NC QazaqGaz JSC

Consolidated Financial Statements in accordance with IFRS Accounting Standards and Independent Auditor's Report

31 December 2023

Contents

Consolidated Financial Statements

Independent Auditor's Report

To the Shareholder, Board of Directors and Management of NC QazaqGaz JSC:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of NC QazaqGaz JSC (the "Company") and its subsidiaries (together – the "Group") as of 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as of 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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.

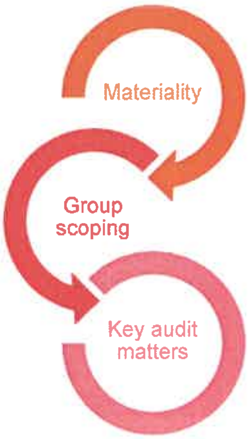
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Kazakhstan. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Republic of Kazakhstan that are relevant to our audit of the consolidated financial statements.

Our audit approach

Overview



- Overall Group materiality: Kazakhstani Tenge ("Tenge") 15,560,000 thousand, which represents 5% of profit before tax.

- Group audit scope included the Company, three subsidiaries and two joint arrangements in Kazakhstan.
- Our audit scope addressed 98% of the Group's revenues and 100% of the Group's absolute value of underlying profit before tax.

- Impairment assessment of non-current assets
- Gas pipeline abandonment and site restoration provision
- Accrued payable for the purchased gas

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	Tenge 15,560,000 thousand
How we determined it	Approximately 5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users of the consolidated financial statements, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of non-current assets	
Notes 3 and 6 to the consolidated financial statements During 2023, the Group's profitability was impacted by increase in borrowing interest rates, reduced gas transit and changes in economic environment in which the Group operates. These indicate that the Group's non-current assets with the carrying value of Tenge 1,506,401,491 thousand as of 31 December 2023 may be impaired. The recoverable amount of the assets was determined as their value in use. Determining the recoverable amount requires significant management judgement and assumptions in respect of projected future cash flows, discount rates and level of main production costs. These projections are exposed to significant variability due to uncertain market conditions. We focused on this area due to the significance of the carrying values of the assets, and the fact that there is significant judgement involved in determining the recoverable amounts.	Our procedures included: • We obtained an understanding of internal processes and controls and analysed the methodology applied by the management in assessing the non-current assets impairment for compliance with IAS 36. • We obtained, understood, and evaluated management's impairment models. We involved our valuation experts to assist in the evaluation of the methodology and assumptions used in the models, such as domestic sales tariffs, export sales prices, transportation and production volumes, discount rates, inflation rates, country specific risks and foreign exchange rates. • We compared future operating and capital expenditures and the revenue projections to the latest approved business plans and budgets. • We compared the key assumptions used within the impairment models to the historic performance of the respective CGUs. • We performed a sensitivity analysis over the key assumptions in order to assess their potential impact on impairment results and ranges of possible outcomes of the recoverable amounts. • We assessed the related disclosures in the consolidated financial statements for compliance with the requirements of IFRS Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Gas pipeline abandonment and site restoration provision *Notes 3, 6 and 21 to the consolidated financial statements* During 2023, the Group refined its methodology for calculation of the gas pipeline abandonment and site restoration provision to align physical quantities and cost rates for decommissioning activities. The Group has involved internal experts to determine physical quantity and applicable cost rates for decommissioning activities. The refinements did not result in significant additional provision being recognised. We focused on this area due to the size of the provision balance, which is Tenge 78,090,261 thousand as of 31 December 2023, and the fact that calculation of the gas pipeline abandonment and site restoration provision involves inherent subjectivity in estimating future nominal costs and uncertainty associated with timing until the actual fulfilment of decommissioning obligations.	Our procedures included: • We obtained an understanding of internal processes and controls and analysed the methodology used by the management to determine the provision for compliance with IAS 37. • We assessed competence, qualifications, experience and objectivity of the management's experts involved to determine physical quantity and applicable cost rates for decommissioning activities. • We assessed the Group's calculations, reconciled key assumptions to external sources and tested on a sample basis cost per unit input data used in nominal cost calculations, including physical volume of works, cost per unit and construction estimate norms. • We reconciled the assets per the PPE register subject to decommissioning to the list of assets included in the provision's calculation to verify completeness. • We involved our valuation experts to assess the reasonableness of the discount and inflation rates used by the Group in the calculation of gas pipeline abandonment and site restoration provision. • We assessed the related disclosures in the consolidated financial statements for compliance with IFRS Accounting Standards' requirements.

Key audit matter	How our audit addressed the key audit matter
Accrued payable for the purchased gas	
Notes 3 and 24 to the consolidated financial statements During 2023, the Group purchased commercial gas from one of its key suppliers without the price agreement. As of the date of the consolidated financial statements, negotiations with the supplier are ongoing and a final decision has not been taken yet. The Group recognised the accrued trade payable in the amount of Tenge 109,818,524 thousand as of 31 December 2023 based on the management's best estimate taking into account historic purchase prices, correspondence and negotiations with the supplier at the level of the Ministry of Energy of the Republic of Kazakhstan, as well as the mechanism for determining the gas purchase price, provided for by the Memorandum of Understanding between the Government of the Republic of Kazakhstan and the supplier. We focused on this area due to the significance of the accrued payable amount and the fact that there is significant judgement involved in determining the accrued payable.	Our procedures included: • We held discussions with the Group's management to understand the latest development and the status of negotiations between the Group and the supplier. • We inspected the signed Memorandum on Understanding between the Government of the Republic of Kazakhstan and the supplier that stipulates the mechanism to determine the gas purchase price and correspondence with the supplier. • We received the letter from the supplier with their position. • We assessed the reasonableness of the key assumptions used to estimate the accrued payable and compared them to the historic prices of the supplier that were actually settled in 2022 and to the prices of other gas suppliers in 2023. • We tested the mathematical accuracy of the accrued payable calculation. • We performed sensitivity analysis in consideration of the potential impact of reasonably possible changes in the price of gas. • We assessed the related disclosures in the consolidated financial statements for compliance with IFRS Accounting Standards' requirements.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors.

The Group's gas transportation and production facilities are located in the Republic of Kazakhstan. The assets and operations of the Group are spread amongst fifteen subjects (components), including four jointly controlled entities. Out of these, we have identified six components as material components, including the Company, its three subsidiaries and two joint ventures.

For six material components we carried out a full scope audit of their financial information, which the Group uses for the preparation of the consolidated financial statements.

In general, the scope of our audit covered 99% of total assets, 98% of total revenue and 100% of the absolute value of profit before tax. The procedures performed have enabled us to obtain sufficient appropriate audit evidence in relation to the consolidated financial statements of the Group and provide a basis for our audit opinion on it.

Other information

Management is responsible for the other information. The other information comprises the Annual report (but does not include the consolidated financial statements and our auditor's report thereon), which 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 identified above 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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.

Those charged with governance are 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 judgement and maintain professional scepticism 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, 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 engagement partner on the audit resulting in this independent auditor's report is Almaz Sadykov.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:

Azamat Konratbaev
Managing Director
PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan №0000005 dated 21 October 1999)

Signed by:

Almaz Sadykov
Auditor in charge
(Qualified Auditor's Certificate №0000745 dated 8 February 2019)

28 February 2024

Astana, Kazakhstan

In thousands of Tenge	Note	31 December 2023	31 December 2022 (restated)*
ASSETS			
Non-current assets			
Property, plant and equipment	6	1,430,331,997	1,115,584,339
Exploration and evaluation assets	7	4,510,107	16,474,772
Right-of-use assets	8	66,806,648	90,661,610
Intangible assets		4,752,739	5,166,868
Investments in joint ventures	9	1,241,253,329	930,644,064
Advances paid for non-current assets		1,890,448	2,480,806
VAT recoverable	12	60,877,222	78,509,782
Deferred tax assets	31	6,450,522	1,216,148
Other non-current assets		114,565	118,725
Bank deposits	13	2,955,454	2,755,818
		2,819,943,031	**2,243,612,932**
Current assets			
Inventories	15	63,191,048	37,464,754
Trade and other receivables	16	287,464,653	170,562,796
Advances paid		1,659,507	3,701,240
Loans to related party	10	39,977,505	3,524,877
Prepaid taxes other than income tax	12	116,234,429	44,836,145
Corporate income tax prepaid	31	43,406,962	45,200,131
Other current assets		634,182	511,714
Other current financial assets	11	103,244,373	33,600,948
Bank deposits	13	482,975	11,351,931
Cash and cash equivalents	14	66,770,948	577,128,222
		723,066,582	**927,882,758**
TOTAL ASSETS		**3,543,009,613**	**3,171,495,690**

In thousands of Tenge	Note	31 December 2023	31 December 2022 (restated)*
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	447,874,886	430,959,489
Additional paid-in capital		25,946,130	25,946,130
Foreign currency translation reserve		2,158,137	2,562,805
Retained earnings		2,026,909,132	1,728,093,477
TOTAL EQUITY		**2,502,888,285**	**2,187,561,901**
Non-current liabilities			
Debt securities issued	18	325,433,246	330,925,389
Bank loans	19	29,965,552	46,751,519
Borrowings	20	-	8,109,740
Lease liabilities	22	54,969,380	77,780,710
Employee benefit obligations		447,939	577,165
Provisions	21	78,093,857	65,373,257
Other non-current financial liabilities	25	4,192,701	3,510,235
Liabilities from contracts with customers	23	10,820,812	11,127,184
Deferred tax liabilities	31	62,741,275	91,943,198
		566,664,762	**636,098,397**
Current liabilities			
Debt securities issued	18	3,800,488	3,772,898
Bank loans	19	17,947,310	111,907,583
Borrowings	20	7,968,020	7,737,372
Provisions	21	34,665,401	33,971,438
Trade and other payables	24	353,711,924	121,516,559
Corporate income tax payable		7,123	899,847
Taxes payable other than income tax		4,365,154	3,998,804
Lease liabilities	22	21,717,317	19,124,431
Contract liabilities	23	4,941,775	8,075,408
Other current financial liabilities	25	21,852,939	33,544,794
Other current liabilities		2,479,115	3,286,258
		473,456,566	**347,835,392**
TOTAL LIABILITIES		**1,040,121,328**	**983,933,789**
TOTAL EQUITY AND LIABILITIES		**3,543,009,613**	**3,171,495,690**

* Certain amounts shown in this column do not correspond to the amounts in the consolidated financial statements for the year ended 31 December 2022, as they reflect the restatement of comparative information disclosed in Notes 2 and 5.

A.M. Akan
Deputy Chairman of the Management Board on Economics and Finance

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ АСТАНА «QAZAQGAZ» ҰК АҚ
РЕСПУБЛИКА КАЗАХСТАН ГОРОД АСТАНА АО «НК «QAZAQGAZ»
QAZAQGAZ
ҰЛТТЫҚ КОМПАНИЯСЫ

E.N. Bokayev
Acting Chief Accountant

In thousands of Tenge	Note	2023	2022* (restated)
Revenue from contracts with customers	26	1,081,208,939	952,283,209
Cost of sales	27	(1,023,092,705)	(806,657,029)
Gross profit		**58,116,234**	**145,626,180**
General and administrative expenses	28	(63,155,929)	(33,474,242)
Net expected credit losses		(2,296,278)	(3,313,755)
Other operating income		2,869,912	3,800,128
Other operating expenses		(3,579,486)	(8,699,188)
Operating (loss)/profit		**(8,045,547)**	**103,939,123**
Interest income calculated using the effective interest method	29	37,651,233	29,812,716
Finance income		308,737	6,291,707
Finance costs	30	(60,583,175)	(62,708,722)
Share of profit of joint ventures	9	321,932,666	327,581,223
Foreign exchange gain, net		19,995,722	8,727,755
Profit before income tax		**311,259,636**	**413,643,802**
Income tax benefit/(expenses)	31	14,594,047	(27,095,095)
NET PROFIT FOR THE YEAR		**325,853,683**	**386,548,707**
Other comprehensive income			
Other comprehensive (loss)/income that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(404,668)	151,944
Net comprehensive (loss)/income that may be reclassified subsequently to profit or loss		**(404,668)**	**151,944**
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss			
Actuarial income/(loss) on defined benefit plant		34,170	(4,867)
Impact of income tax expenses	31	(6,834)	973
Net comprehensive income/(loss) that will not be reclassified subsequently to profit or loss		**27,336**	**(3,894)**
Other comprehensive (loss)/income for the year less income tax		**(377,332)**	**148,050**
Total comprehensive income for the year less income tax		**325,476,351**	**386,696,757**
Earnings per share			
Basic and diluted earnings per share for the year attributable to the parent company	17	0.87	1.04

* Certain amounts shown in this column do not correspond to the amounts in the consolidated financial statements for the year ended 31 December 2022, as they reflect the adjustments disclosed in Note 5.

A.M. Akan
Deputy Chairman of the Management Board on Economics and Finance

E.N. Bokayev
Acting Chief Accountant

In thousands of Tenge	Note	2023	2022* (restated)
Cash flows from operating activities			
Receipts from customers		1,021,509,278	1,042,922,641
Interest received		28,009,395	27,147,942
VAT refund from tax authorities		9,151	20,723,150
Proceeds from QG litigations	33	–	14,565,318
Other receipts		6,528,297	5,168,972
Payments to suppliers		(829,045,089)	(812,351,477)
Income tax paid		(17,680,149)	(50,677,991)
Other taxes and payments to the budget		(52,090,223)	(55,743,753)
Interest paid	34	(30,976,493)	(38,145,357)
Interest paid on leases	22, 34	(14,988,904)	(17,785,672)
Payments to employees		(74,733,572)	(68,086,293)
Other payments		(13,436,207)	(14,521,975)
Net cash flows from operating activities		**23,105,484**	**53,215,505**
Cash flows from investing activities			
Withdrawal of bank deposits		47,174,360	64,733,830
Proceeds from sale of property, plant and equipment and intangible assets		7,585,737	40,798,197
Dividends received from joint ventures	9	10,954,351	80,976,116
Proceeds from redemption of notes of the National Bank of the Republic of Kazakhstan	11	228,797,391	79,754,770
Repayment of loans to related parties		221	200,021,215
Proceeds from the sale of a joint venture	2	–	80
Acquisition of financial assets		(63,260,261)	(673,261)
Placement of bank deposits		(36,968,493)	(58,434,564)
Acquisition of property, plant and equipment, intangible assets and exploration and evaluation assets		(305,051,235)	(105,423,378)
Loans provided to related parties		(42,730,371)	(13,213,819)
Acquisition of a subsidiary	2, 5	–	(13,178,650)
Purchase of notes of the National Bank of the Republic of Kazakhstan	11	(233,623,073)	(109,754,770)
Net cash flows (used in)/from investing activities		**(387,121,373)**	**165,605,766**
Cash flows from financing activities			
Contributions from the the Sole Shareholder	17	–	13,178,650
Proceeds on interest-bearing loans	19, 34	–	29,700,000
Contributions from related party		–	21,112
Repayment of interest-bearing loans	19, 34	(92,009,799)	(53,142,868)
Repayment of loans from related party	20, 34	(8,504,752)	(8,933,200)
Repayment of lease liabilities	22, 34	(18,788,145)	(20,364,876)
Loan arrangement fee		–	(298,000)
Dividends paid to the Sole Shareholder	17	(27,065,364)	–
Net cash flows used in financing activities		**(146,368,060)**	**(39,839,182)**
Net changes in cash and cash equivalents		**(510,383,949)**	**178,982,089**
Net foreign exchange difference on cash and cash equivalents		26,675	15,426,517
Cash and cash equivalents at the beginning of the year	14	577,128,222	382,719,616
Cash and cash equivalents at the end of the year	14	**66,770,948**	**577,128,222**

* Certain amounts shown in this column do not correspond to the amounts in the consolidated financial statements for the year ended 31 December 2022, as they reflect the adjustments disclosed in Notes 2 and 5.

