelecom network clock synchronization system (NCS).

The Company pays great attention to the development of transit potential and increase of transit telecommunication flows through Kazakhstan, as it has a network of backbone fiber-optic communication lines connecting all border areas, providing communications with China, Russia, Europe and Central Asian republics. Kazakhtelecom continues to build up its international presence and infrastructure abroad to improve the quality of services, strengthen national and global network security. Kazakhtelecom completed organization of direct connections with the largest Internet companies: Facebook, Amazon, Apple, Microsoft, Google in Europe and Asia and now exchanges traffic with them directly without transit systems.

In the retail market of telecommunication services, Kazakhtelecom provides telecommunication services for end consumers — individuals (B2C) and legal entities (B2B, B2G).

In order to improve the quality of rendered services, Kazakhtelecom continues the large-scale project on modernization of its own infrastructure by transferring from outdated copper ADSL technologies to modern fiber-optic lines.

Within the framework of the project on modernization and improvement of the Company's IT infrastructure, new high-performance server and network equipment was installed and put into operation, the core of the corporate network was upgraded, and a large program on renewal of network segments in the re-

gions was launched. In addition, in 2023 the organization of two new modules with a capacity of 84 racks in the modular data center of Almaty — the newest data center in the Company's network — was completed, and in 2024 the Division intends to complete the organization of a new hermetic zone of 44 racks in the data center of Akkol. It also plans to build a new TIER III level data center in Astana for 300 racks, where demand is currently growing exponentially.

Within the framework of the signed memorandum between Kazakhtelecom and Kazakhstan Media Company on creation and promotion of video content Salem Social Media, the popular TV+ platform of Kazakhtelecom is replenished with new exclusive series of domestic production. The users of the service have already highly appreciated the dramaturgy and director's work of exclusive pictures "Black Yard", "MSB", "Qarga" and "Sheshe".

In order to develop cloud technologies and expand the line of cloud solutions and products, Kazakhtelecom concluded a cooperation agreement with "Smart Cities" LLP, a member of the AITU digital ecosystem from BTS Digital. The first few joint cloud services have already been presented by Kazakhtelecom on the portal for business ismet.kz.

In order to implement the Trans-Caspian Fiber Optic Communication Line (FOCL), a strategically important project for Kazakhstan, aimed at telecommunication security, information sovereignty and increasing transit potential by increasing transit capacities as well as their diversification, in January 2023, Kazakhtelecom and AzerTelecom concluded an Agreement on the terms of cooperation within the framework of the project on laying FOCL along the Caspian Sea bed. The Agreement is a fundamental document of strategic partnership and defines the main terms of cooperation between the two companies within the framework of the memorandum signed earlier. Also in June 2023, the parties signed a Shareholders' Agreement on the establishment of a joint venture for the construction and operation of the Trans-Caspian FOCL under the Caspian Sea.

1.	2.	3.
ABOUT THE FUND	CONSOLIDATED FINANCIAL INDICATORS	FUND PERFORMANCE

4.	5.	6.
SUSTAINABLE DEVELOPMENT	CORPORATE GOVERNANCE	ANNEXES

CONTACT INFORMATION

Over the year, the share of dissatisfied customers decreased from 18% to

4%

CLOSER TO THE CONSUMER

At the beginning of 2023, Kazakhtelecom management set three key service targets for its units working with customers: fulfillment of 90% of requests for connection of services within 24 hours, elimination of 95% of requests within 12 hours and resolution of 90% of subscribers' requests from the first contact. At the time of setting the targets, the level of fulfillment of these indicators did not exceed 80%. During the year, thanks to optimization of the work of structural divisions and automation of processes, the set objectives were almost completely achieved.

By the end of November 2023, 89.2% of service connection requests were processed within 24 hours, 94.5% of damages were repaired within 12 hours, and 96% of all subscriber requests were resolved from the first contact. This had a positive impact on customers' attitude

to the Company: over the year, the share of dissatisfied customers (detractors) decreased from 18% to 4%. In addition, employees' interest in the quality of service increased, and more than 1,500 employees received additional payments for achieving high performance.

In 2024, based on the accumulated experience, the Company intends to continue working on the quality of services and products. The Tazartu and Tsunami projects have already been successfully implemented in this direction. The Tazartu project is aimed at gradual transfer of urban subscribers from copper networks to fiber-optic networks, which ensures high speed and reliability of data transmission. The Tsunami project provides for the upgrade of outdated equipment (ONT modems) at subscribers. In 2023, the programs covered tens of thousands of subscribers.

DURING THE YEAR, THANKS TO OPTIMIZATION OF THE WORK OF STRUCTURAL DIVISIONS AND AUTOMATION OF PROCESSES, THE SET OBJECTIVES WERE ALMOST COMPLETELY ACHIEVED.

Speaking about the "Tazartu" program, since last year more than 160 thousand customers have been transferred to optics, and in the future, it is planned to replace about 54 thousand kilometers of copper networks throughout Kazakhstan. This will significantly improve the quality of services, as most of the complaints of subscribers are related to the use of outdated copper networks.

Kazakhtelecom is serious about migrating its clientele from copper to fiber optics, especially considering that the majority of complaints in the segment of work with individuals (93%) and in the segment of servicing business structures (95%) are related to low speed and poor quality of the Internet. The Company will also continue to improve its service mechanisms using the experience of other market structures.

SOCIAL PARTNERSHIP

IN JUNE 2023, THE MANAGEMENT OF KAZAKHTELECOM AND THE INDUSTRY TRADE UNION SIGNED AN ADDITIONAL AGREEMENT AIMED AT FURTHER IMPROVING THE COLLECTIVE AGREEMENT BETWEEN THE COUNTRY'S LARGEST TELECOMMUNICATIONS OPERATOR AND ITS EMPLOYEES.

It is important to note that the Collective Agreement has been significantly amended in favor of employees, including an increase in the minimum levels of official salaries while maintaining the entire package of social benefits from the company.

Today, more than 19 thousand employees of the telecom operator are members of the trade union. The updated Collective Agreement provides over 20 types of basic benefits for them. Due to this, for the first half of 2023 alone, the number of social payments and benefits, including voluntary medical insurance, sports and holiday events, as well as health resort treatment and children's camps, amounted to about KZT 7 billion.

Updating of the collective agreement and additions made to it during the year strengthened the social protection of employees and increased the efficiency of interaction between the employer and trade unions.

The Company also has a social support program for Demeu employees, which provides assistance to large families, families raising special children, funds for interest-free targeted loans, and activities for the well-being and health of employees. In 2023, the program was supplemented with the category of "single-parent family" and financial assistance in caring for a close relative. Over 1,800 employees took advantage of the program during the year, and social support was provided to the amount of KZT 294 million.

At the end of 2022, an IR sector was established to maintain healthy labor relations, monitor working conditions through IR screenings, resolve labor conflicts and improve the quality of internal communications. In the first half of 2023, the new division worked on creating a database of all facilities and buildings of the Company for IR screening of working conditions, which has already been conducted in more than half of the premises.

HSE

The country's largest telecom operator has developed a package of measures to improve occupational health and safety, presented at the Company's first meeting in the Health & Safety segment. Kazakhtelecom is convinced that every employee and manager should be aware of the importance of the program to achieve zero injuries, so that every employee at the end of the working day returns home safe and sound.

It should be reminded that in June 2022, Kazakhtelecom became one of 13 large companies of Samruk-Kazyna JSC, whose managers signed personal commitments in the field of Health & Safety. Within the framework of this document, the top managers pledged to demonstrate by personal example their commitment to safety values, implement best practices in the field of labor protection and create conditions for safe work of their employees. As part of this work, the country's largest telecom operator held its first meeting on occupational health and safety in 2023, which will now be held annually.

In addition, all Kazakhtelecom's structures, both production and regional, will conduct quarterly audits of production safety and workplace conditions. Training of managers of various levels of organization of safe work according to international standards, such as Nebosh and IOSH, will begin. Internally, the Company is already conducting training activities to practice emergency situations, as well as safe driving training for all employees who regularly drive personal vehicles, including regular drivers.

In 2023, Kazakhtelecom held an educational meeting for children of employees of Samruk-Kazyna JSC's portfolio companies aimed at safety and environmental protection. In a game form, children and teenagers received basic information on how to avoid danger, why it is important to observe traffic rules and why it is necessary to protect nature.

Kazakhtelecom's Play| Learn| Be Safe 2023 training program is aimed at adolescent children aged 7 to 16 who are at risk of injury and death, the main reason being lack of knowledge of safety basics. As part of this program, children are taught in detail how to avoid dangers at home and in the street, as well as how to recognize and prevent threats to their health and life. This new telecom operator training program is in its second year.

In 2023, the Play | Learn | Be Safe project trained 334 children in various cities, including 100 children of employees of Samruk-Kazyna JSC's portfolio companies. Currently, work is underway on a large-scale training program within Kazakhtelecom with plans to train 500 children of the Company's employees in 18 cities of Kazakhstan with the participation of 29 trainers from among employees.

Within the framework of the Safe Labor Academy, 1,759 employees took distance courses on occupational health and safety on the Learning Telecom platform, while 11,887 employees took offline SLP courses. During the year, a series of injury prevention and response training events were held for 2,254 employees in mass occupations, a "Safe Driving" course for 1,522 drivers, including full-time and part-time drivers, and a "Safe Work Environment" event for 796 middle managers. Work safety culture attracted the attention of 6,997 trainees.

SUSTAINABLE DEVELOPMENT

IN DECEMBER 2023, KAZAKHTELECOM FOR THE FIRST TIME RECEIVED AN ASSESSMENT FROM THE INDEPENDENT RATING AGENCY S&P GLOBAL ESG SCORE. THIS SUCCESS BECAME POSSIBLE DUE TO THE GREAT TEAM WORK ON IMPLEMENTATION OF THE ACTIVITIES OF THE ROADMAP FOR THE DEVELOPMENT OF ESG PRACTICES APPROVED BY THE BOARD OF DIRECTORS OF KAZAKHTELECOM ON FEBRUARY 14, 2023.

The Roadmap included 109 activities covering environmental, social and governance aspects. As part of this work, during 2023, Kazakhtelecom's Board of Directors adopted the following documents:

- ◆ Human Rights Policy;
- ◆ Policies of equal opportunity, inclusion and diversity;
- ◆ Community Engagement Policy;
- ◆ Actualized Environmental Policy;
- ◆ An updated sustainable development policy;
- ◆ Updated Information Security Policy;
- ◆ Personal Data Protection Policy;
- ◆ A guide to biodiversity management and conservation;
- ◆ Guidelines for monitoring, reporting and land reclamation.

Introduction of ESG principles has become the key direction of Kazakhtelecom's development strategy until 2032. The Company pays special attention to sustainable development and will continue active work on integration of ESG factors into its activities. As the first long-term priority, the Company emphasizes continuous, inclusive and balanced development of its employees and human capital. The second long-term priority is to become one of the international industry leaders in terms of ESG rating by 2030 in order to increase the Company's long-term investment attractiveness.

Kazakhtelecom will focus on implementation of technologies and solutions that ensure maximum protection of its customers' data and effectively counter cyber threats. Transition to low-carbon development is a strategic priority for the Company. In December 2022, the Low Carbon Development Program until 2032 was adopted.

By 2032, it is planned to reduce total greenhouse gas emissions by

13%

Being a high-tech digital and telecommunications holding, Kazakhtelecom makes a significant contribution to the low-carbon development of the Republic of Kazakhstan, stimulating decarbonization of other industries and sectors of the national economy. As a long-term goal, the Company positions the achievement of carbon neutrality by 2060 in accordance with the task set by the President of the Republic of Kazakhstan on decarbonization of the national economy.

Planned to reduce total greenhouse gas emissions by 13% by 2032 as part of the country's commitment to the Paris Agreement through:

In 2023, the proportion of women on the Management Board is increased to

30%

- ◆ promoting projects and new technologies that contribute to reducing carbon footprints and improving energy efficiency. This is achieved through virtualization of network functions, migration of access networks to FTTx technologies, planned replacement of telecommunications, computer and support equipment and software with more efficient ones with improved specific energy consumption;
- ◆ introduction of best practices in energy efficiency management of the equipment in operation;

THE COMPANY PAYS SPECIAL ATTENTION TO SUSTAINABLE DEVELOPMENT AND WILL CONTINUE ACTIVE WORK ON INTEGRATION OF ESG FACTORS INTO ITS ACTIVITIES.

- ◆ development and promotion of a wide range of digital and telecommunication services and products, including IoT development, which allows to reduce greenhouse gas emissions by customers and influence the economy of the Republic of Kazakhstan as a whole.

In 2023, the proportion of women on the Management Board is increased to 30%. Two of the six members of the Management Board are women.

PLANS FOR 2024

In 2024, Kazakhtelecom will continue implementing strategic and nationally significant projects, such as deployment of the 5G network and construction of the Trans-Caspian FOCL. Earlier, in late 2023, the President of the country instructed Kazakhtelecom to study the possibility of accelerated deployment of 5G network by the end of 2025. In response, the Company developed a plan to build more than 7,000 base stations, providing for the deployment of more than 2,700 stations this year and about 3,200 next year. Currently, the Company is the first and the only one in the CIS to commercialize 5G technology, having deployed about 1,000 base stations in regional centers.

As for the Trans-Caspian FOCL, last year on a parity basis together with "Azertelecom Int." was established a company CASPIN-ET B.V., for the practical implementation of the project. The Company believes that construction of this line will increase telecommunication security and information sovereignty of Kazakhstan, increase transit communication capacity between Europe and Asia and diversify connections to international Internet traffic exchange points. Within the framework of the Trans-Caspian FOCL project, the Company will continue to implement the necessary measures for its construction in 2024.

In addition, in 2024, Kazakhtelecom plans to transfer more than 60 thousand subscribers from outdated copper lines to modern optical ones, and 50 thousand customers will have their modems replaced with equipment with improved technical characteristics. The telecom operator also intends to significantly increase its infrastructural capabilities and continue active internetization of villages and districts, including remote ones, using various communication technologies.

Additional plans for 2024 include:

- ◆ Accelerate 5G network deployment by the end of 2025.
- ◆ Transfer of 63 thousand subscribers to modern optical communication lines.
- ◆ Replacement of modems for 50 thousand customers with equipment with improved technical characteristics.
- ◆ Construction and expansion of optical networks in all major cities of the Republic of Kazakhstan, providing broadband Internet access for 169,014 households.
- ◆ Modernization of GPON network in Almaty and Karaganda cities with replacement of outdated station equipment to be redistributed to rural settlements.
- ◆ Implementation of the third stage of IT infrastructure modernization, construction of a new data center of TIER III level in Astana, migration of SAP ERP system to S/4 HANA, improvement of IT services management system and reengineering of business processes.

- ◆ Developing and approving an ESG strategy.
- ◆ Identification of climate risks and opportunities.
- ◆ Passing certification audit on ISO 50001 "Energy Management Systems".
- ◆ Implementation of a system of direct measurements of pollutants.
- ◆ Launch of a new business deal platform centralizing the interaction of entrepreneurs.
- ◆ Ismet Docs – launching an electronic document management system to improve the efficiency of information sharing and create a more productive work environment.

Postal and logistics, financial and digital services



KAZPOST JSC (HEREINAFTER — KAZPOST), AS THE OPERATOR OF KAZAKHSTAN'S POSTAL NETWORK, IS A BASIC ELEMENT OF KAZAKHSTAN'S NATION-WIDE INFRASTRUCTURE AND THE MOST IMPORTANT SOCIAL ASSET OF THE STATE.

It is the only subsidiary of Samruk-Kazyna JSC with full state participation, which bears social responsibility for the delivery of pensions, benefits and periodicals.

Kazpost remains a key player in logistics, financial services and digital transformation in Kazakhstan. In 2023, Kazpost continued to implement strategic initiatives under its 2023-2033 development strategy, focusing on diversifying its operations and building strong partnerships, including public-private partnerships, to strengthen its leading position in the postal sector and related industries.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Production metrics:		
Number of postal items, in thousand units	114,663	106,964
Volume of financial services, in KZT million	994,618	1,159,737
Volume of agency services, in KZT million	28,677	27,007
Financial indicators ²⁵, KZT million:		
Revenue	50,212.9	55,477.2
Net income	(-) 12,453.7	2,413.8
Costs	(-) 72,290.7	(-) 80,999.4
Operating profit	(-) 14,132.2	1,907.2
Net debt	7,000	7,000
Volume of taxes paid, KZT billion	4.4	5.3
Sustainability indicators:		
Atmospheric emissions, thousand tons	0.590	0.565
Volume of utilized waste, thousand tons	5.36	5.47
Accidents	3	3
Death in accidents	0	0

Kazpost employs about

18,000

people

Kazpost employs about 18 thousand people. Despite the fact that the company has not always experienced favorable financial periods, over the past 10 years the issue of layoffs has never been raised. Kazpost's close-knit team consistently implements the development strategy, expressed in a set of measures to launch new projects and initiatives aimed at improving the financial situation.

Kazpost's development strategy for the period to 2023 and beyond envisages the use of technology and innovation to improve service quality and market coverage. The company intends to continue its transformation into a dynamic, modern postal and logistics operator that meets the changing needs of Kazakhstan and its population. Kazpost's team is actively working on automating logistics processes, re-engineering courier products and introducing piece-rate pay for couriers.

In 2023, Kazpost strategically focused on expanding its digital and mobile service capabilities to meet the growing needs of its customers.

One of the results of this focus was the launch of Qazpost Keruen service, an important initiative that gives Kazakhstani consumers the opportunity to effortlessly purchase goods on international trading platforms, particularly in the USA and Europe.

The expansion of digital services, in particular the introduction of Qazpost Keruen, reflects Kazpost's commitment to digital transformation. By facilitating access to international goods and simplifying logistics, Kazpost is not only meeting current customer needs, but also strategically positioning itself as a leader in global e-commerce logistics in the region. Such an approach is in line with broader industry trends to expand digital presence and improve customer experience to drive growth, and customer loyalty.



The Company's social responsibility is considerably high — Kazpost employees deliver pensions and benefits to people over 80 years old, people with disabilities, and veterans. Periodicals are delivered 24/7 to the most remote settlements.

In 2023, Kazpost significantly increased the social relevance of its activities by partnering with the Ministry of Digital Development, Innovation and Aerospace Industry of the Republic of Kazakhstan, as well as the National Managing Holding "Government for Citizens". Thanks to this partnership, Kazpost began providing a number of important government services through 200 rural post offices in Almaty, Zhetysay, Pavlodar, Atyrau, Kyzylorda and Akmola regions.

Currently, residents of these districts have access to 27 different services at local post offices. These include the processing of certain types of benefits, documents for special services for the disabled, registration at the place of residence, and obtaining archival certificates or copies of archival documents. Implementation of this project allowed rural residents not only to receive important services, but also to save time and money, as they no longer need to travel to urban centers. To implement the project, Kazpost carried out organizational and integration processes, including training operators of rural branches to work with the centralized info-communication system.

Today, Kazpost offers virtually the full range of financial services, with the exception of lending. Despite competition from banks that have licenses for lending and deposit-taking, which are key components of profitability, Kazpost provides these services as an agent for partner banks.

However, the main direction of Kazpost's activity remains postal and logistic services, which, unfortunately, do not bring the same amount of profit as credit and financial activities.

Today, for 41% of the country's rural population, Kazpost is the only place to receive a range of services: postal, financial and agency services, including the sale of rail and airline tickets and consumer credit. Postmasters remain the link between the government and residents, especially in rural areas.

IN 2023, KAZPOST SIGNIFICANTLY INCREASED THE SOCIAL RELEVANCE OF ITS ACTIVITIES BY PARTNERING WITH THE MINISTRY OF DIGITAL DEVELOPMENT, INNOVATION AND AEROSPACE INDUSTRY OF THE REPUBLIC OF KAZAKHSTAN, AS WELL AS THE NATIONAL MANAGING HOLDING "GOVERNMENT FOR CITIZENS".

²⁵The 2022 financials indicators are as per the Company's 2022 Consolidated Financial Statements

Logistics hub in Astana was launched in October on a

12.5
thousand m²

THE FOCUS IS ON INFRASTRUCTURE

IN 2023, KAZPOST SIGNIFICANTLY EXPANDED THE INFRASTRUCTURE REQUIRED TO SUPPORT ITS GROWING ROLE IN NATIONAL AND INTERNATIONAL LOGISTICS.

Income from the issue of state postage marks on a commercial basis amounted to more than

10
KZT million

WITHIN THE PARCEL BUSINESS, KAZPOST OPERATES THREE FULLFILLMENT CENTERS: IN ASTANA, ALMATY AND AKTOBE. THE ASTANA FULLFILLMENT CENTER, WITH AN AREA OF 12,000 SQUARE METERS, ACHIEVED A VOLUME OF MORE THAN 667,000 PIECES AND REVENUE OF MORE THAN KZT 658 MILLION.

The expansion applies not only to the physical infrastructure, but also to the services offered, reflecting a strategic shift towards becoming an integrated logistics provider.

In October 2023, a 12,500-square-meter logistics hub in Astana was launched. The creation of the logistics hub in Astana is a strategic step that supports Kazpost's vision to become a leading player in the postal and logistics sector not only in Kazakhstan, but also in the entire Central Asian region. This hub not only improves operational efficiency, but also supports the local economy by creating jobs and fostering economic activity in related sectors.

In addition to physical infrastructure facilities, Kazpost also expanded its digital capabilities. In particular, it introduced a new IT platform that integrates all postal and logistics operations, providing real-time data and analytics to help optimize routes and reduce operating costs. The platform supports Kazpost's goal of providing a seamless and efficient service to customers, whether they are sending a letter within Kazakhstan or ordering goods from abroad.

PARCEL BUSINESS

The parcel business has become increasingly popular in recent years due to the growth of online shopping and changing consumer behavior, including the following areas:

Online retail: sale of goods via the Internet with subsequent shipment of orders by mail or courier service.

Logistics and delivery: providing efficient and reliable logistics to send parcels from the production site to the final consumer.

Intermediary platforms: online platforms that bring together sellers and buyers, enabling them to send and receive parcels.

Courier services: providing services to deliver goods or documents from one place to another.

Packaging and order processing: companies providing services for packing goods, preparing for shipment and processing orders from customers.

Technology solutions: development and provision of technology solutions to manage and optimize parcel business processes.

Within the parcel business, Kazpost operates three fulfillment centers: in Astana, Almaty and Aktope. The Astana fulfillment center, with an area of 12,000 square meters, achieved a volume of more than 667,000 pieces and revenue of more than KZT 658 million.

Aktope full-field center with an area of 500 square meters, achieved a volume from Ozon at the level of 618 thousand pieces and revenue of KZT 540 million. The growth in volume of shipments compared to 2022 amounted to 459 thousand pieces and revenue of KZT 408 million.

LETTERS

Nowadays, written correspondence is still one of the important types of communication is the exchange of letters, messages or documents between people or organizations. This type of communication uses writing to convey information and can include various formats such as paper letters, memoranda, postcards and others. Written correspondence plays an important role in business, personal and official communication.

In 2023, the planned indicators for written correspondence were realized by 100% (with a plan of KZT 5,518.8 thousand, the actual amounted to KZT 5,571.3 thousand). There is also an increase in the number of contracts for the forwarding of written correspondence by 5%, in income by 3% (7,004 active contracts). Income from the issue of state postage marks on a commercial basis amounted to more than KZT 10 million.

INTERNATIONAL BUSINESS

In terms of accounting for international mail items, work was carried out to integrate the information systems of Kazpost and the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan. To improve the processing of international mail items at international postal exchange points, more than 30 business requirements were developed for various types of processing, including:

- ◆ Kazpost postal accounting systems and IPS (International Postal System);
- ◆ automation of technological processes for operational activities;
- ◆ improving the quality of data transmission on postal items and increasing quality indicators at the level of the Universal Postal Union standards in terms of electronic data exchange between designated operators and Kazpost counterparties.

As part of international business, a new international delivery service "Qazpost Keruen" was launched, which is a service for delivery of goods from the USA and Europe to Kazakhstan in 5-10 days. With the help of the service it is possible to get a virtual address and order

popular goods from online stores. The main American and European online stores do not deliver to Kazakhstan, which was the reason for the creation of this service. The main advantages include convenient ordering, affordable prices, fast delivery and shipment of goods to anywhere in Kazakhstan.

A new product "Cargo2Mail" for e-commerce goods has been created for individuals. Goods will be delivered to Kazakhstan in the form of cargo, and after the necessary customs clearance, delivery will be made through the Kazpost network to parcel offices and supermarkets. The launch is planned after technical improvements to the corporate accounting system.

One of Kazpost's important strategic initiatives is the development of End to End (hereinafter – E2E) operator. E2E operator is the development of B2C imports from abroad with the efficient use of cargo and postal channels.

The goal of the E2E operator is to create direct access for citizens of the Republic of Kazakhstan to global e-commerce platforms. Kazpost

directs efforts to control the entire logistics chain, developing delivery and providing logistics, consolidating shipments, delivering to the Republic of Kazakhstan and providing the last mile throughout the country.

The destination plans to open overseas exchange locations ("OEL") in Singapore in 2024, with further plans to open in the UK and the US.

This strategic direction will improve the efficiency of delivery times and profitability, which is a key factor in e-commerce.

Establishment of direct relations with global eCom players, formation of favorable tariffs for delivery of goods on the E2E principle in Kazakhstan is aimed at strengthening the Company's competitive advantages.



FINANCIAL SERVICES

THE COMPANY'S FINANCIAL BUSINESS ENCOMPASSES VARIOUS FINANCIAL SERVICES AND PRODUCTS DESIGNED TO MEET THE NEEDS OF CUSTOMERS IN THE AREAS OF BANKING, MONEY TRANSFERS, SAVINGS ACCOUNTS AND OTHER FINANCIAL SERVICES.

In subsequent years, it is planned to scale the service of corporate clients with an increase in the share of up to

10%

assets of the Fund

The Company has been a professional participant of the securities market since 2000 and has been carrying out broker and dealer activities with the right to maintain customer accounts as a nominee holder on the basis of the relevant license, as well as transfer-agent activities since 2006.

An agreement was concluded with the Ministry of Finance of the Republic of Kazakhstan on acceptance of payments from individuals and representatives of state institutions in payment of taxes and other obligatory payments to the budget on a free of charge basis.

Work and a number of meetings with representatives of the Ministry of Labor and Social Protection of the Republic of Kazakhstan and Non-profit Joint-Stock Company "State Corporation "Government for Citizens" were held in terms of increasing the tariff for the service "Payment of pensions and benefits".

As part of the development of the "Corporate Bank" strategic initiative, it is planned to attract corporate clients to Kazpost for servicing, including the gradual transition of portfolio companies.

The main areas of financial services – cash and settlement services, treasury operations, brokerage services, payroll project and counterparty support. The goal of 2024 is to attract a share of 5% of the assets of portfolio companies of the Fund to generate income of about KZT 22 billion. In subsequent years, it is planned to scale the service of corporate clients with an increase in the share of up to 10% of the assets of the Fund and portfolio companies in order to generate income of about KZT 40 billion.

To achieve the indicators, active work is underway to attract portfolio companies. 88% of subsidiaries have settlement accounts with Kazpost, but they are not fully active, being limited to deposits or brokerage operations. Currently, the companies do not conduct cash and settlement services in full, as most of the turnovers pass through accounts in second-tier banks, where foreign currency contracts are registered, or settlements with suppliers are made under previously concluded agreements. In order to improve the quality of service, work is currently underway to implement an updated version of Internet banking, which will allow to conduct foreign exchange transactions and open savings accounts online. The mobile application is also being upgraded and the quality of payment card servicing processes through this application is being improved.



PARTICIPATION IN KEGOC SPO

IN THE PERIOD FROM OCTOBER 16 TO NOVEMBER 2, 2023, KAZPOST PARTICIPATED IN ACCEPTING APPLICATIONS FOR THE PURCHASE OF SHARES IN THE SPO "KEGOC".

Kazpost participated in informational and explanatory work in preparation for the SPO in field meetings across Kazakhstan – in the cities of Astana, Pavlodar, Shymkent. Within the framework of SPO the residents of the country were given an opportunity to submit applications for shares purchase through 739 outlets. Total number of bids made through KASE – 5 bids were executed by the right of priority purchase, with total number of 973 pieces for the amount of KZT 1,442 thousand. By the results of bids acceptance 87 bids were submitted, totaling KZT 255,000 thousand. The total number of bids accepted through AIX stock exchange amounted to about 25 bids in the amount of KZT 7,150 thousand.

SOCIAL PARTNERSHIP

KAZPOST STARTED WORK ON COOPERATION WITH ZHASYL DAMU JSC AND "ECO NETWORK" COMPANY ON INTRODUCTION OF ESG PRACTICES AMONG THE POPULATION IN 4 REGIONS OF THE REPUBLIC OF KAZAKHSTAN.

A pilot project on organization of waste sorting in 12 branches, including 8 rural and 4 urban branches, is planned for 2024. In the future, it is planned to expand the coverage of this project to 200 branches by the end of 2026.

An important element for the company is the implementation of ESG principles in its activities. With a wide branch network in all regions of the country, including rural areas, Kazpost strives to promote these principles among the population. In this regard, the Company launched the project "Green House with Kazpost" jointly with the Ministry of Ecology and Zhasyl Damu JSC, which will help to organize sorting and separate waste disposal in Kazpost offices, using a wide branch network and logistical capabilities of the Company.

The company's base cities and branches have been identified to launch the project:

- ◆ City offices: Central Office of Almaty, Astana, Central Administration in Astana, Aktobe, Karaganda, Shymkent, Ust-Kamenogorsk.
- ◆ Rural branches: located near the cities of Aktobe, Karaganda, Shymkent, Ust-Kamenogorsk at a distance of not more than 50 km.

Surveys and data collection will be conducted to determine the readiness to launch the program, after which it is expected to form a refined budget for the project, as well as a tender in Zhasyl Damu JSC, to determine the supplier of the project and further funding.

PLANS FOR 2024

In 2024, it is planned to expand the network of rural offices under the project "Implementation of public services in rural post offices of Kazpost JSC" as funds are allocated from the Republican budget. This will improve access to public services for residents of rural areas throughout Kazakhstan and cover more than 1.8 million rural residents. In the future, it is planned to connect the remaining rural offices by 2028, which will ensure full coverage and accessibility of public services for the rural population.



INVESTMENT ACTIVITIES

To increase commercial assets in the Fund's portfolio, and thus focus on continuing optimization and restructuring of the portfolio with a full transition to active management of the investment portfolio by 2024 – these are the Fund's objectives for the foreseeable future. The Fund's transition to the investment holding format implies the presence of two categories of assets in the portfolio. The first is strategic

assets, where the controlling interest of the Fund will be retained. Management of these assets will be carried out through the realization of shareholder rights and with the help of the Fund's representatives in the Board of Directors of these companies. During the period of economic recovery, the concentration of the Fund's investments will be used to develop priority areas on the principles of co-investment.

As for foreign investments, they are divided into two directions: direct and portfolio investments. On direct investments in the long term it is planned to invest in projects implemented in developed countries, in the industries that will provide diversification of the Fund's portfolio. In this part, the Investment Policy of Samruk-Kazyna JSC fully corresponds to and supports the implementation of the Strategy.

INVESTMENT POLICY

The Investment Policy of Samruk-Kazyna JSC is developed to achieve strategic objectives in portfolio management and establishes the goals and principles of the Fund's activities in this direction.

The Policy does not apply to cases of alienation of participatory interests in the authorized capital (shareholdings) of portfolio companies and other legal entities included in the list of organizations subject to transfer to the competitive environment on the recommendation of the Government of the Republic of Kazakhstan.

The investment policy of Samruk-Kazyna JSC is determined by three main objectives:

- ◆ To ensure long-term sustainable growth in the value of the Fund's portfolio and prudent capital appreciation;
- ◆ Generating, preserving and multiplying financial wealth for future generations;
- ◆ Ensuring portfolio diversification by geography, industries and asset classes.