A.M. Akan
Deputy Chairman of the Management Board on Economics and Finance

E.N. Bokayev
Acting Chief Accountant

QAZAQGAZ

In thousands of Tenge	Note	Share capital	Additional paid-in capital	Foreign currency translation reserve	Retained earnings	Total
As at 31 December 2021 (restated)*		417,780,839	25,946,130	2,410,861	1,341,548,664	1,787,686,494
Net profit for the year (restated)*		–	–	–	386,548,707	386,548,707
Other comprehensive income for the year		–	–	151,944	(3,894)	148,050
Total comprehensive income for the year		**–**	**–**	**151,944**	**386,544,813**	**386,696,757**
Issue of shares	17	13,178,650	–	–	–	13,178,650
As at 31 December 2022 (restated)*		**430,959,489**	**25,946,130**	**2,562,805**	**1,728,093,477**	**2,187,561,901**
Net profit for the year		–	–	–	325,853,683	325,853,683
Other comprehensive income for the year		–	–	(404,668)	27,336	(377,332)
Total comprehensive income for the year		**–**	**–**	**(404,668)**	**325,881,019**	**325,476,351**
Issue of shares	17	16,915,397	–	–	–	16,915,397
Dividends	17	–	–	–	(27,065,364)	(27,065,364)
As at 31 December 2023		**447,874,886**	**25,946,130**	**2,158,137**	**2,026,909,132**	**2,502,888,285**

* Certain amounts shown in this line do not correspond to the amounts in the consolidated financial statements for the years ended 31 December 2022 and 31 December 2021, as they reflect the restatement of comparative information disclosed in Note 5.

A.M. Akan
Deputy Chairman of the Management Board on Economics and Finance

E.N. Bokayev
Acting Chief Accountant

ҚАЗАҚСТАН РЕСПУБЛИКАСЫ АСТАНА КАЗАХСТАН ГОРОД АСТАНА «QAZAQGAZ» ҰК АҚ АО «НК «QAZAQGAZ» QAZAQGAZ ҰЛТТЫҚ КОМПАНИЯСЫ

1 Corporate Information

The accompanying consolidated financial statements include the financial statements of NC QazaqGaz JSC (hereinafter the "Company", "QG" or the "Parent company") and its subsidiaries (together – the "Group").

QG is a joint stock company established in accordance with the Decree of the Government of the Republic of Kazakhstan (the "Government") No.173 dated 5 February 2000 and registered as a closed joint stock company on 13 March 2000. On 9 June 2004, the Company was re–registered as a joint stock company under the laws of the Republic of Kazakhstan. The Group's head office is registered at 12, Alikhan Bokeykhan Avenue, Yesil district, Astana, Republic of Kazakhstan.

As at 31 December 2023, Joint Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" (hereinafter "Samruk-Kazyna" or "Sole Shareholder") is the sole shareholder of QG, and all subsidiaries of Samruk-Kazyna are considered as related parties of the Company and the Group.

In accordance with the Resolution of the Government of the RK No. 914 dated 5 July 2012, NC KazTransGas JSC was determined a national operator in the area of gas and gas supply. According to the Decree of the Government of the Republic of Kazakhstan dated 30 November 2021 No. 852, KazTransGas was given the status of a National Company. According to the Decree of the Government of the Republic of Kazakhstan No. 982 dated 31 December 2023, NC KazTransGas JSC was renamed into NC QazaqGaz JSC. The Company's main objective as a national operator is to reliably satisfy Kazakhstan's domestic commercial gas needs.

The main activities of the Group also include the following:

- managing investment activities for the overall development of the main gas pipeline system within Kazakhstan;
- managing investment activities for the development of gas fields within Kazakhstan;
- providing consultancy services in research and development for gas industry;
- sale of gas in foreign and domestic markets;
- participation in the development and implementation of the state program for the development of gas industry.

The Group's operating activities are regulated by the Law of the Republic of Kazakhstan "On Natural Monopolies" (the "Law") as the Group is a natural monopolist in the area of gas transportation and sales in the domestic market. According to the Law, the Group's tariffs related to gas transportation and sales in the domestic market are approved by the Committee of the Republic of Kazakhstan for the Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan.

These consolidated financial statements were authorised for issue by the Deputy of Chairman of the Management Board on Economics and Finance and the Acting Chief Accountant on 28 February 2024.

In 2023, audit and non-audit services provided to the Group by the current auditor PricewaterhouseCoopers LLP amounted to Tenge 92,960 thousand and Tenge 81,700 thousand (2022: nil and Tenge 48,500 thousand), respectively.

Exploration and production of hydrocarbons

In December 2000, the Group signed a contract with the Investment agency of the Republic of Kazakhstan for the exploration and production of hydrocarbons on North-Ucharal, Ucharal-Kempirtobe territories and blocks XXXIII-48, XXXIII-49, XXXIV-49, XXXIV-50, XXXIV-51, XXXV-50, including Amangeldy, Anabai, Airakty and Kumyrly gas fields in Zhambyl oblast, South Kazakhstan (the "Hydrocarbon Agreement"). The Group also operates in accordance with the Contract for the exploration and development of hydrocarbons dated 30 July 2018 for gas production at the Pridorozhnoye field within blocks XXXI-44-D (partially), E (partially) in the Sozak region of the Republic of Kazakhstan. The Group started production and sale of gas at Amangeldy gas field in November 2003, at the Zharkum field in December 2014 and at the Anabay field in November 2023. Further details are provided in Notes 6 and 7.

According to the terms of the Hydrocarbon Agreement, the Group has the right to relinquish any of the block areas unless commercially viable hydrocarbon reserves are discovered.

2 Basis of Preparation

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

The consolidated financial statements have been prepared under the historical cost convention, except for assets and liabilities measured at fair value as described in the accounting policies and notes to these consolidated financial statements. All values in these consolidated financial statements are rounded to the nearest thousands, unless otherwise stated.

The consolidated financial statements have been prepared based on a going concern basis. To assess this assumption, the Group performed a liquidity forecast based on various stress tests to ensure that it continues to apply the going concern principle in preparing these consolidated financial statements.

Basis of consolidation

The financial statements of the subsidiaries have been prepared for the same reporting period as the Parent company's financial statements, using consistent accounting policies for all entities of the Group. All intra-group balances, transactions, unrealized gains and losses, and cash flows resulting from intra-group transactions and dividends were fully eliminated.

Subsidiaries

As at 31 December 2023 and 31 December 2022, the Company had ownership interest in the following companies included in the consolidated financial statements:

Name	Place of incorporation	Principal activities	Ownership interest	
			2023	2022
Intergas Central Asia JSC (ICA)	Kazakhstan	Transportation and storage of gas and rendering technical services for gas pipelines in Kazakhstan	100%	100%
KazTransGas Aimak JSC (KTG Aimak)	Kazakhstan	Sale of gas to local power distributors, legal entities and individuals	100%	100%
QazaqGaz Onimderi LLP	Kazakhstan	Transportation services	100%	100%
Exploration and Production QazaqGaz (EP QazaqGaz)	Kazakhstan	Production of natural gas and gas condensate	100%	100%
QazaqGaz Scientific and Technical Center LLP (QazaqGaz STC)	Kazakhstan	Engineering design, research activities	100%	100%
KazTransGas Bishkek LLC	Kyrgyzstan	Repair and renewal operations and modernization of the main gas pipeline "Bukhara gas area - Tashkent - Bishkek - Almaty	100%	100%
KTG Finance B.V.	Netherlands	Financial activities	100%	100%
KazMunayGas Service-NS JSC	Kazakhstan	Construction and operation of Golf Club	100%	100%
Tegis Munay LLP (Tegis Munay)	Kazakhstan	Production of natural gas	100%	–
Mangyshlak Munay LLP (Mangyshlak Munay)	Kazakhstan	Geological exploration and surveys	100%	–

In 2022, Amangeldy Gas LLP was renamed to Exploration and Production QazaqGaz LLP.

In 2023, Qazaq Gas Qurylys LLP was renamed to QazaqGaz Scientific and Technical Center LLP.

In 2023, KazTransGaz Onimderi LLP was renamed to QazaqGaz Onimderi LLP.

On 28 December 2022, the Group entered into a agreement with Samruk-Energy JSC for the purchase of 100% interest in the authorized capital of Tegis Munay LLP. On 13 January 2023, the re-registration process was completed (Note 5).

On 31 May 2023, a decision was made to reduce the authorized capital of Tegis Munay LLP by transferring a 100% interest in the authorized capital of Mangyshlak-Munay LLP to NC QazaqGaz JSC. Mangyshlak-Munay LLP was a 100% subsidiary of Tegis Munay LLP.

2 Basis of Preparation (continued)

Investments in joint ventures

As at 31 December 2023 and 31 December 2022, the Group had interests in the following joint ventures which are accounted for in the consolidated financial statements using the equity method:

Name	Place of incorporation	Principal activities	Ownership interest 31 December 2023	Ownership interest 31 December 2022
Asian Gas Pipeline LLP (AGP)	Kazakhstan	Construction and operation of Kazakhstan-China gas pipeline	50%	50%
Beineu-Shymkent Gas Pipeline LLP (BShP)	Kazakhstan	Construction and operation of Beineu-Bozoi-Shymkent gas pipeline	50%	50%
AvtoGaz LLP (AG)	Kazakhstan	Organization, operation, construction and maintenance of gas filling compressor stations	50%	50%
Otan Gas LLP (OG)	Kazakhstan	Construction of gas processing plant	50%	50%

In 2021, the Group purchased 50% shares of PVH Development LLP for Tenge 80 thousand. The ownership takes effect at the time of re-registration. In 2022, the process of re-registration was completed, and PVH Development LLP was renamed to CCGT Turkestan LLP. On 12 September 2022, the Group sold 50% of the shares of CCGT Turkestan LLP for Tenge 80 thousand to Samruk-Kazyna.

The Group has interests in joint arrangements in the form of joint ventures, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the entity. The agreement requires unanimous consent of the parties sharing control. Investments in joint ventures are accounted for by the Group using the equity method.

The Group's share of profit or loss of a jointly controlled entity is provided directly in the consolidated statement of comprehensive income. It represents the profit or loss attributable to participants of a joint venture and therefore is determined as profit or loss after tax and non-controlling interests in subsidiaries of a joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group's financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Acquisition of subsidiaries from parties under common control

Purchases of subsidiaries from parties under common control are accounted for using the pooling of interest method.

The assets and liabilities of a subsidiary transferred between parties under common control are accounted forin these consolidated financial statements at the carrying amounts recorded in the financial statements of the transferring entity (the Predecessor) at the date of a transfer. The related goodwill, accounted for on the initial acquisition of the Predecessor, is also reflected in these consolidated financial statements. Any difference between the total present 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.

If such an acquisition is considered material, the consolidated financial statements, including comparative amounts, are presented based on the assumption that that a subsidiary had been acquired by the Group on the date it was initially acquired by the Predecessor.

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Kazakhstani Tenge ("Tenge"), which is the functional currency of the most entities of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2 Basis of Preparation (continued)

Foreign currency translation (continued)

Group companies

The results and financial position of all of the Group's subsidiaries and joint ventures (none of which operates in 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 as at the reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average rate 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 transaction dates); and
- all resulting exchange differences are recognised as a separate component within other comprehensive income.

Foreign 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.

As at 31 December 2023, the currency exchange rate of KASE was 454.56 Tenge per 1 US Dollar and 5.06 Tenge per 1 Russian Ruble. These rates were used for translation of monetary assets and liabilities denominated in US Dollars and Russian Rubles at 31 December 2023 (2022: 462.65 Tenge per 1 US Dollar and 6.43 Tenge per 1 Russian Ruble).

Operating environment

In November 2023, the international rating agency Fitch Ratings confirmed the sovereign rating of Kazakhstan at the level of "BBB-" with a "stable" outlook, this rating reflects strong budget and external balances resistant to external shocks, and financial flexibility backed up by accumulated savings from oil revenues. These strengths are opposed by high dependence on primary commodities, high inflation, which partially reflects underdeveloped macroeconomic policy compared to similar countries in the BBB category, and poor management indicators. Crude oil and oil condensate still make a major contribution to the budget income and export, and the share of this export accounts for 17% of the GDP, which can expose the economy to external shocks. The efforts are being undertaken to diversify the economy, implementation of which would require time due to the present problems related to business environment and shortage of skilled manpower.

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. It is particularly sensitive to prices on oil and gas and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets. Ongoing political tension in the region, volatility of the exchange rate have had and may continue to have negative impact on the economy of the Republic of Kazakhstan, including on the Group's operations and financial position.

The conflict on the territory of Ukraine and impact of anti-Russian sanctions

The conflict in Ukraine, which began in 2022, has led to a number of IFRS accounting peculiarities affecting financial reporting. Many countries have already imposed and continue to impose new sanctions on certain Russian legal entities and Russian citizens, including a ban on Russian banks to use the Swift system. The current situation itself, as well as potential fluctuations in commodity prices, exchange rates, import and export restrictions, availability of local materials and services and access to local resources have directly affected companies with significant activities in the CIS territories.

Russia is the Kazakhstan's largest trade partner. Russia is also the key country of trade transit, notably via the Caspian Pipeline Consortium (CPC), which carries up to 80% of oil exports. The Kazakhstani authorities are currently considering alternative oil export routes, including through the Baku–Tbilisi–Ceyhan (BTC) pipeline, but implementation of these initiatives would require significant investments in infrastructure.

2 Basis of Preparation (continued)

The conflict on the territory of Ukraine and the impact of anti-Russian sanctions (continued)

The ongoing conflict may lead to the risk of a shortage of commercial gas in the event of a cessation of purchases from Russian suppliers, especially during the heating season, the risk of counter-sanctions from the Russian Federation and/or individual Russian companies, expressed in refusal to supply Russian gas, processing Kazakh gas, restrictions on oil transportation through the CPC system (reduction of associated gas production). Additional indirect consequences may include potential fluctuations in commodity prices, exchange rates, import and export restrictions, availability of local materials and services, and access to local resources.

As part of its activities, the Group purchases and transits Russian gas. In 2022, the transportation of Central Asian gas to Russia from Uzbekistan ceased, which led to the Group's revenue decline in 2023. However, in 2023 the Group entered into agreements for the transit of Russian gas to Uzbekistan, as well as for the purchase of Russian gas to cover internal gas shortages. During 2023, the share of Russian gas volume was 35% of the total volume of purchased gas (in 2022: 31%).

Continuing transactions with Russia may result in the risk of secondary sanctions being imposed on the Group's activities. According to the sanctions list published by the USA, some Russian companies are included in the "Non-SDN" (non-blocking sanctions) list, which prohibits financing transactions and other transactions involving new debt with a maturity of more than 14 days or new equity capital. The Group's management is assessing the potential impact of anti-Russian sanctions on the Group's operations and will take all possible steps to reduce the risks. In turn, the Group is in the process of engaging an external expert to assess sanction risks.

The current conflict and economic sanctions have not yet had a significant impact on the Group, but significant uncertainty regarding the outcome of the conflict and future economic sanctions remains. The Group takes into account the impact of anti-Russian sanctions in its activities and monitors them on an ongoing basis to minimise negative effects. Based on the initial risk assessment and subsequent updates to sanctions programs and lists, the Group has developed an action plan to minimise possible negative consequences. This action plan is updated as new risks are identified or programs and sanction lists are updated. The Group is taking measures and continuing to search for alternative routes for gas transit in order to minimise risks and "soften" the impact of possible negative factors on the Group's operations.

During 2023, there were no delays in payments from the end of Russian companies, and there were no issues with the transfer of payments in favor of Russian companies. However, since October 2023, the Group has been faced with challenges regarding payment for purchased gas and receipt of money for transit. Currently, official correspondence is being carried out in order to change the counterparty's bank.

The favorable geographical location combined with developed infrastructure and the lack of competition, as well as the lack of alternative gas routes of comparable size ensure transportation volumes for the Group's pipeline system in the foreseeable future. The Group also benefits from growing gas demand from major end markets (China, Russia, and the countries of Central Asia).

On 8 February 2024, Fitch Ratings agency downgraded the Group's long-term default ratings from 'BBB-' to 'BB+' with a 'stable' outlook. The revision was due to (i) the cessation of gas transit from Central Asia to Russia, (ii) still unprofitable domestic gas tariffs and (iii) rising domestic consumption of natural gas in Kazakhstan.

The Group's management believes that the decrease in transit volumes will be compensated by the recently launched return transit of Russian gas to Uzbekistan. Also, according to the minutes of the meeting of the Energy Council under the President of the Republic of Kazakhstan dated 16 January 2024, it was decided to increase prices for the sale and transportation of gas within the country by 20%.