In its investment activities, the Fund is guided by the following principles:

- ◆ The principle of commercial reasonableness is that the investment strategies of the Fund and its portfolio companies are based on commercial reasonableness, long-term interests and maximization of both profitability and return on investment (this is the main performance criterion).
- ◆ The "yellow pages principle" is that decisions to invest the Fund's resources in entities carrying out their economic activities in Kazakhstan are made subject to all restrictions imposed by the relevant legislation of the Republic of Kazakhstan. Namely, only when they do not hinder the development of the private sector, do not restrict competition and do not lead to monopolization.
- ◆ The principle of responsible investment is that the Fund seeks to implement investment strategies that contribute to the sustainable and balanced development of economic sectors and society as a whole.

Investment criteria

All investments should be characterized by a positive net present value (NPV>0) and an internal rate of return exceeding the cost of equity (IRR>CoE).

Having a strategic partner allows the Fund to make new investments together. The Fund makes international investments in sectors of the economy that have a strategic link to Kazakhstan (except for the oil industry). These investments cover all stages of project implementation and stages of the project life cycle.

To implement investment strategies, the Fund mobilizes various sources of financing – own funds, dividends from portfolio companies, proceeds from divestments, borrowed funds raised both on the national and international capital markets, as well as intra-group financing and other sources.

Project portfolio

The investment portfolio of the Fund's group of companies includes over 130 investment projects totaling ~ KZT 49 trillion.

In 2023, the Fund's Board of Directors defined a list of 42 major investment projects for a total amount of ~ KZT 24 trillion, subject to regular monitoring by the Fund, a significant part of which was initiated within the framework of state programs and programs of the Government of the Republic of Kazakhstan. Based on the results of 2023, the Fund's team completed the implementation of 15 projects (priority and other projects).

At present, the Fund group of companies continues to work on the implementation of projects included in the investment portfolio. The coverage of regular monitoring by the Fund for 2024 includes 35 major projects in oil and gas, petrochemical, energy, transportation and logistics, mining and other sectors for a total amount of KZT 21.9 trillion.

Implementation of priority investment projects will allow achieving the following positive effects for the economy of Kazakhstan: ensuring energy security of the state by commissioning new power generating capacities and increasing the capacity of existing ones; development of renewable energy sources and conversion of traditional coal-fired power plants to gas; development of gas transportation infrastructure and resource base; increase of transit and transportation potential of the country; production of high value-added products with diversification effect

These projects are planned to be financed from the Fund's own resources and portfolio companies, as well as attracting investors' funds and debt financing. At the same time, the amount of foreign direct investment (including debt financing from international financial institutions) in these projects is estimated to be about KZT 12 trillion.

Of the total number of priority projects, 8 projects are at the pre-investment stage; 15 projects are in the process of developing project documentation (TEJ/DSE); 12 projects are at the stage of construction and installation works. At the same time, EPC contracts have been concluded for 11 projects.

IMPLEMENTED INVESTMENT PROJECTS OF THE FUND'S GROUP OF COMPANIES IN 2023:

1. Construction of looping of the main gas pipeline "Makat-North Caucasus" for the purposes of gasification of Atyrau region;
2. Construction of the second string of the Beineu-Zhanaozen gas pipeline to supply gas to the population and businesses in the western regions;
3. Expansion of Bozoi compressor station within the framework of the project "Construction of Beineu-Bozoi-Shymkent gas pipeline (1 string)" to increase the gas pipeline throughput capacity up to 15 billion m³;
4. The first stage of preparation of gas infrastructure for SDPP in Almaty, including construction of two automated gas distribution stations and gas pipeline-jumper TIP-04 between the main gas pipelines "Almaty-Baiserke-Talgar" and "Kazakhstan-China" (length of gas pipeline-jumper – 9.6 km, capacity – 1,000 thousand m³/hour);
5. Reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak" (stage 1) to increase the water pipeline capacity up to 170 thousand m³ per day;
6. Transition to cyclic-flow technology of coal mining, transportation, averaging and loading at Bogatyr open pit mine, which is aimed at increasing the production capacity of the mine (from 32 million tons to 40 million tons of coal per year);
7. Gasification of "Sarsha" and "Warm Beach" areas for gas supply of tourism objects;
8. Strengthening of the power grid of the Western zone of the UES of the Republic of Kazakhstan to improve the reliability of power supply to the western regions of the Republic of Kazakhstan;
9. Construction of 110/10 kV "Kokoze" substation to ensure reliable power supply to Almaty region;
10. Construction of a plant for the production of roofing and facing materials in Astana to reduce imports of relevant products;
11. Gasification of 2 settlements (Zhitikara town, Tobol settlement) of Kostanay region;
12. Launch of the "Anabai" gas field;
13. Launch of the "Aksai Yuzhny" field;
14. Launch of the "Rozhkovskoye" gas field;
15. Launch of the "Vostochny Urikhtau" oil and gas field, which will increase the hydrocarbon resource base.



AMONG OTHER RESULTS ACHIEVED THROUGH 2023, IT IS WORTH NOTING THE FOLLOWING:

1. Construction and installation work has begun on the following projects:

- Construction of a bypass railroad line bypassing the railway junction of Almaty station, which will reduce the load on the Almaty junction by 40% and significantly reduce the time of cargo delivery;
- Construction of the Darbaza-Maktaaral railroad line to increase throughput capacity of the Turkestan-Shymkent-Tashkent section;
- Construction of the Bakhty-Ayagoz railway line to increase transit traffic from China;
- Construction of gas infrastructure for the purpose of conversion of Almaty SDPP-2 and SDPP-3 to gas.

2. EPC contracts were concluded for the following projects:

- Modernization of Almaty SDPP-2 and reconstruction of Almaty SDPP-3 based on CCGT with capacity up to 450 MW. These projects are aimed at covering the deficit of the electric capacity market in the Southern Zone of Kazakhstan, reducing the negative impact of the plants on the environmental situation of Almaty city by transferring SDPPs to natural gas combustion. In addition, as a result of replacing the main fuel with gas, the formation and disposal of ash and slag waste is excluded;
- Construction of a seawater desalination plant in Kenderli settlement (the project is implemented to solve the problems of water supply to the population and enterprises of Zhanaozen city, reduce the existing water deficit, as well as to reduce the burden on the social welfare sphere of Mangistau province);
- Strengthening of the electric network of the Southern Zone of UES of Kazakhstan (the project is aimed at ensuring the reliability of power supply to consumers in the Southern Zone and strengthening the electric connection between the regions of the Southern Zone);

- Construction of a new gas processing plant in Zhanaozen (project implementation is necessary due to the high degree of deterioration of the existing plant, which has been in operation since 1973);
- Construction of a CCGT-based power plant with a capacity of up to 1,000 MW in the Turkestan region to address power shortages, including the shortage of maneuvering capacity in the Southern region of Kazakhstan.

(3) The issue of attracting strategic partners for the implementation of priority projects has been worked out, in particular, the following results have been achieved:

- In January 2023, NC KazMunayGas JSC and ADPG signed an Agreement on strategic partnership in the field of maritime and coastal cargo transportation, development and investment in tanker and merchant fleet in the Caspian region;
- In February 2023, a joint venture Caspian Integrated Maritime Solutions Ltd. (hereinafter — CIMS) was established on the site of AIFC with the distribution of shares: 49% from NMSC Kazmortransflot LLP (KMFTF), a subsidiary of NC KazMunayGas JSC, and 51% from International Maritime Investments Ltd, a subsidiary of ADP;
- In June 2023, CIMS acquired two new tankers ("Taraz" and "Liwa") with a deadweight of 8,000 tons for a total of EU 27.6 million (or USD 30 million) to transport Kazakh oil in the Caspian Sea;
- On February 1, 2024, SK-Presight AI Ltd. was registered under the jurisdiction of AIFC as a Private Company with the distribution of shares: 70% of Presight and 30% of Samruk-Kazyna Invest LLP;
- In May 2023, KTZh Express JSC and PSA formed a joint venture, KPMC Ltd, to develop the TITR route and create a digital trade corridor;
- On August 22, 2023 the largest players of telecommunication markets of Kazakhstan and Azerbaijan, Kazakhtelecom JSC and Azertelecom Int. LLC, within the frame-

work of implementation of the Trans-Caspian fiber-optic cable line project, signed an agreement on registration of a joint venture responsible for construction of the FOCL. The joint venture is CASPINET B.V., in which Kazakhtelecom JSC's share is 50%";

- On September 25, 2023 Samruk-Energy JSC signed an agreement with Firma ORGRES LLC (Russia) on joint implementation of the project "Expansion and reconstruction of Ekibastuz SDPP-2 with installation of power unit st. No.3";
- On October 17, 2023, agreements on Sinopec's entry into the "Polyethylene Production" project were signed, namely, agreements for the purchase and sale of a participation interest in Silleno LLP (between NC KazMunayGas JSC and Sinopec, between SIBUR and Sinopec);
- In cooperation with major foreign investors such as Total Eren, ACWA Power, Masdar, China Power International Holding Ltd, Power China and others, projects for the construction of solar and wind power plants with a combined capacity of up to about 6 GW have been initiated. In this context, documents have been signed to formalize the main terms of cooperation between the parties, including the Joint Venture Agreement with Total Eren, Joint Project Development Agreements with ACWA Power, Masdar, China Power International Holding Ltd. In addition, the Main Terms of Transactions for the implementation of SPS construction projects between Samruk-Energy JSC and Unigreen Energy, as well as the Shareholders' Agreement between Qazaq Green Power PLC and Tumar Commerce LLP (a subsidiary of Unigreen Energy) were formalized. To strengthen the special conditions for project implementation required by the partners, Intergovernmental Agreements were signed between the Republic of Kazakhstan and France, as well as the Republic of Kazakhstan and the UAE on WPP construction projects with Total Eren and Masdar.

AMONG THE SIGNIFICANT ACTIVITIES PLANNED FOR 2024 ON PRIORITY INVESTMENT PROJECTS, IT IS ADVISABLE TO NOTE THE FOLLOWING:

- Completion of construction and installation works for the Kenderly desalination plant and related infrastructure (with subsequent commissioning of the plant in summer 2025);
- Adoption of the final investment decision on the projects "Construction of Integrated Gas Chemical Complex, Second Phase (Polyethylene)" and "Construction of Gas Separation Complex";
- Completion of construction of gas infrastructure for gas supply to SDPP-2, SDPP-3 in Almaty. Almaty, including the second

string of the main gas pipeline "Almaty-Baiserke-Talgar" and the gas supply pipeline from AGDS to SDPP-3;

- Commissioning of power unit No. 1 at Ekibastuz SDPP-1;
- Conclusion of EPC-contracts on projects of expansion and reconstruction of Ekibastuz SDPP-2 (power units of st. No. 3, st. No. 4); construction of SDPP-3 station; unification of the energy system of Western Kazakhstan with UES; construction of sulfuric acid plant with capacity of 800 thousand tons per year.

- Commissioning of 98 schools by September 1 and 110 schools by December 31, 2024 within the framework of the Resolution of the Government of the Republic of Kazakhstan No. 963 dated November 30, 2022 on approval of the pilot National Project in the field of education "Comfortable School";
- Start of construction and installation works under the projects of modernization of SDPP-2 and reconstruction of SDPP-3 in Almaty. Almaty, as well as the project for construction of a CCGT-based power plant in Turkestan region.

LOW-PROFIT PROJECTS

In 2023, in accordance with the instructions of the President and the Government of the Republic of Kazakhstan, there were 3 low-profit projects under implementation:

1. Gasification of the "Sarsha" area and the "Warm Beach" resort area.

KazTransGas Aimak JSC constructed a 60 km long underground high-pressure gas pipeline. The new gas pipeline connected Kuryk village with Sarsha and the Warm Beach resort area near Aktau city. This project not only contributes to solving water shortages through energy support of the desalination plant, but also stimulates the development of tourism on the Caspian coast, ensuring year-round operation of resort areas and contributing to the economic progress of the region.

2. Construction of a desalination plant in Kenderly with a capacity of 50,000 m³ / day.

In 2023, construction of a new desalination plant in Mangystau region was started

to provide drinking water to the residents of Zhanaozen city. Construction works are planned to be completed by the end of 2024, and the plant is expected to reach its design capacity in 2025. The construction of the facility is financed at the expense of NC KazMunayGas JSC, which started the realization of the project of reconstruction of the main water pipeline "Astrakhan-Mangyshlak".

3. Laying of FOCL along the Caspian Sea bed.

FOCL along the Caspian Sea bottom will connect the countries of Central Asia with a single Internet space. In 2023, Kazakhtelecom JSC continued working on the international complex project of construction of fiber-optic line along the Caspian Sea bottom on the route Azerbaijan — Kazakhstan.

The main route will run from Aktau to the Azerbaijani district of Sumgait and will be more than 340 kilometers, the reserve canal with a length of about 330 kilometers will be laid from the Kazakh port of Kuryk to the Sumgait city area, which is located near Baku.

The Trans-Caspian project is strategically important for Kazakhstan (and, in general, for the entire Central Asian region), because with its implementation Kazakhstan will gain additional access to the international transit market, which will make it possible to ensure the transit of global traffic from Asian countries through the territory of Kazakhstan to Azerbaijan with access through Georgia, the Black Sea and Bulgaria to Europe.

The project will also serve as a driver to accelerate the creation of a new digital telecommunications corridor and help achieve a higher level of development of high-speed and secure data transmission infrastructure.

PRIORITY PROJECTS

<p>NC KAZMUNAYGAS JSC 01</p> <p>Construction of Seawater Desalination Plant in Kenderly settlement</p> <p>127.2</p> <p>Cost — KZT billion</p>	<p>NC KAZMUNAYGAS JSC 02</p> <p>Polyethylene production</p> <p>3,614.0</p> <p>Cost — KZT billion</p>	<p>NC KAZMUNAYGAS JSC 03</p> <p>Construction of GSC for the Polyethylene project</p> <p>1,301.0</p> <p>Cost — KZT billion</p>
<p>NC KAZMUNAYGAS JSC 04</p> <p>Construction of a new gas processing plant in Zhanaozen</p> <p>167.6</p> <p>Cost — KZT billion</p>	<p>NC QAZAQGAZ JSC 05</p> <p>Construction of the Kashagan GPP (Phase 1)</p> <p>492.0</p> <p>Cost — KZT billion</p>	<p>NC QAZAQGAZ JSC 06</p> <p>Construction of gas infrastructure for gas supply of SDPP-2, SDPP-3 in Almaty. Almaty</p> <p>102.1</p> <p>Cost — KZT billion</p>
<p>NC QAZAQGAZ JSC 07</p> <p>Increase in the capacity of main gas pipeline "Beineu-Bozoi-Shymkent" (construction of 2-strand line)</p> <p>2,909.0</p> <p>Cost — KZT billion</p>	<p>NC QAZAQGAZ JSC 08</p> <p>Construction of new compressor station KS-14 of Krasnooktyabrskoye LPM of Aktobe GTPA and new main gas pipeline KS-14 – Kostanai</p> <p>547.9</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 09</p> <p>Rehabilitation of power unit No. 1 of SDPP-1 with installation of new electrostatic precipitators</p> <p>187.1</p> <p>Cost — KZT billion</p>
<p>SAMRUK-ENERGY JSC 10</p> <p>Modernization of Almaty SDPP-2 with minimization of environmental impact</p> <p>436.0</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 11</p> <p>Reconstruction of Almaty SDPP-3 based on CCGT with capacity up to 450 MW</p> <p>341.3</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 12</p> <p>Auto-conveyor technology of overburden transportation at Bogatyr open pit mine</p> <p>22.5</p> <p>Cost — KZT billion</p>
<p>SAMRUK-ENERGY JSC 13</p> <p>Expansion and reconstruction of Ekibastuz SDPP-2 with installation of power unit st.No.3</p> <p>445.0</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 14</p> <p>Expansion of Ekibastuz SDPP-2 with installation of power unit st.No.4</p> <p>537.0</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 15</p> <p>Construction of a power plant based on clean coal technologies SDPP-3</p> <p>1,034.0</p> <p>Cost — KZT billion</p>
<p>SAMRUK-ENERGY JSC 16</p> <p>Expansion to 810 MW of WPP in Almaty region (Power China)</p> <p>516.2</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 17</p> <p>Construction of 1 GW WPP with energy storage system with Total Eren</p> <p>552.0</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 18</p> <p>Construction of a 1 GW wind power plant with energy storage system in cooperation with ACWA Power</p> <p>828.0</p> <p>Cost — KZT billion</p>

<p>SAMRUK-ENERGY JSC 19</p> <p>Construction of a 1 GW wind power plant with energy storage system in cooperation with Masdar</p> <p>690.0</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 20</p> <p>Construction of a 1 GW wind power plant with energy storage system jointly by China Power International Holding Ltd.</p> <p>552.0</p> <p>Cost — KZT billion</p>	<p>SAMRUK-ENERGY JSC 21</p> <p>Construction of NPPs with Unigreen Energy with a total capacity of up to 1 GW</p> <p>363.4</p> <p>Cost — KZT billion</p>
<p>CCGT TURKESTAN LLP 22</p> <p>Construction of a CCGT-based power plant with a capacity of up to 1000 MW in Turkestan region</p> <p>682.8</p> <p>Cost — KZT billion</p>	<p>KEGOC 23</p> <p>Unification of the energy system of Western Kazakhstan with UES of Kazakhstan</p> <p>201.8</p> <p>Cost — KZT billion</p>	<p>KEGOC 24</p> <p>Strengthening of the power grid of the Southern zone of UES of Kazakhstan</p> <p>154.1</p> <p>Cost — KZT billion</p>
<p>NAC KAZATOMPROM JSC 25</p> <p>Construction of a sulphuric acid plant with a capacity of 800 thousand tons per year</p> <p>108.8</p> <p>Cost — KZT billion</p>	<p>NC KAZAKHSTAN TEMIR ZHOLY JSC 26</p> <p>Modernization of the Dostyk-Moynty railway corridor</p> <p>542.8</p> <p>Cost — KZT billion</p>	<p>NC KAZAKHSTAN TEMIR ZHOLY JSC 27</p> <p>Construction of a bypass railway line bypassing the railway junction of Almaty station</p> <p>151.0</p> <p>Cost — KZT billion</p>
<p>NC KAZAKHSTAN TEMIR ZHOLY JSC 28</p> <p>Construction of the Darbaza-Maktaaral railroad line</p> <p>286.0</p> <p>Cost — KZT billion</p>	<p>NC KAZAKHSTAN TEMIR ZHOLY JSC 29</p> <p>Construction of the Bakhty-Ayagoz railroad line (3rd border crossing point)</p> <p>577.5</p> <p>Cost — KZT billion</p>	<p>KAZAKHTELECOM JSC 30</p> <p>Construction of 5G network in the Republic of Kazakhstan</p> <p>536.9</p> <p>Cost — KZT billion</p>
<p>KAZAKHTELECOM JSC 31</p> <p>Laying a FOCL backbone along the Caspian Sea bed</p> <p>23.0</p> <p>Cost — KZT billion</p>	<p>NMC TAU-KEN SAMRUK JSC 32</p> <p>Industrial development of the Shalkiya polymetallic ore deposit in Kyzylorda region</p> <p>343.1</p> <p>Cost — KZT billion</p>	<p>NMC TAU-KEN SAMRUK JSC 33</p> <p>Mining and processing of polymetallic ores at the Alaigyr deposit in the Karaganda region</p> <p>77.0</p> <p>Cost — KZT billion</p>
<p>KARABATAN UTILITY SOLUTIONS LLP (SAC – NC KAZMUNAYGAS JSC) 34</p> <p>Construction of infrastructure facilities of the special economic zone "National Industrial Petrochemical Technopark" in Atyrau region (Karabatan site)"</p> <p>311.3</p> <p>Cost — KZT billion</p>	<p>SAMRUK-KAZYNA CONSTRUCTION JSC 35</p> <p>Implementation of the pilot National Project "Comfortable Schools"</p> <p>2,139.0</p> <p>Cost — KZT billion</p>	<p>TOTAL</p> <p>21,900.4</p> <p>Cost — KZT billion</p>

Activity of Samruk-Kazyna Invest



SAMRUK-KAZYNA INVEST LLP IS A FINANCIALLY STABLE INVESTMENT COMPANY, WHICH IN COOPERATION WITH STRATEGIC PARTNERS REALIZES DIRECT INVESTMENTS IN VARIOUS PROJECTS ON THE TERRITORY OF THE REPUBLIC OF KAZAKHSTAN.

The main objective of Samruk-Kazyna Invest is to diversify the investment portfolio of Samruk-Kazyna JSC.

Samruk-Kazyna Invest aims to stimulate economic development by creating new industries, creating quality jobs, reducing dependence on imports, increasing exports, and attracting foreign investment and technology.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Financial indicators, KZT million:		
Net gain on financial instruments at fair value through profit or loss	3,853	23,069 ²⁶
Dividends received	1,850	2,115
Operating expenses	(1,180)	(1,721)
Income (loss) from operating activities	4,523	23,463
Finance income (expense), net	(14,877)	(4,781)
Income (loss) before taxation	(13,488)	18,578
Corporate income tax expense	2,938	(2,163)
Profit (loss) for the period	(10,550)	16,415

In March 2023, the Development Strategy of Samruk-Kazyna Invest for 2023–2032 was approved, based on the mission, vision, strategic initiatives and key priorities of the company, as well as in accordance with the nationwide development priorities of the Republic of Kazakhstan.

PLANS FOR 2024

IN 2024, SAMRUK-KAZYNA INVEST PLANS TO EXPAND ITS INVESTMENT PORTFOLIO BY INVESTING IN INNOVATIVE PROJECTS IN THE MANUFACTURING INDUSTRY AND INFORMATION TECHNOLOGY.

The total value of the projects is KZT 420 billion, including direct foreign investments in the amount of KZT 47 billion from investors from Germany, China, UAE and Turkey.

Given the current socio-economic dynamics of Kazakhstan and the significant role of the Fund in the economic development of the country, preference will be given to investments within the country in strategic projects with international strategic investors.

At the global level, the Fund aims to diversify its investment portfolio by enriching it with industrial projects with a high level of economic added value and export potential.

In the international arena, the focus will be on cooperation with leading global organizations and sovereign wealth funds for joint implementation of various initiatives and projects.

Attracting global strategic partners will facilitate technological exchange and investment attraction, which will positively impact Kazakhstan's sustainable economic development.

This approach will allow the Fund to expand its presence in new markets and strengthen its international investment expertise by joining forces through co-investments.

SUPPORT FOR SOCIALLY ORIENTED CONSTRUCTION



Samruk-Kazyna Construction JSC (hereinafter – Company), formerly known as Samruk-Kazyna Real Estate Fund JSC, is a real estate development company established on March 6, 2009 by the Government of the Republic of Kazakhstan. Its main purpose was to stabilize the situation in the real estate market, in particular, to solve the problems of participants of shared construction and to complete the construction of problem objects. Initially, the Company set itself the task of acquiring residential and commercial premises in the objects under construction and ensuring their effective management. The Company, acting as a national operator, contributed to the implementation of government programs such as "Affordable Housing 2020", "Nurly Zher" and others in 11 regions where the Fund's group of companies operates.

Real estate commissioning

82
thousand m²

In March 2009, the Government of the Republic of Kazakhstan transferred 100% of the Company's shares to the sole shareholder – Samruk-Kazyna JSC. In accordance with the updated Development Strategy, the Company provides construction and real estate management services for the group of companies of Samruk-Kazyna JSC, invests in housing construction, builds production facilities for the production of import-substituting construction materials, and acts as an operator of government programs.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Commissioning of real estate, thousand m ²	150.65	82.00
Realized real estate, thousand m ²	99.08	96.66
ROACE, %	5.29	7.04
Debt/Equity, coefficient	1.13	0.76
NAV, KZT million	70,611.5	77,891.0
Output of non-resource goods and services, KZT thousand	26,817.6	28,209.9
Labor productivity ²⁷ , KZT million/person	102.67	53.64
Financial indicators, KZT million:		
Revenue	19,641.5	19,316.4
Gross profit	12,889.3	13,326.3
Dividends	2,030.5	6,437.1
Net income	5,283.7	7,437.3
Current costs	12,778.7	12,497.9
Operating profit	9,524.0	4,193.1
Net debt	72,256.5	46,374.6
Amount of taxes paid, KZT billion	2.196	1.365
Sustainability Indicators:		
Volume of utilized waste	0	0
Accidents	0	0
Death in accidents	0	0
The amount of heat and electricity consumed:²⁸		
Electricity, thousand kWh	5,052	4,828
Heat supply, Gcal	7,246	4,903

²⁷ The indicator is specified according to the methodology of the Fund dated 09.12.2021 according to the decision of the Board of Samruk-Kazyna JSC, Minutes No. 55/21

²⁸ Indicators of energy resources consumption by business centers "Green Quarter" and "Kazyna Tower", July 27, 2023 Business center Kazyna Tower was transferred into state ownership.

²⁶ The values between years are different mainly due to the revaluation of financial assets, the expense from the early redemption of the bonds to the Fund in 2022 and the impact of exchange rate differences.

The Company's net income amounted to

7,437.3

KZT million

10

facilities

were put into operation

FINANCIAL RESULTS

At the end of 2023, the Company's net income amounted to KZT 7,437.3 million with the planned net income of KZT 12,033.6 million. Negative impact on the financial result was caused by violations by developers of the terms of repayment of funds invested by the Company in investment projects, due to the weak pace of real estate sales due to the lack of preferential mortgage programs. The Company recognized provisions for expected credit losses.

SUPPORT FOR THE CONSTRUCTION INDUSTRY

As of December 31, 2023, the Company has entered into construction investment agreements (hereinafter – CIA) for 19 projects in the cities of Astana, Almaty, Atyrau, Aktobe, Konaev, Kokshetau, Aksu (Pavlodar region), Taraz, and Ust-Kamenogorsk. The Company's pool of commercial and residential real estate under the concluded CIA as of 31.12.2023 amounted to 309.9 thousand m² and 996 parking spaces, the total cost of the projects – KZT 125.9 billion, including the volume of the Company's investments in the amount of KZT 76.9 billion. These projects are financed by the Company's own funds and borrowed funds raised on market terms.

As of 31.12.2023, as part of these projects, the Company invested KZT 57.4 billion, including transferred land plots (within the framework of the project "Residential Complex Akkent in Almaty" and "Residential Complex on Millennium Alley, Phase 1 in Astana") at a cost of KZT 2.2 billion. 10 objects were put into operation (including 7 objects in 2023 and 3 objects in 2022), the total share of the Company in the commissioned real estate amounted to 240.8 thousand m², realized – 203.9 thousand m². These projects are financed by the Company's own funds and borrowed funds raised on market terms.

SUPPORT FOR LOCAL PRODUCTION

In 2023, the Company successfully implemented one of the tasks set for it: participation in the program of construction of plants for the production of import-substituting construction materials. The project of construction of a plant for the production of roofing and facing materials in Astana was realized. In the course of construction 150 jobs were created, the staff number of the plant is 96 people, and the actual number of employees for the reporting period is 45 people.

On December 15, 2023, the plant was visited by the Head of State Kassym-Jomart Tokayev, who highly appreciated the products of MetalFormer LLP during familiarization with the production and noted the importance of supporting such enterprises and the need to switch from imported building materials to domestic products. In order to support the plant, the Company provides assistance in using the products of MetalFormer LLP in the Company's projects and utilization of the plant's production capacities.

COMFORTABLE SCHOOL

Since 2023 the Company, according to the Resolution of the Government of the Republic of Kazakhstan dated November 30, 2022 No. 963 "On approval of the pilot national project in the field of education "Comfortable School", has been determined as the Directorate for targeted construction of facilities of secondary education organizations. The Company manages the project in accordance with the Rules of rendering engineering services in the sphere of architectural, town-planning and construction activities and is vested with the function of the customer.

In the reporting period, out of 208 comfortable schools planned for construction in the first stage (2023-2024), contracts were signed for the procurement of complex works for the design and construction of turnkey facilities at 207 sites. It is planned to sign a contract for 1 remaining facility in 2024.

During 2023, contractors prepared land plots for construction (fencing, installation of video surveillance cameras, mobilization of construction equipment, engineering and geological surveys, and so on). As positive conclusions of the state expert examination of design and estimate documentation are received, construction and installation works will be started.

IN 2024, THE COMPANY PLANS TO COMPLETE CONSTRUCTION OF 5 RESIDENTIAL COMPLEXES IN ASTANA, TARAZ, UST-KAMENOGORSK, KOKSHETAU AND AKSU (PAVLODAR REGION) WITHIN THE FRAMEWORK OF INVESTMENT ACTIVITY.

OPERATIONAL EFFICIENCY

In 2022, the company continued work to automate the lease payment management system. As part of operations management in 2023, significant work was done to automate internal business processes, and information systems were introduced to monitor national project implementation, procurement and BPM (Business Process Management).



PLANS FOR 2024

In 2024, the Company plans to complete construction of 5 residential complexes in Astana, Taraz, Ust-Kamenogorsk, Kokshetau and Aksu (Pavlodar region) within the framework of investment activity.

In accordance with the resolution of the Government of the Republic of Kazakhstan No. 963 from November 30, 2022 on approval of the pilot National Project in the field of education "Comfortable School" it is planned to complete the construction of 208 schools in 17 regions and 3 megacities of the country by contractors.

PROCUREMENT SUPPORT



SAMRUK-KAZYNA CONTRACT LLP (HEREINAFTER — SKC) WAS ESTABLISHED IN 2009 AND PERFORMS THE FUNCTIONS OF A PROCUREMENT OPERATOR FOR THE GROUP OF COMPANIES OF SAMRUK-KAZYNA JSC.

Contract amount

3,697

KZT billion

The Company is responsible for the support and development of the electronic procurement information system (the Fund's procurement web portal), monitors local content and prices for products purchased by companies within the group of Samruk-Kazyna JSC.

In addition, the Company is engaged in the development of the Unified Nomenclature Directory of goods, works and services, which is used in procurement procedures of the Fund's group, in public procurement, as well as in the procure-

ment processes of the quasi-public sector, natural monopolies and subsoil users. In addition, SKC conducts pre-qualification of potential suppliers and assists the Fund Group in categorical procurement management.

KEY PERFORMANCE RESULTS FOR 2023

Indicator	2022	2023
Procurement performance indicators by Fund group		
Amount of concluded contracts, KZT billion	3,591	3,697
Total share of in-country value in purchases, %	79%	79%
Share of in-country value in purchases of goods, %	61%	60%
Share of in-country value in procurement of works and services, %	89%	87%
Total amount of procurement conducted by single source method (SSM), KZT billion (% indicates the share of the total amount of procurement conducted)	1,407 (39%)	2,100 (57%)
Total amount of purchases conducted by open tender (OT), request for quotations (RFQ) and other competitive methods, KZT billion (% indicates the share of the total amount of conducted purchases)	2,184 (61%)	1,597 (43%)
Number of concluded off-take contracts (as of the end of the year, cumulative total), units	331	476
Amount of off-take contracts concluded (as of the end of the year, cumulative total), KZT billion	101.4	115.7
Indicators of Samruk-Kazyna Contract LLP		
Production figures		
Number of potential suppliers registered on the procurement web-portal (as of the end of the year, cumulative total), thousand units	81	97
Number of potential suppliers that passed preliminary qualification selection, units	96 (134) ²⁹	81 (215) ³⁰
Number of procurement category strategies (at the end of the year, cumulative total), units	21	29
Number of codes of the Unified Nomenclature Directory of Goods, Works and Services (at the end of the year, cumulative total), units	52,363	53,150
Financial indicators, KZT thousands		
Revenue	2,781,281	3,019,819
Dividends paid in the reporting period, for the previous year	1,721,481	500,000
Net income	585,794	637,824
Costs	2,199,575	2,512,600
Operating profit	662,866	649,168
Net debt	0	0
Amount of taxes paid	929,577	459,449
Sustainability Indicators:		
Accidents	0	0

²⁹ cumulative data (taking into account exclusion of suppliers from the CAT Register on the stipulated grounds)

³⁰ cumulative data (taking into account exclusion of suppliers from the CAT Register on the stipulated grounds)

At present, 706 organizations in more than 15,000 commodity items are included in the Register of CPF

706

organizations

IMPLEMENTATION OF THE IMPORT SUBSTITUTION PROGRAM

The Fund takes an active part in the implementation of industrial and innovative projects of social importance, which contribute to sustainable economic development of the Republic of Kazakhstan. One of the key areas of the Fund's activities is support of local production through the Import Substitution Program. The Fund regularly, on a quarterly basis, determines and approves the "Pool of goods of net import", in which the Fund's group of companies has a long-term need. Companies located in Kazakhstan are invited to start production of these goods. In return, the Fund undertakes to ensure stable and long-term demand for the products produced. From 2018 to 2023, 68 projects were approved for off-take contracts, resulting in 476 off-take contracts totaling approximately KZT 115.7 billion.