The inflation rate was 9.8% in December 2023 after reaching its peak of 21.3% in February 2023. The economy grew by 4.8% in 2023, and according to analysts, the growth rate of the national economy will be just below 4% on average per year in the next three years. The economic environment has a significant impact on the Group's operations and financial position.

Besides, the oil and gas sector in the Republic of Kazakhstan are still impacted by political, legislative, fiscal and regulatory changes. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal, controlling and political development and improvement, which are beyond the Group's control.

2 Basis of Preparation (continued)

The conflict on the territory of Ukraine and the impact of anti-Russian sanctions (continued)

Management is unable to predict the extent or duration of changes in the Kazakhstani economy or evaluate their possible impact on the financial position of the Group in the future. Management believes that it, as part of its normal business on a regular basis, uses all available mechanisms to prevent cooperation with companies on the sanction lists of the European Union, the Office of Foreign Assets Control (OFAC) and any other applicable sanctions, and takes all necessary measures to maintain the sustainability and growth of the Group's activities in the current circumstances.

Restatement of comparatives

Certain amounts in the consolidated statement of financial position and statement of cash flows for the year ended 31 December 2022 have been reclassified pursuant to the presentation adopted in the consolidated financial statements for the year ended 31 December 2023.

Previously, the Group presented its liabilities for accrued employee bonuses as Other liabilities in the consolidated statement of financial position. However, management believes that it is more appropriate for all accrued employee benefit obligations to be presented within Other financial liabilities in the consolidated statement of financial position. Comparatives for previous year as at 31 December 2022 have been restated by reclassifying Tenge 12,177,288 thousand from Other current liabilities to Other current financial liabilities.

Proceeds and acquisitions from reverse repurchase transactions in the consolidated statement of cash flows for 2022 were netted consistent with the presentation adopted in the consolidated financial statements for 2023. The Group also reclassified the amount of proceeds from the QG litigations into a separate line item from Other income from operating activities.

The Group has changed the presentation of its consolidated financial statements since the new presentation provides information that is more relevant to users of the consolidated financial statements and also meets the requirements of IAS 1, Presentation of Financial Statements.

3 Critical Accounting Estimates, Judgements and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities and assets as at the reporting date. However, uncertainty about these estimates and assumptions could result in outcomes that would require a material adjustment to the carrying amount of a respective asset or liability in the future.

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Provision for VAT recoverable

The Group determines whether VAT recoverable amount is doubtful at least on an annual basis. Provision for doubtful VAT recoverable is based on the management's expectations of future turnovers subject to VAT and VAT refunds in cash. Significant management judgement is required to determine whether the Group can further defend its right for VAT refund or offset. Further details are provided in Note 12.

Impairment of property, plant and equipment and gas assets

The value in use calculation is based on a discounted cash flow model. Cash flows are budgeted for the next 5 (five) years and do not include restructuring activities, for which the Group is not yet committed, or significant future investments that would improve the results of the assets being tested for impairment in the cash generating unit.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Impairment of property, plant and equipment and gas assets (continued)

An increase in borrowing interest rates, a significant decrease in Central Asian transit volumes in 2023 compared to 2022, and changes in macroeconomic forecasts were identified as the main indicators of impairment of non-current assets. Recoverable amount is most sensitive to the discount rate used in the discounted cash flow model and to the expected cash inflows and growth rates used for extrapolation. The Group assessed the recoverable amount of non-current term assets of ICA, KTG Aimak and EP QazaqGaz as at 31 December 2023. Non-current assets of ICA, KTG Aimak and EP QazaqGaz were designated as separate cash-generating units.

Transportation and storage of gas ("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:	**31 December 2023**	**31 December 2022**
Growth rates over 5 years	4%	4%
Discount rate before tax	16.96%;	16.60%
Transportation volumes:		
- transportation within Kazakhstan	1,073 bln.cubic meters	2,084 bln.cubic meters
- transportation of gas for export	17 bln.cubic meters	72 bln.cubic meters
- international transit	1,245 bln.cubic meters	1,308 bln.cubic meters

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Impairment of property, plant and equipment and gas assets (continued)

Transportation and storage of gas ("ICA") (continued)

Assumptions regarding the recoverable amount of non-current assets:	31 December 2023	31 December 2022
Transportation tariffs:		
- transportation within Kazakhstan (thousand cubic meters)	From 5,425.26 Tenge	From 5,285.66 Tenge
- transportation of gas for export (thousand m3/100 km)	2.42 US Dollars – 5 US Dollars	2.42 US Dollars – 5 US Dollars
- international transit (thousand m3/100 km)	2.42 US Dollars – 2.9 US Dollars	2.42 US Dollars – 2.9 US Dollars

As at 31 December 2023, the recoverable amount of non-current assets amounted to Tenge 1,249,897,550 thousand, which exceeded their carrying amount by Tenge 61,869,915 thousand (at 31 December 2022: Tenge 1,154,259,076 thousand that exceeded their carrying amount by Tenge 232,050,883 thousand).

A sensitivity analysis for significant assumptions as at 31 December 2023 is presented below:

Assumptions	Changes in assumptions	Increase/(decrease) in recoverable amount	Impairment (Yes/No)	Impairment amount
Growth rate	1% increase	5,648,265	No	–
	1% decrease	(5,057,315)	No	–
Discount rate	1% increase	(95,283,318)	Yes	(33,413,403)
	1% decrease	107,685,672	No	–
Volumes of domestic transportation	1% increase	13,617,005	No	–
	1% decrease	(13,481,768)	No	–
Volumes of export transportation	20% increase	25,234,675	No	–
	20% decrease	(21,075,940)	No	–
Volumes of transit	1% increase	7,220,920	No	–
	1% decrease	(7,149,559)	No	–
Tariffs for domestic transportation	1% increase	13,718,708	No	–
	1% decrease	(13,582,449)	No	–
Tariffs for export transportation	20% increase	25,819,232	No	–
	20% decrease	(21,563,071)	No	–
Tariffs for transit	1% increase	7,918,616	No	–
	1% decrease	(7,840,257)	No	–

As at 31 December 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	16.96%	17.60%

Gas sales to local energy distributors, legal entities and individuals ("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.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Impairment of property, plant and equipment and gas assets (continued)

Gas sales to local energy distributors, legal entities and individuals ("KTG Aimak") (continued)

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 31 December 2023**
Growth rates over 5 years	4.44%
Discount rate	16.42%;
Gas sales volumes until 2030	142,8 bln. cubic meters
Gas transportation volumes until 2030	108,3 bln. cubic meters
Tariffs for:	
- gas sales (thousand cubic meters)	from Tenge 22 thousand
- gas transportation (thousand cubic meters)	from Tenge 4.9 thousand

As at 31 December 2023, the recoverable amount of non-current assets amounted to Tenge 282,729,983 thousand, which exceeded their carrying amount by Tenge 32,923,047 thousand (as of 31 December 2022: Tenge 262,673,748 thousand, which exceeded their carrying amount by Tenge 17,615,854 thousand).

A sensitivity analysis for significant assumptions as at 31 December 2023 is presented below:

Assumptions	**Changes in assumptions**	**Increase/(decrease) in recoverable amount**	**Impairment (Yes/No)**	**Impairment amount**
Growth rate	1% increase	13,050,696	No	-
	1% decrease	(11,040,254)	No	-
Discount rate	1% increase	(19,903,719)	No	-
	1% decrease	23,579,291	No	-
Gas sales and transportation volumes	5% increase	38,609,184	No	-
	5% decrease	(38,609,184)	Yes	(5,686,137)

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Impairment of property, plant and equipment and gas assets (continued)

Gas sales to local energy distributors, legal entities and individuals ("KTG Aimak") (continued)

Assumptions	Changes in assumptions	Increase/(decrease) in recoverable amount	Impairment (Yes/No)	Impairment amount
Gas sales tariff	1% increase	8,092,583	No	-
	1% decrease	(7,707,222)	No	-
Gas transportation tariff	1% increase	25,624,167	No	-
	1% decrease	(24,403,968)	No	-

As at 31 December 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
Gas sales and transportation volumes	142.8 bln m3	136.7 bln m3
	108.3 bln m3	103.7 bln m3

Production of natural gas and gas condensate ("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.

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;

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Impairment of property, plant and equipment and gas assets (continued)

Production of natural gas and gas condensate ("EP QazaqGaz") (contrinued)

- 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 31 December 2023
Discount rate	16.93%
Gas sales volumes	6,534 million m3
Condensate sales volumes	269 million m3
Tariffs for:	
- gas sales (thousand cubic meters)	from Tenge 22 thousand
- sales of condensate (thousand cubic meters)	from Tenge 84 thousand

As at 31 December 2023, the recoverable amount of non-current assets amounted to Tenge 44,298,212 thousand, which exceeded their carrying amount by Tenge 1,176,408 thousand (as of 31 December 2022: Tenge 37,527,861 thousand, which exceeded their carrying amount by Tenge 3,994,107 thousand).

A sensitivity analysis for significant assumptions as at 31 December 2023 is presented below:

Assumptions	Changes in assumptions	Increase/(decrease) in recoverable amount	Impairment (Yes/No)	Impairment amount
Discount rate	1% increase	(2,869,414)	Yes	(1,671,282)
	1% decrease	3,199,630	No	-
Gas sales volumes	5% increase	5,464,324	No	-
	5% decrease	(5,798,462)	Yes	(4,600,330)
Condensate sales volumes	5% increase	269,750	No	-
	5% decrease	(246,022)	No	-
Gas sales tariff	1% increase	2,818,819	No	-
	1% decrease	(2,932,833)	Yes	(1,734,701)
Condensate sales tariff	1% increase	135,113	No	-
	1% decrease	(128,838)	No	-

As at 31 December 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 m3	6,473 million m3
Gas sales tariff	from Tenge 22 thousand	from Tenge 17 thousand

During 2023, due to expiration of the contract for combined exploration and production of hydrocarbons, the Group accrued expenses for impairment of exploration and evaluation assets in the total amount of Tenge 21,028 thousand and recorded expenses for disposal of exploration and evaluation assets in the total amount of Tenge 2,847,342 thousand (Note 7). There were no indications of impairment for the remaining exploration and evaluation assets as at 31 December 2023.

3 Critical Accounting Estimates, Judgements and Assumpitons (continued)

Accrued payable for gas purchase agreements

As at 31 December 2023, the Group has trade payables for the purchase of gas totaling Tenge 109,818,524 thousand without price agreement (Note 24). 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 Republic of Kazakhstan and Samruk-Kazyna JSC, as well as the mechanism for determining the gas purchase price provided for in the Memorandum of Understanding between the Government of the Republic of Kazakhstan 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 31 December 2023 by Tenge 65,319,311 thousand, an increase in the inventory balance as at 31 December 2023 by Tenge 8,673,744 thousand and an increase in cost of sales for 2023 by Tenge 56,645,567 thousand.

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.

Right-of-use assets and lease liabilities

On 31 December 2021, the Group entered into a lease agreement for the Saryarka main gas pipeline with AstanaGas KMG JSC for a lease period of 5 years from 2022 to 2026, which came into force from the date of approval by CRNM of tariffs for gas transportation in the domestic market, that is from 1 January 2022. This agreement was concluded on the terms of variable lease payments, the variability of which depends on the volume of gas transported through the Saryarka main gas pileline. The Group's management concluded that since the actual lease payments are inevitable and not in fact variable, they are in-substance fixed and should therefore be included in the measurement of the lease liability. At the lease commencement date, the Group recognized lease liabilities and the right-of- use asset for the Saryarka main gas pipeline in the amount of Tenge 111,326,816 thousand (Note 8). The option to extend the lease agreement is not included in the calculation of the lease liability since, in the opinion of management, the exercise of the option is not reasonably certain at the reporting date.

Asset retirement obligations

In accordance with the Law of the Republic of Kazakhstan "On Main Pipelines" dated 4 July 2012 and the Environmental Code of the Republic of Kazakhstan, the Group has legal obligations to dismantle and liquidate property, plant and equipment and restore land plots. In particular, the Group's obligation is related to the dismantling of gas pipelines and reclamation of land plots.

The calculation of liabilities for the liquidation of production assets as at 31 December 2023 and 31 December 2022 was performed by the Group based on the results of assessments carried out by internal specialists. The scope of work provided by law and included in the calculation included the dismantling of facilities and infrastructure (main pipeline, gas distribution stations, compressor stations of access roads, helipads, buildings and other facilities) and the subsequent restoration of land.

The liability amount is the present value of the estimated costs that are expected to be required to settle the liability. Provisions for well abandonment and site restoration are reviewed at each reporting date and adjusted to reflect the best estimate in accordance with IFRIC 1, Changes in Decommissioning, Restoration and Similar Liabilities.

Significant estimates and judgments made by management were used in estimating future costs. The majority of these obligations relate to the distant future and, in addition to uncertainties in legal requirements, the Group's estimates may be affected by changes in asset disposal technology, costs and industry practices. Uncertainties relating to final closure costs are reduced by the effect of discounting the expected cash flows. The Group estimates the cost of future liquidation of gas pipelines, closure of all production gas wells and reclamation of the contract area using current year prices and the average long-term inflation rate.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Asset retirement obligations (continued)

Key assumptions in making these estimates include estimating the discount rate and the amount and timing of future cash flows. The discount rate is applied to the nominal costs that management expects to incur. Management's accounting estimates, made at current prices, are increased using assumed long-term inflation rates (2023: 4.19%, 2022: 4.9%) and subsequently discounted based on a discount rate that reflects current market estimates of the time value of money as well as the risks related to liabilities that were not included in the best cost estimates. The discount rate is based on the risk-free rate, defined as the yield on government bonds with maturities matching the terms of the subsoil use contracts.

Long-term inflation rates and discount rates used to determine the liability in the consolidated statement of financial position as at 31 December 2023 were 4.19% and 9.08%, respectively (31 December 2022: 4.90% and 9.26%). The carrying amount of the reserve for liquidation of the gas pipelines and compressor stations and restoration of the site as at 31 December 2023 amounted to Tenge 77,628,333 thousand (31 December 2022: Tenge 61,836,200 thousand). The carrying amount of the reserve for abandonment of wells and restoration of the site under the contract for exploration and production of hydrocarbons as at 31 December 2023 amounted to Tenge 461,928 thousand (31 December 2022: Tenge 2,942,742 thousand). See Note 21 for further details.

A quantitative sensitivity analysis for significant assumptions as at 31 December is provided below:

In thousands of Tenge	**Impact on gas pipeline abandonment and site restoration provision**	
	31 December 2023	**31 December 2022**
Assumptions for gas pipeline abandonment and site restoration		
Liquidation cost per 1 km:		
- Increase by 10%	7,470,764	5,988,015
- Decrease by 10%	(7,470,764)	(5,988,015)
Inflation rate		
- Increase by 1%	26,730,998	20,493,062
- Decrease by 1%	(19,848,940)	(15,393,472)
Discount rate		
- Increase by 1%	(18,930,318)	(14,743,384)
- Decrease by 1%	25,624,745	19,765,862

4 Material Accounting Policies

New standards, amendments and interpretations

In 2023, the Group applied for the first time certain standards, amendments and interpretations that were effective for annual periods beginning on or after 1 January 2023. The application of these standards, amendments and interpretations did not have a material impact on the Group's consolidated financial statements. The Group has not applied early any standards, interpretations or amendments that have been issued but not become effective.

A list of new standards, as well as amendments and interpretations is provided below:

- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

4 Material Accounting Policies (continued)

New standards, amendments and interpretations (continued)

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023 and effective from 1 January 2023).

Standards and amendments issued but not yet effective

The new standards, amendments and interpretations that have been issued, but not yet effective as of the issue date of the Group's consolidated financial statements are disclosed below. The Group intends to apply these standards, amendments and interpretations, if applicable, from their effective date. The Group does not expect these standards and amendments to have a material impact on the consolidated financial statements.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023).
- Amendments to IAS 21 Lack of Exchangeability (issued on 15 August 2023).

Amendments issued but deferred, and which the Group has not early adopted:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).

Fair value measurement

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

- Level 1 — market quotations at active market for identical assets or liabilities (without any adjustments);
- Level 2 – techniques for which all inputs that relate to the lower hierarchy level which have a significant effect on the fair value are observable, either directly or indirectly;
- Level 3 — techniques for which all inputs that relate to the lower hierarchy level which have a significant effect on the fair value are not observable.