From 2018 to 2023, 68 projects were approved for off-take contracts, resulting in

476

off-take contracts

MAINTAINING THE REGISTER OF THE FUND'S COMMODITY PRODUCERS

In order to support domestic producers, on an ongoing basis, the Fund accepts, reviews and makes decisions on the materials submitted for inclusion in the Register of commodity producers of the Fund (Register of CPF), which gives producers a priority right to participate in the Fund's procurement.

At the end of 2023, 2,532 applications from businesses for inclusion in the Register of CPF were considered. At present, 706 organizations in more than 15,000 commodity items are included in the Register of CPF.

9 new categories of goods, works and services is applied were developed jointly with the Fund's portfolio companies

9
new categories

For the period 2022-2023, 177 potential suppliers were included in the QPS Register

177
suppliers

REGULAR MONITORING OF THE QUALITY OF SERVICES PROVIDED INDICATES A 100% LEVEL OF SATISFACTION WITH THE PQS PROCESS ON THE PART OF POTENTIAL SUPPLIERS, WHICH CONFIRMS ITS HIGH EFFICIENCY AND CONTRIBUTION TO IMPROVING COMPETITIVENESS IN THE MARKET.

PRE-QUALIFICATION OF POTENTIAL SUPPLIERS

IN THE CONTEXT OF MODERN PROCUREMENT PRACTICES, THE PROCESS OF PRELIMINARY QUALIFICATION SELECTION (HEREINAFTER — PQS) OF POTENTIAL SUPPLIERS ACQUIRES KEY IMPORTANCE.

It provides indirect mitigation of risks associated with the subsequent conclusion of contracts, and also contributes to the optimization of tender procedure costs. Pre-qualification helps to ensure transparency and fair competition in the market by selecting organizations that are likely to meet the customer's needs for quality goods, works and services.

A total of 215 potential suppliers were included in the Register of Qualified Potential Suppliers (hereinafter — the "QPS Register"). For the period 2022-2023, 177 potential suppliers were included in the QPS Register (growth — 81 participants in the period 2022-2023).

During the reporting period, 9 new categories of goods, works and services for which the PQS is applied were developed jointly with the Fund's portfolio companies. The decrease in the number of new categories developed is explained by the focus on additional PQS procedures, such as updating existing categories and monitoring the status of organizations included in the QPS Register. Regular monitoring of the quality of services provided indicates a 100% level of satisfaction with the PQS process on the part of potential suppliers, which confirms its high efficiency and contribution to improving competitiveness in the market.

CATEGORY PROCUREMENT MANAGEMENT

Category Procurement Management (hereinafter referred to as CPM) is a modern global management practice aimed at improving the economic efficiency of a company's procurement processes. The main objective of CPM is to transform the approach to procure-

ment with regard to the specifics of a particular business area. This practice helps to significantly reduce the cost of procurement, improve the quality of purchased goods, optimize logistics costs, and minimize the volume of illiquid inventory. The key advantage of CPM is that

when selecting a supplier, the main criterion is not only the purchase price, but also the total sum of all costs incurred at each stage of the life cycle of a product, work or service — from the moment of purchase to its complete write-off or disposal.

LIST OF PROCUREMENT CATEGORIES OF THE FUND AND THE FUND'S ORGANIZATIONS

As of December 31, 2023, the List includes 29 categories of procurement, including: at the level of the Fund — 5, NC KazMunay-Gas JSC — 10, Kazakhstan Temir Zholy JSC — 7, Samruk-Energy JSC — 4, NAC Kazatom-prom JSC — 3.

DEVELOPMENT AND IMPLEMENTATION OF THE FUND'S PROCUREMENT CATEGORY STRATEGIES (HEREINAFTER — PCS)

In 2023, the Fund's PCS for the category "IT equipment" was updated (decision of the Fund's Board of Directors No. 51/23 of October 26, 2023).

As of December 31, 2023, the Fund's two PCS for the Health Insurance and Tire categories are in the process of being developed (approval is expected in 2024).

The economic effect on the results of implementation of the Fund's PCS amounted to KZT 5,226 million (16% of the cost).

DURING 2023, 2,061 APPLICATIONS FOR THE ADDITION OF NEW CODES WERE REVIEWED IN THE UNDGWS INFORMATION SYSTEM.

FURTHER DEVELOPMENT OF THE UNIFIED NOMENCLATURE DIRECTORY OF GOODS, WORKS AND SERVICES

As of December 31, 2023, the total number of codes in the Unified Nomenclature Directory of Goods, Works and Services (hereinafter — UNDGWS) reached 53,150, including 50,718 codes for goods, 575 codes for works and 1,857 codes for services. During 2023, 2,061 applications for the addition of new codes were reviewed in the UNDGWS information system. Of these, the Commission for review and approval of UNDGWS codes approved 1,037 new codes and returned 1,024 applications.

One of the strategic objectives for the development and improvement of the UNDGWS Unified Tax System is the implementation of the plan for unification and standardization of technical specifications in procurement. The indicator reflects the number of UNDGWS codes covered by standardized standard technical specifications in the procurement of goods for the group of companies of the Fund and is aimed at improving the efficiency and quality of procurement, as well as eliminating the risks of incorrect application of UNDGWS codes.

Based on the analysis of purchases of the Fund's companies from KZT 10 million and above for 2022, with the frequency of application more than 50 times a year, and proposals of the Fund's companies, in the reporting year a list of 2,952 UNDGWS codes for goods was formed. Templates of standard technical specifications for application in the information system of electronic procurement were developed for these codes jointly with specialists of the Fund's companies.

DIGITALIZATION OF PROCESSES

In accordance with the Rules of property realization of Samruk-Kazyna JSC, the information system "Web portal for the realization of the Fund's property" was developed. In the 3rd quarter of 2023, a successful pilot testing of several portfolio companies of the Fund was conducted. Earlier, in 2022,

automated monitoring of planned prices for goods in the information system of procurement was introduced. When forming procurement plans or adjusting them, planned prices are compared with the average prices for the Fund and actual prices for a particular company. In case of excess, companies are

notified and justify their prices. As a result, there is a positive dynamics of requesting price offers from more companies, including local manufacturers, which leads to better formation of planned prices.

LIST OF UNRELIABLE SUPPLIERS

The SKC form and maintain a List of Unreliable Suppliers.

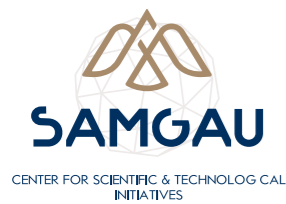
A total of 924 potential suppliers were included in the List in 2023. 464 of them were included for evading the conclusion of a contract, 376 — by a court decision establishing non-fulfillment or improper fulfillment of contractual obligations, 60 — for failure to provide security for the execution of a contract, and 24 — for providing false information in the procurement process.

PLANS FOR 2024

In 2024, a number of significant initiatives are envisaged. It is planned to apply to the Agency for Protection and Development of Competition of the Republic of Kazakhstan to obtain approval for the launch of the information system "Web portal for the realization of the Fund's property". In the current year it is planned to integrate the results of the pilot project on unification and standardization of technical specifications into the procurement system after the necessary modifications of information systems UNDGWS and EPIS. During 2024, the List of procurement categories will also be updated.

SCIENTIFIC RESEARCH INITIATIVES

"Samgau Center for Scientific and Technological Initiatives"



THE NON-PROFIT ORGANIZATION "CENTER FOR SCIENTIFIC AND TECHNOLOGICAL INITIATIVES", ESTABLISHED WITHIN THE GROUP OF SAMRUK-KAZYNA JSC, IS AIMED AT CONSOLIDATION AND SYSTEMATIZATION OF RESEARCH AND DEVELOPMENT WORKS OF SUBSOIL USERS.

In December 2022, the Center underwent the re-registration procedure on the site of the Astana International Financial Center, transforming into a non-profit organization Fund "Center for Scientific and Technological Initiatives "Samgau" (hereinafter – CSTI).

The goal of CSTI is to support scientific research and innovation activities through the formation of an efficient and transparent ecosystem that promotes the development of a knowledge-intensive economy and improves the well-being of the population.

CSTI aims to create a reliable system for the selection and implementation of research and innovation projects, ensuring transparency and comprehensibility of processes at all stages – from application to project completion. The efficiency of this system is ensured through a thorough examination of projects, and transparency is ensured through access to information on the status of the project at each stage of its implementation.

CSTI develops mechanisms for effective interaction between the scientific and innovation community and industry, and actively works to concentrate the scientific and intellectual potential of the country to solve advanced technological problems aimed at optimizing production processes.

Being a part of the National Innovation and Research System, CSTI builds interaction with government agencies, development institutions, research organizations and universities, industry and financial institutions.

Thus, a unified policy in the field of scientific and technological development of the Fund Group is formed with the aim of achieving long-term economic sustainability and global competitiveness by the companies.

Since December 2023, subsoil users of the Fund have been financing scientific research through CSTI. The new selection and funding mechanism based on the "single window" principle has become a key tool for optimal and transparent allocation of resources within the Fund. This innovative system develops priority areas of science and production, providing effective support for research projects.

In 2023, more than 84 R&D applications were considered. Five promising projects were submitted and approved for consideration by the Scientific and Technical Council of the Fund.

SHARED SERVICE CENTER



SINCE JULY 2020, SAMRUK-KAZYNA BUSINESS SERVICE LLP (HEREINAFTER — THE COMPANY) FUNCTIONS AS A COMMON SERVICE CENTER OF SAMRUK-KAZYNA JSC.

This role was approved as part of the transformation program adopted by the Council for Modernization in the organizations of the Samruk-Kazyna JSC group on May 28, 2020 to improve the efficiency of the key business by centralizing non-core functions of Samruk-Kazyna JSC and the group of companies into a single service center.

The Company currently performs a number of key functions within the Fund, including:

- ◆ SAP Customer Center of Expertise;
- ◆ Compliance Competence Center;
- ◆ Single Operator of the Privatization Program;
- ◆ Organization of centralized archival storage of documents.

The Company has a 51% stake in the authorized capital of its subsidiary organization QazCloud LLP (49% is owned by Daneker Sala LLP). QazCloud LLP provides a wide range of IT services, including support and modernization of IT infrastructure, lease of virtual IT resources and protection of the Fund's information data.

KEY PERFORMANCE RESULTS FOR 2023

FINANCIAL INDICATORS, KZT THOUSANDS

	2022	2023
Revenues	11,359,281	17,991,616
Cost price	(10,184,322)	(15,549,459)
General administrative expenses	(1,070,107)	(1,090,029)
The Company's net profit before taxation	78,987	1,159,239
Net income	61,044	954,501
Dividends paid to the sole participant	168,051	177,464

The excess of net profit in 2023 was due to a number of factors. The main ones were the increase in income from outsourcing of business processes of HR administration and centralized archiving of the Company's documents, as well as successful implementation of new projects of the subsidiary QazCloud LLP.

Currently, the Company serves 5.4 thousand employees – NC KazMunayGas JSC, Munait-telecom LLP, Mangistauenergomunai LLP, Oil Construction Company LLP, Pavlodar Refinery LLP, QazCloud LLP, KMG Engineering LLP and branch, Samruk-Kazyna Contract LLP,

Samruk-Kazyna Ondeu LLP, Tau-Ken Samruk LLP.

SSC activities

Since its establishment, the Shared Service Center (SSC) has been actively developing and expanding the range of services provided to the Fund's companies and the Fund itself. The key areas of the SSC activities include:

- ◆ Administrative Support;
- ◆ Written translations;
- ◆ Employee transportation;
- ◆ Ensuring the performance of executives;
- ◆ Procurement Organization;
- ◆ HR Service;

- ◆ Accounting and tax accounting;
- ◆ Legal Support;
- ◆ Safety;
- ◆ IT security;
- ◆ And other functions.

In 2022, the SSC successfully passed the certification of the quality management system of the provided services according to the standard ST RK ISO 9001-2016 (ISO 9001-2015), and in 2023 — the annual inspection control, which confirmed the compliance of the system with the requirements of the standard.

Since July 2023, at the initiative of the Fund, the activities of the SSC have been expanded through the transfer of business process outsourcing functions from the private institution "Samruk Business Academy". This includes:

- ◆ Personnel Administration;
- ◆ Administering payroll and payroll calculations;
- ◆ Recruiting Administration.

The company serves more than 5.4 thousand employees in new directions and has two regional service centers in Pavlodar and Aktau.

CENTRALIZED ARCHIVAL STORAGE OF DOCUMENTS

By the decision of the Council for Modernization in the Organizations of the Fund Group dated December 10, 2020, the Company was determined as the operator for the implementation of the project "Centralized Archival Storage of Documents" (CASD), the perimeter of which includes the Fund's PCs/Subsidiaries.

In December 2022, the information system "Electronic Archive" was transferred to the Partnership from Samruk-Kazyna JSC as a contribution to the authorized capital.

Under the CASD program, the Company operates in five areas, including providing access to the Electronic Archive information system.

In 2023, access to the information system "Electronic Archive" was provided for five companies of the Fund (QazCloud LLP, Samruk-Energy JSC, KEGOC JSC, Energoinform JSC, Khorasan LLP).

In 2023, the total amount of concluded service contracts amounted to KZT 265 million.

SAP CUSTOMER EXPERTISE CENTER

The Company was determined as the Operator under the Agreement on granting rights of use and provision of software maintenance services dated December 30, 2015 No.122 between Samruk-Kazyna JSC and SAP Kazakhstan LLP (hereinafter — SAP Agreement). The Operator concludes contracts with PCs for distribution and technical support of licensed SAP software owned by Samruk-Kazyna JSC, as well as ensures compliance with the terms and conditions of the SAP Agreement in accordance with the SAP Software License Trust Agreement No. 630-i concluded on December 20, 2016.

In the perimeter of the Agreement SAP services cover 25 companies in the group of Samruk-Kazyna JSC. The functions of the SAP Customer Center of Expertise include:

- ◆ Software Support Services;
- ◆ License Management;
- ◆ Contract Administration;
- ◆ Consulting support;
- ◆ Coordinate requests for software enhancements or modifications;
- ◆ Information Management;
- ◆ Conclusion and maintenance of lease agreements with Fund companies;
- ◆ Conducting license audits.

The total amount of concluded contracts under these obligations exceeded KZT 13 billion excluding VAT.

SINGLE OPERATOR OF THE PRIVATIZATION PROGRAM

By the decision of the Management Board of Samruk-Kazyna JSC dated October 14, 2021, the Company was determined as the Single Operator in accordance with the Rules of Asset Transfer in a Competitive Environment. The Company has developed and put into operation the information system "automated database of realized and realizable assets" (IS ADRRA). The Fund and all sectoral companies were granted access to IS ADRRA to fill in data on all assets of Samruk-Kazyna JSC, included in the Resolution of the Government of the Republic of Kazakhstan "On Certain Issues of Privatization for 2021-2025" No. 908 dated 29.12.2020 (hereinafter — the RGRK).

By the end of 2023, the system will have collected information on 53 assets listed in the ordinance, including 16 Schedule 1 assets, 14 Schedule 2 assets, and 23 Schedule 3 assets.

Representatives of the Single Operator at the end of the year took part in 23 meetings of the Commissions of the Sectoral Companies on asset realization and in 26 meetings of the Fund's Project Office on compliance with the Procedure and Procedures for transferring assets to the competitive environment provided by the Rules.

COMPLIANCE COMPETENCE CENTER

In accordance with paragraph 54 of the Extended Road Map approved by the Board of the Fund on February 24, 2022 (Minutes No. 10-p), pursuant to the instructions of the President of the Republic of Kazakhstan on the issues of reforming Samruk-Kazyna JSC, implementation of compliance function in the companies of Samruk-Kazyna JSC group is carried out by the Compliance Competence Center. The grounds for this include:

Specificity of the compliance function, which includes anti-corruption, sanctions, listing and regulatory aspects that require high specialization and understanding of the unique requirements related to the Fund's activities. The specifics of these functions make it difficult to find external service providers capable of offering the required level of quality with limited resources.

Confidentiality. The importance of maintaining confidential information within the Fund Group cannot be underestimated. The Compliance Competence Center ensures stricter control over the preservation and protection of sensitive data compared to external contractors.

Cost optimization. Creation of internal competencies allows to significantly reduce costs for services to support and implement the compliance function.

The main activities of the Compliance Competence Center are:

- ◆ Methodological support and maintenance of the compliance function in the Fund's portfolio companies;
- ◆ Ensuring compliance with the requirements of the Law of the Republic of Kazakhstan "On Combating Corruption";
- ◆ Ensuring the functioning of the initiative information line of the group of companies of Samruk-Kazyna JSC;
- ◆ Automation of individual elements of the anti-corruption compliance program;
- ◆ Provision of services of outsourcing of business process of compliance function in the group of companies of Samruk-Kazyna JSC in accordance with the Law of the Republic of Kazakhstan "On Combating Corruption" and the Corporate Standard on Compliance Function of the Group of Companies of Samruk-Kazyna JSC.
- ◆ Ensuring certification audit of anti-corruption systems of Samruk-Kazyna JSC for compliance with the requirements of ISO 37001 "Anti-Bribery Management Systems" standard.

PLANS FOR 2024

In 2024, the Company plans to:

- ◆ Preservation and development of current activities with improvement of the quality of services provided;
- ◆ Automation of customer service delivery processes, including the use of mobile services;
- ◆ Implementation of the electronic archive information system in the Fund's companies with implementation of the integration function within the framework of the project "Horizontal Monitoring".
- ◆ Strengthening control over the transparency and legality of asset transfer transactions in a competitive environment;
- ◆ Distribute licenses to the Fund's group companies, including potentially new organizations that have entered into the SAP agreement.

CHARITABLE ACTIVITIES



The charity has reached more than

524

thousand Kazakhstan citizens

SAMRUK-KAZYNA TRUST SOCIAL PROJECTS DEVELOPMENT FUND IS THE UNIFIED OPERATOR OF CHARITABLE ACTIVITIES OF THE SAMRUK-KAZYNA GROUP OF COMPANIES, WHICH IMPLEMENTS CHARITABLE PROJECTS AND PROGRAMS AIMED AT SOLVING SOCIALLY SIGNIFICANT ISSUES ON BEHALF OF THE ENTIRE SAMRUK-KAZYNA GROUP OF COMPANIES.

Samruk-Kazyna Trust in 2023 implemented 46 social projects totaling KZT 7.2 billion in the areas of health care, education, support for the most socially vulnerable segments of the population and regional development. The projects were implemented in partnership with non-profit organizations in the regions where the Fund's companies operate, taking into account the needs of the population, as well as in those areas where the state resources are insufficient.

Within the framework of these projects, charitable assistance covered more than 524 thousand Kazakhstani people, including 97 thousand mothers and children, 87 thousand rural population, and 700 people were employed.

In the healthcare sector, attention was paid to ensuring accessibility of medical and rehabilitation care, introducing innovative treatment methods and improving the quality of life of Kazakhstanis. 19 rehabilitation centers were launched. Rural hospitals in 7 regions were provided with 18 ambulances and 9 invataxis (transportation for people with special physical needs). Perinatal centers in Shymkent, Karaganda, Taldykorgan, Aktau, Ust-Kamenogorsk and Uralsk cities were supplied with devices for therapeutic hypothermia and retinopathy of newborns. More than 500 children with oncological diseases were treated with modern equipment at the Scientific Center of Pediatrics and Children's Surgery. Treatment was paid for 61 children whose

diagnoses are incurable in the Republic of Kazakhstan. 100,000 citizens of remote stations received free medical and legal assistance under the Medical Trains project. The Center for children with Down syndrome in Almaty started its work in a new format.

In the sphere of education, conditions and opportunities have been created for receiving quality education and realizing human capital. 227 representatives of rural youth have received educational grants and are studying free of charge in 45 best secondary educational institutions of the country. Of these, 2 graduates are employed. Free extracurricular activities have been organized for 500 students from socially vulnerable categories. Summer educational and inclusive camps have been organized for more than 1,000 children and their parents.

In the field of sports, a contribution was made to the development of infrastructure and the creation of an accessible sports environment. Nine large sports complexes were built and 26 new sports and playgrounds were installed. Free adaptive sports sections were opened in 23 settlements. Within the framework of creative industry development, the building of the regional youth library of Aktobe region was completely renovated and revitalized into a creative center of science and modern creativity.

In addition to implementing charitable projects, Samruk-Kazyna Trust works to increase

the confidence of the people of Kazakhstan by strengthening interaction with the public, government institutions, representatives of the media and expert community, as well as portfolio companies. A good tradition has become a report to the public held in the format of the Corporate Philanthropy Forum with the participation of more than 300 representatives of civil society, government agencies, business and employees of the group of companies.

The activities of Samruk-Kazyna Trust are actively quoted by the media, NPOs and experts. In 2023, more than 5 thousand publications in Kazakhstani media were devoted to the charitable initiatives of the Fund.

A partnership has been established with Kazakhstan Khalkyna Public Fund, within the framework of which a project is being implemented to open 13 early intervention centers and 8 rehabilitation centers for children with autism in the regions of the Republic of Kazakhstan. The total coverage of children in the two areas is more than 2,500 children with special developmental needs.

At the same time, within the framework of corporate partnership, joint social projects were implemented jointly with the Bulat Utemuratov Foundation, and a partnership was established with Shell Kazakhstan to jointly implement a project on training and employment of persons with disabilities.

HUMAN CAPITAL DEVELOPMENT



Private institution "Samruk Business Academy" (hereinafter – SBA) is a service company providing services on organization and administration of training, personnel outstaffing and HR-consulting. SBA was renamed in 2022 from the private institution "Samruk-Kazyna Corporate University", established in 2004 on the basis of the "Unified Personnel Development Center". Today SBA is a successful center for accumulation of best practices and generation of new knowledge.

Since 2004, SBA has been providing services in the field of personnel training, assessment and development. Currently, SBA is engaged in retraining and professional development of specialists of Samruk-Kazyna JSC group, support of processes in the field of human resources management, change management, formation of corporate culture in accordance with the strategic development goals of Samruk-Kazyna JSC.

ACTIVITIES IN THE FIELD OF TRAINING ORGANIZATION

In 2023, the following modular training programs were implemented by the corporate and industrial training block of SBA: "Middle Management", "Gender Equality", "Zheti Kadam", "PR School", "HR School", "Recruitment School", "Procurement and Logistics Management", IR, "Ondiris tiregi", "First Line", "Academy of Instructor Machinists", "Kauipsizdik Sakshylary", "Production Manager".

312 CEOs, CEO-1, CEO-2, CEO-3 and 480 internal trainers of portfolio companies and subsidiaries and affiliates were trained under the Occupational Safety Culture project for 2023. 29,099 production employees of NC KazMunayGas JSC were also trained. Training on labor safety culture will continue in 2024 according to the schedule.

In 2023, SBA received international institutional accreditation from Independent Agency for Accreditation and Rating (IAAR).

All educational programs and organizations that have passed international accreditation in the IAAR agency are included in the European database – The Database of External Quality Assurance Results (DEQAR), which confirms the compliance of educational programs and organizations with international quality standards and is the basis for recognition of accredited educational programs in the European Higher Education Area.

Within the framework of the instruction of the President of the Republic of Kazakhstan to gradually increase the share of women up to 30% in the management bodies of companies with state participation, on September 30, 2022, Samruk-Kazyna JSC launched the project "Gender Equality", which ended on May 5, 2023.

The number of women leaders who completed the program was 71.

HR CONSULTING SERVICES

The key areas of HR consulting are:

- ◆ Evaluating hiring, and personnel for suitability for positions;
- ◆ Assessment of potential in the formation of the personnel reserve;
- ◆ Grading.

179

assessments

were carried out using the competency interview method with personnel

441

positions

were evaluated in 2023

LLP, SILLENO LLP, KPI JSC, KMG ENGINEERING LLP, NC KAZAKHSTAN TEMIR ZHOLY JSC, BOLASHAK INVESTMENT LLP BECAME CUSTOMERS OF RECRUITING SERVICES IN 2023.

PERSONNEL AND COMPETENCE ASSESSMENT

Personnel evaluation is one of the main activities of SBA. It includes assessment procedures within the framework of:

- ◆ hiring evaluations,
- ◆ to evaluate the talent pool,
- ◆ staff appraisals,
- ◆ job matching (matching data from different sources into a single job candidate profile),
- ◆ 360 degree assessments, etc.

This assessment tool allows companies and employees to evaluate the quality of interactions (hierarchical, cross-functional) and with other stakeholders (customers, suppliers, management bodies, etc.).

As of the end of 12 months of 2023, the number of assessments using third-party online tools amounted to 460, and 3,098 using our own online systems. In addition, 179 personnel assessments were conducted using competency-based interviews and questionnaires, as well as 55 assessments using in-depth interviews.

RECRUITMENT SERVICES

The key areas of recruiting are:

- ◆ Administration of the recruiting process;
- ◆ Full cycle sourcing and recruitment.

The Fund and such companies as NAC Kazatomprom JSC, NC KazMunayGas JSC, KMG Petrochem. LLP, Silлено LLP, KPI JSC, KMG Engineering LLP, NC Kazakhstan Temir Zholy JSC, Bolashak Investment LLP became customers of recruiting services in 2023. As part of the implementation of contracts 96 vacancies were closed.

In order to develop recruiting services, SBA signed a memorandum of cooperation with FIRCaspian and participated in career events at Nazarbayev University, M.S. Narikbayev University, Esil University and Astana IT University.

GRADING

Implementation of grading projects allows applying a fair system of remuneration based on the value of each position for the company and in comparison with the market. Since 2016, the Fund's portfolio companies have been implementing a graded remuneration system based on the Hay Group international methodology.

In 2023, 441 positions were assessed and projects were implemented to introduce a graded remuneration system in the following companies: Qazaq Air JSC, Samruk-Kazyna Construction JSC, NC QazaqGaz JSC, Samruk-Kazyna Invest LLP, Samruk-Kazyna Business Service LLP.

PLANS FOR 2024:

- ◆ Launch of modular training programs: "C&B School", "HR School", "PR School", "Recruitment School", "Industrial Safety Leadership Academy", "Chief Geologist", "Production Manager" for workshop managers, "Power Engineer", "IR School", "School of Ecology and ESG", "Chief Development Engineer", "Master of Oil and Gas Production"
- ◆ Building up the SBA LMS (learning management system) — an automated employee training platform offering online training, testing and certificates.
- ◆ Improving the quality of services provided through implementation of 1C ERP (integrated management information system) and automation of HR processes.
- ◆ Expanding our geographic footprint and reaching new customers.

CENTER FOR SOCIAL COOPERATION AND COMMUNICATIONS



Center for social cooperation and communications

The goal of the CSCC is to prevent social and labor conflicts, maintain social, sanitary-epidemiological and psychological well-being, strengthen the corporate identity of production personnel and identify protest moods by developing and implementing best practices for effective management of social and labor relations and communications.

CSCC activity is developing in 4 main directions:

1. Research and analytics (SRS: engagement, working conditions and loyalty, level of communication, material well-being, protest potential; in-depth diagnosis and prevention of social and labor conflicts);
2. Social Stability Monitoring Center (collection, processing, primary verification, registration and prompt distribution of information on preconditions or facts of social tension, crisis situations in the Fund's labor collectives);
3. IR — industrial relations (improving the sanitary, social and psychological well-being of production personnel through the study of social and living conditions, workplace pressures and the development of a feedback culture);
4. Social and communication projects (development of corporate culture among employees, conducting projects aimed at increasing the involvement of young people of the Fund's group, organization of communication projects, corporate edition and SK NEWS website).

THE PRIVATE INSTITUTION "CENTER FOR SOCIAL COOPERATION AND COMMUNICATIONS" (HEREINAFTER — CSCC) WAS ESTABLISHED ON MAY 4, 2017 BY SAMRUK-KAZYNA JSC ON THE BASIS OF CENTER FOR SOCIAL PARTNERSHIP CF.

The number of "alarm zones" has been reduced from 68 to

21

alarm zones

The Corporate School of Trade Union Activists projects were implemented and

350

leaders were trained

THE LEVEL OF SOCIAL STABILITY IN THE GROUP OF COMPANIES OF THE FUND AT THE END OF 2023 IS SATISFACTORY — THE OVER-ALL SRS INDICATOR AMOUNTED TO 70%, UNCHANGED FROM 2022 (MORE THAN 72 THOUSAND RESPONDENTS WERE COVERED). THE SURVEY WAS CONDUCTED BY MEANS OF SMS MAILING AND TELEPHONE SURVEY ONCE A HALF-YEAR.

SAMRUK RESEARCH SERVICES

Since 2013, the group of companies of the Fund has been conducting a study of the level of social stability of Samruk Research Services, which allows diagnosing problem areas in social and labor relations of production teams throughout Kazakhstan and taking timely preventive measures. The survey covers almost all employees of the companies.

The level of social stability in the Group of companies of the Fund at the end of 2023 is satisfactory — the overall SRS indicator amounted to 70%, unchanged from 2022 (more than 72 thousand respondents were covered). The survey was conducted by means of SMS mailing and telephone survey once a half-year.

Since 2023, CSCC became the operator of the survey of the level of well-being of the Fund's administrative and management personnel. Previously, this survey was conducted by SBA sociologists.

At the end of 2023:

- ◆ A new SRS Methodology was developed and approved by the Fund's Board;
- ◆ Field meetings were organized in a number of PCs to explain the results of the study;
- ◆ A new Methodology for researching the involvement of administrative and managerial personnel has been developed;
- ◆ A study was conducted to determine the level of well-being of administrative and management personnel in 17 PCs;
- ◆ The SRS 2023 survey for the first half of the year was conducted and analytical reports were provided to 12 PCs and the Fund (almost 40 thousand employees were interviewed);
- ◆ In-depth research was conducted in low-performing enterprises (based on the results of the first half-year survey).

SOCIAL STABILITY MONITORING CENTER

To coordinate interaction between the Fund's subdivisions and portfolio companies in case of crisis situations and organization of anti-crisis measures, the Fund's Operational Headquarters has been functioning since 2021. During the reporting period, 5 meetings of the Operational Headquarters were held (total since 2021 — 14).

The Social Stability Monitoring Center (hereinafter referred to as the "SSMC") functions, which collects and analyzes operational data on preconditions or facts of social tension in labor collectives in 24/7 mode via 5 communication channels (e-mail, telephone, Whatsapp messenger, website and QR code). There is also an interactive Social Stability Map, through which the situation at the Group's enterprises is monitored in real time.

The SSMC provides daily (at 10:00 and at 17:00) operational and proactive information to the Fund's management about the emerged protests.

In 2023, the SSMC received 22,586 referrals from Fund group employees and outside organizations.

Thanks to the measures taken as a result of research and monitoring, the number of "alarm zones" has been reduced from 68 to 21 and strikes from 86 in 2022 to 21 in 2023. Strikes were mainly recorded by employees of contracting companies.

CONCILIATION INSTITUTIONS

The Group implemented the projects "Corporate School of Trade Union Activists" (350 trade union leaders were trained) and "Corporate Pool of Mediators" (113 corporate mediators were trained). Ombudsmen of portfolio companies took a course in mediation and negotiation skills, and IR specialists were trained (28 PC specialists).

Interaction between ombudsmen and trade unions has been established, and an internal pool of mediators and conciliation commissions has been formed. In July 2023 in Almaty held "Forum of trade union leaders and ombudsmen", in December 2023 in Shymkent held a Forum on social and labor communications in the group of companies of the Fund.

25

events

were organized and held as part of the development of the youth policy of the Fund's group of companies

INDUSTRIAL RELATIONS

Since 2022, the IR — Industrial Relations area has been operating, one of the main objectives of which is to ensure that the labor rights of contractors' employees are respected.

In order to improve working conditions, Action Plans have been developed based on the results of IR screening analysis.

Within the framework of prevention, activities (guest lectures, trainings, seminars and information sessions) were conducted to raise awareness of employees on the types of pressure, harassment in the workplace together with the United Nations Development Program (UNDP).

PLANS FOR 2024

- ◆ Organization of seminars for employees of HR and social services of PCs and subsidiaries and affiliates.
- ◆ Conducting a Samruk Research Services survey for the first half of 2024 and year-end.
- ◆ Monitoring social stability.
- ◆ IR screening of social and living conditions.
- ◆ Proactive measures to protect human rights: certification to achieve the UNDP Guiding Principles on Human Rights and Gender Equality in Business.
- ◆ Joining the Consortium of Research Institutes on Gender Policy.

Over 40

commercial projects

were organized and conducted for portfolio companies in 2023

COMMUNICATION PROJECTS

Key Objectives:

- ◆ Systematization of work in the field of internal corporate communications in the Fund;
- ◆ Organization of the preparation of communication and strategic events within the framework of the activities of the Fund and the Centre;
- ◆ Promotion of CSCC products;
- ◆ Communication with trade unions, ombudsmen and internal mediators;
- ◆ Development of commercial training events. .

Over 40 commercial projects were organized and conducted for portfolio companies during 2023.

25 events were organized and held as part of the development of the youth policy of the Fund's group of companies.

SINCE 2022, THE IR — INDUSTRIAL RELATIONS AREA HAS BEEN OPERATING, ONE OF THE MAIN OBJECTIVES OF WHICH IS TO ENSURE THAT THE LABOR RIGHTS OF CONTRACTORS' EMPLOYEES ARE RESPECTED.

SK NEWS EDITORIAL BOARD

This is the Fund's media unit consisting of a full-size corporate publication (magazine, 80 pages, published regularly once a month, in two languages), a daily news website with the same name, a Telegram channel, social networks Facebook, Instagram, Vkontakte and YouTube.

The corporate edition and website are registered as national mass media. It covers the life of the Fund and companies, giving priority to issues of social stability and labor collectives (man of labor is at the top of the list).

4.

SUSTAINABLE DEVELOPMENT

Commitment to the SDG principles	122
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Total energy savings in 2023

11,434
thousand GJ

SUSTAINABLE DEVELOPMENT AND IMPLEMENTATION OF ESG PRINCIPLES IS ONE OF THE MAIN STRATEGIC GOALS OF THE FUND. THE KEY FACTORS OF LONG-TERM SUSTAINABLE DEVELOPMENT INCLUDE THE WELL-BEING OF PEOPLE, ENVIRONMENTAL BALANCE AND ENSURING LONG-TERM FINANCIAL SUSTAINABILITY.

COMMITMENT TO THE SDG PRINCIPLES

Sustainable development and implementation of ESG principles is one of the main strategic goals of the Fund. The key factors of long-term sustainable development include the well-being of people, environmental balance and ensuring long-term financial sustainability.

The Fund and its portfolio companies share a commitment to the Sustainable Development

Goals adopted by the United Nations (hereinafter – the UN SDGs), the principles of the UN Global Compact, the UN Principles for Responsible Investment, and the Equator Principles.

The Fund ensures consistency of the strategy, goals and objectives with the overall Sustainable Development Goals, including but not limited to the goals expressed in the UN

SDGs, the Paris Climate Agreement, and relevant national and regional goals. Sustainable development activities are included in the Action Plan for the implementation of the Development Strategy (Development Plan) of the Fund. More detailed information on the Fund's activities in the field of sustainable development is presented in the Sustainable Development Report, which is available on the Fund's website.

11 UN SDGS



CONTRIBUTION TO THE SDGS

CORPORATE GOVERNANCE

- ESG rating of the Fund's Group **70 PERCENTILE BY 2032**
- Increasing the proportion of women in the management bodies of the Fund's companies **30% BY 2030**
- The share of independent directors in the Board of Directors of the Fund and portfolio companies **MAINTAINING AT 50%**

H&S BEST PRACTICES

- Achieving LTIFR **0.12 2027**

DECARBONISATION

- Reduction of direct and indirect greenhouse gas emissions (level 1 and level 2) **≥ [-10%] BY 2032**
- Increasing the share of low-carb generation in the purchase of electricity **45% BY 2032**

RESOURCE SAVING

- Reducing the energy intensity of production activities **-10% BY 2027**

HUMAN CAPITAL DEVELOPMENT

- Building human resources, strengthening competence in new areas

GREEN FINANCE

- Formation of a portfolio of offset project **5.8 MILLION TONS OF CO₂ -EQ BY 2032**
- The share of renewable energy and hydroelectric power plants in electricity production **26 % BY 2032**

OPENNESS, TRANSPARENCY AND COMPLIANCE

- Certification of anti-corruption compliance systems for compliance with the requirements of international standards ISO 37001:2016 "Anti-bribery Management Systems" and ISO 37301:2021 "Compliance Management System"

AT THE STRATEGIC LEVEL, THE FUND IDENTIFIES FIVE PRIORITY UN SDGS:



Key Environmental Performance Indicators of the Fund group of companies

CARBON FOOTPRINT, MILLION TONS CO₂ – EQ ↑3%

62.3

2022 — 60.7

ENVIRONMENTAL PROTECTION EXPENDITURES, KZT BILLION ↑43.3%

60.9

2022 — 42.5

WATER INTAKE, THOUSAND M³ ↑4.8%

331.3

2022 — 316.1

ELECTRICITY GENERATION FROM RES, MILLION KWH ↓5%

431.0

2022 — 453.9

SUSTAINABLE DEVELOPMENT PRIORITIES

FUND STRATEGY

The Fund, while adhering to ESG principles that are integral to achieving its strategic and operational goals, has several sustainability objectives:

Enhancing corporate governance:

- ◆ Improving the role of the Board of Directors and the quality of its composition.
- ◆ Management of portfolio companies based on the principles of good corporate governance.
- ◆ Introduction of best global practices in corporate governance.

Transparency and compliance:

- ◆ Engaging stakeholders to ensure openness and transparency.
- ◆ Improving transparency of reporting and preventing corruption offences.

Social responsibility:

- ◆ Improving working conditions and safety measures to enhance employee well-being.
- ◆ Contributing to the country's social development through charity, corporate sponsorship and promotion of corporate volunteering.

Safety and health (H&S):

- ◆ Implementing H&S best practices to reduce injuries in the Fund's Zero Tolerance Group.
- ◆ Improved measures to ensure personal safety and accident-free operation using innovative and digital solutions.

Human capital development:

- ◆ Building human resources potential and strengthening the competences of employees in new areas.
- ◆ Continuous professional development based on the world's best practices.

Resource Saving:

- ◆ Efficient use of resources, including fuel and energy and water resources.
- ◆ Modernisation of equipment and application of modern technologies in new investment projects.
- ◆ Implementation of the Energy and Resource Saving Programme of Samruk-Kazyna JSC until 2027.

Decarbonisation:

- ◆ Implementation of the Low Carbon Business Model Transition Plan as part of the Low Carbon Development Concept. The plan identifies over 50 actions to transition to sustainable environmental performance, including major investment projects to transition to alternative energy and increase agile generation.

Development of green finance instruments:

- ◆ Financing of projects compliant with the green taxonomy, issuance of green bonds.

KEY SUSTAINABILITY RESULTS FOR 2023

CORPORATE GOVERNANCE

RESULTS

The weighted average percentage of women in the BoD/SB in portfolio companies is 13% and 17% in the Management Board (14% and 15% in 2022)

H&S BEST PRACTICES

RESULTS

LTIF is 0.14 (0.16 in 2022)

DECARBONISATION

RESULTS

Greenhouse gas emissions reduced by 1% (0.01% in 2022)

RESOURCE SAVING

RESULTS

Total energy savings – 11,434 thousand GJ (16,917 thousand GJ in 2022)

HUMAN CAPITAL DEVELOPMENT

RESULTS

The average number of training hours per employee is 22 academic hours (19 hours in 2022).

GREEN FINANCE

RESULTS

Formation of offset project portfolio – 307 thousand tons of CO₂-eq

OPENNESS, TRANSPARENCY AND COMPLIANCE

RESULTS

The Compliance Function Development Strategy until 2027 was approved.

SUSTAINABLE DEVELOPMENT GOVERNANCE STRUCTURE

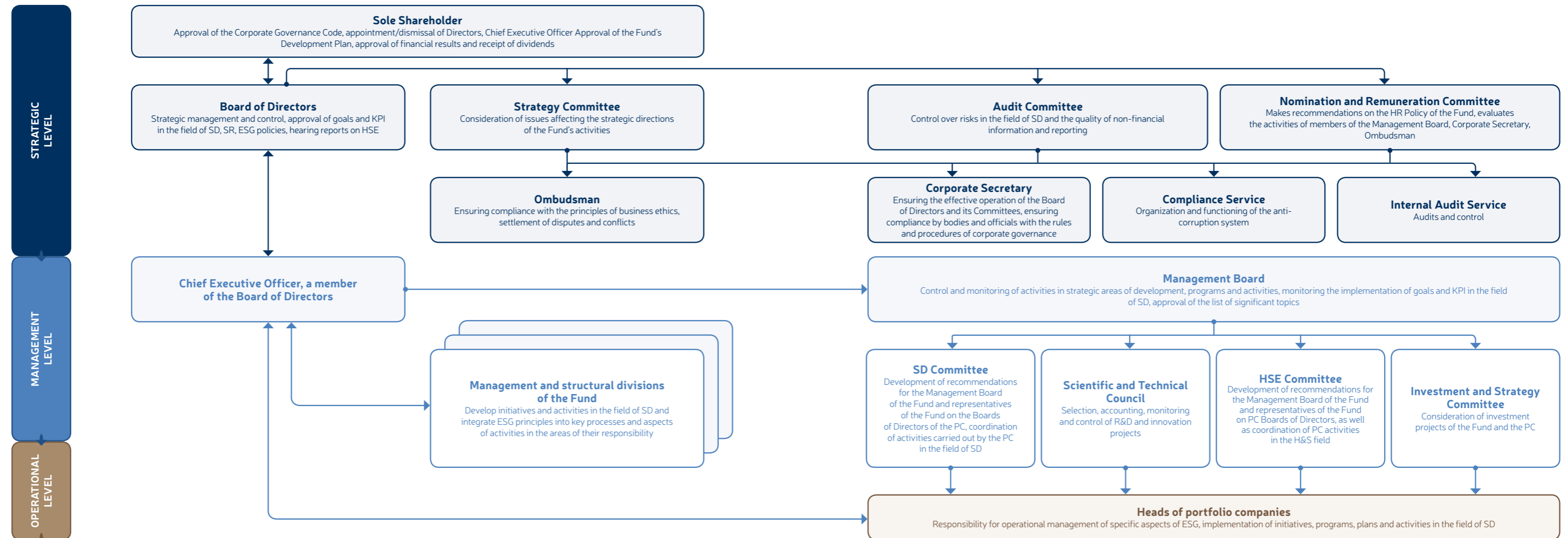
BEST PRACTICES AND PRINCIPLES OF CORPORATE GOVERNANCE ARE ACTIVELY IMPLEMENTED WITHIN THE FUND TO FACILITATE THE INTEGRATION OF SUSTAINABLE DEVELOPMENT ASPECTS.

Sustainable development management is closely integrated into the corporate governance structure of the Fund, which allows these issues to be considered at all levels, from the Board of Directors to the executive bodies and heads of divisions.

The Fund's Management Board is responsible for operations, economic and sustainable development. It is accountable to the Board of Directors and reports to it on the Fund's performance every quarter. The Management Board is also responsible for the fulfilment of the strategic objectives and development of the Fund in the field of sustainable development approved by the Board of Directors and the Solo Shareholder.

Committees of the Board of Directors play an important role in scrutinizing issues within their remit, especially in the areas of sustainable development, including occupational health and safety and environmental safety.

MANAGEMENT STRUCTURE OF ASPECTS OF SUSTAINABLE DEVELOPMENT



ESG AND CLIMATE RATINGS

FUND GROUP OF PORTFOLIO COMPANIES INTRODUCE THE PRACTICE OF PREPARING ANNUAL NON-FINANCIAL REPORTS (SUSTAINABILITY REPORTS) IN ACCORDANCE WITH ADVANCED INTERNATIONAL STANDARDS SUCH AS GRI (GLOBAL REPORTING INITIATIVE), TCFD (TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES) AND CDP (CARBON DISCLOSURE PROJECT).

ESG ratings (Environmental, Social, Governance) have been introduced as a tool to track real changes in the business and play a key role in assessing and managing the social and environmental aspects of doing business.

The Fund's development plan has set a target for large portfolio companies to reach the 70% percentile for ESG rating performance by 2032.

In the reporting year, the Fund and portfolio companies received the following ratings from international rating agencies:

ESG risk rating from Sustainalytics:

- ◆ NC QazaqGaz JSC – 19.2 points (low risk);
- ◆ Samruk-Kazyna JSC – 22.9 points (medium risk);
- ◆ Samruk-Energy JSC – 24.1 points (medium risk);
- ◆ NC KazMunayGas JSC – 32.3 points (high risk).

"S&P Global CSA Score 2023" from S&P Global:

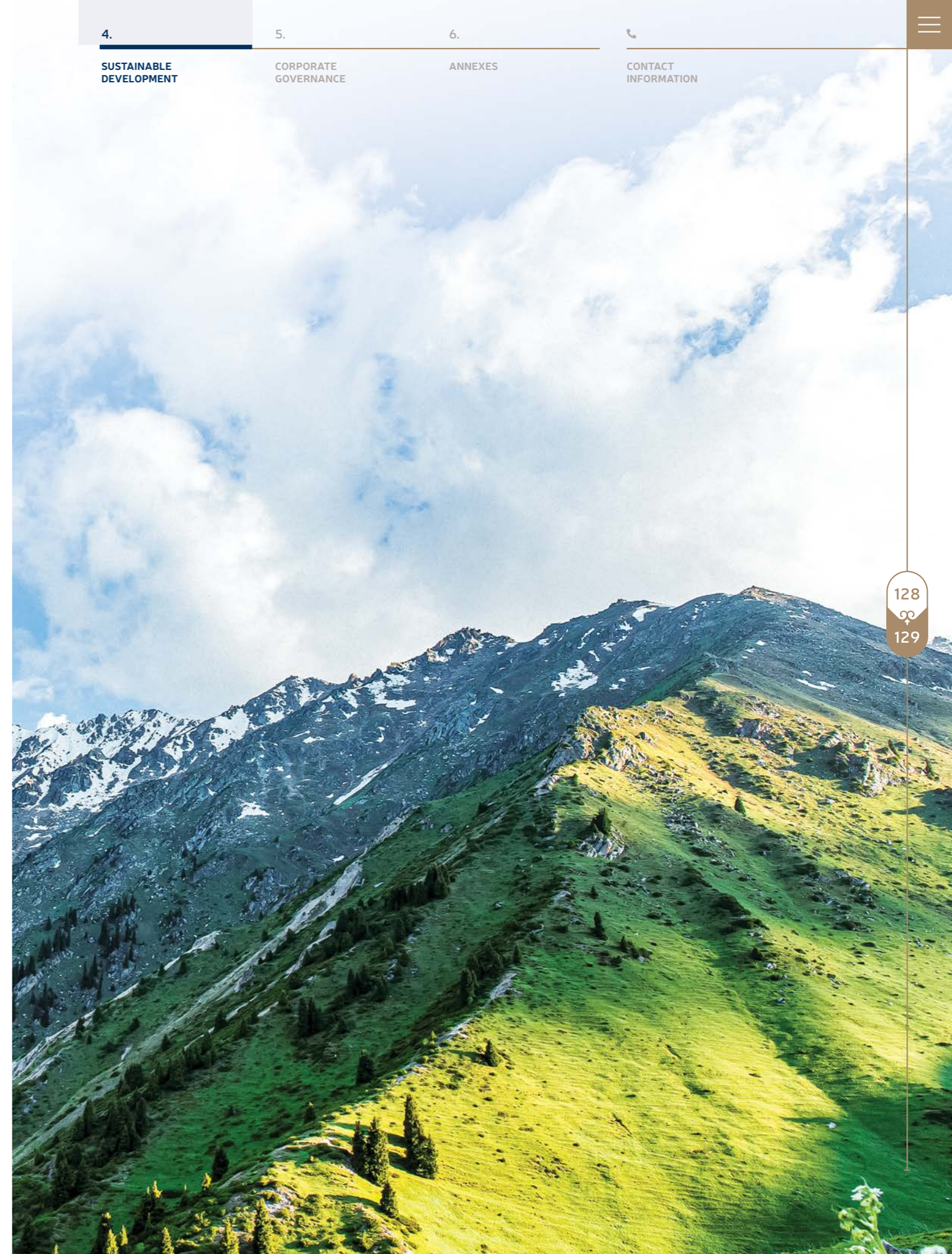
- ◆ KEGOC JSC – 51/100;
- ◆ NC Kazakhstan Temir Zholy JSC – 54/100;
- ◆ NAC Kazatomprom JSC – 43/100.

CDP Climate Ratings:

- ◆ NAC Kazatomprom JSC- B;
- ◆ NC KazMunayGas JSC – C;
- ◆ Samruk-Energy JSC- D;
- ◆ NC QazaqGaz JSC- D.

These assessments help the Fund and its portfolio companies to make informed decisions and increase their sustainability efforts to reduce risks and improve social and environmental performance.

Given the growing interest of stakeholders in the Fund's ESG metrics, independent assurance of the Fund's Sustainability Report is planned for 2024. This improvement is aimed at providing all stakeholders with high-quality and useful information.



5.

CORPORATE GOVERNANCE

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- Occupational safety 172

In 2023, the Fund's Board of Directors held 20 meetings and adopted 111 decisions on

111 questions

The Board of the Fund held 61 meetings and considered

369 questions

RECOGNIZING THE IMPORTANCE OF ADHERING TO HIGH STANDARDS OF CORPORATE GOVERNANCE, SAMRUK-KAZYNA JSC STRIVES TO CONTINUOUSLY IMPROVE THE FUND'S GOVERNANCE SYSTEM IN ACCORDANCE WITH INTERNATIONAL STANDARDS AND BEST PRACTICES.

STATEMENT OF COMPLIANCE WITH THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF SAMRUK-KAZYNA JSC

Recognizing the importance of adhering to high standards of corporate governance, Samruk-Kazyna JSC strives to continuously improve the Fund's governance system in accordance with international standards and best practices.

In 2012, the Sole Shareholder of Samruk-Kazyna JSC adopted the Resolution of the Government of the Republic of Kazakhstan "On Approval of the Corporate Governance Code of Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" (hereinafter – the Code), which was an important step towards ensuring transparency and efficiency of the corporate culture.

Considering that corporate governance practices are constantly evolving, Samruk-Kazyna JSC regularly reviews and improves its

corporate governance principles in accordance with international best practice. In 2023, including considering the provisions of the UK Corporate Governance Code and the OECD principles, Samruk-Kazyna JSC developed a new version of the Code, which was approved by the Resolution of the Government of the Republic of Kazakhstan No. 590 dated 14 July 2023.

Samruk-Kazyna JSC undertakes to comply with the basic principles of the Code and, in case of non-compliance, to provide explanations on the reasons for such violations. Any cases of non-compliance with the provisions of the Code are scrutinized at meetings of the Board of Directors and the Audit Committee of the Board of Directors, and appropriate decisions are made to further improve corporate governance in the Fund.

The Fund attaches special importance to the issues of proper compliance with the Code to achieve sustainable success in the long term. Annually, a report on compliance/non-compliance with its principles and provisions is submitted for consideration and approval by the Fund's Board of Directors.

Samruk-Kazyna JSC endeavours to comply with high standards of corporate governance, as it is an integral part of its commitment to the Sole Shareholder, partners and society as a whole.

In 2024, it is planned to analyze the main provisions of the Code for compliance in 2023. In the year under review, the Fund was largely compliant with all the principles set out in the Code. Detailed information is provided in Appendix 5.

CORPORATE GOVERNANCE SYSTEM

THE FUND CONFIRMS THAT IT STRICTLY ADHERES TO THE STANDARDS OF GOOD CORPORATE GOVERNANCE, FOCUSING ITS EFFORTS ON IMPROVING THE EXISTING GOVERNANCE PRACTICES, AS WELL AS ON ENSURING TRANSPARENCY AND ACCOUNTABILITY OF THE FUND'S ACTIVITIES.

The Fund has an effective corporate governance system that complies with international standards. This system consists of processes that facilitate the management and control of the Fund's activities, including interactions between the Sole Shareholder, the Board of Directors, the Management Board and Stakeholders. It is aimed at increasing the long-term value of the Fund and its sustainable development. The Board of Directors regularly considers issues of improving the efficiency of these relationships. The powers of the management bodies and decision-making procedures are strictly regulated by the Fund's Charter.

SOLE SHAREHOLDER

THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN ACTS AS THE SOLE SHAREHOLDER OF THE FUND. THE GOVERNMENT MANAGES THE FUND AND THE ORGANIZATIONS EXCLUSIVELY BY EXERCISING THE POWERS OF THE SOLE SHAREHOLDER OF THE FUND, AS PROVIDED FOR BY THE LAW ON THE FUND AND THE CHARTER OF THE FUND, AND BY REPRESENTATION ON THE BOARD OF DIRECTORS OF THE FUND.

The key principles and issues of interaction between the Government and the Fund are defined in the Agreement on interaction. The Government of the Republic of Kazakhstan delineates its powers as the sole shareholder of the Fund and powers related to state regulation. It manages the Fund to increase the national welfare of the Republic of Kazakhstan by increasing the long-term value and effective management of the Fund's and Organizations' assets.

The Government grants the Fund and its Organizations full operational autonomy, excluding interference in their current and investment activities, except in cases specifically provided for by the legislation and acts of the President of the Republic of Kazakhstan. The Management of the Fund, including the Chairman of the Management Board, as well as the governing bodies of the Organizations have full autonomy and independence in making decisions and taking actions within the scope of their authority.

The list of tasks to be resolved directly by the Sole Shareholder is clearly defined. Below is an overview of the key issues attributed to its exclusive competence. These aspects are critical for the Fund when analyzing its strategic and financial performance, namely:

- ◆ Approval of the Fund's Charter;
- ◆ Approval of the annual financial statements of the Fund;
- ◆ Approval of the Fund's Development Plan;
- ◆ Approval of the Fund's Corporate Governance Code;
- ◆ Determination of the Fund's dividend policy, adoption of the decision on distribution of the Fund's net income based on the results of the reporting period, adoption of the decision on payment of dividends;
- ◆ Making decisions on voluntary reorganization or liquidation of the Fund;
- ◆ Determining the number of members, term of office of the Fund's Board of Directors, election of its members and early termination of their powers;
- ◆ Appointment and early dismissal of the Chairman of the Management Board;
- ◆ Alienation of shares of companies according to the list defined by the Sole Shareholder of the Fund, as well as the transfer of these shares into trust management;
- ◆ Adoption of decisions on liquidation, reorganization of companies on the list defined by the Sole Shareholder of the Fund.

The full list of issues referred to the exclusive competence of the Sole Shareholder is disclosed in the Charter of the Fund at www.sk.kz.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

Leading role of the Board of Directors

THE FUND'S BOARD OF DIRECTORS IS A MANAGEMENT BODY ACCOUNTABLE TO THE SOLE SHAREHOLDER, PROVIDING STRATEGIC GUIDANCE AND CONTROL OVER THE ACTIVITIES OF THE FUND'S MANAGEMENT BOARD. THE BOARD OF DIRECTORS ENSURES IMPLEMENTATION OF ALL PROVISIONS OF THE CORPORATE GOVERNANCE CODE OF THE FUND.

The activity of the Board of Directors is based on the principles of efficiency and responsibility, maximum observance and realization of the interests of the Sole Shareholder and the Fund, as well as protection of the rights of the Sole Shareholder and responsibility for the Fund's activities.

The Board of Directors is independent and autonomous when making decisions and taking any actions within its competence in accordance with the Law on the Fund, the Code and the Charter.

The Board of Directors may not make decisions on issues that, in accordance with the legislative acts of the Republic of Kazakhstan and the Charter, fall within the exclusive competence of the Sole Shareholder (unless otherwise established by the legislative acts of the Republic of Kazakhstan) or the Executive Body of the Fund, as well as make decisions that contradict the decisions of the Sole Shareholder. During 2023, the Board of Directors had no contradictions with these requirements.

The Board of Directors has powers sufficient to manage the Organization and control the activities of the Management Board. The Board of Directors fulfils its functions in accordance with the Charter and focuses on the following issues:

- ◆ defining medium-term planning;
- ◆ setting and monitoring the key performance indicators of the action plan;
- ◆ organizing and supervising the effective functioning of the risk management and internal control system;

- ◆ approving and monitoring the effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;
- ◆ election, remuneration, succession planning and supervision of the Head and members of the Management Board;
- ◆ compliance with the provisions of the Corporate Governance Code and corporate standards of the Fund.

The full list of issues referred to the exclusive competence of the Board of Directors is determined by the Law of the Republic of Kazakhstan "On Sovereign Wealth Fund" and disclosed in the Charter of the Fund at www.sk.kz.

Members of the Board of Directors effectively fulfil their duties, adhering to high standards of corporate governance. They effectively contribute to the sustainable development of the Fund and strengthening its long-term value.

Members of the Board of Directors fulfil their functional duties and adhere to the following principles in their activities:

- ◆ act within the limits of their authority;
- ◆ devote sufficient time to attend and prepare for meetings of the Board of Directors and its committees;
- ◆ contribute to the long-term value and sustainability of the organization;
- ◆ maintain high standards of business ethics;
- ◆ avoid conflicts of interest;
- ◆ act with due reasonableness, skill and prudence.

Composition of the Board of Directors³¹



Olzhas Bektenov

CHAIRMAN OF THE BOARD OF DIRECTORS,
PRIME MINISTER OF THE REPUBLIC
OF KAZAKHSTAN

ELECTION DATE:

February 2024

EDUCATION:

- ◆ Kazakh State Law Academy (Kazakh University of Humanities and Law named after M.S. Narikbayev) – Jurisprudence;
- ◆ Candidate of Legal Sciences (dissertation topic: "Organizational and legal problems of prevention of administrative tort of minors in the Republic of Kazakhstan").

EXPERIENCE:

- ◆ Olzhas Bektenov started his labour activity in 2002 as a chief specialist of the department in the Justice Department of Almaty city;
- ◆ In 2005–2006 he worked as an expert, chief expert of the Legal Department of the Office of the Prime Minister of the Republic of Kazakhstan;
- ◆ From 2006 to 2009 in the Administration of the President of the Republic of Kazakhstan;
- ◆ From 2009 to 2012, he was Deputy Chairman of the Committee for Registration Service and Legal Assistance of the Ministry of Justice of the Republic of Kazakhstan;
- ◆ In 2012–2014, he held the position of Head of Department in the central office of the Republic of Kazakhstan Agency for Combating Economic and Corruption Crime (Financial Police);

- ◆ In 2015–2016 he was Chief of Staff of the Akim of Astana, Head of the Secretariat of the Head of the Administration of the President of the Republic of Kazakhstan;
- ◆ In 2016–2017 he was Head of the Department of the National Bureau for Combating Corruption (anti-corruption service) for the city of Astana;
- ◆ From 2017 to 2018 he was Deputy Akim of Akmola region;
- ◆ From 2018 to 2019 Deputy Chairman of the Republic of Kazakhstan Agency for Public Service and Anti-Corruption;
- ◆ From 2019 to 2022 he was First Deputy Chairman of the Republic of Kazakhstan Anti-Corruption Agency;
- ◆ From February 2022 to April 2023, he was Chairman of the Republic of Kazakhstan Anti-Corruption Agency;
- ◆ On 3 April 2023, by Decree of the Head of State, he was appointed Head of the Administration of the President of the Republic of Kazakhstan;
- ◆ On 6 February 2024, by the Decree of the President of the Republic of Kazakhstan, he was appointed Prime Minister of the Republic of Kazakhstan;
- ◆ He was awarded the Orders of "Aibyn" II degree (2014), "Dank" II degree (2021).



Aset Irgaliyev

MEMBER OF THE BOARD OF DIRECTORS,
ASSISTANT TO THE PRESIDENT
OF THE REPUBLIC OF KAZAKHSTAN
ON ECONOMIC ISSUES

ELECTION DATE:

October 2023

EDUCATION:

- ◆ Kazakhstan Institute of Management, Economics and Forecasting – Economics;
- ◆ Business School in Sweden – Economics;
- ◆ York University – Economics;
- ◆ University of Nottingham – master's degree in economics.

EXPERIENCE:

- ◆ Aset Irgaliyev started his career in the Economic Department of the European Bank for Reconstruction and Development in London, UK in 2010;
- ◆ From 2013 to 2016, he served as Director, Vice President, Deputy Chairman of the Management Board, First Deputy Chairman of the Management Board of Economic Research Institute JSC;
- ◆ In 2016, he was Chairman of the Management Board of Economic Research Institute JSC, Advisor to the Chairman of the Management Board of NMH Baiter-ek JSC;

- ◆ From 2016 to 2020, he held the positions of Advisor to the Prime Minister of the Republic of Kazakhstan, Vice-Minister of the National Economy of the Republic of Kazakhstan, Deputy Head of the Office of the Prime Minister of the Republic of Kazakhstan, First Vice-Minister of the National Economy of the Republic of Kazakhstan;
- ◆ From January 2021 to January 2022, he was the Minister of National Economy of the Republic of Kazakhstan;
- ◆ From January 2022 to September 2023, he worked as Chairman of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan;
- ◆ On 2 September 2023, by the Presidential Decree, was appointed Assistant to the President of the Republic of Kazakhstan for economic affairs;
- ◆ Awarded Medal for Distinguished Labour "Eren begi ushin" (2020).

³¹ The composition of the Fund's Board of Directors is presented as of February 2024.



Nurlan Baibazarov

MEMBER OF THE BOARD OF DIRECTORS,
DEPUTY PRIME MINISTER – MINISTER
OF NATIONAL ECONOMY OF THE REPUBLIC
OF KAZAKHSTAN

ELECTION DATE:

February 2024

EDUCATION:

- ◆ Kazakh State Academy of Management – Economics.

EXPERIENCE:

- ◆ Nurlan Baibazarov started his career in 1997 as specialist, chief specialist, Head of Department in the Budget Department and the Department of State Borrowing Ministry of Finance of the Republic of Kazakhstan;
- ◆ From 2004 to 2011 he worked as Head of the Department of Agency Service for Projects, Managing director for Investment Projects, Director of the Corporate Development Department, Corporate Secretary of Development Bank of Kazakhstan;
- ◆ From 2013 to 2016 he worked as Director of the Department of Development of Economic Sectors of the Ministry of National Economy of the Republic of Kazakhstan, worked in NC Kazakhstan Temir Zholy JSC, KazMunayGas Consulting, NC KazMunay-Gas JSC;
- ◆ From 2016 to November 2022, he was Chairman of the Board of Industrial Development Fund JSC;
- ◆ From November 2022 to October 2023, Chairman of the Board of Development Bank of Kazakhstan;
- ◆ From October 2023 to February 2024, Chairman of the Board of NMH Baiterek JSC;
- ◆ On 6 February 2024, by Decree of the Head of State he was appointed Deputy Prime Minister – Minister of National Economy of the Republic of Kazakhstan;
- ◆ Awarded Medal for Distinguished Labour "Eren enbegi ushin", 4 Commemorative Medals.