For the purpose of disclosing the fair value, the Group classified assets and liabilities based on their nature, characteristics and risks attributable to them as well as applicable level in the fair value hierarchy as mentioned above.

4 Material Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment (except for gas assets) is calculated on a straight-line basis over the estimated useful lives. The average useful life by class of property, plant and equipment is shown in the following table:

	Years
Buildings and constructions	36
Gas transportation system	66
Machinery and equipment	28
Vehicles	16
Other	16

Land is not depreciated.

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

Construction in progress represents property, plant and equipment under construction and is stated at cost. This includes cost of construction, equipment and other direct costs. Depreciation of construction in progress starts when construction of such assets is completed and they are put into operation.

Costs incurred prior to acquisition of subsurface use right

Costs incurred prior to signing subsurface use contract are expensed in the period in which they are incurred.

Subsurface use right costs

Subsurface use right acquisition costs are capitalized and classified as intangible assets. Each property under exploration is reviewed on an annual basis to confirm that drilling operations are planned, and it is not impaired. If no future operations are planned, the carrying amount of the subsurface use right and related property acquisition costs are written off. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves') and internal approval of development, the carrying amount of the subsurface use right and related property acquisition costs by fields are aggregated with exploration and evaluation costs and transferred to gas assets.

Exploration and evaluation costs

Once the legal right to explore has been acquired, geological and geophysical exploration costs and costs directly associated with an exploratory drilling are capitalized as exploration and evaluation intangible or tangible assets, according to the nature of the costs, until the drilling of the well is complete, and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig lease costs and payments made to contractors. If no reserves are found, the exploration and evaluation assets are tested for impairment, if extractable hydrocarbons are found and are to be further assessed which may include the drilling of other wells that are likely to be further developed commercially, the costs continue to be carried as an intangible asset while sufficient/continued progress is made in assessing commercial recovery of the hydrocarbons. All such assets are subject to technical, commercial and management review as well as impairment test at least once a year to confirm the continued intent to continue development or benefit in other ways from the discovery. Otherwise, the costs are written off. When proved reserves of gas are determined and decision is made to continue development, the relevant expenditures are transferred to gas assets after impairment is assessed and any resulting impairment loss is recognised.

4 Material Accounting Policies (continued)

Property, plant and equipment (continued)

Development costs

Expenditures on the construction, installation or completion of infrastructure facilities such as platforms, gas pipelines and drilling of producing wells, including unsuccessful development or delineation wells, are capitalized within gas assets.

Depreciation of gas assets

Gas assets are depreciated using the unit of production method based on proved developed gas reserves, except for infrastructure facilities, which are depreciated using the straight-line basis.

Leases

The Group assesses whether an agreement is a lease or contains elements of a lease at the commencement date of the lease relationship.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities in respect of lease payments to be made and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The initial measurement of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

If ownership of a leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of an asset.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option that is reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

4 Material Accounting Policies (continued)

Leases (contrinued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Financial assets

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

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method less impairment provision. Gains or losses are recognized in profit or loss when an asset is derecognized, modified or impaired.

The Group's financial assets at amortised cost include loans to related parties, cash and cash equivalents, bank deposits, trade and other receivables and other non-current financial assets.

Cash and short-term bank deposits

Cash and cash equivalents represent cash at banks and short-term bank deposits with an original maturity of 3 (three) months or less. Cash and cash equivalents also include reverse repurchase agreements — an investment in highly liquid government securities with an agreement to sell them at a higher price within 1 to 30 days. Repos are easily convertible into cash and cash equivalents and are subject to insignificant risk of changes in value since they are collateralized by the Government of the Republic of Kazakhstan.

Impairment of financial assets

Expected credit losses (ECLs) are recognized in two steps. For financial instruments for which credit risk has not increased significantly since initial recognition, a loss allowance is created for credit losses that could arise from defaults that are possible within the next 12 months (12-month expected credit losses). For financial instruments for which credit risk has increased significantly since initial recognition, a loss allowance is created for credit losses expected over the remaining life of the financial instrument, regardless of the timing of default (lifetime expected credit losses).

To assess the increase in credit risk, the Group compares the risk of default on a financial instrument at the reporting date with the risk of default on the financial instrument at the date of initial recognition. Reasonable and verifiable information that is available without excessive costs is analyzed.

For trade and other receivables, the Group applies a simplified approach to calculate ECL. Consequently, the Group recognizes lifetime expected credit losses. Expected credit losses on such financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for borrower-specific factors, general economic conditions and an assessment of both current and expected development of conditions at the reporting date.

4 Material Accounting Policies (continued)

Financial liabilities

Financial liabilities are classified as financial liabilities measured at fair value through profit or loss or at amortized cost.

All financial liabilities are recognised initially at fair value and in case of debt securities and borrowings net of directly attributable transaction costs.

After initial recognition, debt and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses on such financial liabilities are recognized in profit or loss when they are derecognised and as they are amortized using the effective interest rate.

Amortized cost is calculated taking into account acquisition discounts or premiums and fees or costs that are an integral part of the effective interest rate. Amortization using the effective interest rate is included in finance costs in the consolidated statement of comprehensive income.

The Group's financial liabilities carried at amortized cost include debt securities issued, borrowings and accounts payable, financial guarantee and put option obligations.

Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Financial guarantee contracts

Financial guarantee contract is a contract that require a payment to be made to reimburse the beneficiary for a loss it incurs if the specified debtor fails to make a payment when due in accordance with the initial or revised contract terms. Financial guarantee contracts are recognised initially as liabilities at fair value including transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of allowance for estimated credit losses calculated according to IFRS 9, or the amount of liability initially recognised less accumulated amortisation according to IFRS 15.

Guarantees are recognized in accounting from the moment the guarantee is issued until the expiration date or until the requirements or obligations stipulated by the terms of the guarantee are fully fulfilled.

Inventory

Inventories are accounted for on FIFO basis separately for each warehouse.

The Group recognizes transportation costs for gas transportation services provided by the Group's joint ventures. These costs are variable in nature and are calculated based on transported volumes and tariffs per 1000 m3/100 km, established in accordance with the Order of the Department of the Committee for the Regulation of Natural Monopolies of the Ministry of National Economy for the domestic market and negotiated tariffs for export volumes. These transportation costs are not directly attributable to the acquisition of inventories and, accordingly, are not included in the cost of inventories, but are recognized in cost of sales.

Impairment of non–financial assets

The Group determines the amount of impairment based on detailed plans and forecasts that are prepared separately for each cash-generating unit (CGU) to which individual assets belong.

4 Significant Accounting Policies (Continued)

Impairment of non–financial assets (continued)

These budgets and forecast calculations generally cover a period of 5 (five) years. For longer periods, a long-term growth rate is determined and applied to forecasted future cash flows after the fifth year. Impairment losses of continuing operations are recognised in the consolidated statement of comprehensive income within the expenses category consistent with the function of the impaired asset.

Provisions

Provisions for decommissioning are recognized in full on a discounted cash flow basis, when the Group has an obligation to dismantle and remove construction or 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 expenditures determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment, the amount of which is equivalent to the provision, is also created. Subsequently, this asset is depreciated as part of gas assets and gas transportation system assets.

Abandonment and site restoration provision

Changes in the measurement of an existing abandonment and site restoration 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:

(a) changes in the provision are added to or deducted from the cost of the related asset in the current period;

(b) 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 as expense; and

(c) 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 there 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.

Share capital and dividends

Share capital that comprised the ordinary shares is recognized at cost. Dividends on ordinary shares are recognised as a reduction of equity in the period in which they are declared. Dividends on ordinary shares are payable at the discretion of the Sole Shareholder.

Revenue from contracts with customers and other income

Sale of gas

Revenues from the sale of gas are recognized after the significant risks and rewards of ownership of the commodity have been transferred to the buyer and generally include one performance obligation. Gas revenues are recognized over time.

Service rendering

The Group fulfils performance obligation on a monthly basis and recognises revenues from rendering gas transportation services and technical maintenance of gas pipelines based on the actual volumes of services rendered. Revenue from gas transportation services is recognised over time given that the buyer simultaneously receives and consumes the benefits provided by the Group.

Management services

The Group recognises management fee, which relates to management of KazRosGas LLP, KazMunayGas's joint venture, at point in time based on the approval of the declaration of dividends of KazRosGas LLP. Fee amounts for 2023 and 2022 are set forth in Note 26.

4 Significant Accounting Policies (Continued)

Revenue from contracts with customers and other income (continued)

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recognised using the EIR, which is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Dividends

Dividend income is recognized when the Group's right to distribution is established, which, as a rule, happens when the shareholders approve the dividends.

Contract liabilities

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 satisfies its performance obligation (i.e., transfers control of the related goods or services to the customer).

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the carrying amount of that asset. Other borrowing costs are recognized as an expense when incurred. Borrowings costs include interest paid and other expenses incurred by the Group with respect to borrowed funds.

Current income tax

The tax rates and tax laws used to compute the tax amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions reflected in the tax returns in respect to situations in which applicable tax regulations are subject to various interpretations and recognises provisions as needed.

Deferred tax

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

Value added tax (hereinafter VAT)

Tax legislation provides for settlement input VAT and output VAT on a net basis. Thus, VAT receivable represents VAT on purchases net of VAT on sales.

VAT payable

Where allowance has been made for impairment of receivables, impairment loss is recorded for the gross amount of the receivables, including VAT. The related VAT liability is recorded until the accounts receivable are written off for tax purposes.

VAT receivable

VAT receivable is recorded for purchased goods, work and services, which were purchased with VAT and if they were used in order to generate income.

5 Acquisitions under Common Control

Tegis Munay LLP

On 28 December 2022, the Group entered into an agreement with Samruk-Energy JSC for the purchase of a 100% interest in the share capital of Tegis Munay LLP (hereinafter "TM") for Tenge 13,178,650 thousand. As at 31 December 2022, the Group has made an advance payment in the amount of Tenge 13,178,650 thousand recognized as long-term advance. On 13 January 2023, the re-registration process was completed. The acquisition was recorded as an acquisition of a subsidiary from parties under common control and was accounted for using the predecessor valuation method at the carrying amount of assets and liabilities of Tegis Munay LLP as determined by Samruk-Energy JSC.

The consolidated statements of financial position, comprehensive income, cash flows and changes in equity as at 31 December 2022, and the related notes to the consolidated financial statements for the year ended 31 December 2022 have been restated as if the acquisition had occurred at the beginning of the earliest period presented, 31 December 2021. The difference between the consideration transferred and the net assets of TM was recorded within equity.

Below is the fair value of the total consideration transferred and information about the carrying amounts of TM's assets and liabilities at the acquisition date (based on the Predecessor's accounting books). The impact on the statements of comprehensive income and cash flows as at 31 December 2022 and 2021 was not disclosed due to being immaterial.

In thousands of Tenge	**31 December 2022**	**31 December 2021**
Property, plant and equipment	14,708,919	14,738,571
Right-of-use assets	7,434	4,623
Intangible assets	2,214	2,491
VAT recoverable	570,302	569,482
Bank deposits	54,251	54,251
Inventories	362	1,043
Advances paid	361	–
Prepaid taxes other than income tax	1,148	–
Corporate income tax prepaid	6,151	–
Other current assets	132	1,469
Cash and cash equivalents	6,028	15,232
Total assets	**15,357,302**	**15,387,162**
Lease liabilities	8,138	4,703
Provisions	14,010	13,094
Other financial liabilities	2,183,180	2,102,129
Taxes payable other than income tax	622	522
Trade and other payables	1,167	10,048
Other current liabilities	–	27,634
Total liabilities	**2,207,117**	**2,158,130**
Net assets	**13,150,185**	**13,229,032**
Consideration transferred for the purchase of the subsidiary		**13,178,650**
The difference between the consideration and the carrying amount of net assets recognized within equity		**50,382**

6 Property, Plant and Equipment

Movements in property, plant and equipment for the years ended 31 December 2023 and 2022 were as follows:

In thousands of Tenge	Note	Land	Gas assets	Buildings and construc-tions	Gas transport-tation system	Equipment	Vehicles	Other	Construction in progress	Total
Cost										
31 December 2021 (restated)		539,559	62,969,823	97,310,875	723,957,060	362,703,589	24,237,233	9,594,303	46,709,236	1,328,021,678
Additions		19,354	2,466,161	4,613,254	535,324	9,967,402	1,802,638	301,896	171,917,252	191,623,281
Change in estimates	21	-	(998,393)	(736,956)	(43,633,962)	(1,510,224)	-	-	-	(46,879,535)
Transfers		-	536	8,229,756	31,981,946	9,788,119	79,339	1,203,332	(51,283,028)	-
Disposals		-	(387,683)	(36,488)	(340,686)	(206,098)	(145)	(231,221)	(1,291,138)	(2,493,459)
31 December 2022 (restated)		**558,913**	**64,050,444**	**109,380,441**	**712,499,682**	**380,742,788**	**26,119,065**	**10,868,310**	**166,052,322**	**1,470,271,965**
Additions		10,375	15,614,163	18,521,899	6,740,083	2,591,130	4,418,059	1,156,533	307,740,460	356,792,702
Change in estimates	21	-	(2,852,269)	(1,237,974)	4,591,800	(1,941,103)	-	-	-	(1,439,546)
Transfers to Inventory		-	(20,160)	-	(46,753)	-	-	-	-	(66,913)
Transfers		14	37,474	26,145,966	273,628,290	85,035,011	(242,931)	1,387,525	(385,991,349)	-
Disposals		(1,320)	(16,540)	(210,605)	(509,378)	(137,141)	(134,580)	(149,896)	-	(1,159,460)
31 December 2023		**567,982**	**76,813,112**	**152,599,727**	**996,903,724**	**466,290,685**	**30,159,613**	**13,262,472**	**87,801,433**	**1,824,398,748**
Accumulated depreciation and impairment										
31 December 2021 (restated)		-	(14,883,196)	(23,122,708)	(144,988,162)	(102,297,496)	(19,627,112)	(5,715,519)	(4,768,607)	(315,402,800)
Depreciation charge for the year		-	(1,543,467)	(2,873,543)	(19,199,534)	(13,555,215)	(1,250,239)	(680,899)	-	(39,102,897)
Impairment loss		-	-	-	-	-	-	-	(934,467)	(934,467)
Transfers		-	(251)	(182,539)	(73,397)	355,106	(543)	(98,376)	-	-
Disposals		-	112,767	35,783	213,766	189,187	145	200,890	-	752,538
31 December 2022 (restated)		**-**	**(16,314,147)**	**(26,143,007)**	**(164,047,327)**	**(115,308,418)**	**(20,877,749)**	**(6,293,904)**	**(5,703,074)**	**(354,687,626)**
Depreciation charge for the year		-	(1,998,269)	(3,657,977)	(16,247,082)	(16,175,450)	(1,119,197)	(767,647)	-	(39,965,622)
Transfers		-	(6,870)	(132,302)	(167,117)	376,030	-	(69,741)	-	-
Disposals		-	8,106	73,729	265,357	90,558	-	148,747	-	586,497
31 December 2023		**-**	**(18,311,180)**	**(29,859,557)**	**(180,196,169)**	**(131,017,280)**	**(21,996,946)**	**(6,982,545)**	**(5,703,074)**	**(394,066,751)**
Net book value										
31 December 2022		558,913	47,736,297	83,237,434	548,452,355	265,434,370	5,241,316	4,574,406	160,349,248	1,115,584,339
31 December 2023		**567,982**	**58,501,932**	**122,740,170**	**816,707,555**	**335,273,405**	**8,162,667**	**6,279,927**	**82,098,359**	**1,430,331,997**

6 Property, Plant and Equipment (continued)

Additions

During 2023, additions to construction in progress in the amount of Tenge 307,740,460 thousand were mainly related to the costs of construction of the second line of the Beineu-Zhanaozen main gas pipeline in the Mangystau region in the amount of Tenge 160,159,915 thousand, construction of an automated gas distribution station with gas branch pipelines in the amount of Tenge 29,318,712 thousand, construction of a reserve gas pipeline to the existing main gas pipeline "Makat-North Caucasus" in the amount of Tenge 28,880,518 thousand, a set of works on the main gas pipelines "SATS-5", "SATS-4" and "Looping SAC- 4" totaling Tenge 24,468,939 thousand, as well as for the construction of the Kairat jumper between the Kazakhstan-China and Almaty-Baiserke-Talgar main gas pipelines in the amount of Tenge 23,450,497 thousand.

During 2022, proceeds to construction in progress in the amount of Tenge 171,917,252 thousand mainly represented the construction and overhaul of the main gas pipeline from the Kashagan integrated gas treatment facility to the Makat-North Caucasus main gas pipeline with a compressor station amounting to Tenge 117,455,721 thousand, construction of the main gas pipeline branch "Zhetybay-Kuryk" from the main gas pipeline "Zhanaozen-Aktau" with the installation of an automated gas distribution station in the amount of Tenge 22,442,181 thousand and major repairs of 3 lines of main gas pipelines "Zhanaozen-Zhetybay-Aktau", "KazGPZ-KS Zhanaozen", "Zhanaozen-Zhetybay-Aktau" amounting to Tenge 9,083,060 thousand and other fire, emergency and recovery work.

In 2023, the Group received property, plant and equipment on a free of charge basis in the amount of Tenge 276,873 thousand (2022: Tenge 370,005 thousand).

Transfers

Significant portion of property, plant and equipment put in operation is related to completion of the above construction works and commissioning the respective property, plant and equipment.

Other

As at 31 December 2023, the initial cost and related accumulated depreciation of fully depreciated property, plant and equipment still in use amounted to Tenge 21,329,426 thousand (31 December 2022: Tenge 18,339,964 thousand).

In 2023, the Group capitalized borrowing costs in the amount of Tenge 4,820,030 thousand in the carrying amount of property, plant and equipment related to the construction of assets (2022: Tenge 3,649,107 thousand). The weighted average capitalization rate for borrowing costs was 4.55% (2022: 5.57% - 6.12%).

As at 31 December 2023, the Group did not recognize any impairment of property, plant and equipment (as at 31 December 2022: Tenge 934,467 thousand). See Note 3 for further details.

7 Exploration and Evaluation Assets

Movements in exploration and evaluation assets for the years ended 31 December 2023 and 2022 were as follows:

In thousands of Tenge	**Tangible assets**
As at 31 December 2021	19,566,926
Additions	2,801,154
Impairment loss	(5,893,308)
As at 31 December 2022	**16,474,772**
Additions	2,989,360
Impairment loss	(21,028)
Impairment reversal	5,914,336
Disposals	(8,761,678)
Transfers to PPE	(12,085,655)
As at 31 December 2023	**4,510,107**

7 Exploration and Evaluation Assets (continued)

Exploration and evaluation assets were represented by the following projects:

In thousands of Tenge	31 December 2023	31 December 2022
Barkhan	2,316,335	6,053,401
Sherubainur	2,184,762	2,184,762
Anabay	–	8,236,610
Sultankuduk	–	4,951,262
Koskunduk	–	427,527
Moldybay	–	236,941
Other	9,010	277,577
Less: impairment loss	–	(5,893,308)
	4,510,107	**16,474,772**

During 2023, the Group completed development of the Anabay field and transferred it from exploration and evaluation assets to gas assets due to the commissioning of the field in November 2023.

In accordance with the contractual obligations, the exploration period for the Sultankuduk, Moldybay, Kashkynbay, Koskuduk and other fields ended on 28 December 2022. In 2022, the Group's management made a decision to return the contract areas (geological allotments) minus the mining allotments. In 2023, the Group carried out liquidation work and geological allotments totaling Tenge 8,761,678 thousand were returned to the state.

8 Right-of-use Assets

As at 31 December 2023 and 2022 right-of-use assets are as follows:

In thousands of Tenge	Note	Gas transportation assets	Other	Total
1 January 2022 (restated)		–	4,312,384	4,312,384
Additions on lease agreements	22	111,326,816	1,865,630	113,192,446
Lease modification		–	(447,235)	(447,235)
Lease termination		–	(3,209,852)	(3,209,852)
Depreciation charge	27, 28	(22,265,363)	(920,770)	(23,186,133)
31 December 2022 (restated)		**89,061,453**	**1,600,157**	**90,661,610**
Additions on lease agreements	22	–	5,209	5,209
Lease termination		–	(1,457,345)	(1,457,345)
Depreciation charge	27, 28	(22,265,363)	(137,463)	(22,402,826)
31 December 2023		**66,796,090**	**10,558**	**66,806,648**

On 31 December 2021, the Group entered into a lease agreement for the Saryarka main gas pipeline with AstanaGas KMG JSC for 2022 – 2026. The lease agreement came into force on the date of approval by the Committee for the Regulation of Natural Monopolies (hereinafter referred to as CRNM) of tariffs for gas transportation in the domestic market, that is from 1 January 2022. At the recognition date of the right-of-use asset and lease liability, the Group estimated the lessee's borrowing rate to be 17.3% per annum. As the lease commencement date, the present value of the lease of the Saryarka main gas pipeline was Tenge 111,326,816 thousand (Note 22).

The Group recognizes short-term leases and leases of low-value assets as expenses within cost and general and administrative expenses (Notes 27 and 28).

9 Investments in Joint Ventures

Financial information about investments in joint ventures is summarized below:

In thousands of Tenge	AGP	BSP	AG	OG	Total
31 December 2021	504,807,299	181,141,172	1,057,813	210,139	687,216,423
Share of profit of the joint venture	276,653,184	50,837,188	90,851	-	327,581,223
Share of other comprehensive loss of the joint venture	(238,326)	-	-	-	(238,326)
Elimination of unrealized gain	-	(1,174,434)	-	-	(1,174,434)
Withholding tax	-	(1,764,706)	-	-	(1,764,706)
Dividends	(70,949,058)	(10,000,000)	(27,058)	-	(80,976,116)
31 December 2022	**710,273,099**	**219,039,220**	**1,121,606**	**210,139**	**930,644,064**
Share of profit of the joint venture	268,631,930	52,927,373	373,363	-	321,932,666
Share of other comprehensive loss of the joint venture	(369,050)	-	-	-	(369,050)
Dividends	-	(10,863,500)	(90,851)	-	(10,954,351)
31 December 2023	**978,535,979**	**261,103,093**	**1,404,118**	**210,139**	**1,241,253,329**

AGP

The following table provides a summarized financial information about investments of the Group in AGP:

In thousands of Tenge	31 December 2023	31 December 2022
Statement of financial position of the joint venture		
Current assets, including:	1,055,298,792	707,366,416
- cash and cash equivalents	*881,037,520*	*466,657,596*
Non-current assets	1,086,415,302	1,165,473,669
Current liabilities, including:	(23,530,164)	(210,906,878)
- short-term borrowings received	-	*(185,590,162)*
- trade and other payables	*(18,145,071)*	*(20,858,788)*
Non-current liabilities, including:	(161,111,972)	(241,387,009)
- long-term borrowings received	-	*(59,026,190)*
Equity	**1,957,071,958**	**1,420,546,198**
Share of the Group's ownership	50%	50%
Carrying amount of the investment	**978,535,979**	**710,273,099**

9 Investments in Joint Ventures (continued)

In thousands of Tenge	2023	2022
Statement of comprehensive income of the joint venture		
Revenue from contracts with customers	856,980,312	912,710,619
Cost of sales, including:	(187,406,438)	(193,486,781)
- depreciation and amortisation	*(74,902,156)*	*(77,694,558)*
General and administrative expenses, including:	(8,717,914)	(8,197,975)
- depreciation and amortisation	*(1,132,729)*	*(1,152,935)*
Finance income, including:	20,963,660	5,108,432
- interest income	*20,963,660*	*5,108,432*
Finance costs, including:	(8,396,844)	(24,809,330)
- interest expenses	*(3,877,283)*	*(17,158,389)*
Profit before taxation	664,374,926	693,796,826
Income tax expenses	(127,111,067)	(140,490,459)
Net profit for the year	537,263,859	553,306,367
Share of profit of the joint venture for the year	268,631,930	276,653,184
Other comprehensive (loss)/income for the year	(738,099)	(476,652)
Share of other comprehensive (loss)/income for the year	(369,050)	(238,326)

On 15 February 2008, according to the agreement between the Government of the Republic of Kazakhstan and the Government of People's Republic of China on cooperation in the construction and operation of Kazakhstan-China gas pipeline, AGP joint venture was established with 50% interest of the Group and 50% interest of Trans-Asia Gas Pipeline Company Limited. As at 31 December 2023 and 2022, the charter capital of AGP was equal to Tenge 1,200,000 thousand, of which an amount of Tenge 600,000 thousand was paid by the Group.

BShP

The following table provides a summarized financial information about investments of the Group in BShP:

In thousands of Tenge	31 December 2023	31 December 2022
Statement of financial position of the joint venture		
Current assets, including:	150,686,705	183,695,616
- cash and cash equivalents	8,225,664	60,340,222
Non-current assets	599,565,154	623,036,217
Current liabilities, including:	(95,311,276)	(93,130,327)
- short-term borrowings received	*(45,824,788)*	*(46,857,995)*
- trade and other payables	*(48,229,973)*	*(44,562,196)*
Non-current liabilities, including:	(130,617,401)	(273,406,068)
- long-term borrowings received	(117,703,433)	*(261,062,914)*
Equity	**524,323,186**	**440,195,438**
Share of the Group's ownership	50%	50%
Share in equity	**262,161,593**	**220,097,720**
Consolidation adjustment	(1,058,500)	(1,058,500)
Carrying amount of the investment	**261,103,093**	**219,039,220**

9 Investments in Joint Ventures (continued)

In thousands of Tenge	2023	2022
Statement of comprehensive income of the joint venture		
Revenue from contracts with customers	178,259,378	188,974,942
Cost of sales, including:	(49,605,396)	(46,070,461)
- depreciation and amortisation	*(27,653,540)*	*(26,053,555)*
General and administrative expenses, including:	(8,359,528)	(5,548,889)
- depreciation and amortisation	*(798,892)*	*(816,501)*
Finance income, including:	5,787,856	2,900,998
- interest income	*5,787,856*	*2,900,998*
Finance costs, including:	(19,117,029)	(19,999,155)
- interest expenses	*(17,021,171)*	*(16,299,860)*
Profit before taxation	105,854,745	101,674,375
Income tax expenses	–	–
Net profit for the year	105,854,745	101,674,375
Share of profit of the joint venture for the year	52,927,373	50,837,188
Other comprehensive income for the year	–	–
Share of other comprehensive income for the year	–	–

On 18 January 2011, according to the agreement between the Government of the Republic of Kazakhstan and the Government of People's Republic of China on cooperation in construction and operation of the Kazakhstan-China gas pipeline, BShP joint venture was established with 50% interest of the Group and 50% interest of Trans-Asia Gas Pipeline Company Limited. As at 31 December 2023 and 2022, the charter capital of BShP was equal to Tenge 145,430,000 thousand, of which an amount of Tenge 72,715,000 thousand was paid by the Group.

10 Loans to Related Party

As at 31 December 2023 and 2022, loans to related party comprised the following:

In thousands of Tenge	Note	31 December 2023	31 December 2022
Financial assets at amortised cost			
Interest-free loans to related party		41,257,412	3,524,877
Less: allowance for expected credit losses		(1,279,907)	–
		39,977,505	**3,524,877**
Less: current portion	32	(39,977,505)	(3,524,877)
Non-current portion	**32**	**–**	**–**

Movements in allowance for expected credit losses were as follows:

In thousands of Tenge	Impairment
As at 31 December 2021	(938,246)
Reversal	938,246
As at 31 December 2022	**–**
Accrual	(1,279,907)
As at 31 December 2023	**(1,279,907)**

10 Loans to Related Party (continued)

Interest free loans

In 2022, the Group entered into the financial aid agreement with GPC Investment LLP for the amount of up to Tenge 40,000,000 thousand to finance the project "Construction of a gas processing plant with a capacity of 1.15 billion cubic meters per year at the Kashagan field in Atyrau region". Under this agreement during 2022, the Group provided 2 (two) tranches for the total amount of Tenge 3,933,819 thousand maturing on 12 September 2023. The difference between the provided amount and the fair value of the loan at the date of issue calculated using market rates of 16.1% - 18.2% in the amount of Tenge 499,299 thousand was recognized as finance costs.

During 2023, the Group provided an additional 10 (ten) tranches for a total amount of Tenge 42,730,371 thousand. On 11 September 2023, an additional agreement was signed, according to which the amount of the financial aid limit was increased to Tenge 70,933,629 thousand and the repayment period was extended until 12 September 2024. The effect of modification of the contract terms amounting to Tenge 6,466,746 thousand and the difference between the amount provided and the fair value of the loan at the date of issue calculated using market rates of 18.9% - 19.5% in the amount of Tenge 3,760,997 thousand were recognized as finance costs (Note 30).

Information about credit risks is provided in Note 34.

11 Other Financial Assets

As at 31 December 2023 and 2022, other financial assets included:

In thousands of Tenge	Note	31 December 2023	31 December 2022
Financial assets measured at amortised cost			
Samruk-Kazyna bonds	32	64,783,007	–
NBRK Notes	32	34,825,682	30,000,000
Lease receivables		3,282,962	3,600,948
Other		352,722	–
		103,244,373	**33,600,948**
Less: current portion		(103,244,373)	(33,600,948)
Non-current portion		–	–

On 26 June 2023, the Group purchased 1,400 Samruk-Kazyna coupon bonds placed on the AIX stock exchange with a par value of 100,000 US Dollars per bond with an interest rate of 3.5% per annum due on 26 December 2023. On 25 December 2023, an additional agreement was concluded to extend maturity until 26 June 2024.

Information about credit risks is presented in Note 34.

12 VAT Recoverable and Prepaid Taxes other than Income Tax

In thousands of Tenge	31 December 2023	31 December 2022
VAT recoverable	218,254,204	137,403,060
Property tax	253,289	345,127
Withholding income tax	12,743	–
Other taxes prepaid	410,066	116,933
	218,930,302	**137,865,120**
Less: provision for non-recoverable VAT	(41,818,651)	(14,519,193)
	177,111,651	**123,345,927**
Non-current portion	60,877,222	78,509,782
Current portion	116,234,429	44,836,145

12 VAT Recoverable and Prepaid Taxed other than Income Tax (continued)

Movements in the provision for non-recoverable VAT were as follows:

In thousands of Tenge	**Impairment**
As at 31 December 2021	(14,513,692)
Accrual	(5,501)
As at 31 December 2022	**(14,519,193)**
Accrual	(27,299,458)
As at 31 December 2023	(41,818,651)

As at 31 December 2023, the Group has VAT recoverable of Tenge 218,254,204 thousand, including VAT recoverable originating from domestic loss-making sales of gas. During 2023, the Group accrued for the impairment provision for VAT recoverable in the amount of Tenge 27,299,458 thousand for 2017-2018.

13 Bank Deposits

In thousands of Tenge	**31 December 2023**	**31 December 2022**
Bank deposits in Tenge with maturity of over five years	2,963,028	2,765,157
Less: allowance for expected credit losses	(7,574)	(9,339)
Non-current portion	**2,955,454**	**2,755,818**
Bank deposits in US dollars with maturity of three months to one year	275,355	11,335,373
Bank deposits in Rubles with maturity of three months to one year	188,035	–
Bank deposits in Tenge with maturity of three months to one year	19,585	16,558
Current portion	**482,975**	**11,351,931**

As at 31 December 2023, bank deposits in Tenge with maturity of over five years include restricted deposits in Halyk Bank Kazakhstan JSC, ForteBank JSC and Bank CenterCredit JSC in the amount of Tenge 1,794,357 thousand, Tenge 528,719 thousand and Tenge 639,952 thousand, respectively. The deposits in Halyk Bank JSC were opened as collateral for housing loans of the Group's employees at a rate of 1% per annum (31 December 2022: Tenge 2,205,984 thousand at the rate of 1% per annum). The deposits in ForteBank JSC and Bank CenterCredit JSC are kept in a resptricted account, designated as liquidation fund per requirements of subsoil use contracts at a rate of 5% and 8.5% per annum.

As at 31 December 2023, deposits were placed in banks at interest rates of 0-1% per annum in US Dollars (2022: 0-2% per annum) and 1% per annum in Tenge (2022: 1% per annum) and 5% per annum in Roubles for a period of 3 months and up to 1 year.