Bolat Zhamishev

MEMBER OF THE BOARD OF DIRECTORS,
INDEPENDENT DIRECTOR

ELECTION DATE:

July 2022

EDUCATION:

- ◆ Kazakh Agriculture Institute – Economics;
- ◆ Candidate of Economic Sciences.

EXPERIENCE:

- ◆ In different years, Bolat Zhamishev held the leading positions of Vice-Minister of Labour and Social Protection of the Population of the Republic of Kazakhstan from November 1997 to March 1999; Vice-Minister of Finance of the Republic of Kazakhstan from March 1999 to June 2001; Vice-Minister of Internal Affairs of the Republic of Kazakhstan from June 2001 to February 2002; First Vice-Minister of Finance of the Republic of Kazakhstan from February 2002 to February 2003; Deputy Chairman of the National Bank of the Republic of Kazakhstan from February 2003 to January 2004; Chairman of the Agency of the Republic of Kazakhstan for Regulation and Supervision of the Financial Market and Financial Organizations from January 2004 to January 2006;
- ◆ From June 2006 to November 2007, he was Deputy Chairman of the Board of Eurasian Development Bank (EDB);
- ◆ From November 2007 to November 2013, he was Minister of Finance of the Republic of Kazakhstan;
- ◆ From November 2013 to August 2014, he was Minister of Regional Development of the Republic of Kazakhstan;
- ◆ He was Chairman of the Management Board of Development Bank of Kazakhstan JSC from August 2014 to April 2019; Chairman of the Board of Directors of Social Health Insurance Fund NJSC from April 2020 to August 2022;
- ◆ On 2 September 2019 was elected as an independent director, member of the Board of Directors of Aitas KZ JSC;
- ◆ On 30 October 2020 was elected as an independent director, Chairman of the Board of Directors of Bank RBK JSC;
- ◆ On 15 January 2022 was appointed Chairman of the Management Board of Kazakhstan Khalkyna Public Fund;
- ◆ On 17 February 2022 was elected Chairman of the Public Board of Samruk-Kazyna JSC;
- ◆ He was awarded the orders: "Kurmet", "Parasat", "Barys" III degree, medals.



Luca Sutera

MEMBER OF THE BOARD OF DIRECTORS,
INDEPENDENT DIRECTOR

ELECTION DATE:

July 2020

EDUCATION:

- ◆ Bocconi University (Italy) – master's degree in business economics;
- ◆ IE Business School (Spain) – MBA Program for top executives of Global Executive MBA;
- ◆ Chartered Accountant (CPA);
- ◆ Certified director (CloD).

EXPERIENCE:

- ◆ Luca Sutera is an experienced finance and investment executive with 26 years of experience, 19 years of which he spent as CFO of global energy companies and Sovereign Wealth Funds in Europe, Russia and the Mid-

- ◆ East. Luca Sutera is currently an Operating Partner at Asterion Industrial Partners, a leading European investment management firm specializing in European infrastructure with assets under management of €5 billion invested in two funds and 18 portfolio companies in the UK, Italy, Spain, France, Ireland, Germany;
- ◆ Prior to joining Asterion Industrial Partners, from 2015 to 2020, Luca Sutera was Chief Financial Officer of Nebras Power, a state-owned global energy company based in Qatar;
- ◆ From 2011 to 2015, Luca Sutera was Chief Financial Officer of Global Power & Water Division at TAQA, a state-owned global energy company based in Abu Dhabi.



Mohamed Jameel Al Ramahi

MEMBER OF THE BOARD OF DIRECTORS,
INDEPENDENT DIRECTOR

ELECTION DATE:

August 2023

EDUCATION:

- ◆ University of Evansville (USA) – Business administration (finance);
- ◆ Diploma in Compliance.

EXPERIENCE:

- ◆ Mohamed Jameel Al Ramahi is the CEO of Masdar, the UAE's leading clean energy company and one of the fastest growing renewable energy companies in the world;
- ◆ Mr Al Ramahi first joined Masdar in 2008 and has held senior positions in the company for nearly a decade and a half, serving as Chief Financial Officer and Chief Operating Officer before his appointment as CEO in 2016.

- ◆ In addition to his role as Chief Executive Officer, Mr Al Ramahi holds several prominent executive positions. He is Chairman of the Masdar Executive Committee, Vice Chairman of the Global Council on Sustainable Development Goals and serves on the Board of Directors of Emirates Waste to Energy Company, Shuaa Energy 2 PSC and Shuaa Energy 4 PSC, which are developing Phase 3 and Phase 6 of the Mohammed Bin Rashid Al Maktoum Solar Park in Dubai respectively;
- ◆ Mr Al Ramahi was awarded the Order of National Merit by President Emmanuel Macron of the French Republic and the Order of Friendship by President Shavkat Mirziyoyev of the Republic of Uzbekistan for his commitment to strengthening UAE's bilateral relations with both countries.



Nurlan Zhakupov

MEMBER OF THE BOARD OF DIRECTORS, CHAIRMAN OF THE MANAGEMENT BOARD OF SAMRUK KAZYNA JSC

ELECTION DATE:
April 2023

EDUCATION:

- ◆ Moscow State Institute of International Relations of the Ministry of Foreign Affairs of the Russian Federation, Faculty of International Economic Relations (1996-2001) – Bachelor of Economics, Master of Economics, Candidate of Economic Sciences.

EXPERIENCE:

- ◆ Nurlan Zhakupov worked as the Financia Analyst at the Eurasian Industrial Association (ENRC) from 2001 to 2003;
- ◆ From 2003-2004 he was Business Manager at Chambishi Metals PLC (Zambia, Kitwe) and from 2004-2007 Project Manager at Research, Investment and Development Ltd.;
- ◆ From 2007-2009, he worked as Analyst for the value of the company's shares traded on the stock exchange, the Credit Suisse basic materials team;
- ◆ In 2009-2011, he was Managing Director, member of the Management Board of National Mining Company Tau-Ken Samruk JSC.

- ◆ In 2011-2012, he became Director of Investment Banking Department, Head of Representative Office in Astana, Subsidiary Bank RBS (Kazakhstan) JSC;
- ◆ In 2012-2016 he worked as Executive Director of Investment Banking Department, Head of Astana Representative Office of UBS AG Almaty Representative Office;
- ◆ In 2016-2017, he was Managing Director for Development and Investments – Member of the Management Board of NAC Kazatomprom JSC. In 2017-2019, he worked as the Chairman of the Management Board of SEC Astana JSC;
- ◆ In 2019-2020, he was the Representative in Kazakhstan of Rothschild & Co;
- ◆ From 2020 to April 2023, he worked as Chairman of the Management Board of Kazakhstan Investment Development Fund (KIDF) Management Company Ltd.;
- ◆ On 4 April 2023, he was appointed Chairman of the Management Board of Samruk-Kazyna JSC.

CHANGES IN THE COMPOSITION OF THE FUND'S BOARD OF DIRECTORS FOR 2023-2024

Date	Member of the Board of Directors	Event
16 January 2023	Alikhan Smailov	The Prime Minister of the Republic of Kazakhstan was elected Chairman of the Board of Directors ex officio
4 April 2023	Nurlan Zhakupov	The Chairman of the Management Board was elected as an ex-officio member of the Board of Directors
30 April 2023	Jon Dudas	Early termination of powers of a member of the Board of Directors
17 August 2023	Mohamed Jameel Al Ramahi	Elected to the Board of Directors as an independent director
4 October 2023	Aset Irgaliyev	The Assistant to the President of the Republic of Kazakhstan for Economic Affairs was elected as an ex-officio member of the Board of Directors
6 February 2024	Nurlan Baibazarov	Deputy Prime Minister – Minister of National Economy of the Republic of Kazakhstan was elected as an ex-officio member of the Board of Directors
6 February 2024	Olzhas Bektenov	The Prime Minister of the Republic of Kazakhstan was elected Chairman of the Board of Directors ex officio

WORK OF THE BOARD OF DIRECTORS IN 2023

The activities of the Fund's Board of Directors in 2023 were focused on the effective realization of strategic objectives and goals. The results of the discussions and decisions on them are reflected in the relevant minutes and decisions of the meetings of the Board of Directors. Meetings of the Board of Directors were held in accordance with the approved Work Plan of the Fund's Board of Directors. Meetings of the Board of Directors and its Committees were organized using in-presence or absentee voting.

During 2023, 20 meetings of the Fund's Board of Directors were held, including 8 meetings in presence and 12 meetings in absentia. A total of 111 issues were considered, 111 decisions were taken and 253 instructions were given.

A comparative analysis of the Fund's Board of Directors for the period 2018-2023 shows a record number of meetings held in 2023, which is a significant increase from previous years. Of these, 12 meetings were in absentia, which is also high.

	2018	2019	2020	2021	2022	2023
Number of meetings:	11 8 in-presence 3 absentee	10 6 in-presence 4 absentee	15 5 in-presence 10 absentee	10 8 in-presence 2 absentee	18 12 in-presence 6 absentee	20 8 in-presence 12 absentee
Number of questions:	111	88	101	116	121	111

MEASURES TAKEN BY THE BOARD OF DIRECTORS TO ACHIEVE THE FUND'S STRATEGIC GOALS OF LONG-TERM VALUE GROWTH AND SUSTAINABLE DEVELOPMENT OF THE ORGANIZATION

In accordance with the Work Plan of the Fund's Board of Directors for 2023, active work was carried out to consider current issues governing the activities of the Fund and the portfolio companies, which can be attributed to the following three strategic areas portfolio companies, which can be classified into the following three strategic areas:

01

The first strategic direction "Effective Portfolio Management"

Approved:

- ◆ the Fund's action plan for 2024-2028;
- ◆ the annual financial statements (consolidated and separate) of the Fund for 2022, the procedure for distribution of net income, the decision on payment of dividends on common shares and the approved amount of dividend per common share;
- ◆ the annual budget of the Fund for 2024;
- ◆ reviewed the annual report on the implementation of the Fund's Action Plan for 2022-2026 for 2022.

Decisions taken:

- ◆ transfer of a number of assets of the republican state property to the balance sheet of the Fund or their further transfer in favor of profile portfolio companies;
- ◆ acquisition of a 25% stake in the authorized capital of Butadiene LLP for the implementation of the project "Production of butadiene and its derivatives" with further transfer to the core portfolio company Samruk-Kazyna Ondeu LLP.

02

The second strategic direction "Ecosystem for Business"

Decisions taken:

- ◆ Recognizing the socially significant project for the construction of a seawater desalination plant in Kenderly as a low-profit project and identifying a source of funding for it;
- ◆ on borrowing for renewal of rolling stock fleet of railway passenger cars for NC Kazakhstan Temir Zholy JSC due to allocation of funds from the republican budget;
- ◆ on financing of the project Reconstruction of the Astrakhan-Mangyshlak main water pipeline (stage 1);
- ◆ Recognizing the project Laying of FOCL along the bottom of the Caspian Sea as low-profit and identifying the source of its financing;
- ◆ on attracting funds from the republican budget for 2023 by replenishing the authorized capital of the Fund to finance the project Construction of Infrastructure facilities on the territory of SEZ "National Industrial Petrochemical Technopark";
- ◆ Determining the method of transferring KEGOC JCS to a competitive environment with further alienation and specifying the price, quantity and structure of the placement;
- ◆ on consideration of implementation conditions and requirements of the open two-stage tender for the sale of 100% block of shares of QAZAQ AIR JSC to the competitive environment;
- ◆ on alienation of common shares of Air Astana JSC with indication of the maximum number of common shares.

03

The third strategic direction "Sustainable Development"

Approved:

- ◆ The Fund's 2022 Sustainability Report, which has undergone an independent external assurance process;
- ◆ The Fund's Annual Report for 2022;
- ◆ Strategy for the development of the compliance function in the Fund's group of companies for 2023-2027.

Reviewed:

- ◆ information on submission for consideration of the Sole Shareholder of the Fund of the issue "Report on the activities of the Board of Directors of the Fund for 2022";
- ◆ reports of the Committees of the Fund's Board of Directors for 2022, internal audit and compliance services of the Fund;
- ◆ annual report on the execution of the Charity Programme of the Fund for 2022.

Due to the Board's effective performance and close engagement with stakeholders during 2023, including the Sole Shareholder and the Fund's Management Board, several key aspects can be highlighted.

Reviewed important sectoral initiatives and task statements within the framework of the Fund's Action Plan for 2024-2028. The implementation of the Fund's Action Plan was monitored and its key performance indicators were analyzed.

Particular attention was paid to monitoring the implementation of investment projects of the companies implemented by the Fund's Group within the list determined by the Board of Directors. Considering the strategic importance of the relevant projects and to ensure proper control over their implementation, it was agreed that reports on the status of the projects should be reviewed at each meeting of the Fund's Board of Directors. Considering the strategic importance of these projects, the Board of Directors instructed the Fund to revise the key performance indicators of the Fund to strengthen the responsibility for the implementation of investment projects within the established timeframe.

FURTHER IMPROVEMENT OF THE EFFICIENCY OF CORPORATE GOVERNANCE FOR THE FUND GROUP

Enhancing corporate governance is one of the main aspects for increasing the long-term value of companies. Implementation of the world's best corporate governance practices will increase the level of confidence in the Fund on the part of shareholders and investors, reduce the cost of borrowed capital and, as a result, increase the long-term value of the company.

In 2023, the Fund carried out several activities in this area.

1.

ABOUT THE FUND

One of the key areas of the Fund's work is the transfer of assets into a competitive environment under the privatization programme of the Government of the Republic of Kazakhstan. Twice a year, at in-presence meetings, the Board of Directors considered in detail the report of the Fund's management on the status and progress of the plans to transfer the Fund group companies to a competitive environment.

At each in-presence meeting of the Board of Directors during 2023, the information reports of the Chairman of the Management Board of the Fund, containing operational data on production and financial indicators, information on cooperation with foreign partners, as well as proposals for the development of appropriate instructions to the Fund in conjunction with government agencies, were heard.

As part of the strategic objective "Responsible and market-based tariff setting", on behalf of the Board of Directors, the Fund, together with portfolio companies, has developed proposals in terms of achieving fair pricing in unprofitable areas of the Fund's group with a smoothing effect over three, four and five years.

UPDATING OF THE FUND'S CORPORATE GOVERNANCE CODE

To comply with the best international practice in the field of corporate governance, including the provisions of the UK Corporate Governance Code and the OECD, the Fund has developed and by the Resolution of the Government of the Republic of Kazakhstan No.590 dated 14.07.2023 approved the Code of Corporate Governance of the Fund in a new version.

The Code has been updated to reflect international best practice, including:

- ◆ Recommendations on the election of the Senior Independent Director;
- ◆ Regulations on the Compliance Service's activities;
- ◆ Integration of ESG principles into the business processes of the Fund Group;
- ◆ Criteria aimed at strengthening the independence of directors and the competence of committees.

In addition to the requirements established by the legislation of the Republic of Kazakhstan, considering the provisions of the UK Code, the new Code of the Fund is strengthened and supplemented with the following criteria of directors' independence:

3.

FUND PERFORMANCE

In the area of corporate governance, the Board of Directors annually approves a report on the Fund's compliance with the principles and provisions of the Code, the results of which are included in the annual report.

In 2023, the practice of submitting to the Board of Directors a report on the implementation of the Agreement on Cooperation between the Government of the Republic of Kazakhstan and the Fund continued.

Given the presence of the largest energy assets in the portfolio, since 2016 the Fund has been publishing an annual Sustainability Report in accordance with the Global Reporting Initiative (GRI) standards and for the first time in 2023 this report has undergone an independent external assurance process by KPMG Tax & Advisory in accordance with the ISAE 3000 standard. The Sustainability Report contains key information on the activities of the Fund and portfolio companies considering ESG aspects.

- ◆ Has been or was an employee of the company or group for the last three years;
- ◆ Has had or has had within the last three years material business relationships with the company, either directly or as a partner, shareholder, director, or senior manager of an entity, or maintains such relationships with the company;
- ◆ Receives or has received additional remuneration from the company besides director's fees, participates in the company's stock option program or a performance-based pay scheme, or is a participant in the company's pension plan;
- ◆ Holds board memberships or has connections with other directors through participation in other companies or bodies;
- ◆ Represents a major shareholder;
- ◆ Served on the Board of Directors for over nine years since their initial appointment.

4.

SUSTAINABLE DEVELOPMENT

ENSURING GENDER EQUALITY

As part of the implementation of the Head of State's instruction to gradually increase the share of women to 30 % in the governing bodies of companies with state participation, additions were made to the Fund's Corporate Governance Code to recommend that the number of women on the Boards of Directors of the Fund's portfolio companies, as well as on the executive bodies of the Fund and its portfolio companies, should not be less than 30 % of the total number of members.

UPDATING THE COMPOSITION OF THE BOARDS OF DIRECTORS/SUPERVISORY BOARDS OF PC

In accordance with the provisions of the Fund's Corporate Governance Code, the Boards of Directors and Supervisory Boards, as well as their committees, should have a balance of skills, experience and expertise to ensure independent, objective and effective decision-making in the best interests of the Company.

Company boards of directors should ensure transparency and legality of company operations, effective management of the executive body, fulfilment of strategies and development plans, take necessary measures to prevent corruption, develop a risk management and internal control system.

In this regard, considering the goals, objectives, plans and sectoral activities

ENSURING TRANSPARENCY AND DISCLOSURE OF INFORMATION

Considering the new global requirements to information disclosure, the Fund carries out systematic work to ensure transparency of activities. To fully integrate ESG criteria of rating agencies, the Fund's portfolio companies performed self-diagnostics for each ESG component. Based on the results of this analysis, the PCs formed action plans for the introduction of ESG principles in the business processes of the PCs.

5.

CORPORATE GOVERNANCE

As part of this task, the Fund regularly analyses and monitors the number of women on the Boards of Directors/Supervisory Boards of PC. The Fund and its PCs search for and select female candidates who meet the requirements established by the legislation of the Republic of Kazakhstan for election to the Boards of Directors and Supervisory Boards of the PCs. Information on the results of this work is sent on a quarterly basis to the authorized state bodies of the Republic of Kazakhstan – the Ministry of National Economy of Kazakhstan, the Ministry of Culture and Information of Kazakhstan.

of the Fund's companies, in accordance with the requirements of the legislation of Kazakhstan, the Corporate Governance Code of the Fund and internal regulatory documents of the Fund, the work on qualitative renewal of the professional composition of the Boards of Directors and Supervisory Boards in the portfolio companies of the Fund is systematically carried out.

This work includes analyzing the market and searching for potential candidates for Boards of Directors and Supervisory Boards, creating a list of documents, conducting meetings/interviews, checking data for compliance with the established requirements, coordinating candidates with interested parties, preparing and ensuring the adoption of relevant corporate decisions by the authorized bodies of the PC.

In order to update, taking into account the requirements of the legislation of the Republic of Kazakhstan, Listing Rules and Rules of the Kazakhstan Stock Exchange, as well as taking into account the best international practices in the field of corporate governance, by the decision of the Fund's Management Board dated 30 June 2023 (Minutes No.32/23) the Rules on Disclosure and Preservation of Information of the Fund were approved in a new version.

6.

ANNEXES

CONTACT INFORMATION

The Fund also cooperates on a regular basis with the National Commission on Women's Affairs and Family and Demographic Policy under the President of the Republic of Kazakhstan on gender equality issues. Thus, together with the National Commission, a programme to increase the share of women in the governing bodies of companies with state participation, "Gender Equality", was implemented. The project was aimed at developing managerial skills and training women leaders to increase the proportion of women in the BoD and management bodies.

As a result of this work, the composition of the Boards of Directors and Supervisory Boards is being qualitatively updated, the levels of sectoral expertise are increasing, and the gender component is improving.

In 2023, the compositions of the Boards of Directors and Supervisory Boards of the Fund's portfolio companies were renewed by attracting the best experts with relevant industry expertise and experience, which is especially important in the framework of the ongoing IPO/SPO of the Fund's large companies. As a result of this work, the Boards of Directors and Supervisory Boards of the Fund's portfolio companies were significantly strengthened, and new competences were brought in.

THE BOARD OF DIRECTORS SETS THE TONE FROM THE TOP, BASED ON AN OPTIMAL BALANCE BETWEEN LONG-TERM VALUE, PROFITABILITY AND RISK IN DECISION-MAKING.

INTERNATIONAL CO-OPERATION IN THE FIELD OF CORPORATE GOVERNANCE

TO IMPLEMENT THE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN AND THE OECD, THE OECD HAS CONDUCTED A MAJOR REVIEW OF KAZAKHSTAN'S CORPORATE GOVERNANCE.

The purpose of the review is to consider Kazakhstan's intention to join the OECD's corporate governance guidelines. Representatives of Samruk-Kazyna JSC participated in this work.

As part of the implementation of the best international corporate governance practices, the Fund, together with the National Chamber of Entrepreneurs "Atameken", organized and held the Republican Corporate Governance Forum in December 2023.

The key objective of the Forum is to create a permanent platform for sharing experience and best business practices, as well as adapting advanced international standards of corporate governance to the specifics of Kazakhstan.

The Forum was attended by representatives of state authorities of the Republic of Kazakhstan, members of boards of directors, corporate secretaries, corporate governance experts, investors, managers of leading companies and international speakers.

MAIN PLANNED WORKS IN 2024

- Monitoring of the processes of updating the corporate governance codes in PCs, considering the provisions of the new edition of the Fund Code.
- As part of the fulfilment of the Head of State's instruction to bring the share of women in the governing bodies of companies with state participation to at least 30%, intensified efforts to create a pool of female candidates to increase the share of women on the Boards of Directors/Supervisory Boards of PC.
- Working with the Ministry of National Economy of the Republic of Kazakhstan and the OECD to finalize the processes of reviewing corporate governance in Kazakhstan and analyzing the mechanisms for implementing the OECD recommendations.
- Monitoring the level of PC corporate governance, including by reviewing reports on the implementation of corporate governance plans and ESG Plans.

To further improve the efficiency of the Boards of Directors/Supervisory Boards of PC, update the composition of the Boards of Directors/Supervisory Boards of PC in accordance with the requirements of the legislation of the Republic of Kazakhstan, Corporate Governance Code and internal regulatory documents of the Fund.

KEY ISSUES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM CONSIDERED BY THE BOARD OF DIRECTORS

In accordance with the current Risk Management and Internal Control Policy, the Board of Directors plays an important role in establishing an appropriate leadership culture to support and develop the risk management framework, and in implementing mechanisms to ensure that this leadership culture is reflected throughout the Fund group.

The Board of Directors sets the tone from the top, based on an optimal balance between long-term value, profitability and risk in decision-making. On behalf of the members of the Board of Directors, the materials for its meetings include information on the financial and economic impact of the issue being presented on the financial results of the Fund's group of companies. This is especially important when considering the transfer of assets to the balance sheet of the Fund and its portfolio companies, as well as when making decisions on the implementation of low-profit socially important projects, where the financial stability of the Fund should be considered.

To effective risk management, the Board of Directors has defined the principle of "three lines of defense".

The first line of defense is – direct business process owners, who play a key role in minimizing risks.

The second line of defense is the control functions, including the Risk Management and Internal Control Department and the Compliance Service, responsible for organizing the risk management system and providing methodological support to the first line of defense.

The third line of defense is the Internal Audit Service, which ensures objective and independent assessment of the effectiveness of the risk management system.

The Board of Directors actively participates in discussions on risk management, internal control and audit systems and provides recommendations to improve the efficiency of relevant business processes.

On a quarterly basis, the Board of Directors reviews reports on the status of critical risks of the Fund and its portfolio companies, approves risk maps/registers and risk appetite for the forthcoming period. In 2023, the Board of Directors revised the approach to the formation and presentation of quarterly reports, considering the reflection of risks that are the most significant and have an impact on the financial stability of the company, as well as the dynamics of the results of measures taken by the Board of Directors to mitigate risks to assess their effectiveness.

All significant risks, including potential accidents, risks related to the implementation of major priority investment projects of the Fund and its portfolio companies, risks of social instability, financial risks, risks of litigation, as well as risks related to reputational damage and transfer of assets to competitors were regularly under close attention and control of the Board of Directors.

In 2023, the Board of Directors approved the Strategy for the Development of the Compliance Function in the Fund's group of com-

panies for 2023-2027. The key strategic directions are to develop methodology and increase the level of maturity of anti-corruption and other types of compliance; to form a compliance culture and increase engagement, to increase transparency and publicity of the Fund's and the group of companies' anti-corruption and compliance activities, to develop interaction with authorized state bodies and the National Chamber of Entrepreneurs "Atameken", to create a comprehensive automated system for managing compliance processes and reporting.

EVALUATION OF THE BOARD OF DIRECTORS' PERFORMANCE

The performance evaluation of the Board of Directors of the Fund is carried out in accordance with the Regulations on Performance Evaluation of the Board of Directors, Committees of the Board of Directors, Chairman and members of the Board of Directors of Samruk-Kazyna JSC, approved by the decision of the Fund's Board of Directors dated 14 December 2020 No. 181.

In 2023, this Regulation was approved in a new version due to the entry of the Prime Minister of the Republic of Kazakhstan into

the Board of Directors of the Fund and, accordingly, supplementing the Regulation with norms establishing the procedure for assessing the performance of the Board of Directors if the Chairman of the Board of Directors is the Prime Minister of the Republic of Kazakhstan ex officio.

In 2022, an assessment of corporate governance, including self-assessment of the Board of Directors' performance, was carried out by questioning members of the Board of Directors and key structural units of the Fund.

The overall rating of the Fund's corporate governance based on the results of the self-assessment was "BBB". This rating indicates that the Fund's corporate governance system complies in all material aspects with almost all the established criteria and there is sufficient evidence that the system works effectively.

In 2024, it is planned to evaluate the performance of the Fund's Board of Directors at the end of 2023 by means of a self-assessment questionnaire of the members of the Board of Directors.

INFORMATION ON PARTICIPATION IN MEETINGS OF THE BOARD OF DIRECTORS

Member of the Board of Directors, position	Participation /Total number of meetings Board of Directors in 2023
Smailov A.A. – Chairman of the Board of Directors, Prime Minister of the Republic of Kazakhstan	20/20
Suleimenov T.M – Member of the Board of Directors, First Deputy Head of the Administration of the President of the Republic of Kazakhstan	12/14
Irgaliev A.A. – Member of the Board of Directors, Assistant to the President of the Republic of Kazakhstan on economic issues	3/5
Kuanytyrov A.S. – Member of the Board of Directors, Minister of National Economy of the Republic of Kazakhstan	19/20
Dudas J. – Independent director	5/8
Zhamishev B.B.- Independent Director	20/20
Sutera L. – Independent director	17/20
Al Ramahi M.- Independent director	7/8
Satkaliyev A.M. – Member of the Board of Directors, Chairman of the Management Board of the Fund	4/4
Zhakupov N.K. – Member of the Board of Directors, Chairman of the Management Board of the Fund	16/16

Note: members of the Board of Directors did not participate in the meetings of the Fund's Board of Directors for valid reasons

COMMITTEES OF THE BOARD OF DIRECTORS

Decisions of the Board of Directors are made by simple majority vote after careful consideration by the relevant committees, which take sufficient time to discuss and analyze each issue.

Committees play a key role in ensuring in-depth analysis and thorough examination of issues that fall within the competence of the Board of Directors, thereby contributing to the quality of decisions made.

Committees are established to conduct detailed analyses and develop recommendations on the most significant issues prior to their consideration at meetings of the Board of Directors. The existence of committees does not exempt members of the Board of Directors from responsibility for decisions made within the competence of the Board of Directors. The Chairmen of the Committees prepare annual reports on the activities of the Committees, which are then presented and considered at meetings of the Board of Directors.



Audit Committee

THE COMMITTEE ROLE

The Audit Committee is an advisory and consultative body of the Fund's Board of Directors and was established to assist the Fund's Board of Directors in fulfilling its control functions over the integrity of financial reporting, the effectiveness of internal control and risk management systems, as well as compliance with the principles of corporate governance and legislation.

In addition, the Audit Committee makes recommendations to the Fund's Board of Directors regarding the appointment or reappointment of external auditors.

In accordance with the provisions of the Corporate Governance Code, only independent directors with in-depth knowledge and practical experience in the areas of accounting and auditing, risk management, internal control may be members of the Audit Committee.

CHANGES IN THE COMPOSITION OF THE AUDIT COMMITTEE

Since May 1, 2023, Independent Director Jon Dudas has resigned from the Board of Directors and the Audit Committee of Samruk-Kazyna JSC.

WORK OF THE AUDIT COMMITTEE FOR 2023

Over the past year, the Audit Committee considered 51 issues in the field of external and internal audit, internal control and risk management system, financial reporting, corporate governance and compliance. To improve the quality of materials as well as recommendations provided to the Fund's Board of Directors, the Audit Committee paid special attention to the planning and preparation of meetings to allocate sufficient time for consideration and discussion of each agenda item, considering the number of participants involved.

On external audit issues

- ◆ Considered a new version of Appendix No.13 "Procedure for selecting an audit firm" of the Procedure for procurement for Samruk-Kazyna JSC and legal entities, fifty or more percent of voting shares (participatory interest) of which are owned directly or indirectly by Samruk-Kazyna JSC on the right of ownership or trust management;
- ◆ Coordinated a joint Selection Procedure for the Fund and NC KazMunayGas JSC, including its subsidiaries, and approved the composition of the Single Commission for the selection of an audit organization for Samruk-Kazyna JSC and NC KazMunayGas JSC, including its subsidiaries, for a period not exceeding five years, starting from 2025;
- ◆ Reviewed the Audit Planning Reports of Samruk-Kazyna JSC for the years 2022 and 2023;
- ◆ Reviewed the results of the audit of the consolidated and separate financial statements of Samruk-Kazyna JSC for the year ended 31 December 2022 and ascertained the independence of the auditors;
- ◆ Considered the results of limited review procedures of the interim condensed consolidated and separate financial statements of Samruk-Kazyna JSC for the 3 and 6 months ended 30 June 2023;
- ◆ Considered the information on the volume of audit and non-audit services provided by audit organizations to Samruk-Kazyna JSC group in 2022, as well as approved for publication on the corporate website of the Fund the information on remuneration paid by Samruk-Kazyna JSC to the external auditor for providing audit

- and non-audit services for 2022 and 2023;
- ◆ Considered approval of non-audit advisory services for Samruk-Kazyna JSC and its subsidiaries provided by Samruk-Kazyna JSC's audit organization.

On internal audit issues

- ◆ Reviewed and approved the Internal Audit Service's Annual Audit Plan, including an external evaluation of the Service's performance;
- ◆ Reviewed quarterly audit reports in accordance with the approved Annual Audit Plan, and reviewed reports on unscheduled audits;
- ◆ Evaluated the performance efficiency of the Internal Audit Service employees, as well as individual development plans of the Internal Audit Service employees;
- ◆ To enhance the independence of Internal Audit and the availability of sufficient resources, the Audit Committee approved the introduction of a separate budget for the Internal Audit Service to be reviewed and approved by the Board of Directors;
- ◆ Significant efforts were made during the year to promote value-oriented audits aimed at improving business process efficiency and value creation;
- ◆ Considered and approved issues related to appointment and determination of the salary of the employee and the Head of the Internal Audit Service Samruk-Kazyna JSC;
- ◆ Reviewed and assessed the results of an external evaluation of the Service's performance by a third independent organization.