Information about credit risks is presented in Note 34.

14 Cash and Cash Equivalents

In thousands of Tenge	31 December 2023	31 December 2022
Short-term deposits in a foreign currency	4,404,297	191,776,854
Short-term deposits in Tenge	20,828,160	76,478,579
Current accounts in a foreign currency	612,675	195,744,964
Current accounts in Tenge	38,268,898	50,900,414
Balances on brokerage accounts payable on demand	617	34,793,929
Reverse repurchase agreements ("reverse repo") with original maturity of less than three months in a foreign currency	2,649,337	4,920,711
Reverse repurchase agreements ("reverse repo") with original maturity of less than three months in Tenge	–	22,508,059
Cash in transit	2,911	3,284
Cash on hand	4,053	1,428
	66,770,948	**577,128,222**

Cash and cash equivalents are denominated in various currencies as follows:

In thousands of Tenge	31 December 2023	31 December 2022
Tenge	59,104,639	149,893,173
US Dollars	4,983,726	426,561,420
Russian Rubles	2,650,499	588,203
Other currencies	32,084	85,426
	66,770,948	**577,128,222**

As at 31 December 2023, deposits were placed in banks at interest rates of 14.25%-15.8% per annum in Tenge (31 December 2022: 7.25%-15.5% per annum) and 0%-5% in foreign currency (31 December 2022: 1%-2% per annum).

As at 31 December 2023, interest rates for cash on the current accounts in banks were 0%-14.75% per annum in Tenge (31 December 2022: 0%-4% per annum) and nil in a foreign currency.

Information about credit risks is presented in Note 34.

15 Inventories

In thousands of Tenge	31 December 2023	31 December 2022
Gas	55,024,184	32,565,747
Materials and supplies	8,166,864	4,899,007
	63,191,048	**37,464,754**

Materials and supplies mainly include spare parts for maintenance of gas transportation system, methanol and lubricating materials to be used in the gas transportation equipment and the goods for internal use. Gas includes fuel gas and gas for sale.

16 Trade and other Receivables

In thousands of Tenge	Note	31 December 2023	31 December 2022
Trade receivables from third parties		219,101,071	115,477,206
Trade receivables from related parties	32	51,018,482	47,362,314
Other receivables from related parties	32	21,021,300	9,711,870
Other receivables from third parties		4,296,912	6,019,324
		295,437,765	**178,570,714**
Less: allowance for expected credit losses		(7,973,112)	(8,007,918)
		287,464,653	**170,562,796**

The increase in trade receivables from third parties is associated with receivables for gas supplies in September – October 2023, which were settled in January 2024.

Movements in the allowance for expected credit losses (ECL) were as follows:

In thousands of Tenge	Collectively impaired
At 31 December 2021	(3,886,358)
Accrual for the year	(5,518,861)
Foreign currency translation	9,141
Write off	125,572
Reversal	1,262,588
At 31 December 2022	**(8,007,918)**
Accrual for the year	(8,213,297)
Foreign currency translation	59,039
Write off	993,904
Reversal	7,195,160
At 31 December 2023	**(7,973,112)**

As at 31 December, trade and other receivables were denominated in the following currencies:

In thousands of Tenge	31 December 2023	31 December 2022
US Dollar	156,796,570	62,212,973
Tenge	130,668,083	108,349,823
	287,464,653	**170,562,796**

Trade and other receivables are non-interest bearing.

Information about credit risks is presented in Note 34.

17 Equity

Share capital

	Common shares outstanding (number of shares)						
	Par value of 100 Tenge	Par value of 138 Tenge	Par value of 2,500 Tenge	Par value of 10,000 Tenge	Par value of 17,632 Tenge	Par value of 16,915,397 Tenge	Total share capital
At 31 December 2023	312,167,670	1	30,976,655	30,455,065	1,006,717	1,000	447,874,886
At 31 December 2022	312,167,670	1	30,976,655	30,455,065	1,006,717	-	430,959,489

Common shares give the holders the right to vote on all matters within the competence of the General Shareholders Meeting. Dividends on common shares are paid at the Shareholder's discretion. During 2023, the Group paid dividends on common shares in the amount of Tenge 27,065,364 thousand to the Sole Shareholder (2022: nil).

In 2022, the Group issued 1,317,865 common shares with the par value of 10,000 Tenge each for the amount of Tenge 13,178,650 thousand. Shares were purchased by the Sole Shareholder to finance the Group's acquisition of 100% shares in the Tegis Munay LLP.

In 2023, the Group issued 1,000 common shares with a par value of 16,915,397 Tenge each. The shares were acquired by the Sole Shareholder in exchange for property in the form of the administrative building of the Bolashak Business Center at the fair value of Tenge 16,915,397 thousand.

Additional information disclosed in accordance with Kazakhstan Stock Exchange ("KASE") requirements

In thousands of Tenge	31 December 2023	31 December 2022
Total assets	3,543,009,613	3,171,495,690
Less: intangible assets	(4,752,739)	(5,166,868)
Less: total liabilities	(1,040,121,328)	(983,933,789)
Net assets for the calculation of the common share cost in accordance with KASE requirements	2,498,135,546	2,182,395,033
Number of common shares	374,607,108	374,606,108
Cost of one common share in thousands of Tenge according to KASE requirements	6.669	5.826

In accordance with the decision of the Exchange Board of KASE dated 4 October 2010, the financial statements shall disclose the carrying amount of one share (common and preferred) as of the reporting date, calculated in accordance with the KASE rules.

Earnings per share

Basic and diluted earnings per share are calculated by dividing net income for the period attributable to common shareholders by the weighted average number of shares outstanding during the period. The weighted average number of common shares outstanding during a period is calculated by taking into account the number of common shares outstanding at the beginning of the period, adjusted by the number of shares repurchased or issued during the period, multiplied by a time weighting factor. Due to the fact that Samruk-Kazyna JSC is the sole shareholder of the Company, the market value of shares and their number are not adjusted.

17 Equity (continued)

The following table provides income and share data used to calculate basic earnings per share computations for the reporting periods:

In thousands of Tenge	2023	2022
Net income attributable to the shareholder for basic and diluted earnings per share	325,853,683	386,548,707
Weighted average number of common shares for basic and diluted earnings per share	374,606,831	373,302,725
Basic and diluted earnings per share for the period attributable to the parent company (in thousands of Tenge)	**0.87**	**1.04**

18 Debt Securities Issued

As at 31 December 2023 and 2022, the debt securities issued comprised:

In thousands of Tenge	Issue	Maturity	Interest rate	31 December 2023 US Dollars	31 December 2023 In thousands of Tenge	31 December 2022 US Dollars	31 December 2022 In thousands of Tenge
QG bonds	2017	2027	4.375%	706,320,000	321,064,819	706,320,000	326,778,948
KTG Aimak bonds	2015	2025	7.50%	–	5,000,000	–	5,000,000
				706,320,000	**326,064,819**	**706,320,000**	**331,778,948**
Plus: interest payable				–	3,800,488	–	3,772,898
Less: unamortised transaction costs				–	(142,873)	–	(181,077)
Less: discount				–	(488,700)	–	(672,482)
					329,233,734		**334,698,287**
Less: amount due within 12 months from the reporting date				–	(3,800,488)	–	(3,772,898)
Amounts due after 12 months				–	**325,433,246**	–	**330,925,389**

In accordance with the terms of the debt securities, the Group is required to comply with certain covenants. The Group reviews compliance with covenants at each reporting date. As at 31 December 2023 and 2022, the Group complied with all covenants.

19 Bank Loans

As at 31 December bank loans comprised:

In thousands of Tenge	31 December 2023	31 December 2022
Interest-bearing loans with fixed rate	41,849,334	57,930,032
Interest-bearing loans with floating rate	5,706,130	99,583,931
	47,555,464	**157,513,963**
Plus: interest payable	713,766	1,813,391
Less unamortised transaction costs	(356,368)	(668,252)
	47,912,862	**158,659,102**
Less: amount due within 12 months from the reporting date	(17,947,310)	(111,907,583)
Amounts due after 12 months	**29,965,552**	**46,751,519**

19 Bank Loans (continued)

Bank loans are denominated in the following currencies:

In thousands of Tenge	31 December 2023	31 December 2022
Tenge	47,555,464	65,918,613
Russian Rubles	-	91,595,350
	47,555,464	**157,513,963**

Interest-bearing loans with floating rate

VTB Bank Kazakhstan JSC and VTB Bank PJSC

In accordance with the loan agreements dated 16 November 2020, in 2020, QG received a loan from VTB Bank Kazakhstan JSC and VTB Bank PJSC for the total amount of Rubles 15,151,500 thousand (equivalent to Tenge 84,621,155 thousand) for refinancing the current loan from the Corporate and Investment Banking Division of Société Générale at the key rate of the Central Bank of Russia (KR CBR) + 2.15% per annum maturing on 16 November 2023.

In 2023, QG fully repaid the principal debt in the amount of Rubles 14,245,000 thousand (equivalent to Tenge 73,646,650 thousand) under the loan agreement with VTB Bank PJSC (2022: repayment of the principal debt in the amount of Rubles 906,500 thousand (equivalent to Tenge 5,130,790 thousand)).

European Bank for Reconstruction and Development (EBRD)

In accordance with the loan agreement dated 26 May 2016, during 2018-2020, ICA received three tranches of a loan from the EBRD for the modernization of the Bozoi UGS facility, which is repayable in 26 (twenty-six) equal quarterly instalments starting from March 2020 totaling Tenge 16.192.200 thousand. The interest rate of this loan equals to 6-m Consumer Price Index (CPI) + 2.15% per annum + 100 basis points cost.

During 2023, ICA repaid principal under the loan agreement for a total amount of Tenge 134,286 thousand (2022: repayment of principal in the amount of Tenge 37,665,786 thousand). As at 31 December 2022, ICA principal payable to the EBRD under the above loan agreement was Tenge 335,714 thousand (31 December 2022: Tenge 470,000 thousand).

In accordance with the loan agreement dated 26 May 2016, KTG Aimak received Tenge 17,185,324 thousand in several tranches for 10 years for the project "Gasification and modernization of the gas pipeline system in the Mangistau, Aktobe and Kostanay regions". The interest rate is equal to the 6-month annualized CPI with a spread of 100 basis points + 2.15%.

In 2023, KTG Aimak repaid the principal under the loan agreement in the amount of Tenge 2,148,165 thousand (2022: Tenge 2,148,165 thousand). As at 31 December 2023, KTG Aimak has total principal payable to the EBRD under the above loan agreement of Tenge 5,370,416 thousand (2022: Tenge 7,518,581 thousand).

Interest-bearing loans with fixed rate

Development Bank of Kazakhstan JSC

KTG Aimak concluded several revolving credit line agreements with the Development Bank of Kazakhstan JSC for the projects "Modernization of gas pipeline system in South Kazakhstan, Taraz, Kyzylorda, Aktobe" and "Construction of stand-by line of gas pipeline Uzen-Zhetybai".

During 2023, KTG Aimak repaid principal of Tenge 7,594,984 thousand (2022: Tenge 8,198,127 thousand).

As at 31 December 2023, KTG Aimak had total principal payable to Development Bank of Kazakhstan JSC under the above loan agreements of Tenge 20,635,048 thousand (2022: Tenge 28,230,032 thousand).

19 Bank Loans (continued)

Halyk Savings Bank of Kazakhstan JSC

During 2022, in order to refinance the existing loan from the EBRD, ICA received a loan from Halyk Savings Bank of Kazakhstan JSC in the amount of Tenge 29,700,000 thousand with an interest rate of 17.85%. Interest and principal payments are made in quarterly instalments starting from March 2023. During 2023, ICA repaid the principal debt in the amount of Tenge 8,485,714 thousand.

As at 31 December 2023, ICA has a total principal payable to Halyk Savings Bank of Kazakhstan JSC under the above loan agreement of Tenge 21,214,286 thousand (2022: Tenge 29,700,000 thousand).

As at 31 December 2023 and 2022, all interest-bearing loans of the Group were not secured by any collateral.

Terms of the loan agreement

Under the terms of bank loans, the Group is obliged to comply with certain covenants. The Group reviews compliance with loan covenants at each reporting date. Failure to comply with covenants gives the lenders the right to demand early repayment of loans. As at 31 December 2023 and 2022, the Group complied with all covenants.

20 Borrowings

As at 31 December, borrowings comprised:

In thousands of Tenge	31 December 2023	31 December 2022
Fixed interest rate borrowings	8,462,491	17,226,204
	8,462,491	**17,226,204**
Plus: interest payable	89	182
Less: unamortised discount	(494,560)	(1,379,274)
	7,968,020	**15,847,112**
Less: amount due within 12 months from the reporting date	(7,968,020)	(7,737,372)
Amounts due after 12 months	–	**8,109,740**

Fixed interest rate borrowings

On 23 November 2021, the Group received long-term loan from NC KazMunayGas JSC in the amount of Tenge 24,104,026 thousand (equivalent to USD 55,851 thousand) at the rate of 0.01% per annum for general corporate purposes. The loan is indexed to US Dollar. The difference between the nominal value and the fair value of the loan at the recognition date of Tenge 2,703,208 thousand was recognised as finance income. The maturity date of the loan is 23 November 2024.

During 2023, the Group repaid principal on the loan in the amount of Tenge 8,504,752 thousand (equivalent to USD 18,617 thousand) (during 2022: Tenge 8,614,964 thousand (equivalent to USD 18,617 thousand)). As at 31 December 2023, the Group has a total principal payable to NC KazMunayGas JSC under the loan in the amount of Tenge 8,462,491 thousand (equivalent to USD 18,617 thousand) (2022: Tenge 17,226,204 thousand (equivalent to USD 37,234 thousand).

As at 31 December 2023 and 2022, loans from related parties were not secured by any collateral.

21 Provisions

In thousands of Tenge	Note	Provision for gas transportation expenses	Abandonment and site restoration provision	Gas pipeline abandonment and site restoration provision	Tax provisions	Other provisions	Total
At 31 December 2021 (restated)		31,561,936	3,489,119	88,661,502	81,937	88,493	123,882,987
Accrued during the year			159,890	13,705,574	58,111	587,631	14,511,206
Foreign exchange loss		2,254,946	–	–	–	–	2,254,946
Change in estimates	6	–	(998,393)	(45,881,142)	–	–	(46,879,535)
Unwinding of discount		–	292,126	5,350,266	–	–	5,642,392
Utilised		–	–	–	(64,760)	(2,541)	(67,301)
At 31 December 2022		**33,816,882**	**2,942,742**	**61,836,200**	**75,288**	**673,583**	**99,344,695**
Accrued during the year			105,816	7,830,585	102,549	1,242,492	9,281,442
Foreign exchange gain		(591,329)	–	–	–	–	(591,329)
Change in estimates	6	–	(2,852,269)	1,412,723	–	–	(1,439,546)
Unwinding of discount		–	265,639	5,961,195	–	1,028	6,227,862
Transfers		–	–	587,630	–	(587,630)	–
Utilised		–	–	–	(54,045)	(9,821)	(63,866)
At 31 December 2023		**33,225,553**	**461,928**	**77,628,333**	**123,792**	**1,319,652**	**112,759,258**
Current provisions as at 31 December 2023		**33,225,553**	**–**	**–**	**123,792**	**1,316,056**	**34,665,401**
Non-current provisions as at 31 December 2023		**–**	**461,928**	**77,628,333**	**–**	**3,596**	**78,093,857**
Current provisions as at 31 December 2022 (restated)		**33,816,882**	**–**	**–**	**75,288**	**79,268**	**33,971,438**
Non-current provisions as at 31 December 2022		**–**	**2,942,742**	**61,836,200**	**–**	**594,315**	**65,373,257**

21 Provisions (continued)

Provision for gas transportation expenses

As of 31 December 2023, the provision for gas transportation expenses represents a provision for reimbursement of costs associated with the transportation of borrowed gas from PetroChina International Co. Ltd.

As a result of the reorganization of KTG Aimak through the merger of KazTransGas Almaty JSC (hereinafter referred to as KTG Almaty) in 2016, KTG Aimak is the legal successor to all obligations of KTG Almaty, including obligations under the Natural Gas Loan Agreement between AlmatyGazTrade LLP (KTG Almaty was the legal successor of AlmatyGazTrade LLP as a result of reorganization), PetroChina International Co. Ltd and Asian Gas Pipeline LLP.