On Compliance Service issues

- ◆ Considered the report of the Compliance Service for the 2nd half of 2022;
- ◆ Evaluated the performance as well as individual development plans of the Head of the Compliance Service;
- ◆ Approved and recommended to the Board of Directors to approve the objectives of the Head of Compliance Service of Samruk-Kazyna JSC for the first half of 2023, the work plan of the Compliance Service for 2023, as well as the Strategy of Compliance Function Development in Samruk-Kazyna JSC Group of Companies for 2023-2027;

- ◆ Considered and provided recommendations to the Board of Directors on approval of amendments and additions to the Internal Control Rules of Samruk-Kazyna JSC to delimit access rights to insider information and prevent the possibility of misuse of such information by insiders;
- ◆ Considered and approved the appointment of the Compliance Officer of Samruk-Kazyna JSC based on the proposal submitted by the Head of the Compliance Service;
- ◆ Considered and made a recommendation to the Board of Directors to approve the appointment of the Head of Compliance Service of Samruk-Kazyna JSC and determine the amount of his salary.
- ◆ Reviewed the results of a hotline operated by a third party for anonymous reporting of compliance breaches and unethical behaviour.

On internal control and risk management issues

- ◆ Reviewed and presented to the Board of Directors the consolidated quarterly and annual risk reports of the Fund Group for 2022 and 2023, as well as the risk map and register, and the risk appetite for 2023;
- ◆ Reviewed and issued recommendations on the preliminary plan for the development of the second line of defense within the internal control system of Samruk-Kazyna JSC;
- ◆ During the year, the Audit Committee spent considerable time discussing risk and engaging with risk owners, facilitating open and transparent communication, as well as qualitative discussions on key risks.
- ◆ Additionally, the Audit Committee provided guidance on the timing and quality of risk reporting, risk classification, the impact on the company's financial condition, and risk management measures.
- ◆ Reviewed and recommended to the Board of Directors for approval a new version of the Credit Risk Management Policy of Samruk-Kazyna JSC.
- ◆ Reviewed and evaluated the 2023 internal control framework progress report, including the developed risk and control matrices and a monitoring report with recommendations for improving controls across the Fund's three business processes.

In 2023, the Audit Committee held a total of

16

meetings

On financial reporting issues

- ◆ Reviewed and presented to the Board of Directors for approval the Separate and Consolidated Financial Statements of Samruk-Kazyna JSC for the year ended 31 December 2022;
- ◆ Reviewed the interim condensed consolidated and separate financial statements of Samruk-Kazyna JSC for the 3 and 6 months ended 30 March and 30 June 2023;
- ◆ Conducted a detailed review and discussed with management and the external audit representative, discussed the following issues:
- ◆ Key figures included in the financial statements, especially those related to impairment of non-current assets;
- ◆ Business continuity and liquidity;
- ◆ Compliance with credit covenants;
- ◆ The impact of Global Tax Reform – Pillar Two model rules and the Comfort Schools project on the Fund's consolidated financial statements.

The Audit Committee has reviewed in various areas within its remit

51

questions

On corporate governance issues

- ◆ Considered the report on compliance/non-compliance with the principles and provisions of the Corporate Governance Code of Samruk-Kazyna JSC, approved by the Resolution of the Government of the Republic of Kazakhstan dated 5 November 2012 No. 1403;
- ◆ Reviewed and submitted to the Board of Directors for approval the Annual Report and Sustainability Report of Samruk-Kazyna JSC for 2022;
- ◆ Considered and recommended that the Board of Directors of Samruk-Kazyna JSC approve the Code of Conduct of Samruk-Kazyna JSC in a new version.

In 2023, the Audit Committee held a total of 16 meetings, including 9 in-presence and 7 meetings in absentia. In total, the Audit Committee considered 51 issues in various areas within its remit, of which 86 % were considered in face-to-face meetings and 14 % were considered in absentee meetings.

THE AUDIT COMMITTEE CONSIDERED 51 ISSUES IN VARIOUS AREAS WITHIN ITS REMIT, OF WHICH 86 % WERE CONSIDERED IN FACE-TO-FACE MEETINGS AND 14 % WERE CONSIDERED IN ABSENTEE MEETINGS.

It should be noted that the absentee meetings were mainly devoted to the approval of non-audit services provided by the external auditor in accordance with the Fund's policy and to ensure that the independence of the external audit organization is maintained.

In addition, several meetings were organized between members of the Audit Committee and the Head of Internal Audit, Head of Compliance and the Fund's management outside of the Audit Committee meetings to discuss internal and external audit, risk management and internal control, corporate governance and compliance issues.

Strategy Committee

ROLE OF THE COMMITTEE

By the decision of the Fund's Board of Directors dated 13 December 2018, the Strategy Committee was established to make recommendations to the Fund's Board of Directors on the following issues:

- ◆ Preliminary approval of the Fund's Development Plan for a 10-year period and the Fund's Action Plan for a 5-year period for further consideration by the Fund's Board of Directors;

- ◆ Consideration of reports on the progress of implementation (monitoring) of the Development Plan, Action Plan of the Fund in order to monitor and control the implementation of the Development Plan and Action Plan of the Fund by the Board of Directors of the Fund;
- ◆ Investment activities of the Fund's group of companies, consideration of which is within the competence of the Fund's Board of Directors;

- ◆ Approval of indicative forecast/range of forecast of preliminary and final macroeconomic indicators to be used in the Fund's Development Plan, the Fund's Action Plan and business plans of the Fund's companies.

CHANGES IN THE COMPOSITION OF THE STRATEGY COMMITTEE

The Committee consists of at least 3 (three) members, one of whom must be an independent director. The term of office of the Committee members shall coincide with their term of office as members of the Fund's Board of Directors.

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 17 August 2023 No. 700 "On some issues of the Board of Directors of Sovereign Wealth Fund "Samruk-Kazyna" JSC, the powers of Jon Dudas as a member of the Board of Directors of Samruk-Kazyna JSC were early terminated based on his application for early termination of powers from 1 May 2023.

In this regard, the resolution of the Board of Directors of Samruk-Kazyna JSC No. 226 dated 27 October 2023 early terminated the powers of Jon Dudas as a member of the Committee with effect from 1 May 2023.

Due to the above changes, the updated composition of the Strategy Committee as on 31 December 2023 was as follows:

Alibek Kuantyroov – Minister of National Economy of the Republic of Kazakhstan – Chairman of the Committee;

Bolat Zhamishev– independent director.

WORK OF THE STRATEGY COMMITTEE FOR 2023

In 2023, 10 Strategy Committee meetings were held, including 8 in-presence meetings via videoconference and 2 meetings in absentia.

Meetings of the Committee were held on a regular basis in accordance with the Committee's Work Plan for 2023, which included the priority and most important issues of the Committee's activities. During this period, the Committee considered 31 issues within its competence.

The following issues were considered and discussed at the Committee meetings:

- ◆ Report on the activities of the Strategy Committee of the Board of Directors of Samruk-Kazyna JSC based on 2022 results;
- ◆ Approval of the Work Plan of the Strategy Committee of the Board of Directors of Samruk-Kazyna JSC for 2023;
- ◆ Appointment of the Secretary of the Strategy Committee of the Board of Directors of Samruk-Kazyna JSC;
- ◆ Regarding the project "Production of butadiene and its derivatives" (three times);
- ◆ Regarding monitoring of major investment projects of Samruk-Kazyna JSC Group (five times);
- ◆ On some issues of implementation of the investment project on Construction of a seawater desalination plant in Kenderly (twice);
- ◆ On amendments and additions to the Regulations on the Strategy Committee of the Board of Directors of Samruk-Kazyna JSC;

- ◆ On determining the terms of borrowing for the amount of one per cent or more of the equity capital of Samruk-Kazyna JSC;
- ◆ Certain changes in the asset structure of Samruk-Kazyna JSC;
- ◆ On certain issues of consideration of the Action Plan of Samruk-Kazyna JSC for 2022-2026 for 2022, taking into account the audited consolidated financial statements of Samruk-Kazyna JSC;
- ◆ On indicative forecast and forecast range of preliminary macroeconomic indicators to be used in the Action Plan of Samruk-Kazyna JSC and Business Plans of Samruk-Kazyna JSC's portfolio companies for 2024-2028;
- ◆ On the results of monitoring the implementation of the Action Plan of Samruk-Kazyna JSC for 2023-2027 for the 1st and 2nd quarters of 2023 at two meetings;
- ◆ Report on the results of implementation of the Transformation Programme of Samruk-Kazyna JSC;
- ◆ On approval of the Action Plan of Samruk-Kazyna JSC for 2024-2028;
- ◆ On the implementation of the project "Laying of a FOCL along the bottom of the Caspian Sea".
- ◆ On the results of monitoring the implementation of the Action Plan of Samruk-Kazyna JSC for 2023-2027 for the 2nd quarter of 2023.
- ◆ Adoption of the Agenda of the in-presence meeting consisting of 8 items.

PARTICIPATION OF COMMITTEE MEMBERS IN MEETINGS IN 2023

Member of the Audit Committee	Position	Participation in Committee meetings (%)
Luca Sutera	Independent Director, member of the Board of Directors of the Fund, Chairman of the Committee	100% (16 out of 16)
Jon Dudas	Independent Director, member of the Board of Directors of the Fund, member of the Committee	31% (5 out of 16)
Bolat Zhamishev	Independent Director, member of the Board of Directors of the Fund, member of the Committee	100% (16 out of 16)

PARTICIPATION OF COMMITTEE MEMBERS IN MEETINGS IN 2023

Member of the Strategy Committee	Position	Participation in Committee meetings
Alibek Kuantyrrov	Minister of National Economy of the Republic of Kazakhstan, Member of the Board of Directors of the Fund, Chairman of the Committee	100% (10 out of 10)
Bolat Zhamishev	Independent Director, member of the Board of Directors of the Fund, member of the Committee	100% (10 out of 10)
Jon Dudas	Independent Director, Chairman of the Board of Directors of the Fund, member of the Committee	75% (3 out of 4)

Note: a member of the Committee did not attend the Committee meetings for valid reasons

Transformation Program Oversight Committee

THE COMMITTEE ROLE

The Transformation Program Oversight Committee is an advisory and consultative body of the Fund's Board of Directors. Its competence includes making recommendations to the Fund's Board of Directors on the issues of monitoring and evaluation of the implementation of the Fund's Transformation Program, as well as on the issues of privatization and restructuring of the Fund Group's assets.

CHANGES IN THE COMMITTEE COMPOSITION

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 16 January 2023 No. 19 "On Amendments to the Resolution of the Government of the Republic of Kazakhstan dated 17 October 2008 No. 962 "On Measures to Implement the Decree of the President of the Republic of Kazakhstan dated 13 October 2008 No. 669" the Prime Minister of the Republic of Kazakhstan was elected Chairman of the Board of Directors of the Fund ex officio.

By the decision of the Board of Directors of the Fund dated 31 January 2023 No. 210 the Chairman of the Board of Directors – Prime Minister of the Republic of Kazakhstan Smailov A.A. was appointed as the Chairman of the Committee.

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 17 August 2023 No. 700 "On certain issues of the Board of Directors of Sovereign Wealth Fund "Samruk-Kazyna" JSC, the powers of Jon Dudas as a member of the Board of Directors of Samruk-Kazyna JSC have been early terminated based on his application for early termination of powers from 1 May 2023.

In this regard, the resolution of the Board of Directors of Samruk-Kazyna JSC No. 226 dated 27 October 2023 early terminated the powers of Jon Dudas as a member of the Committee with effect from 1 May 2023.

In accordance with the Resolution of the Government of the Republic of Kazakhstan No. 857 dated 4 October 2023 "On Amendments to the Resolution of the Government of the Republic of Kazakhstan No. 962 dated 17 October 2008 "On Measures to Implement the Decree of the President of the Republic of Kazakhstan No. 669 dated 13 October 2008", the powers of Suleimenov T.M. as a member of the Committee and the Board of Directors were early terminated.

Composition of the Committee as on 31 December 2023:

- ◆ Alikhan Smailov – Prime Minister of the Republic of Kazakhstan – Chairman of the Committee;
- ◆ Bolat Zhamishev – Independent Director, member of the Committee.

WORK OF THE COMMITTEE FOR 2023

In 2023, 8 meetings of the Transformation Program Oversight Committee were held in absentia.

The Committee meetings were held on a regular basis in accordance with the Committee's Work Plan for 2023, which in turn included the priority and most important issues of the Committee's activities. In total, the Committee considered 12 issues within its competence during the period.

The following issues were considered and discussed at the Committee meetings:

- ◆ Report on the activities of the Transformation Program Oversight Committee under the Board of Directors of Samruk-Kazyna JSC for the year 2022;
- ◆ On approval of the Work Plan of Transformation Programme Oversight Committee under the Board of Directors of Samruk-Kazyna JSC for 2023;
- ◆ On the method of transfer to the competitive environment of KEGOC JSC;

- ◆ Report on the progress of divestment of assets of Samruk-Kazyna JSC and its subsidiaries as part of the implementation of the Resolution of the Government of the Republic of Kazakhstan dated 29 December 2020 No. 908 based on 2022 results;
- ◆ On Amendments and Additions to the Regulations on Transformation Program Oversight Committee under the Board of Directors of Samruk-Kazyna JSC;
- ◆ On introducing amendments and additions to the Rules for transfer of assets of Sovereign Wealth Fund "Samruk-Kazyna" JSC and organizations, more than fifty percent of voting shares (participation shares) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership, to the competitive environment;
- ◆ On Certain Issues of Transferring QAZAQ AIR JSC to a Competitive Environment;
- ◆ Report on the progress of withdrawal of assets of Samruk-Kazyna JSC and its subsidiaries for sale within the framework of implementation of the Resolu-

- tion of the Government of the Republic of Kazakhstan dated 29 December 2020 No. 908 based on the results of the first half of 2023;
- ◆ On some issues of realization of shares of KEGOC JSC;
- ◆ On placement of authorized ordinary shares of KEGOC JSC;
- ◆ On introduction of additions and amendments to the Rules for transfer of assets of Sovereign Wealth Fund "Samruk-Kazyna" JSC and organizations, more than fifty percent of voting shares (participation shares) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership, to the competitive environment;
- ◆ On certain issues of realization of shares of Air Astana JSC.

PARTICIPATION OF COMMITTEE MEMBERS IN MEETINGS IN 2023

Member of the Transformation Program Oversight Committee	Position	Participation in Committee meetings
Alikhan Smailov	Prime Minister of the Republic of Kazakhstan, Chairman of the Board of Directors of the Fund, Chairman of the Committee	100% (7 out of 7)
Timur Suleimenov	First Deputy Head of the Administration of the President of the Republic of Kazakhstan, member of the Board of Directors of the Fund, member of the Committee	67% (4 out of 6)
Bolat Zhamishev	Independent Director, member of the Board of Directors of the Fund, member of the Committee	100% (8 out of 8)
Jon Dudas	Independent Director, Chairman of the Board of Directors of the Fund, Chairman of the Committee	100% (2 out of 2)

Note: a member of the Committee did not attend the Committee meetings for valid reasons

Nomination and Remuneration Committee

ROLE OF THE COMMITTEE

The Nomination and Remuneration Committee is responsible for making recommendations and proposals on the following matters:

- ◆ Election of members of the Management Board (except for the Chairman of the Management Board);
- ◆ Determining the amount and conditions of remuneration and bonuses for the Chairman and members of the Management Board, the Ombudsman and the Corporate Secretary;
- ◆ Consideration of corporate KPIs of the Fund and functional KPIs of the members of the Management Board;
- ◆ Consideration of the Fund's personnel policy and induction policy for newly elected members of the Board of Directors;
- ◆ The Nomination and Remuneration Committee is formed predominantly of independent directors. This structure is designed to ensure objectivity and independence in decision-making, excluding the possibility of stakeholders' influence on the opinions and judgements of the committee members.

CHANGES IN THE COMPOSITION OF THE NOMINATION AND REMUNERATION COMMITTEE

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 16 January 2023 No. 19 "On Amendments to the Resolution of the Government of the Republic of Kazakhstan dated 17 October 2008 No. 962 "On Measures to Implement the Decree of the President of the Republic of Kazakhstan dated 13 October 2008 No. 669" the Prime Minister of the Republic of Kazakhstan was elected Chairman of the Board of Directors of the Fund ex officio.

In this regard, by the decision of the Fund's Board of Directors No. 210 dated 31 January 2023, the Chairman of the Board of Directors – Prime Minister of the Republic of Kazakhstan Alikhan Smailov was appointed as the Chairman of the Committee.

In accordance with the Resolution of the Government of the Republic of Kazakhstan dated 17 August 2023 No. 700 "On some issues of the Board of Directors of Sovereign Wealth Fund "Samruk-Kazyna" JSC, Mohamed Jameel Al Ramahi was elected as a member of the Board of Directors, independent director of Samruk-Kazyna JSC, as well as early termination of the powers of Jon Dudas as a member of the Board of Directors of Samruk-Kazyna JSC on the basis of his application for early termination of powers from 1 May 2023.

In this regard, by resolution No. 226 of the Board of Directors of Samruk-Kazyna JSC dated 27 October 2023, Mohamed Jameel Al Ramahi was elected as a member of the Committee, and the powers of Jon Dudas as a member of the Committee were early terminated as of 1 May 2023.

In accordance with the Resolution of the Government of the Republic of Kazakhstan No. 857 dated 4 October 2023 "On Amendments to the Resolution of the Government of the Republic of Kazakhstan No. 962 dated 17 October 2008 "On Measures to Implement the Decree of the President of the Republic of Kazakhstan No. 669 dated 13 October 2008", the powers of Suleimenov T.M. as a member of the Committee and the Board of Directors were early terminated.

The Committee as at 31 December 2023 consisted of the following individuals:

- ◆ Alikhan Smailov – Prime Minister of the Republic of Kazakhstan – Chairman of the Committee;
- ◆ Mohamed Jameel Al Ramahi – Independent Director, member of the Committee;
- ◆ Luca Sutera – Independent Director, member of the Committee.

WORK OF THE NOMINATION AND REMUNERATION COMMITTEE FOR 2023

In 2023, 9 meetings of the Nomination and Remuneration Committee were held in absentia.

The Committee meetings were organized on a regular basis in accordance with the Committee's Work Plan for 2023, which included the priority and most important issues of the Committee's activities. In total, during this period, the Committee considered 17 issues within its competence.

The following issues were considered and discussed at the Committee meetings:

- ◆ Report on the activities of the Nomination and Remuneration Committee of the Board of Directors of Samruk-Kazyna JSC for the year 2022;
- ◆ On approval of the Work Plan of the Nomination and Remuneration Committee of the Board of Directors of Samruk-Kazyna JSC for 2023;

- ◆ On some issues of activity of the Corporate Secretary of Samruk-Kazyna JSC;
- ◆ On appointment of the Ombudsman of Samruk-Kazyna JSC and organisations belonging to Samruk-Kazyna JSC Group;
- ◆ On amendments and additions to the Regulations on the Nomination and Remuneration Committee of the Board of Directors of Samruk-Kazyna JSC;
- ◆ On approval of the new edition of the Map of motivational key performance indicators of Samruk-Kazyna JSC for 2023;
- ◆ On approval of the Map of functional key performance indicators of certain members of the Management Board of Samruk-Kazyna JSC for 2023;
- ◆ On some issues of activity of the Ombudsman of Samruk-Kazyna JSC and organisations belonging to Samruk-Kazyna JSC group;
- ◆ On approval of the new edition of the Map of motivational key performance indicators of Samruk-Kazyna JSC for 2023;

- ◆ On approval of the map of Key Performance Indicators of Samruk-Kazyna JSC with actual values for the Chairman, members of the Management Board of Samruk-Kazyna JSC for 2022, the amount of remuneration based on the results of work for 2022;
- ◆ On early termination of powers of a member of the Management Board of Samruk-Kazyna JSC and election of members of the Management Board of Samruk-Kazyna JSC;
- ◆ On approval of the Map of functional key performance indicators of certain members of the Management Board of Samruk-Kazyna JSC for 2023;
- ◆ Review of the map of motivational key performance indicators of Samruk-Kazyna JSC for 2024.
- ◆ Questions marked "For Official Use" (4 questions).

PARTICIPATION OF COMMITTEE MEMBERS IN MEETINGS IN 2023

Member of the Nomination and Remuneration Committee	Position	Participation in meetings of the Committee
Alikhan Smailov	Prime Minister of the Republic of Kazakhstan, Chairman of the Board of Directors of the Fund, Chairman of the Committee	100% (9 out of 9)
Timur Suleimenov	First Deputy Head of the Administration of the President of the Republic of Kazakhstan, member of the Board of Directors of the Fund, member of the Committee	86% (6 out of 7)
Jon Dudas	Independent Director, member of the Board of Directors of the Fund, member of the Committee	60% (3 out of 5)
Luca Sutera	Independent Director, member of the Board of Directors of the Fund, member of the Committee	83% (8 out of 9)
Mohamed Jameel Al Ramahi	Independent Director, member of the Board of Directors of the Fund, member of the Committee	100% (1 out of 1)

Note: Committee members did not attend Committee meetings for valid reasons

SPECIALIZED COMMITTEE

The Specialized Committee performs the task of a comprehensive and objective analysis of the impact of the activities of the organizations included in the Fund's group on economic development as a whole or a specific industry. The analysis excludes consideration of issues related to the use of funds from the National Fund of the Republic of Kazakhstan, the republican budget, as well as state guarantees and assets.

MANAGEMENT BOARD AND ITS COMMITTEES

THE MANAGEMENT BOARD IS A COLLEGIAL EXECUTIVE BODY OF THE FUND RESPONSIBLE FOR THE MANAGEMENT OF ITS CURRENT ACTIVITIES, IMPLEMENTATION OF THE STRATEGY AND DEVELOPMENT PLAN, AS WELL AS EXECUTION OF DECISIONS MADE BY THE BOARD OF DIRECTORS AND THE SOLE SHAREHOLDER OF THE FUND.

THE FULL LIST OF ISSUES REFERRED TO THE EXCLUSIVE COMPETENCE OF THE FUND'S MANAGEMENT BOARD IS DISCLOSED IN THE FUND'S CHARTER AT WWW.SK.KZ

The activity of the Management Board of the Fund is regulated by the legislation of the Republic of Kazakhstan, the Charter of the Fund, decisions of the Sole Shareholder and the Board of Directors of the Fund, as well as the Regulation on the Management Board and other internal documents of the Fund.

The Chairman of the Management Board is appointed by the decision of the Sole Shareholder. Members of the Management Board are elected by the decision of the Fund's Board of Directors.

In their activities, the Management Board and the Chairman of the Management Board are accountable to the Sole Shareholder and the Board of Directors of the Fund. The competence of the Management Board includes, among other things, the following:

- Decision-making on issues related, in accordance with the legislation of the Republic of Kazakhstan and (or) the Charter, to the competence of the General Shareholders' Meeting (participants), other body of the company or other legal entity in relation to which the Fund is a shareholder, par-

icipant or is entitled to a share in the property, except for decisions on issues made by the Sole Shareholder or the Board of Directors of the Fund in accordance with the Law "On Sovereign Wealth Fund";

- Taking operational measures in relation to companies to prevent failures in the completeness and timing of implementation of investment decisions and investment projects;
- Formation of a unified (including by sector of company activity) financial, investment, production and economic, scientific and technical, money management, personnel, social and other policies in relation to companies;
- Approval of rules on development, coordination, approval, adjustment, execution and monitoring of implementation of the companies' action plans;
- Approval of the staffing level, staffing table and organizational structure of the Fund;
- Hearing on an annual basis on the performance of PCs and reporting on the performance of companies to the Fund's Board of Directors;
- Decision-making on issues related to the internal activities of the Fund



Composition of the Fund's Management Board



Nurlan Zhakupov

MEMBER OF THE BOARD OF DIRECTORS,
CHAIRMAN OF THE MANAGEMENT BOARD
OF SAMRUK-KAZYNA JSC

ELECTION DATE:

April 2023

EDUCATION:

- Moscow State Institute of International Relations of the Ministry of Foreign Affairs of the Russian Federation, Faculty of International Economic Relations (1996-2001) – Bachelor of Economics, Master of Economics, Candidate of Economic Sciences.

EXPERIENCE:

- Financia Analyst at the Eurasian Industrial Association (ENRC) (2001-2003);
- Business Manager at Chambishi Metals PLC (Zambia, Kitwe) (2003-2004);
- Project Manager at Research, Investment and Development Ltd (2004-2007);
- Analyst for the value of the company's shares traded on the stock exchange, the Credit Suisse basic materials team (2007-2009);
- Managing Director, Member of the Management Board of National Mining Company "Tau-Ken Samruk" JSC (2009-2011);

- Director of the Investment Banking Department, the Head of the Representative Office in Astana of Subsidiary Bank "RBS (Kazakhstan)" JSC (2011-2012);
- Executive Director of the Investment Banking Department, Head of the Representative Office in Astana of UBS AG Almaty Representative Office (2012-2016);
- Managing Director for Development and Investments – Member of the Management Board of NAC Kazatomprom JSC (2016-2017);
- Chairman of the Management Board of SEC Astana JSC (2017-2019);
- Representative in Kazakhstan Rothschild & Co (2019-2020);
- Chairman of the Management Board of Kazakhstan Investment Development Fund (KIDF) Management Company Ltd. (2020-04.2023);
- Chairman of the Management Board of Samruk-Kazyna JSC (from 04.2023).



Yernat Berdigulov

MANAGING DIRECTOR FOR STRATEGY AND
ASSET MANAGEMENT

ELECTION DATE:

March 2022

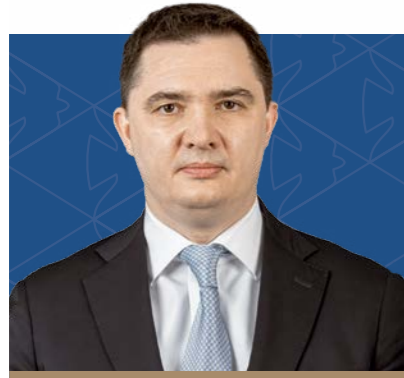
EDUCATION:

- University of Toronto, Canada, Public Policy and International Studies;
- University of Warwick, UK, Master of Business Administration.

EXPERIENCE:

- Chief Specialist of Business Administration Department, Semizbai-U LLP (a subsidiary of NAC Kazatomprom JSC) (2010-2011);
- Project Manager, Project Office for implementation of Management Reporting System, Samruk-Kazyna JSC (2011-2012);

- Advisor to the Chairman of the Management Board (on financial and economic issues), Director of Analytical Support Department, Director of Strategic Development Department, Director of Project Management Department, Samruk-Energy JSC (2013-2018);
- Analyst of Asset Management Directorate, Samruk-Kazyna JSC (2018-2019);
- Project Manager, international consulting company Whiteshield Partners (2019-2021);
- Co-Managing Director for Strategy, Sustainable Development and Digital Transformation, Samruk-Kazyna JSC (2021-2022);
- Managing Director for Strategy and Asset Management of Samruk-Kazyna JSC (from 02.2022), Member of the Management Board (from 2022).



Nikolai Kazutin

MANAGING DIRECTOR FOR LEGAL
SUPPORT, COLLATERAL AND RISKS

ELECTION DATE:

March 2022

EDUCATION:

- ◆ T.Ryskulov Kazakh University of Economics, majoring in Accounting & Audit.

EXPERIENCE:

- ◆ Specialist on insurance and accounting of branches of Industrial Insurance Group OJSC, Almaty (2001-2003);
- ◆ Financial analyst, Amanat Insurance Company JSC, Almaty (2003-2005);
- ◆ Financial analyst at "Kazinterpolis" Insurance Broker" LLP, Almaty (2005-2006);
- ◆ Senior Manager of Pricewaterhousecoopers Tax and Advisory LLP Almaty (2006-2016);

- ◆ Advisor to the Chairman of the Management Board of Kokshetau Mineral Waters JSC (2016-2018);
- ◆ Head of Internal Audit Service East Kazakhstan Regional Energy Company JSC, Ust-Kamenogorsk (2018-2019);
- ◆ Deputy Chairman of the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan (2020-2022);
- ◆ Managing Director for Legal Support, Collateral and Risks of Samruk-Kazyna JSC (from 2022), Member of the Management Board (from 2022).



Yelzhas Otyunshiyev

CO-MANAGING DIRECTOR FOR STRATEGY
AND ASSET MANAGEMENT

ELECTION DATE:

April 2023

EDUCATION:

- ◆ Moscow Institute of Physics and Technology, Faculty of General and Applied Mathematics, specialization – applied mathematics and physics (bachelor's degree);
- ◆ Moscow Institute of Physics and Technology, Faculty of General and Applied Mathematics, specialization – applied mathematics and physics (master's degree).

EXPERIENCE:

- ◆ Ernst&Young (Moscow) – Audit and Advisory Services, Technology and Security Services. Positions from Analyst to Senior Analyst (2007–2008);
- ◆ Ernst&Young (Moscow) – Valuation and Business Modeling Department. Position – Analyst (2008-2009);
- ◆ NMC Tau-Ken Samruk JSC, Investment Projects Department, Financial Institutions Department. Positions – from Manager to Director of the Department (2009–2012);

- ◆ Samruk-Kazyna JSC, Investment Projects Department, position – Chief Manager (2012-2014);
- ◆ Samruk-Kazyna Invest LLP (seconded to Samruk-Kazyna JSC), position – Director of the Project Analysis Department of the Fund's investment activities (2014-2016);
- ◆ Samruk-Kazyna JSC, Position – Project Director of New Projects Development Department (management of growing portfolio companies) (2016-2018);
- ◆ Samruk-Kazyna JSC, Position – Head of the Mining Asset Development Branch of the Asset Development Department (2018-2019);
- ◆ PlanetCare Management LLP, Position – Deputy General Director for Investment and Development (2019-2021);
- ◆ Kazakhstan Investment Development Fund (KIDF) Management Company Ltd., Position – Deputy Chairman of the Management Board (2021-2023);
- ◆ Samruk-Kazyna JSC, Co-Managing Director for Strategy and Asset Management (2023).



Aidar Ryskulov

MANAGING DIRECTOR FOR ECONOMICS
AND FINANCE

ELECTION DATE:

August 2023

EDUCATION:

- ◆ Karagandy State University named after E. A. Buketov – specialization "Finance and Credit" with the qualification of "Economist";
- ◆ Karaganda University of Kazpotrebsouz – specialization "Legal Regulation in the Sphere of Economy", with the academic degree "Bachelor of Jurisprudence";
- ◆ Nazarbayev University, MBA for executives.

EXPERIENCE:

- ◆ Engineer-economist in NC Kazakhstan Temir Zholy JSC (Karaganda branch) (2002-2003);
- ◆ Specialist of Client Attraction Sector, Specialist of Service Managers Service of Operations Department, Specialist of EBRD Lending Sector of SME Lending Department, Leading Specialist of Level 2 of Microcredit Sector of SME Lending Department in ATF Bank JSC Astana Branch (2003-2006);

- ◆ Senior Credit Officer of the Business Clients Division of the Credit Office of Bank Center-Credit JSC (2006);
- ◆ Head of Middle Business Sales Centre Department at Halyk Bank JSC (2006–2008);
- ◆ Chief Specialist of the Corporate Lending Department at Eurasian Bank JSC (2009);
- ◆ Chief Manager of the Project Analysis Division of the Investment Projects Department, Head of the Project Analysis Division of the Investment Projects Department, Deputy Director of the Investment Projects Department at National Holding "KazAgro" JSC (2009–2012);
- ◆ Director for Financial Asset Management, Director of Corporate Finance Department Samruk-Kazyna JSC (2012-2019);
- ◆ Managing Director for Economics and Finance – Member of the Management Board of Samruk-Energy JSC (2019–2023);
- ◆ Managing Director for Economics and Finance – Member of the Management Board of Samruk-Kazyna JSC (from 08.2023).