As part of the Natural Gas Loan Agreement to reimburse costs and losses incurred by PetroChina International Co. Ltd due to gas borrowing and its return, during 2014 PetroChina International Co. Ltd demanded compensation for the 2nd, 3rd and 4th tranches of the gas loan in the total amount of USD 164,226 thousand (equivalent to Tenge 74,650,443 thousand as at 31 December 2023), unsupported by primary documentation.

Management analyzed expenses claimed for reimbursement and recognized a provision in the amount USD 73,094 thousand (equivalent to Tenge 33,225,552 thousand) as at 31 December 2023 (as at 31 December 2022: equivalent to Tenge 33,816,882 thousand). Discrepancies between the amount claimed by PetroChina International Co. Ltd to be reimbursed, and the amount accrued in the consolidated financial statements, arose for the following types of expenses: technological losses during gas transportation through the territory of Uzbekistan, expenses for paying taxes and customs duties, fines for low-quality gas from Uzbekistan, loss for the difference in gas prices of different periods.

In 2023, foreign exchange gain on reserves amounted to Tenge 591,329 thousand (2022: foreign exchange loss of Tenge 2,254,946 thousand).

As of the issue date of these consolidated financial statements, management is still negotiating and is unable to estimate the likely timing of the cash outflow for this provision.

Gas pipeline abandonment and site restoration provision

The Group's subsidiaries, ICA and KTG Aimak, recorded a provision for future costs of decommissioning the gas compressing plants and main gas pipelines on a discounted basis in accordance with the Law of the Republic of Kazakhstan "On Main Pipelines" and the Environmental Code of the Republic of Kazakhstan. As at 31 December 2023, gas pipeline abandonment and site restoration provision of Tenge 77,628,333 thousand (31 December 2022: Tenge 61,836,200 thousand) represents the current costs of gas pipeline abandonment and site restoration expected to be incurred from 2032 till 2055. See Note 3 for further details.

22 Lease Liabilities

The movements in the lease liabilities for the years ended 31 December 2023 and 2022 were presented as follows:

In thousands of Tenge	Note	Gas transportation assets	Other	Total
1 January 2022 (restated)		4,056,603	2,331,383	6,387,986
Additions on lease agreements	8	111,326,816	1,865,630	113,192,446
Lease modification		–	(447,235)	(447,235)
Lease termination		–	(3,209,852)	(3,209,852)
Interest expense	30	17,721,431	218,437	17,939,868
Lease payments		(37,795,622)	(354,926)	(38,150,548)
Other changes		–	1,192,476	1,192,476
31 December 2022 (restated)		**95,309,228**	**1,595,913**	**96,905,141**
Additions on lease agreements	8	–	5,209	5,209
Lease termination		–	(1,439,075)	(1,439,075)
Interest expense	30	14,956,406	39,309	14,995,715
Lease payments		(33,607,014)	(170,035)	(33,777,049)
Other changes		–	(3,244)	(3,244)
31 December 2023		**76,658,620**	**28,077**	**76,686,697**
Current portion of lease liabilities as at 31 December 2023		21,699,821	17,496	21,717,317
Non-current portion of lease liabilities as at 31 December 2023		54,958,799	10,581	54,969,380
Current portion of lease liabilities as at 31 December 2022		18,650,608	473,823	19,124,431
Non-current portion of lease liabilities as at 31 December 2022		76,658,620	1,122,090	77,780,710

23 Contract Liabilities

In thousands of Tenge	Note	31 December 2023	31 December 2022
Liabilities from contracts with customers to third parties		15,401,180	18,610,870
Liabilities from contracts with customers to related parties	32	361,407	591,722
		15,762,587	**19,202,592**
Less: current portion of liabilities from contracts with customers		(4,941,775)	(8,075,408)
Non-current portion of liabilities from contracts with customers		**10,820,812**	**11,127,184**

During 2023, performance obligations in the amount of Tenge 5,883,803 thousand were recognized as revenue (2022: Tenge 692,314 thousand).

A contract liability is recognized when payment from the customer is received or becomes due (whichever occurs earlier) before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group satisfies its performance obligation (i.e. transfers control of the related goods or services to the customer).

24 Trade and Other Payables

In thousands of Tenge	Note	31 December 2023	31 December 2022
Trade payables to related parties	32	146,508,980	68,172,479
Trade payables to third parties		97,384,420	53,344,080
Accrued payables for gas purchase	3,32	109,818,524	–
		353,711,924	**121,516,559**

As of 31 December 2023, the Group has trade payables for the purchase of gas in the total amount of Tenge 109,818,524 thousand without price agrrement due to the fact that previous contracts were terminated and the procedure for agreeing prices and signing new contracts has not yet been completed. See Note 3 for further details.

Trade and other payables are represented by payables for purchased gas and for assets and services. Trade and other payables are non-interest bearing and are usually settled within 30 days. The increase in accounts payable as of 31 December 2023 is primarily due to an increase in purchased gas prices compared to 2022.

As at 31 December, trade and other payables are denominated in the following currencies:

In thousands of Tenge	31 December 2023	31 December 2022
Tenge	294,749,087	106,604,222
US Dollars	58,899,537	10,329,021
Russian Rubles	59,099	4,568,743
Other currencies	4,201	14,573
	353,711,924	**121,516,559**

25 Other Financial Liabilities

In thousands of Tenge	Note	31 December 2023	31 December 2022
Accrued bonuses to employees		14,165,208	12,177,288
Reserve for unused vacations		2,633,677	2,305,856
Salaries payable		1,897,444	1,825,185
Financial obligations under issued guarantees		1,418,106	–
Liabilities for reimbursement of historic costs		1,333,382	1,494,947
Liabilities for the socio-economic development of the region		828,632	779,647
Put option liability		679,744	679,744
Bonds liability		673,261	1,279,471
Litigation on AsiaGas Chundzha	33	–	14,565,318
Other		2,416,186	1,947,573
Less: current portion of other financial liabilities		(21,852,939)	(33,544,794)
Non-current portion of other financial liabilities		**4,192,701**	**3,510,235**

According to the agreement on the sale of a 50% stake in AstanaGas KMG JSC in favor of Baiterek Venture Fund JSC, Baiterek Venture Fund JSC has the right to demand the repurchase of shares upon the occurrence of certain conditions. The cost of the share repurchase amounted to Tenge 40,510,279 thousand. As at 31 December 2023, the Group estimated the fair value of this put option to be Tenge 679,744 thousand.

26 Revenue from Contracts with Customers

In thousands of Tenge	Timing of revenue recognition	2023	2022
Type of goods or services			
Revenue from sales of gas	Over time	964,480,563	824,599,372
Revenue from gas transportation services	Over time	94,936,710	108,961,530
Revenue from technical maintenance of gas pipelines	Over time	14,792,688	14,358,713
Management fee	At a point of time	493,854	–
Other	Over time	6,505,124	4,363,594
		1,081,208,939	**952,283,209**
Geographical markets			
China		621,278,128	482,748,295
Kazakhstan		421,553,109	418,298,741
Russia		34,750,633	45,183,000
Uzbekistan		3,627,069	6,053,173
		1,081,208,939	**952,283,209**

27 Cost of Sales

In thousands of Tenge	Note	31 December 2023	31 December 2022
Cost of gas sold		528,733,672	338,213,289
Transportation expenses		282,490,613	276,304,478
Payroll costs and related contributions		88,004,219	78,967,538
including pension contributions		*6,494,252*	*6,129,540*
Depreciation and amortization		39,444,082	34,888,894
Depreciation of right-of-use assets	8	22,265,363	22,265,363
Fuel gas and gas losses		19,478,682	16,841,903
Taxes other than income tax		12,059,177	10,974,637
Billing services		7,286,780	7,063,695
Security services		4,455,740	4,199,254
Repair and maintenance		4,268,176	4,516,087
Materials and supplies		2,282,941	1,540,561
Business trip expenses		2,080,100	1,796,555
Electricity		1,644,076	1,479,972
Communication expenses		1,106,246	1,100,037
Insurance		1,008,363	996,315
Expenses on other services rendered		896,350	427,121
Expenses relating to short-term leases		552,442	496,722
Other		5,035,683	4,584,608
		1,023,092,705	**806,657,029**

28 General and Administrative Expenses

In thousands of Tenge	Note	31 December 2023	31 December 2022
Net tax provision	12	27,299,458	5,501
Payroll costs and related contributions		19,909,839	19,235,556
including pension contributions		*1,538,980*	*1,146,688*
Taxes other than income tax		3,126,138	2,472,803
Repair and maintenance		1,831,630	1,667,644
Depreciation and amortization		1,673,434	1,634,139
Consulting services		1,455,377	1,754,509
Expenses for festive, cultural and sports events		606,630	183,014
Write-down of inventory to net realizable value		537,651	5,244
Expenses relating to short-term leases and leases of low-value assets		534,854	558,825
Office maintenance expenses		528,101	553,064
Business trip expenses		521,586	285,188
Personnel development and qualification upgrade		484,993	269,370
Bank charges		304,960	114,124
Communication services		156,782	169,442
Depreciation of right-of-use assets	8	137,463	920,770
Security services		19,587	51,596
Other		4,027,446	3,593,453
		63,155,929	**33,474,242**

29 Interest Income Calculated Using the Effective Interest Method

In thousands of Tenge	Note	31 December 2023	31 December 2022
Interest income on bank deposits and cash and cash equivalents		28,077,982	17,549,175
Amortization of discount on loan issued to a related party		5,229,907	90,357
Unwinding of discount on financial assets at amortized cost		3,182,547	3,635,282
Interest income on other financial assets at amortized cost		1,160,797	–
Interest income on loans issued to a related party		–	8,537,902
		37,651,233	**29,812,716**

30 Finance Costs

In thousands of Tenge	Note	31 December 2023	31 December 2022
Interest expense on lease liabilities	22	14,995,715	17,939,868
Interest on debt securities issued		14,577,129	14,584,875
Interest on bank loans and overdrafts		11,291,141	19,988,049
Discount on loan issued to a related party	10	10,227,743	499,299
Unwinding of discount on gas pipeline abandonment and site restoration provisions		6,226,834	5,642,392
Unwinding of discount on financial liabilities		852,232	1,272,845
Amortization of capitalized loan origination costs		181,113	701,195
Unwinding of discount on debt securities issued		177,985	167,960
Interest on loans from related party		1,608	2,512
Other		2,051,675	1,909,727
		60,583,175	**62,708,722**

31 Income Tax Expenses

The Group is a subject to corporate income tax at the prevailing statutory rate of 20%.

In thousands of Tenge	2023	2022
Current income tax expense	9,236,079	19,160,496
Excess profit tax	147,076	899,780
Deferred income tax (benefit)/expense	(34,443,131)	12,395,840
Adjustment of prior years' income tax	10,465,929	(5,361,021)
	(14,594,047)	**27,095,095**

31 Income Tax Expenses (Continued)

A reconciliation of corporate income tax expenses applicable to profit before taxation at the statutory income tax rate, with the current income tax expense reported in the IFRS financial statements for the years ended 31 December is as follows:

In thousands of Tenge	2023	2022
Profit before income tax	311,259,636	413,643,802
Statutory tax rate	20%	20%
Theoretical income tax expense	**62,251,927**	**82,728,760**
Tax effect of permanent differences		
Provision for non-recoverable VAT	5,459,892	1,100
Non-deductible contractual penalties from customers	3,701,183	–
Adjustment to the asset liquidation provision	–	(1,583,316)
Non-deductible interest expense	1,512,751	2,522,075
Non-deductible capitalized costs	1,173,067	387,718
Provision for deferred tax assets	1,084,686	1,542,666
Insufficient/(excessive) provision for current taxation in previous years	783,819	(5,361,021)
Non-deductible expenses related to gas	666,045	–
Taxes other than income tax	307,399	2,174,245
Excess profit tax	147,076	899,780
Dividend income from the joint venture	–	2,000,000
Non-deductible expenses related to additional costs of gas purchased	–	(4,377,935)
Non-taxable/non-deductible foreign exchange differences, net	(3,519,430)	2,039,035
Investments in the joint venture	(26,329,572)	8,314,496
Share of profit of joint ventures (*Note 9*)	(64,386,533)	(65,516,245)
Other	2,553,643	1,323,737
	(14,594,047)	**27,095,095**
Tax expense/(benefit) recognised in other comprehensive income	6,834	(973)
Income tax (benefit)/expense reported in the consolidated statement of comprehensive income	**(14,587,213)**	**27,094,122**

QG recognized interest expense and foreign exchange differences in the statement of comprehensive income on a bank loan that was obtained for the purpose of refinancing a previous loan. During 2023 and 2022, this loan resulted in foreign exchange gains that were not included in total annual taxable income due to the fact that the loan was not related to income-generating activities. Management believes that its interpretation of tax laws is appropriate and it is probable that it will be able to justify its position to the tax authorities. Management believes that the risk of additional charge as of 31 December 2023 and 2022 is low. Accordingly, no additional tax liabilities have been recognized by the Group in these consolidated financial statements. The amount of possible additional charge is approximately Tenge 20,000,000 thousand.

31 Income Tax Expenses (continued)

In connection with changes in Article 241 of the Tax Code of the Republic of Kazakhstan dated 1 January 2023 regarding the exclusion of dividends from the total annual taxable income, the Group recorded a corresponding change in deferred tax liabilities in the amount of Tenge 26,329,572 thousand in relation to investments in the joint venture.

As at 31 December 2023 and 2022, components of deferred income tax assets and liabilities are as follows:

In thousands of Tenge	31 December 2023	Charged to profit and loss	Charged to other comprehensive income	31 December 2022	Charged to profit and loss	Charged to other comprehensive income	31 December 2021
Deferred tax assets							
Loss carry forwards for prior years	1,968,964	(129,562)	–	2,098,526	2,098,526	–	–
Other provisions	19,699,958	3,301,948	–	16,398,010	12,827,189	–	3,570,821
Lease liabilities	15,331,724	(3,826,168)	–	19,157,892	19,157,892	–	–
Provision for gas transportation expenses	7,217,680	(118,266)	–	7,335,946	450,989	–	6,884,957
Deferred income	2,281,787	(59,784)	–	2,341,571	(38,964)	–	2,380,535
Tax loss under trust management agreement	3,557,981	1,202,952	–	2,355,029	1,091,676	–	1,263,353
Allowance for expected credit losses	1,961,691	665,980	–	1,295,711	408,214	–	887,497
Financial guarantee liabilities	283,621	283,621	–	–	–	–	–
Other	1,502,219	(1,214,649)	(6,834)	2,723,702	2,264,976	973	457,753
	53,805,625	**106,072**	**(6,834)**	**53,706,387**	**38,260,498**	**973**	**15,444,916**
Less: provision for deferred tax assets of the Group	(10,775,661)	(1,084,686)	–	(9,690,975)	(1,542,666)	–	(8,148,309)
	43,029,964	**(978,614)**	**(6,834)**	**44,015,412**	**36,717,832**	**973**	**7,296,607**
Deferred tax liabilities							
Property, plant and equipment and intangible assets	(84,770,371)	(6,505,493)	–	(78,264,878)	(11,543,987)	–	(66,720,891)
Right-of-use assets	(13,359,218)	4,550,228	–	(17,909,446)	(17,909,446)	–	–
Other non-current liabilities	(1,191,128)	(283,401)	–	(907,727)	(55,102)	–	(852,625)
Investments in the joint venture	–	26,329,572	–	(26,329,572)	(8,314,496)	–	(18,015,076)
Revenue recognized on accrual basis	–	11,317,429	–	(11,317,429)	(11,317,429)	–	–
Discounting of financial liabilities	–	13,410	–	(13,410)	26,788	–	(40,198)
	(99,320,717)	**35,421,745**	–	**(134,742,462)**	**(49,113,672)**	**-**	**(85,628,790)**
Net deferred tax liabilities	**(56,290,753)**	**34,443,131**	**(6,834)**	**(90,727,050)**	**(12,395,840)**	**973**	**(78,332,183)**

31 Income Tax Expenses (continued)

Deferred tax assets and liabilities relate to various entities of the Group and may not be offset against each other in accordance with the tax legislation. Net deferred tax position of the Group entities is as follows:

In thousands of Tenge	31 December 2023	31 December 2022
Deferred tax assets	6,450,522	1,216,148
Deferred tax liabilities	(62,741,275)	(91,943,198)
Net deferred tax liabilities	**(56,290,753)**	**(90,727,050)**

As at 31 December 2023, the Group had corporate income tax prepaid of Tenge 43,406,962 thousand (31 December 2022: Tenge 45,200,131 thousand) and income tax payable of Tenge 7,123 thousand (2022: Tenge 899,847 thousand).