Saltanat Satzhan

MANAGING DIRECTOR FOR DEVELOPMENT
AND PRIVATISATION

ELECTION DATE:

August 2023

EDUCATION:

- ◆ The Australian National University, Bolashak Programme – Bachelor of Economics;
- ◆ MBA, University of Warwick (expected completion in 2024).

QUALIFICATIONS:

- ◆ ACCA – an international qualification in accounting and finance;
- ◆ CFA Level 3 candidate;
- ◆ Financial mentor in the school of financial literacy Finmentor.kz LLP.

EXPERIENCE:

- ◆ Honorary member of the Association of Chartered and Certified Accountants, ACCA;
- ◆ 10 years of experience in finance, audit and economic analysis in Big4 and Sovereign Wealth Fund of the Republic of Kazakhstan;
- ◆ 5 years of experience as a Business Coach (EY Academy, Agency of the Republic of Kazakhstan for Civil Service Affairs, "Samruk-Kazyna" Corporate University);
- ◆ Head of Economic Analysis Sector of the Asset Management Directorate of Samruk-Kazyna JSC (2018-2021);
- ◆ Head of Consolidated Analytical and Control Department Samruk-Kazyna JSC (2021-08.2023);
- ◆ Managing Director for Development and Privatisation – Member of the Management Board of Samruk-Kazyna JSC (from 08.2023).

In 2023, the Fund's Management Board held

61

meetings

Number of questions considered, total

369

REPORT ON THE ACTIVITIES OF THE MANAGEMENT BOARD

In 2023, the Fund's Management Board held 61 meetings, including 55 in-presence meetings and 6 meetings in absentia. A total of 369 issues were considered, of which 358 were considered in-presence.

The most important issues considered by the Management Board of the Fund were:

- ◆ Approval of the annual financial statements of the Fund's portfolio companies for 2022, and the interim financial statements of the Fund's portfolio companies for the respective reporting periods of 2023;

- ◆ Election of the boards of directors and supervisory/trustee boards of the Fund's portfolio companies;
- ◆ Approval and/or appointment of the first executives of the Fund's portfolio companies;
- ◆ Amendments to the charters and other internal regulatory documents of the Fund's portfolio companies;
- ◆ Pre-approve and bring issues to the Fund's Board of directors for consideration;
- ◆ Approving and/or amending the internal regulatory documents of the Fund;

- ◆ Changes in the organizational structure and staffing of the Fund;
- ◆ Fund Budget Adjustment;
- ◆ Issues on execution of the privatization program of the Government of the Republic of Kazakhstan;
- ◆ Investment project issues;
- ◆ Approval of transactions in which the Fund has an interest.

PLANS FOR 2024

In 2024, the plan is to consider the following:

- ◆ Issues related to the day-to-day operations of the Fund, including budget, procurement process and implementation of investment projects;
- ◆ Transactions of the Fund (interested and/or major transactions);

- ◆ HR issues of the Fund (organizational structure, staffing table);
- ◆ Matters related to portfolio companies, including appointments and elections to supervisory and trustee boards, boards of directors, approval of annual financial reports, consideration of internal regulatory documents, changes in the authorized cap-

- ital or number of shares, and participation in other legal entities;
- ◆ Approval or amendment of the Fund's internal regulatory documents;
- ◆ Reports (reports of structural units of the Fund and reports submitted to the Board of Directors of the Fund).

COMMITTEES OF THE MANAGEMENT BOARD



In 2023 of the Fund's Investment and Strategy Committee held

66

meetings

INVESTMENT AND STRATEGY COMMITTEE

The main objective of the Investment and Strategic Committee is to improve the efficiency of the management decision-making process within the framework of the Fund's portfolio management. The Committee is designed to ensure achievement of the Fund's strategic KPIs through coordination and formulation of recommendations and proposals on key issues. This includes creating conditions for a risk-oriented approach to decision-making on issues:

- ◆ Strategic Development of the Fund and PC;
- ◆ Management of the Fund's Asset Portfolio and the portfolio of the Fund's Investment Projects and the PC;
- ◆ Risk management (financial, investment, operational);
- ◆ Implementation of Investment Policy, Credit Policy, Debt Management and Financial Stability Policy;

- ◆ Implementation of Corporate Standards on investment activities, strategic and business planning, and management of large capital projects.

In 2023, 66 meetings of the Fund's Investment and Strategy Committee were held.

HR COMMITTEE

The task of the HR Committee is to coordinate the implementation of the Fund's HR policy, to develop recommendations on human resources management, as well as to provide methodological and analytical support in the field of HR for the companies of the Fund's group.

The composition of the HR Committee is determined by the decision of the Fund's Management Board and consists of at least 5 (five) permanent members, including the Chairman of the HR Committee. Representatives of the Working Body and the Secretary of the Committee (without the right to vote) shall participate in the work of the HR Committee.

In 2023, 7 meetings of the HR Committee of the Fund were held, including 2 in-presence and 5 meetings in absentia. A total of 11 issues were considered and 25 decisions were made.

In particular, the following issues were considered at these meetings:

- ◆ Issues of job evaluation (grades) of individual employees of the Fund;
- ◆ Issues of revision of official salaries of certain employees of the Fund;
- ◆ Issues of one-time bonuses to individual employees of the Fund;
- ◆ Issues of training and professional development of individual employees of the Fund;
- ◆ Questions on awarding the employees of the Fund's group for the Day of the Republic.

MODERNIZATION COUNCIL

THE MODERNIZATION COUNCIL PERFORMS THE FUNCTIONS OF MANAGEMENT AND COORDINATION OF ACTIVITIES ON THE IMPLEMENTATION OF THE TRANSFORMATION PROGRAM WITHIN THE FUND'S GROUP, AS WELL AS ON THE INTRODUCTION OF BEST MANAGEMENT PRACTICES, TECHNOLOGIES AND STANDARDS.

This body is a collegial advisory and consultative body under the Management Board of the Fund, and its decisions are important for the successful implementation of the Transformation Program.

The main tasks of the Modernization Council are:

- ◆ Defining the content, main directions, funding issues, key performance indicators, scope and timing of the Transformation Program;
- ◆ Coordination of the implementation of the Transformation Program in the functional areas of the Fund and the companies;
- ◆ Ensuring communication between the participants of the Transformation Program in the Fund and companies;
- ◆ Control over compliance with uniform

requirements to the quality of implementation of the Transformation Program;

- ◆ Monitoring the implementation of the Transformation Program, evaluation, analysis of the results of the implementation of changes, adjustment of the Program itself;
- ◆ Prompt consideration of issues and problems arising during the implementation of the Transformation Program, including issues and problems common to several companies;
- ◆ Initiation of submission for consideration of the relevant bodies of the Fund and state bodies of the Republic of Kazakhstan of issues within the framework of implementation of the Transformation Program.

No Modernization Board meetings were held in 2023.

SCIENTIFIC AND TECHNICAL COUNCIL

The Scientific and Technical Council in Samruk-Kazyna JSC was established in 2019. The main role of the Council is to provide a collegial and transparent decision-making process, selecting, accounting, monitoring and controlling R&D and innovation projects for national welfare.

In 2022, the Corporate Standard on R&D and Innovations of Samruk-Kazyna JSC was approved in a new version, which regulates a unified approach in the management of R&D and innovation portfolio of the Fund's group.

In 2023, 3 meetings of the Scientific and Technical Council were held, following the results of which 5 promising projects were approved for funding. In total, more than 84 applications for research and development were considered.

HEALTH, SAFETY AND ENVIRONMENT (HSE) COMMITTEE

In 2023, the Health, Safety and Environment Committee continued to coordinate the improvement of working conditions and accident-free production in the Fund's companies.

This Committee, which has been operational since 2019, effectively serves as a platform for dialog, discussing current issues, sharing experiences and presenting strategic initiatives and ideas in the field of occupational health and safety.

In July 2023, the 35th meeting of the Committee was held under the chairmanship of the Chairman of the Management Board of the Fund, the first managers were given specific instructions for execution.

The meeting was devoted to discussing the situation in the field of labor safety.

SUSTAINABLE DEVELOPMENT COMMITTEE

THE SUSTAINABLE DEVELOPMENT COMMITTEE WAS ESTABLISHED TO DEVELOP RECOMMENDATIONS FOR THE MANAGEMENT BOARD OF THE FUND AND THE FUND'S REPRESENTATIVES IN THE BOARDS OF DIRECTORS OF PCS, AS WELL AS TO COORDINATE SUSTAINABLE DEVELOPMENT ACTIVITIES IN THESE COMPANIES.

The key areas of the Committee's tasks include:

- ◆ Implementation of a system of systematic and continuous adherence to the principles of sustainable development;
- ◆ Developing an effective stakeholder engagement system that demonstrates the company's commitment to sustainability standards;

- ◆ Ensuring that the strategic goals of the Fund and the PC are achieved without compromising their sustainability in the long term, taking into account the interests of stakeholders.

No meetings were held in 2023.

INFORMATION SECURITY COMMITTEE

The Information Security Committee develops recommendations for the Fund's Management Board regarding the creation and development of a unified information security system within the Fund's group.

The structure of the position of the Information Security Committee has been revised to include employees of the Fund group company directly involved in information security as members of the Committee.

During the reporting period, within the competencies of the Information Security Committee, issues of information security policies, projects to improve and ensure information security in portfolio companies were considered.

No meetings were held in 2023.

REMUNERATION POLICY FOR MEM- BERS OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

IN ACCORDANCE WITH THE FUND'S CHARTER AND THE LAW OF THE REPUBLIC OF KAZAKHSTAN "ON SOVEREIGN WEALTH FUND", THE AMOUNT OF REMUNERATION OF INDEPENDENT DIRECTORS IS DETERMINED BY THE SOLE SHAREHOLDER.

Independent Directors are paid remuneration and reimbursed for expenses related to the performance of their duties.

The amount of the official salary, terms of remuneration and remuneration of the Chairman and members of the Management Board of the Fund are established by the Board of Directors of the Fund. The Nomination and Remuneration Committee of the Fund's Board of Directors plays a key role in determining their remuneration.

The system of remuneration of the Chairman and members of the Management Board of the Fund is determined in accordance with the Terms of remuneration and bonus payment to the Chairman and members of the Management Board of the Fund, approved by the decision of the Board of Directors of the Fund, and includes

a salary, performance-based remuneration for the relevant period, as well as a one-time bonus for the Independence Day of the Republic of Kazakhstan. Remuneration based on the results of work for the relevant period is paid depending on the results of evaluation of the performance of the Chairman and a member of the Management Board in order to provide material incentives for successes and improved performance.

Payment of remuneration is subject to the Fund achieving consolidated total return for the reporting year. In 2023, the total amount of remuneration paid to key management personnel and included in general and administrative expenses amounted to KZT 7,649 million. This amount covers remuneration for both Independent Directors of the Board of Directors and members of the executive body of the Fund.

INTERNAL AUDIT SERVICE

THE FUND HAS AN INDEPENDENT INTERNAL AUDIT SERVICE, WHICH IS SUBORDINATE AND ACCOUNTABLE TO THE BOARD OF DIRECTORS OF THE FUND AND SUPERVISED BY THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE FUND.

In 2023, the Service fulfilled its annual audit plan by

107%

The Board of Directors determines the composition of the Internal Audit Service, the amount of remuneration of employees, approves internal audit policies and procedures, as well as the annual audit plan and budget.

In its activities, the Service is guided by the legislation of the Republic of Kazakhstan, the Charter of the Fund, decisions of its bodies, the annual audit plan approved by the Board of Directors of the Fund and other internal regulatory documents.

The main purpose of the Internal Audit Service is to provide the Board of Directors of the Fund with independent and objective assurance and advice aimed at improving the risk management, internal control and corporate governance systems in the Fund.

In 2023, the Service fulfilled its annual audit plan by 107%, including unscheduled audits during the year. It issued recommendations to improve internal control and risk management systems, processes, principles and methods of procurement and investment activities, and the results of monitoring the implementation of the recommendations were presented to the Board of Directors

on a quarterly basis. Additionally, as part of consulting work, the employees of the Internal Audit Service participated in unscheduled audits of certain subsidiaries of the Fund as part of working groups, and consulting work was provided to certain representatives of the Fund in the Boards of Directors of the companies.

In the fourth quarter of 2023, the Internal Audit Service successfully passed an external independent assessment conducted by PwC Audit for compliance with the International Professional Standards for Internal Auditing and the Code of Ethics developed by the Institute of Internal Auditors. The assessment results confirmed that the Internal Audit Service's activities comply with the established standards and ethics norms, which demonstrates the efficiency and effectiveness of the Service's work. At the same time, no facts adversely affecting the independence or individual objectivity of internal auditors were recorded during 2023. On a quarterly basis, the reports of the Internal Audit Service were considered and discussed at the meetings of the Audit Committee and the Board of Directors of the Fund.

COMPLIANCE SERVICE

The Compliance Service is a structural unit of the Fund responsible for compliance with the anti-corruption legislation of the Republic of Kazakhstan. The Service ensures the definition of the anti-corruption policy, control over the implementation of anti-corruption measures, as well as the formation of an appropriate internal corporate culture.

The main objectives of the Compliance Service of the Fund are to ensure compliance with the anti-corruption legislation of the Republic of Kazakhstan and development of the compliance program, including coordination of activities and interaction with the compliance services of portfolio companies. The Compliance Service is guided by the Law of the Republic

of Kazakhstan "On Combating Corruption", the Anti-Corruption Policy, the Code of Conduct, the Corporate Standard on Compliance Function of the Fund's Group and other internal documents of the Fund.

In 2023, the Compliance Service continued to develop the compliance function in the Fund group of companies, to automate certain elements of the compliance program at the level of the Fund group of companies and to develop interaction with the regulator, increasing the transparency of the activities of the Fund group of companies.

The Fund's management carries out systematic work aimed at promoting the ideology

of integrity and strengthening public control in the corporate governance of the Fund group of companies. The Fund's management regularly holds meetings and conducts an open dialog with the business community, foreign investors, public representatives, industry associations, based on the principles of openness and transparency. Also, the Fund's management sets the right "tone from above", emphasizing the need to comply with legislation and compliance policies.

The Head of the Compliance Service of the Fund takes an active part in standard-setting work on the compliance function in the quasi-public and private sector, meetings with government agencies and the business community.

AT THE END OF 2023, COMPLIANCE SERVICES HAS DONE THE FOLLOWING:

- ◆ Work on updating the Code of Conduct of the Fund was carried out, following the results of which a new version of the Code of Conduct of Samruk-Kazyna JSC was approved by the decision of the absentee meeting of the Board of Directors of the Fund dated June 20, 2023;
- ◆ The Strategy for Development of Compliance Function in the Fund group of companies for 2023-2027 was developed and approved by the decision of the absentee meeting of the Board of Directors of the Fund dated June 20, 2023. The strategic directions of compliance development for 2023-2027 in the framework of combating corruption and increasing transparency of activities of the Fund group of companies are defined as the development of the compliance function in accordance with the best international practices, including initiatives to automate individual elements of the compliance program, as well as certification of anti-corruption compliance systems for compliance with the requirements of ST RK ISO 37001:2017 "Anti-bribery management systems".

- ◆ The Corporate Standard on Compliance Function of Samruk-Kazyna JSC group was completely revised. The Corporate Standard on Compliance Function of Samruk-Kazyna JSC group, developed in accordance with the legislation of the Republic of Kazakhstan and internal documents of the Fund based on the best practices in the field of anti-corruption compliance, business ethics and compliance, including relevant international standards, was approved in a new version by the decision of the Management Board of the Fund No. 60/23 dated December 21, 2023.

In the reporting period, the Compliance Service of the Fund assessed the existing anti-corruption processes for compliance with the requirements of ISO 37001 "Anti-Bribery Management Systems". Based on the results of the assessment, an Action Plan was developed for the subsequent certification of the Fund.

Within the framework of process automation, the Compliance Service of the Fund carried out the work on automation of the processes

of consideration of appeals received through the Hotline and third-party due diligence by developing an information system (hereinafter – e-Compliance). The main purpose of e-Compliance is to automate compliance processes in terms of full and comprehensive consideration of appeals received on the Hotline, verification of counterparties, including providing access to information on counterparties contained in state databases, determining the level of risk, formation of standard conclusions and storage of the results of verification through a single interface with access for all companies of the Fund's group. It is planned to systematically improve e-Compliance in terms of automation of declaration of conflicts of interest, acceptance of gifts and training.

In terms of training activities, in 2023, a set of events (forums, seminars, meetings) on strengthening anti-corruption culture, improving compliance function and corporate governance, with the participation of the Anti-Corruption Agency and representatives of the Fund's portfolio companies.

RISK MANAGEMENT AND INTERNAL CONTROL

THE RISK MANAGEMENT SYSTEM IS AIMED AT ENSURING THE ACHIEVEMENT OF STRATEGIC AND OPERATIONAL OBJECTIVES, AS WELL AS OBJECTIVES IN THE AREA OF RELIABLE REPORTING AND COMPLIANCE WITH APPLICABLE LAWS AND INTERNAL REQUIREMENTS.

Internal control focuses on achieving operational objectives, ensuring the reliability of reporting and compliance with the legislation and internal requirements of the Fund and its Portfolio Companies.

The objectives of the Corporate Risk Management and Internal Control System are as follows:

- ◆ Strengthening the risk culture and integrating risk management and internal control into all aspects of the Fund's activities.
- ◆ Reducing volatility of results by improving the Fund's ability to prevent threatening situations, respond effectively to possible negative events and minimize their consequences to an acceptable level.
- ◆ Ensuring that opportunities are seized to increase the value of the Fund's assets and profitability over the long term.

The main principles and approaches to the organization of risk management and internal control in the Fund group are reflected in the Fund's Policy on Risk Management and Internal Control. This Policy was drawn up taking into account the recommendations of COSO "Conceptual Framework for Organizational Risk Management: Integration with Strategy and Performance Indicators" and is designed to ensure increased responsibility of risk owners for risk management at all levels of the Fund, to increase the integration of risk management into all processes of the Fund.

According to the Policy, the Board of Directors and the Management Board of the Fund in performing their functions rely on the "Three Lines of Defense" model, where the first line of defense (business functions) is represented by structural units represented by each employee, which within their competence directly identify, manage risks and perform control procedures. The second line of defense (monitoring functions) is represented, among others, by the Risk Management and Internal Control Department and the Compliance Service of the Fund, which are responsible for monitoring the implementation by business functions of effective risk management and internal control practices, compliance with the law and internal regulations of the Fund. The third line (independent assurance) covers the Internal Audit Service, which assesses the effectiveness of the risk management and internal control system.

Risk appetite, risk register and risk map are approved annually in the Fund and Portfolio Companies, and management reporting on significant areas of activity is regularly provided for review by the respective Boards.

A corporate risk reinsurance program under the administration of the Fund's captive is implemented, which provides shareholders with confidence in the quality of reinsurance protection of risks of the Fund's companies.

The work on improvement of the internal control system, including documentation of control procedures in the Fund's internal regulatory documents, continues.



THE NON-EXHAUSTIVE LIST OF RISKS OF THE FUND AND THE PORTFOLIO COMPANIES, IS AS FOLLOWS:

Strategic Risks:

The risks of significant investment projects range from internal to external, including classic project risks such as delays and increased capital expenditure, as well as external factors such as inflation, currency fluctuations and logistical issues. The process of risk identification and mitigation is carried out on a regular basis and mitigation measures are developed.

Reputational damage risk. Includes potential negative perception of the Fund and Portfolio Companies by various stakeholders. This risk is managed through the development and maintenance of the overall image and communication policy, as well as compliance with the legislative and ethical standards of behavior of the Fund and Portfolio Companies.

Risks of transferring assets into a competitive environment. These risks are related to the non-execution of the Resolution of the Government of the Republic of Kazakhstan dated December 29, 2020 No. 908 "On some issues of privatization for 2021-2025" in terms of transferring the assets of the Fund's group in a competitive environment. Preventive measures include carrying out preparatory activities for the transfer of assets in a competitive environment, market research and interaction with potential investors, engagement of qualified independent consultants to support the transaction in cases in accordance with the established procedure, as well as placing a publication about the upcoming auction in printed publications and on the corporate websites of the Fund and portfolio companies.

Financial Risks:

Liquidity and covenant/listing risks. These arise when a company is unable to finance its operations and meet its obligations. Management of these risks includes setting and monitoring debt limits and various measures to improve financial stability.

Operational Risks:

Social instability risk is a risk associated with social tension of various groups of employees of the Fund and Portfolio Companies. To monitor the state of social stability risk, the Center for Social Interaction and Communications on an annual basis analyzes the level of social stability in the labor collective of the Fund group. In order to monitor and regulate social and labor relations, the complaints and appeals of the Fund group employees are also monitored. The Fund, together with Portfolio Companies, republican and local authorities, works out systemic measures to improve the welfare of employees and resolve emerging issues.

The risk of accidents is one of the key risks for the Fund's production Portfolio Companies. The Action Plan for Production Safety for 2023 was approved, consisting of 38 specific measures in 3 areas: People, Equipment, Prevention of Emergencies. A permanent headquarters was established to respond to accidents and emergencies in the organizations of the group of companies of Samruk-Kazyna JSC.

Sanctions impact risk – risks associated with the negative indirect impact of sanctions on the activities of the Fund and portfolio companies. The Fund group of companies is not included in any sanctions lists. However, due to the high degree of integration of the Kazakh and Russian economies, the introduction of the sanction regime may have a significant impact on the activities and financial performance of the Fund group of companies. Mitigation of the risk is carried out by implementing the following measures: monitoring of counterparties and partners for presence in the sanctions lists; inclusion of sanctions clauses in existing and new contracts; involvement of international law firms in case of probability of realization of the risk of violation of the sanctions legislation; interaction with government agencies and other organizations in order to exchange experience in minimizing the impact of sanctions restrictions; constant control over the collection of information on the sanctions regime; implementation of the following measures.

PUBLIC COUNCIL

The Public Council of Samruk-Kazyna JSC is a consultative and advisory, supervisory body. It was established to represent the interests of civil society and to take into account the public opinion in the discussion and decision-making, to increase accountability and transparency of the Fund's activities. The scope of the Council's activities includes research, preparation of information and analytical materials and development of proposals on further development of corporate governance of the Fund; development of human capital; comprehensive analysis, forecasting trends and development of conceptual approaches to economic policy. Over the years of its work, the Public Council, without replacing the Board of Directors and the Management Board, has become a significant element in ensuring transparency of Samruk-Kazyna JSC due to the collegiality, publicity and openness of the decisions made.

HOW THE PUBLIC COUNCIL WORKS

Meetings of the Fund's Public Council are held in the form of hearing reports on the activities of the Fund and its national companies, which provides an effective mechanism of public control.

The hearing of the performance report includes a report of the Managing Director supervising the issue under consideration and a co-report of the Chairman of the Public Council of the Fund. Based on the results of the hearing, decisions are made with proposals to improve the work of the Fund and its companies.

The objectives of the Fund's Public Council are to protect the interests of civil society, develop constructive dialog, collect and take into account public opinions, as well as public monitoring of strategies and development plans of the Fund and elaboration of recommendations for its improvement.

The Chairman and members of the Public Council are a qualified group of experts from various fields such as corporate governance, legislation, media, science and economics. Their experience and professional skills contribute to a multifaceted approach to solving the Council's tasks.

External experts, opinion leaders, public figures and other stakeholders are involved in each meeting of the Public Council of Sam-

ruk-Kazyna JSC. This practice allows to ensure a high level of competence on the issues under discussion, bringing to the dialog a diversity of views and approaches. This approach facilitates deeper analysis and comprehensive consideration of key topics and initiatives underlying the work of the Fund and its portfolio companies.

Also, within the framework of the activities of the Public Council of Samruk-Kazyna JSC, open accreditation for mass media representatives is carried out. This approach ensures transparency of the Council's work and provides an opportunity for the general public, including journalists and media organizations, to receive direct information on the progress and results of meetings, as well as on key initiatives and projects of the Fund.

Involvement of external experts and media representatives ensures openness and constructive dialog with the society, which strengthens the understanding and support of the public in the implementation of socially significant projects of the Fund.

REPRESENTATIVES FROM CIVIL SOCIETY

Public Council Chair:

- ◆ Zhamishev Bolat Bidakhmetovich.

Members of the Fund's Public Council:

- ◆ Bulavkina Olga Alexandrovna – Deputy of the Senate of the Parliament of the Republic of Kazakhstan;
- ◆ Sairov Yerlan Biyakhmetovich – Deputy of the Majilis of the Parliament of the Republic of Kazakhstan;
- ◆ Zhunusova Lyazzat Olzhabaevna – First Deputy Chairman of the Management Board of Khabar Agency JSC;
- ◆ Kazybaev Aydar Kalyntaevich – Managing Partner of the National Academy of Corporate Governance;
- ◆ Zholdybalina Alua Serikovna – Deputy Director of the Kazakhstan Institute for Strategic Studies under the President of the Republic of Kazakhstan;
- ◆ Tazhibaeva Irina Lashkarovna – Deputy Director of the Institute of Atomic Energy of the National Nuclear Center of the Republic of Kazakhstan.

Representatives of Samruk-Kazyna JSC:

- ◆ Kazutin Nikolay Yurievich – Managing Director on legal support, security and risks – member of the Management Board of Samruk-Kazyna JSC;
- ◆ Ryskulov Aidar Kairatovich – Managing Director for Economics and Finance – member of the Management Board of Samruk-Kazyna JSC.



INFORMATION SECURITY

ENSURING CYBERSECURITY IN THE DIGITAL AGE: ROLE AND RESPONSIBILITY OF THE FUND

Information security is an integral part of stable operation of the information network, protection of national interests and maintenance of trust from the society and partners. With the development of digital technologies, Samruk-Kazyna JSC and the Fund group of companies, constantly increases the level of information security to prevent cyber threats, as well as brings the requirements in the field of information security in accordance with legislative norms.

The key strategic goals of the Fund in this area are – ensuring availability, integrity, confidentiality and fault tolerance.

2023 RESULTS

In 2023, the Public Council of Samruk-Kazyna JSC held a total of 12 meetings. Based on the results of the meetings held in the reporting year, 68 recommendations were developed. In addition to the members of the Public Council of the Fund, 149 external experts were involved in the meetings.

The Public Council held two field meetings organized in the city of Almaty on the issues of Samruk-Energy JSC and Air Astana JSC. This emphasizes the active role of the Public Council of the Fund in monitoring and evaluating the activities of the Fund and its portfolio companies, as well as the Council's desire to directly interact with key facilities and project participants in various regions.

Field meetings in Almaty were devoted to discussing the status and prospects of investment projects of the portfolio company Samruk-Energy JSC, as well as improving energy efficiency and environmental friendliness of projects, and ensuring energy security. The portfolio company of Air Astana JSC was also heard, which allowed assessing the level of fulfillment of corporate and social obligations by the company.

These meetings helped the Public Council to get a deeper understanding of the specifics of work and challenges faced by portfolio companies in different sectors of the economy, and to formulate recommendations to improve their activities. This approach not only strengthens

corporate governance and social responsibility in the structures of Samruk-Kazyna JSC, but also favorably influences the formation of a closer connection between the Fund and society, improving the perception and support of the public in the implementation of important socio-economic projects.

Each meeting of the Fund's Public Council was widely covered both by the Fund's own information resources and the media, including non-traditional media (bloggers, social networks, Telegram channels).

PLANS FOR 2024

The work plan of the Public Council of Samruk-Kazyna JSC for 2024 provides for a variety of activities aimed at strengthening transparency and responsibility in the activities of the Fund and its portfolio companies, as well as promoting their social responsibility.

The meetings are scheduled to cover a wide range of issues, including charitable activities, implementation of the Comfortable Schools project, public control, ensuring transparency and efficiency of procurement processes and other important topics. In addition, it is planned to hold field meetings to hear reports from the Fund's portfolio companies and visit production facilities for inspections.

CREATING A CULTURE OF SAFETY

As part of strengthening information security, the Fund started to implement the international standard ISO 27001. According to the order of the Chairman of the Board of Directors of the Fund, a working group was organized to create a register of information assets and classify them by level of importance.

This classification provides for division into the following categories:

Information:

- ◆ Special information asset
- ◆ Strategic information asset
- ◆ Protected information asset
- ◆ Basic information asset

Personnel. An access hierarchy has been introduced, defining different levels of access for employees depending on their role and responsibility.

Physical infrastructure. Work was carried out to protect information at the physical and logical levels in the IT infrastructure.

Training. Training sessions and testing using specialized software are conducted to develop cyber hygiene skills among the Fund's employees.

CREATING EFFECTIVE INFORMATION SECURITY POLICIES

The Fund has implemented the "Basic Rules of Information Security Policy" with annexes in the form of methods, guidelines and rules that regulate the activities of information security (IS) and information technology (IT) specialists, as well as all employees with regard to the implementation of information security measures.

Work is underway to develop a Corporate Information Security Standard regulating a common set of rules for ensuring information security and managing the process of coordination of activities in the Fund group of companies.

CRITICAL INFRASTRUCTURE PROTECTION

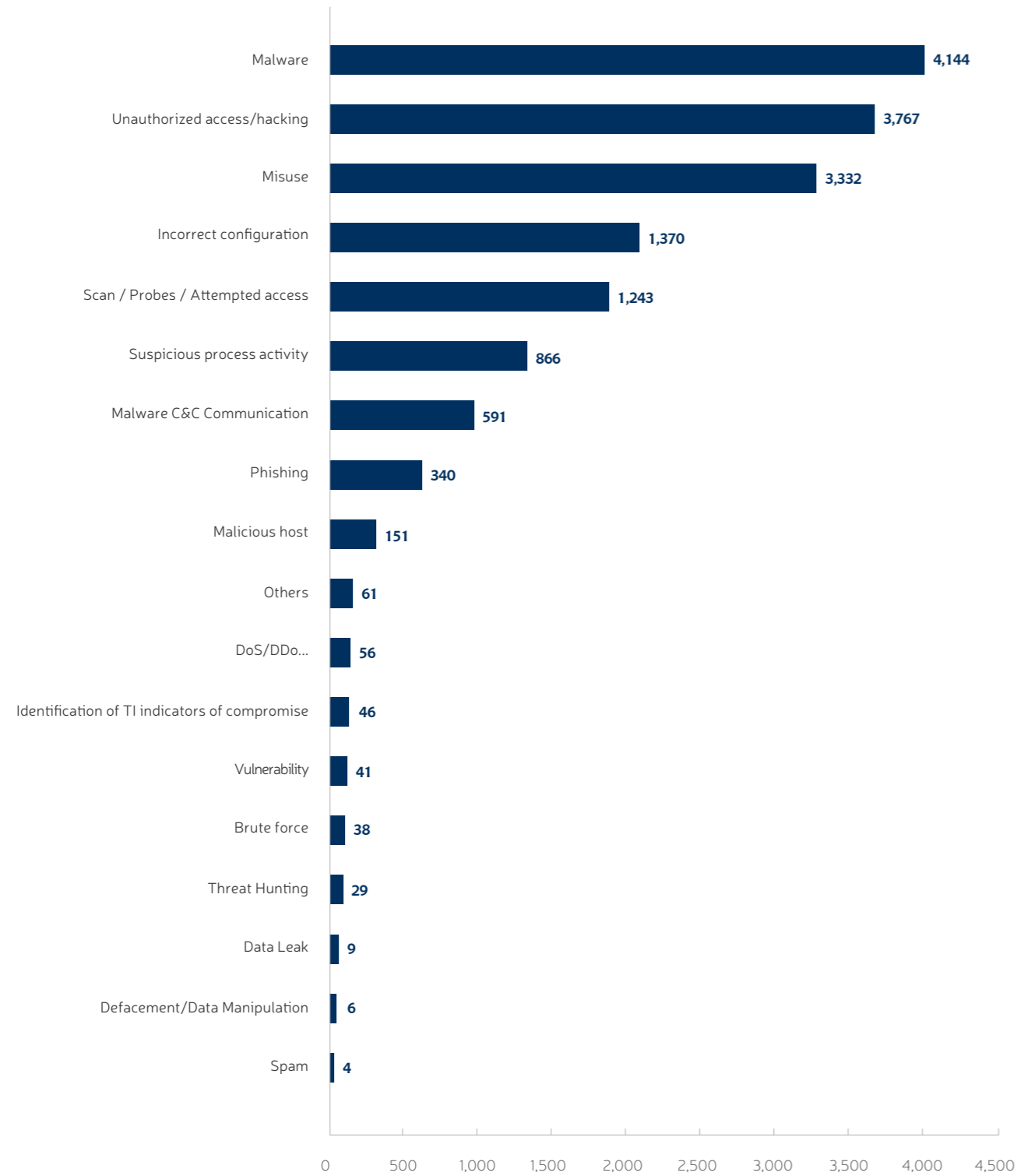
- ◆ technical work was carried out to bring the IT infrastructure into compliance;
- ◆ Optimization of the information security products used was carried out, modern software products were introduced for monitoring, preventing information leakage, scanning and obtaining operational information on vulnerabilities.

COUNTERING CYBERATTACKS

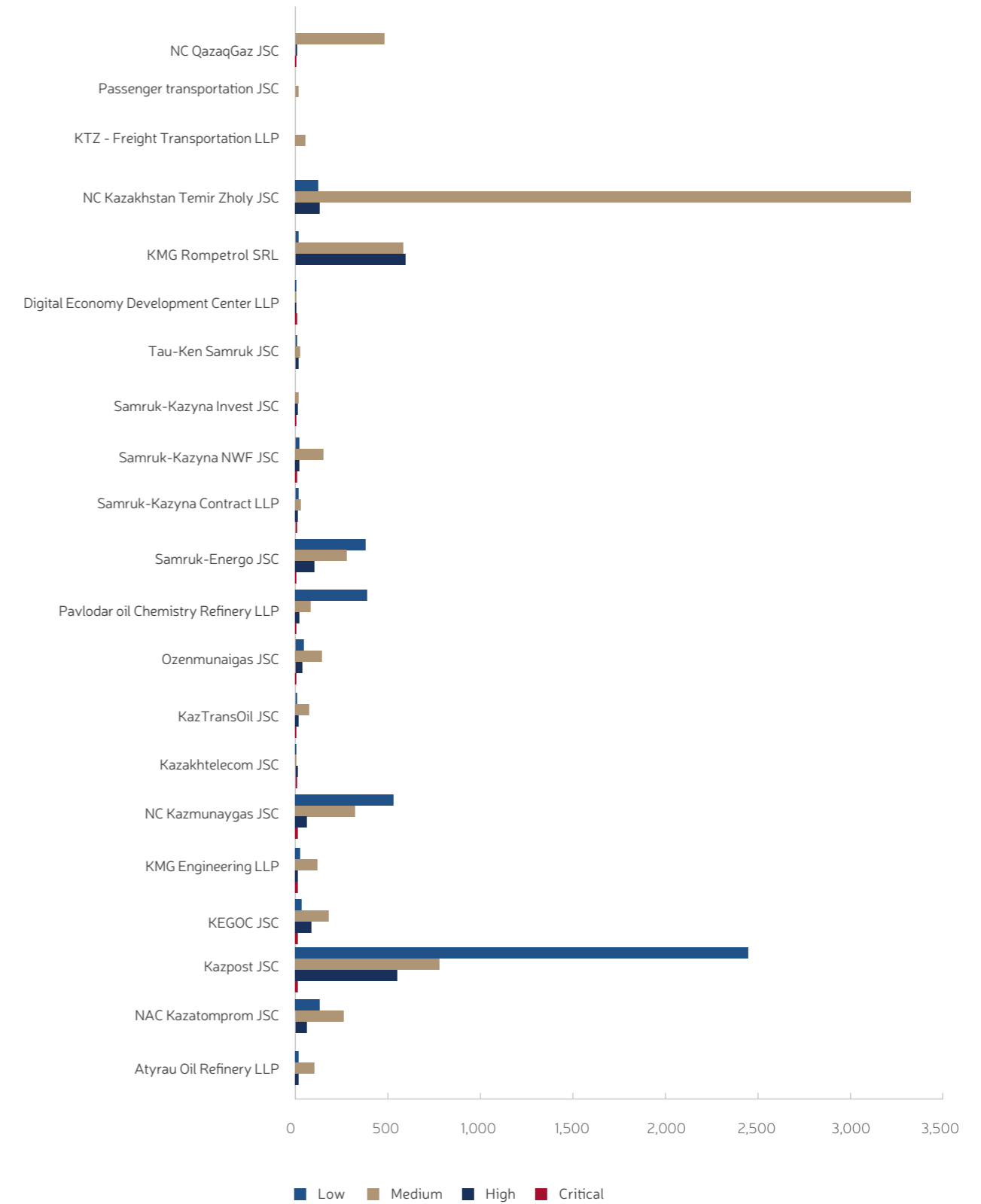
- ◆ a monitoring center was established in the conditions of the Fund to maintain information security systems and promptly respond to external and internal threats to the IT infrastructure.
- ◆ audit (pentest) of the external infrastructure was conducted, the identified vulnerabilities were timely eliminated by the Fund's technical specialists.

In 2023, audits of the Fund's portfolio companies for compliance with information security requirements were conducted, and recommendations to improve the level of information security were developed based on the results. A register of cybersecurity risks and quarterly risk reports, including those related to the companies of the Fund group, are prepared annually.

INCIDENT STATISTICS BY THREAT TYPES FOR 2023 IN THE FUND GROUP



INCIDENT STATISTICS FOR 2023 BY FUND GROUP



PERSONNEL MANAGEMENT

PERSONNEL MANAGEMENT IN THE FUND GROUP OF COMPANIES IS CARRIED OUT IN ACCORDANCE WITH THE PERSONNEL POLICY OF SAMRUK-KAZYNA JSC, APPROVED BY THE DECISION OF THE BOARD OF DIRECTORS OF THE FUND DATED DECEMBER 14, 2022 (MINUTES NO. 209) (HEREINAFTER — THE PERSONNEL POLICY).

In 2023 the proportion of women in the BoD/SB was

13%

This Personnel Policy is developed taking into account international practices and reflects the interests of employees of the Fund group of companies and is aimed at meeting the need of the Fund group of companies in qualified, competent and motivated personnel, as well as creating the necessary working conditions and favorable environment for employees of the Fund group of companies. Thus, the Fund determines as the main priority of the Personnel Policy — the employees of the Fund and the Group of Companies, as well as the development of human resources potential as a factor in ensuring increased efficiency and competitiveness of the Fund and the Group of Companies.

Thus, in 2023, more than 120 thousand employees of the Fund group of companies underwent training, thereby improving their competence. In 2023, the work was continued to organize training in a corporate format for the purpose of internal systematization of knowledge and formation of high-quality human resources, which, among other things, took place through self-development, training events, mentoring, coaching, HR projects and formation of professional communities within the Fund group of companies.

The Fund has also set itself the goal of increasing the share of women in the governing bodies of portfolio companies to 30% by 2030. To increase the share of women in the governing bodies of companies, the Fund, with the support of the National Commission on Women's Affairs and Family and Demographic Policy under the President of the Republic of Kazakhstan (hereinafter — the National Commission), created the Gender Equality Program. In 2023,

based on the results of the program, a pool of 68 women leaders was formed. Of which, 15 women leaders are included as independent experts and speakers in the regional units of the National Commission, as well as members of the expert group of the central state bodies of the RK, and 16 women are members of the BOD/NS. However, at the end of 2023, the proportion of women in the BoD/SB was 13% and in the executive bodies 17%.

In 2023, the Fund, together with the National Commission, also implemented the charity projects "Tugan Yelge Sayahat" and "Medical Trains":

- ◆ "Tugan Elge Sayakhat" — a project in the format of a summer camp for talented children and production children of PCs and subsidiaries, where trains traveled to historical sites. 600 children from all over Kazakhstan (300 children of employees of PCs and subsidiaries and affiliates in the regions / 300 children selected in the contest of the best essays on the topic: "What I can do for my region") had the opportunity to participate in the excursion camp through the operation of 3 rounds of the camp;
- ◆ The Medical Trains project is aimed at providing qualified medical assistance to the population of remote stations of the country by running a medical train.

In addition, the Fund group of companies took an active part in the global campaign "16 Days of Activism against Gender Violence", within the framework of which a number of events were held.

In 2023, the Fund's group of companies trained more than

120

thousand employees

A pool of women leaders was formed from

68

people

At the same time, work is underway to develop the corporate culture and employer brand in order to attract and retain specialists, especially young talents. By the end of 2023, the Fund group of companies has over 80 thousand young specialists under 35 years of age out of the total number of employees. A systematic approach to work with young people is ensured by focusing on the intellectual and professional development of young professionals. Portfolio companies have identified responsible persons to work with young people, and the Institute of Youth Councils is functioning. As part of the program to support youth policy, the Fund developed "Zheti kadam" program to develop young specialists' professional competencies, leadership potential, familiarization with techniques for introducing managerial competencies, and development of communication skills.

Thus, in August 2023, the results of the modular program for the development of young leaders "Zheti kadam" were summed up. As a result of the program, 49 young professionals from the Fund group of companies, who worked in 7 teams on projects with mentors from the Presidential Youth Personnel Reserve, completed training, and their projects were taken for implementation by the portfolio companies of the Fund. Over the next two years, 18 companies will implement the projects, thus improving the productivity and efficiency of the companies.

Meetings were also held with young specialists of the Fund group of companies on the topic: "Human Capital, Diversity and Inclusion".

- ◆ in September 2023 with the Chairman of the Management Board of Samruk-Kazyna JSC and the Chairman of Agency of the Republic of Kazakhstan for Civil Service Affairs regarding joining the ranks of the Presidential Youth Personnel Reserve.

In addition, during 2023, employees of the Fund's group of companies were trained in various programs:

- ◆ Middle management (for middle managers), which resulted in the formation of a pool of highly competent middle managers who possess modern management tools and are result-oriented;
- ◆ IR school (for IR specialists), the purpose of which was to familiarize them with the "Corporate Standard for the Development of Industrial Relations", train IR specialists, develop skills to prevent and resolve conflicts, improve the effectiveness of communications both within the company and with partners, and create an IR culture;
- ◆ PR School (for PR employees) — the program lasted 6 months, 19 people completed the training. The graduates were able to expand and deepen their applied knowledge in the field of PR, exchange experience, increase the level of involvement and knowledge of employees in the field of communications and public relations;

IN 2023, THE FUND, TOGETHER WITH THE NATIONAL COMMISSION, ALSO IMPLEMENTED THE CHARITY PROJECTS "TUGAN YELGE SAYAHAT" AND "MEDICAL TRAINS"

- ◆ HR School (for HR employees), which was designed to improve the competencies of employees in the human resource management sector, optimize HR processes, develop the work of HR departments in the context of changes and develop the HR community of the Fund group. The program consisted of 7 modules. Upon completion of the program, 7 projects were sent to portfolio companies for implementation in the next two years;
- ◆ "HR-Connect" is a project aimed at bringing together managers and HR specialists to develop the HR community of the Fund's group, focusing on training and development. Thus, in September 2023, the first "HR-Connect" was held in NC Kazakhstan Temir Zholy JSC, where HR specialists of the Fund's group met to discuss the programs of NC Kazakhstan Temir Zholy JSC and exchange experience in the field of training. And on December 14, 2023, Kazakhtelecom JSC hosted a meeting of representatives of the group of companies within the framework of HR Connect on the topic "The employee's path from employment to dismissal". This project plays an important role in synchronizing training processes, informing about opportunities for professional development and stimulating training in the companies of the Fund's group.

At the same time, HR-talks, HR-forum "Bola-shagymyz — birlikte!" with participation of more than 150 employees of the Fund's group of companies and other events were also held in 2023.

OCCUPATIONAL SAFETY

428

internal trainers

were trained on the "Labor Safety Culture" training course

LTIF injury frequency rate decreased by

12%

In 2023, significant work was carried out aimed at improving the occupational safety management system and increasing the level of safety culture of employees of the enterprises of Samruk-Kazyna JSC group, including:

1. 428 internal trainers and more than 120 thousand production employees have been trained on the "Work Safety Culture" training course, which has been approved by the Institute of Occupational Safety and Health of Great Britain IOSH, with plans to increase this figure to 100%.
2. The Health & Safety School was established on the basis of Samruk Business Academy and a series of courses on the most hazardous types of work was developed to improve the qualification of employees.
3. In August 2023, the II Annual Occupational Safety Forum of the Fund was held, and similar events were also held in major portfolio companies.
4. experience was exchanged both within Fund group of companies and with the advanced companies of the industry, namely with Kazzinc LLP, Karachaganak Petroleum Operating B.V. and Eurasian Group LLP.
5. The Fund continued the positive practice of conducting joint exercises on liquidation of conditional accidents at hazardous production facilities, and also took part in exercises at the territory of Aktau Commercial Sea Port, Ulba Metallurgical Plant, Zhetybai deposit, Shalkiya Zinc JSC.

6. With the participation of experts of portfolio companies, cross audits of 17 enterprises of the Fund's group were carried out, more than 1200 non-conformities potentially causing accidents were identified, the elimination of which is under control.
7. In order to develop the habit of wearing seat belts in the car, with the assistance of NC QazaqGaz JSC a campaign was conducted in 10 cities of the Republic of Kazakhstan on practical testing of "convincer" (simulator of frontal collision in an accident).
8. Dashboards on incidents were formed, the process of recording incidents in contracting organizations of portfolio companies was automated, as well as practices of collecting and reviewing suggestions from employees through QR, assessment of the level of OS by all employees of the Fund when seconded to Subsidiaries/branch of the PC were introduced.
9. Awareness-raising work is carried out, namely, the publication of articles, development and demonstration of videos, placement of posters, holding open days, master classes for children of the Fund's group employees.

As a result of jointly implemented measures with portfolio companies, the number of people injured in accidents with serious and fatal outcomes decreased by 17% in 2023 compared to 2022. LTIF injury frequency rate decreased by 12% to 0.14 compared to 0.16 in 2022.



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FOR THE YEAR ENDED DECEMBER 31, 2023
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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
Al-Farabi ave., 77/7, Esentai Tower

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)*
Assets			
Non-current assets			
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
Current assets			
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
Total assets		36,926,344	33,631,379

* 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)*
Equity and liabilities			
Equity attributable to equity holder of the Parent			
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
Total equity		21,737,315	19,793,422
Non-current liabilities			
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
Current liabilities			
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
Total liabilities		15,189,029	13,837,957
Total equity and liabilities		36,926,344	33,631,379

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)
Gross profit		3,721,597	3,567,647
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)
Operating profit		2,130,164	2,053,725
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)
Profit before income tax		2,859,692	3,146,696
Income tax expenses	34	(731,609)	(772,632)
Net profit for the year		2,128,083	2,374,064

* 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			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
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
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax		(136,460)	534,630
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
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
Other comprehensive gain not to be reclassified to profit or loss in subsequent periods		2,409	9,456
Other comprehensive (loss)/income for the year, net of tax		(134,051)	544,086
Total comprehensive income for the year, net of tax		1,994,032	2,918,150
Net profit for the year attributable to:			
Equity holder of the Parent		1,698,074	1,926,689
Non-controlling interests		430,009	447,375
		2,128,083	2,374,064
Total comprehensive income for the year, attributable to:			
Equity holder of the Parent		1,601,388	2,435,584
Non-controlling interests		392,644	482,566
		1,994,032	2,918,150
Earnings per share in net profit for the period attributable to Equity holder of the Parent – tenge			
Basic and diluted	19.13	487.68	553.33

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



Aidar Ryskulov

Chief accountant

Almaz Abdrakhmanova

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


In millions of tenge	Note	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
Balance as at December 31, 2021 (restated)*		5,268,580	32,694	1,894,545	(48,906)	(16,984)	8,174,541	15,304,470	1,917,459	17,221,929
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
Total comprehensive income for the year (restated)*		-	2,825	453,184	43,365	-	1,936,210	2,435,584	482,566	2,918,150
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)
Balance as at December 31, 2022		5,268,819	35,519	2,220,063	(5,900)	(16,986)	9,787,891	17,289,406	2,504,016	19,793,422
Restatements	6	-	-	-	-	-	49,761	49,761	-	49,761
Balance as at December 31, 2022 (restated)*		5,268,819	35,519	2,220,063	(5,900)	(16,986)	9,787,891	17,289,406	2,504,016	19,793,422
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)
Total comprehensive income/(loss) for the year		-	574	(107,271)	2,866	-	1,705,219	1,601,388	392,644	1,994,032
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)	-	-	-	-	-
Balance as at December 31, 2023		5,492,783	36,091	1,270,562	(3,469)	(17,003)	10,349,822	17,128,786	4,608,529	21,737,315

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



Aidar Ryskulov

Chief accountant



Almaz Abdrakhmanova

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

In millions of tenge	Note	2023	2022 (restated)*
Cash flows from operating activities			
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
Net cash flows received from operating activities		2,397,331	2,237,971
Cash flows from investing activities			
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)
Net cash flows used in investing activities		(2,151,680)	(1,375,232)

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

In millions of tenge	Note	2023	2022 (restated)*
Cash flows from financing activities			
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)
Net cash flows used in financing activities		(329,744)	(756,406)
Net (decrease)/increase in cash and cash equivalents		(84,093)	106,333
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
Cash and cash equivalents at the end of the year	18	2,740,336	2,945,616

**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%
Transportation volumes:		
- transportation within Kazakhstan	1,073 billion m ³	2,084 billion m ³
- transportation of gas for export	17 billion m ³	72 billion m ³
- international transit	1,245 billion m ³	1,308 billion m ³
Transportation tariffs:		
- transportation within Kazakhstan (thousand m ³)	From 5,425.26 Tenge	From 5,285.66 Tenge
- transportation of gas for export (thousand m ³ /100 km)	2.42 US Dollars – 5 US Dollars	2.42 US Dollars – 5 US Dollars
- international transit (thousand m ³ /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 ³
Gas transportation volumes until 2030	108.3 bln. m ³
Tariffs for:	
- gas sales (thousand m ³)	from 22 thousand tenge
- gas transportation (thousand m ³)	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 m³ and 108.3 billion m³ to 136.7 billion m³ and 103.7 billion m³, 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 ³
Condensate sales volumes	269 million m ³
Tariffs for:	
- gas sales (thousand m ³)	from 22 thousand tenge
- sales of condensate (thousand m ³)	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 ³	6,473 million m ³
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 UxС 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
	152,402	152,402

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 m³ and 2,267 tenge excluding VAT per 1 m³ 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
Assets	
Non-current assets	
Property, plant and equipment	192,313
Intangible assets	7,005
Amounts due from credit institutions	5,413
Current assets	
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
Total assets	238,891
Non-current liabilities	
Provisions	4,346
Deferred tax liabilities	55,196
Current liabilities	
Trade and other payables	11,881
Other current liabilities	1,555
Total liabilities	72,978
Total identifiable net assets at provisional fair values	165,913
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
Impact on financial position:	
Increase in assets	
Increase in non-current assets	
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
	47,850
Increase in current assets	
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
	8,534
Increase in total assets	56,384
Increase in non-current liabilities	
Increase in employee benefit liabilities	86
Increase in deferred tax liabilities	4,915
	5,001
Increase in current liabilities	
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
	1,622
Increase in total liabilities	6,623
Increase in equity	
Increase in retained earnings	49,761
Increase in equity, attributable to equity holders of the Parent	49,761
Increase in total equity	49,761

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

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)
	(1,133)
Change in allowance for expected credit losses	4
Net decrease in cash and cash equivalents	(1,129)

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
Total assets	45,767
Trade and other payables	20
Other current liabilities	40,029
Total liabilities	40,049
Net assets	5,718

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)
Result of disposal of Railway Passenger Coach Construction Plant LLP	6,282

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
Total assets	20,509
Borrowings	2,511
Trade and other payables	3,548
Other current liabilities	5
Total liabilities	6,064
Net assets directly associated with the disposal group	14,445
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
Gain from disposal of subsidiary	186,225

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)
Net loss for the period	(233)

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
Net decrease in cash and cash equivalents	20

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)
Loss for the period	(9,047)

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
Net increase in cash and cash equivalents	4,141

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
Assets	
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
Total assets	4,613
Liabilities	
Lease liabilities	286
Trade accounts payable	1,736
Other current liabilities	709
Total liabilities	2,731
Net assets directly associated with disposal group	1,882

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*
Assets		
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
Assets classified as held for sale	1,064,032	1,092,783
Liabilities		
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
Liabilities associated with assets classified as held for sale	1,052,257	1,045,062
Net assets held for sale	11,775	47,721

* 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*
Assets	
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
Assets classified as held for sale	618,826
Liabilities	
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
Liabilities associated with assets classified as held for sale	521,563
Net assets held for sale	97,263

* 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
Net book value at January 1, 2022 (audited) (restated)	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
Net book value at December 31, 2022 (audited) (restated)	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)
Net book value at December 31, 2022 (audited) (restated)	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
Including right-of-use assets under lease agreements									
Net book value at January 1, 2022 (audited) (restated)	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	-	-	-	-
Net book value at December 31, 2022 (audited) (restated)	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)
Net book value at December 31, 2022 (audited) (restated)	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
Net book value at January 1, 2023 (audited) (restated)	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)
Net book value at December 31, 2023	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)
Net book value at December 31, 2023	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
Including right-of-use assets under lease agreements									
Net book value at January 1, 2023 (audited) (restated)	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	-	-	-	-	-	-	-	-	-
Net book value at December 31, 2023	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)
Net book value at December 31, 2023	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
Net book value at January 1, 2022 (audited) (restated)	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)
Net book value at December 31, 2022 (audited) (restated)	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
Net book value at December 31, 2023	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)
Net book value at December 31, 2023	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)
Net book value at December 31, 2022 (audited) (restated)	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
Net book value at January 1, 2022	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
Net book value at December 31, 2022	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)
Net book value at December 31, 2023	184,408	20,666	205,074
Historical cost	316,150	34,783	350,933
Accumulated impairment	(131,742)	(14,117)	(145,859)
Net book value at December 31, 2023	184,408	20,666	205,074
Historical cost	309,934	19,891	329,825
Accumulated impairment	(30,626)	(4,899)	(35,525)
Net book value at December 31, 2022	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
Joint ventures						
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	
Total joint ventures			5,656,821		5,369,639	
Associates						
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	
Total associates			1,243,186		1,365,802	
			6,900,007		6,735,441	

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
Joint ventures										
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	-
Equity	17,992,548	1,957,072	524,323	410,183	(276)	159,882	138,957	106,717	134,492	73,012
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)	-
Carrying amount of investment as at December 31, 2023	3,598,510	978,536	280,300	203,614	93,258	79,941	69,479	53,358	41,515	36,506
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
Other comprehensive (loss)/income	(325,499)	(738)	-	1,285	-	(195)	(305)	1	16	(1,729)
Total comprehensive income/(loss)	1,378,920	536,526	105,855	77,795	(44)	23,565	64,343	37,441	34,608	40,236
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
Joint ventures									
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	–
Equity	19,125,266	1,420,546	440,195	331,952	136,318	117,624	74,275	99,884	64,139
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)	–
Carrying amount of investment as at December 31, 2022	3,825,053	710,273	238,236	164,716	68,159	58,812	37,138	26,351	32,070
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
Total comprehensive income	4,827,303	552,829	101,674	98,755	28,823	8,991	33,566	41,790	45,176
Dividends received	244,579	70,949	11,765	92,071	–	–	5,000	2,189	22,826

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")
Associates								
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
Equity	1,967,580	1,450,459	218,474	308,074	2,301,039	1,649,266	235,359	307,311
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)
Carrying amount of investment	451,913	432,557	97,501	94,887	521,882	491,846	113,920	94,635
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
Total comprehensive income/(loss)	267,245	(170,572)	66,006	9,887	753,426	(21,889)	82,891	29,484
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
Carrying amount of investments as at December 31	221,804	208,831
Net profit for the year	25,685	35,908
Other comprehensive (loss)/income	(2,466)	225
Total comprehensive income	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
Carrying amount of investments as at December 31	166,328	143,519
Net profit for the year	65,799	56,099
Other comprehensive (loss)/income	(7,503)	5,075
Total comprehensive income	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)
Balance as at January 1	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)
Balance as at December 31	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%
Total loans and net investment in finance lease	262,766		235,899	
Less: allowance for expected credit losses	(28,756)		(17,284)	
Loans issued and net investment in finance lease, net	234,010		218,615	
Less: current portion	(131,472)		(66,889)	
Non-current portion	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
Allowance at January 1	17,284	19,234
Charged, net	11,372	(1,373)
Change in accounting estimates	100	(577)
Allowance at December 31	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
Lease payments	62,768	77,438
Less: unearned finance income	(17,154)	(23,421)
Net investment in finance lease	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
	234,010	218,615

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)
Amounts due from credit institutions, net	1,298,880	1,703,873
Less: current portion	(1,243,196)	(1,433,305)
Non-current portion	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)
Financial assets at fair value through other comprehensive income, including:	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
Financial assets at amortized cost, including:	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)
Financial assets at fair value through profit or loss, including:	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
Total financial assets	1,728,511	1,090,963
Less: current portion	(1,134,317)	(347,750)
Non-current portion	594,194	743,213

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)
Allowance at January 1	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)	-
Allowance at December 31	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
Allowance at January 1	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)
Allowance at December 31	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
As of December 31, 2021	3,481,961,408		5,268,580
Property contributions	1	239,265,541	239
As of December 31, 2022	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
As of December 31, 2023	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
Summarized statement of financial position					
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
Total equity	10,394,397	2,008,267	803,663	367,733	96,984
Attributable to:					
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
Summarized statement of comprehensive income					
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
Total comprehensive income for the year, net of tax	806,614	579,978	106,401	71,563	34,054
Attributable to:					
Equity holder of the Parent	842,977	418,835	95,065	71,563	34,054
Non-controlling interests	(36,363)	161,143	11,336	–	–
Dividends declared to non-controlling interests					
	39,226	117,174	7,048	3,336	3,683
Summarised cash flow information					
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)
Net increase/(decrease) in cash and cash equivalents	303,985	51,600	(166,070)	17,816	10,285

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
Summarized statement of financial position					
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
Total equity	9,873,450	1,696,503	730,607	307,413	70,446
Attributable to:					
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
Summarized statement of comprehensive income					
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
Total comprehensive income for the year, net of tax	1,786,064	472,453	125,837	65,140	42,823
Attributable to:					
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	-	-
Dividends declared to non-controlling interests					
	(21,445)	(142,145)	(19,421)	(3,023)	-
Summarised cash flow information					
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)
Net (decrease)/increase in cash and cash equivalents	(278,907)	4,089	17,311	16,412	16,279

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)
Net assets for common shares	19,719,567	17,847,783
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
Earnings per share		
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
Fixed interest rate borrowings	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%
Floating interest rate borrowings	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)	
Amounts due for settlement after 12 months	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
Bonds					
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
Total				4,208,988	4,725,920

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
Total borrowings	6,363,902	6,667,675

Changes in borrowings are as follows:

In millions of tenge	2023	2022
Balance as at January 1	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)
Balance as at December 31	6,363,902	6,667,675

* 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)
Amounts due for settlement after 12 months			861,818	679,844

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

In millions of tenge	2023	2022
Balance as at 1 January	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
Balance as at 31 December	872,846	683,604

* 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)
Provision at December 31, 2022	275,080	87,984	14,272	87,737	97,257	562,330
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
Provision at December 31, 2023	375,328	82,507	8,450	-	101,230	567,515

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
Provision at December 31, 2022	275,080	87,984	14,272	87,737	97,257	562,330
Current portion	9,081	7,056	8,450	-	71,866	96,453
Non-current portion	366,247	75,451	-	-	29,364	471,062
Provision at December 31, 2023	375,328	82,507	8,450	-	101,230	567,515

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)	-	-
Present value of minimum lease payments	353,077	621,160	353,077	621,160
Less: amounts due for settlement within 12 months			(70,906)	(138,192)
Amounts due for settlement after 12 months			282,171	482,968

The Air Astana lease obligations are denominated in US dollars.

Changes in lease liabilities are as follows:

In millions of tenge	2023	2022
Balance as at January 1	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
Balance as at December 31	353,077	621,160

24. OTHER NON-CURRENT FINANCIAL AND OTHER LIABILITIES

As at December 31 other current liabilities comprised the following:

In millions of tenge	2023	2022
Other financial liabilities		
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
Other non-financial liabilities		
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)
Other financial liabilities		
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
Other non-financial liabilities		
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)
Revenue from contracts with customers:		
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
Geographical markets		
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
	325,807	71,682

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

In millions of tenge	2023	2022
Impairment and write-off expenses		
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
	262,167	55,533

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
	709,947	653,989

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
	486,364	320,983

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)
Joint ventures		
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
Associates		
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
	945,079	1,449,389

34. INCOME TAX EXPENSES

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

In millions of tenge	2023	2022 (restated)
Current income tax expenses		
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
Deferred income tax expense/(benefit)		
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
Income tax expenses	731,609	772,632

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
Income tax expenses on accounting profit	571,938	629,339
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
Total corporate income tax expenses	731,609	772,632

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
Deferred tax assets								
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)
Deferred tax assets	98,045	10,334	-	108,379	89,252	-	-	89,252
Deferred tax liabilities								
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)
Deferred tax liabilities	1,188,523	539	571,270	1,760,332	1,042,787	597	615,747	1,659,131
Net deferred tax liabilities	(1,090,478)	9,795	(571,270)	(1,651,953)	(953,535)	(597)	(615,747)	(1,569,879)

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
Balance at January 1	953,535	597	615,747	1,569,879	802,608	358	465,891	1,268,857
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
Balance at December 31	1,090,478	(9,795)	571,270	(1,651,953)	953,535	597	615,747	(1,569,879)

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
2023		
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
2022		
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
At December 31, 2023						
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
At December 31, 2022						
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
Total debt	7,872	8,129

Less: cash and cash equivalents	(2,740)	(2,946)
Net debt	5,132	5,183
EBITDA	4,488	4,701
Total equity	21,737	19,793

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
Financial instruments category				
Assets				
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
Financial instruments category				
Assets				
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)
Financial assets					
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	-
Financial liabilities					
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)
Financial assets					
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
Financial liabilities					
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
As at January 1, 2022	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
As at December 31, 2022	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
As at December 31, 2023	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	2023: 39,802 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	2023: 86,173 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 m³ 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
Total	6,076,524	4,517,108

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)	-
Total revenue	9,463,671	2,250,606	2,446,714	724,863	737,525	29,975	681,169	40,400	(940,918)	15,434,005
Geographical markets										
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
Gross profit	1,957,694	767,475	551,867	223,374	225,843	3,737	593,078	17,126	(618,597)	3,721,597
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)
Total net profit/(loss) for the year	1,244,482	533,727	166,216	105,990	94,057	(23,626)	476,925	25,719	(495,407)	2,128,083
Other segment information										
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 petrochemi-cal 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)	-
Total revenue	9,647,633	1,947,740	1,937,857	671,686	685,456	37,486	866,020	33,782	(1,012,513)	14,815,147
Geographical markets										
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
Gross profit	2,224,569	531,383	373,025	225,338	223,919	8,909	802,293	15,413	(837,202)	3,567,647
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)
Total net profit/(loss) for the year	1,653,779	455,464	131,062	115,919	109,630	(33,685)	815,069	(9,309)	(863,865)	2,374,064
Other segment information										
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 (SINGA-PORE) 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

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If you have any questions, comments and suggestions regarding the report, you can contact the Fund's employees:

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