32 Related Party Transactions

Related parties include key management personnel of the Group, entities in which a substantial interest is owned, directly or indirectly, by the Group's key management personnel, Samruk-Kazyna Group companies (entities under common control), Government (other state-controlled entities), joint ventures, in which the Group is a participant, joint ventures, the participants of which are Samruk-Kazyna and the Government, and associates, the participants of which are Samruk-Kazyna and the Government.

Terms and conditions of transactions with related parties

Transactions with related parties were entered into on terms agreed upon by the parties, which may not necessarily be at market rates, except for gas transportation services, which are provided based on tariffs available to third parties. Outstanding balances at the end of the year are unsecured, non-interest bearing and settled in cash, except as noted below.

32 Related Party Transactions (continued)

The income and expense items with related parties for the years ended 31 December 2023 and 2022 were as follows:

In thousands of Tenge	Note	2023	2022*
Sales of goods and services			
Joint ventures in which the Group is a venturer		34,940,046	127,289,515
Entities under control of Samruk-Kazyna and the Government		77,150,221	64,864,575
Joint ventures in which Samruk-Kazyna and the Government are venturers		889,839	4,771,796
Associates in which Samruk-Kazyna and the Government are participants		149,112	132,945
Enterprises under significant government influence		19,952,624	15,434,725
		133,081,842	**212,493,556**
Management fee	**26**		
Entities under control of Samruk-Kazyna and the Government		493,854	–
		493,854	**–**
Interest income calculated using the effective interest method			
Joint ventures in which the Group is a venturer		–	8,537,902
Entities under control of Samruk-Kazyna and the Government		9,250,472	1,011,039
		9,250,472	**9,548,941**

In thousands of Tenge	Note	2023	2022*
Purchases of goods and services			
Joint ventures in which the Group is a venturer		272,776,566	263,271,571
Entities under control of Samruk-Kazyna and the Government		17,940,655	10,901,367
Joint ventures in which Samruk-Kazyna and the Government are venturers		337,567,475	166,642,512
Associates in which Samruk-Kazyna and the Government are participants		755,351	2,707,895
		629,040,047	**443,523,345**
Finance costs			
Joint ventures in which the Group is a venturer		–	876,572
Entities under control of Samruk-Kazyna and the Government		15,055,629	5,077,815
Joint ventures in which Samruk-Kazyna and the Government are venturers		15,023,457	17,855,371
		30,079,086	**23,809,758**

* Disclosure of transactions with related parties controlled or jointly controlled by the Government, entities under significant government influence, Associates in which Samruk-Kazyna and the Government are participants for 2022 specified above, as well as disclosure of interest income from related parties differs from the presentation in the consolidated financial statements for 2022, as the Group did not disclose these amounts in the consolidated financial statements for 2022.

32 Related Party Transactions (continued)

At 31 December 2023 and 2022, the outstanding balances with related parties were as follows:

In thousands of Tenge	Note	31 December 2023	31 December 2022*
Trade and other receivables	16		
Joint ventures in which the Group is a venturer		39,020,421	36,171,441
Entities under control of Samruk-Kazyna and the Government		28,580,042	18,690,896
Joint ventures in which Samruk-Kazyna and the Government are venturers		42,466	41,921
Associates in which Samruk-Kazyna and the Government are participants		16,261	1,292
Enterprises under significant government influence		4,380,592	2,168,634
		72,039,782	**57,074,184**
Loans to related parties	10		
Entities controlled by the Government		39,977,505	3,524,877
		39,977,505	**3,524,877**
Advances paid			
Joint ventures in which the Group is a venturer		81,970	81,970
Entities under control of Samruk-Kazyna and the Government		5,026	4,048
Joint ventures in which Samruk-Kazyna and the Government are venturers		-	2,372,990
Associates in which Samruk-Kazyna and the Government are participants		1,836,768	1,836,631
		1,923,764	**4,295,639**

32 Related Party Transactions (continued)

In thousands of Tenge	Note	31 December 2023	31 December 2022*
Other financial assets	11		
Entities controlled by the Government		99,608,689	30,000,000
		99,608,689	**30,000,000**
Cash and cash equivalents			
Entities under control of Samruk-Kazyna and the Government		471,191	34,804,646
		471,191	**34,804,646**
Trade and other payables	24		
Joint ventures in which the Group is a venturer		81,042,593	56,335,869
Entities under control of Samruk-Kazyna and the Government		8,811,847	1,604,357
Joint ventures in which Samruk-Kazyna and the Government are venturers		165,694,130	8,708,242
Associates in which Samruk-Kazyna and the Government are participants		778,934	1,524,011
		256,327,504	**68,172,479**
Borrowings	19, 20		
Entities under common control of Samruk-Kazyna and the Government		28,853,977	44,305,691
		28,853,977	**44,305,691**
Lease liabilities	22		
Joint ventures in which Samruk-Kazyna and the Government are venturers		76,658,620	95,309,228
Entities controlled by the Government		–	1,571,721
		76,658,620	**96,880,949**
Guarantee liabilities			
Entities controlled by the Government		1,418,106	–
		1,418,106	**–**
Other financial liabilities			
Entities under control of Samruk-Kazyna and the Government		700,778	710,798
Joint ventures in which Samruk-Kazyna and the Government are venturers		690,531	1,295,973
Associates in which Samruk-Kazyna and the Government are participants		15,064	10,912
		1,406,373	**2,017,683**
Contract liabilities	23		
Joint ventures in which the Group is a venturer		359,975	361,122
Entities under control of Samruk-Kazyna and the Government		1,429	2,894
Joint ventures in which Samruk-Kazyna and the Government are venturers		3	227,365
Associates in which Samruk-Kazyna and the Government are participants		–	341
		361,407	**591,722**

* Disclosure of transactions with related parties controlled or jointly controlled by the Government, entities under significant government influence, Associates in which Samruk-Kazyna and the Government are participants for 2022 specified above, as well as disclosure of interest income from related parties differs from the presentation in the consolidated financial statements for 2022, as the Group did not disclose these amounts in the consolidated financial statements for 2022.

32 Related Party Transactions (continued)

In 2023, GPC entered into a loan agreement with Halyk Bank of Kazakhstan JSC for the purpose of implementing the project "Construction of a gas processing plant at the Kashagan field" with an interest rate of SOFR 6m + 2% per annum. During 2023, GPC received 2 tranches for a total amount of USD 22,208 thousand (equivalent to Tenge 10,128,564 thousand as of the receipt dates). This loan is repayable by 19 December 2033. The Group recognized a financial guarantee in accordance with the guarantee agreement to fulfill payment obligations to Halyk Bank of Kazakhstan JSC in the amount of Tenge 1,422,824 thousand.

During 2023, the Group paid dividends on ordinary shares in the amount of Tenge 27,065,364 thousand to the Sole Shareholder (2022: nil).

In October 2022, BShP made principal early repayment under the loan agreement in the amount of Tenge 190,740,993 thousand (equivalent to USD 405,720 thousand).

Compensation to key management personnel

Key management personnel comprises members of the Management Board and independent directors of the Company. In 2023 and 2022, the total amount of compensation to key management was Tenge 575,484 thousand and Tenge 227,248 thousand, respectively, consisting mainly of salaries and other payments and was included in general and administrative expenses in the consolidated statement of comprehensive income.

33 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.

Liabilities on unconditional purchase of gas transportation services to the joint ventures

As at 31 December 2023, the Group has unconditional liability on purchase of gas transportation services of Tenge 313,199,873 thousand excluding VAT to AGP (31 December 2022: Tenge 95,557,990 thousand).

As at 31 December 2023, the Group has unconditional liability on purchase of gas transportation services of Tenge 203,148,195 thousand excluding VAT to BShP (31 December 2022: Tenge 216,130,641 thousand).

Commitments for capital expenditures and investment programs

As at 31 December 2023, the Group had capital commitments of Tenge 43,694,763 thousand, excluding VAT (31 December 2022: Tenge 60,450,473 thousand, excluding VAT), related to the acquisition and construction of non-current assets.

As at 31 December 2023, the Group had commitments in the amount of Tenge 71,698,216 thousand under approved investment programs for 2022-2027 (31 December 2022: Tenge 204,010,697 thousand). During 2023, the Group carried out work under investment programs for a total amount of Tenge 135,718,332 thousand, mainly related to the construction of the second line of the Beineu-Zhanaozen main gas pipeline and a reserve gas pipeline to the existing Makat-North Caucasus main gas pipeline (during 2022: for a total amount of Tenge 46,114,968 thousand related to the construction of the main gas pipeline branch "Zhetybai - Kuryk" and the main gas pipeline with a compressor station to the existing main gas pipeline "Makat-North Caucasus").

33 Commitments and Contingencies (continued)

Commitments of AGP and BShP

The Group's share in the capital commitments of AGP and BShP is as follows:

In thousands of Tenge	31 December 2023	31 December 2022
AGP	6,353,464	3,801,046
BShP	1,386,229	8,764,528

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions in respect of IFRS accounting of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Fiscal periods remain open to review by the tax authorities for 5 (five) calendar years preceding the year of review. Under certain circumstances reviews may cover longer periods.

Tax contingencies of BShP

According to the terms of the intergovernmental agreement between the Republic of Kazakhstan and the People's republic of China on cooperation in the construction and operation of the Kazakhstan-China gas pipeline dated 18 August 2007 (the "Agreement"), as well as the clarifications of the Tax Committee of the Ministry of Finance of the Republic of Kazakhstan dated 30 December 2014, BShP, which was established on the territory of the Republic of Kazakhstan for the purposes of the construction and operation of the "Beineu-Bozoi-Shymkent" gas pipeline, is exempt from paying value added tax on goods imported into the territory of the Republic of Kazakhstan until the completion of construction. In addition, BShP is exempt from corporate income tax and property tax until the date of repayment of loans obtained for the construction of the "Beineu-Bozoi-Shymkent" gas pipeline.

Management believes that as at 31 December 2023 and 31 December 2022 it correctly interpreted the relevant provisions of legislation, and the probability of retaining the tax benefits mentioned above over the established period is high.

In addition, BShP is carrying out a project to amend the above Agreement, the implementation of which will confirm the current exemption from the above taxes in connection with the refinancing of the initial loan raised for the construction of the Second section of the Kazakhstan-China gas pipeline.

If BShP had not had tax preferences mentioned above related to modification of loan terms, the following tax liabilities would have reduced share of income of joint ventures and investments in joint ventures as at 31 December 2023:

- corporate income tax of Tenge 52,469,204 thousand, including penalties for understatement of tax amounts in tax returns of Tenge 41,975,364 thousand, of which:
  - 2019 – Tenge 1,378,739 thousand, penalties – Tenge 1,102,991 thousand;
  - 2020 – Tenge 12,709,629 thousand, penalties – Tenge 10,167,703 thousand;
  - 2021 – Tenge 13,815,959 thousand, penalties – Tenge 11,052,767 thousand;
  - 2022 – Tenge 10,933,909 thousand, penalties – Tenge 8,747,127 thousand;
  - 2023 – Tenge 13,630,969 thousand, penalties – Tenge 10,904,776 thousand;
- property tax of Tenge 11,046,727 thousand, including penalties for understatement of tax amounts in tax returns of Tenge 8,837,382 thousand, of which:
  - 2019 – Tenge 1,258,627 thousand, penalties – Tenge 1,006,901 thousand;
  - 2020 – Tenge 2,428,808 thousand, penalties – Tenge 1,943,047 thousand;
  - 2021 – Tenge 2,468,665 thousand, penalties – Tenge 1,974,932 thousand;
  - 2022 – Tenge 2,461,140 thousand, penalties – Tenge 1,968,912 thousand;
  - 2023 – Tenge 2,429,487 thousand, penalties – Tenge 1,943,590 thousand;
- deferred tax liability of Tenge 7,693,293 thousand.

33 Commitments and Contingencies (continued)

Taxation (continued)

The following tax liabilities would have reduced the share of profit of joint ventures and investments in joint ventures as at 31 December 2022:

- corporate income tax of Tenge 38.838.235 thousand, including penalties for understatement of tax amounts in tax returns of Tenge 31.070.588 thousand, of which:
  - 2019 – Tenge 1,378,739 thousand, penalties – Tenge 1,102,991 thousand;
  - 2020 – Tenge 12,709,629 thousand, penalties – Tenge 10,167,703 thousand;
  - 2021 – Tenge 13,815,959 thousand, penalties – Tenge 11,052,767 thousand;
  - 2022 – Tenge 10,933,909 thousand, penalties – Tenge 8,747,127 thousand;
- property tax of Tenge 8.617.239 thousand, including penalties for understatement of tax amounts in tax returns of Tenge 6.893.791 thousand, of which:
  - 2019 – Tenge 1,258,627 thousand, penalties – Tenge 1,006,901 thousand;
  - 2020 – Tenge 2,428,808 thousand, penalties – Tenge 1,943,047 thousand;
  - 2021 – Tenge 2,468,665 thousand, penalties – Tenge 1,974,932 thousand;
  - 2022 – Tenge 2,461,140 thousand, penalties – Tenge 1,968,912 thousand;
- deferred tax liability of Tenge 8,127,889 thousand.

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 transactions 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 prices determined on the arm's length principle. As a result, the application of transfer pricing law to different types of transactions is not clear.

Due to uncertainties associated with the Kazakhstani law on transfer pricing, there is a risk that the tax authorities may have an opinion different from that of the Group, which may result in additional taxes, fines and penalties as of 31 December 2023 and 31 December 2022. The management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Group's transfer pricing position will be sustained. In management's opinion, there is no risk of additional changes as of 31 December 2023 and 2022.

Environmental matters

The Group is subject to various environmental laws and regulations. Management believes that the Group complies with requirements of the legislation related to environmental matters and there are no probable or potential environmental liabilities that could have a material adverse effect on the Group's consolidated financial results and financial position.

Legal proceedings and claims

In the ordinary course of business, the Group is subject to legal actions and complaints. In 2022, the Supreme Audit Chamber of the Republic of Kazakhstan, together with other state bodies of the Republic of Kazakhstan, conducted a state audit of the financial and economic activities of NC QazaqGaz JSC, some subsidiaries and jointly controlled entities, as a result of which financial violations and shortcomings in operations were identified. As of the issue date of these consolidated financial statements, pre-trial investigations and litigations are in progress. Management believes that the ultimate liability, if any, arising from such actions or complaints will not have a material adverse effect on the consolidated financial position or the financial results of Group's future operations.

33 Commitments and Contingencies (continued)

Legal proceedings and claims (continued)

BShP legal proceedings

StroyTechMontazh 2030 LLP

On 25 August 2021, a civil case was initiated by the Determination of the Specialized Interdistrict Economic Court (hereinafter "SIEC") of Almaty on the claim of Stroytechmontazh 2030 LLP against BShP on a number of issues related to the volume and cost of construction work performed by Stroytechmontazh 2030 LLP. The share of the Group's contingent liabilities under this claim is Tenge 6,419,889 thousand. On 6 September 2021, BShP filed a counterclaim against Stroytechmontazh 2030 LLP. On 4 January 2023, BShP filed a petition for an independent examination with more detailed calculations and a description of the work done. On 16 January 2023, another meeting was held in the case of StroyTekhMontazh 2030 LLP, during which the court decided to appoint a second comprehensive examination. The case has been suspended for the period of the examination. The Group's management believes that the probability of losses from this claim is low.

Konti-Stroy LLP

On 15 September 2021, BShP filed a claim against Konti-Stroy LLP in the SIEC of Almaty in the matter of termination of the contract for the design and construction of shift settlements and repair and maintenance sites. On 29 December 2021, Konti-Stroy LLP filed a counterclaim. On 12 August 2022, the SIEC of Almaty issued a decision to recover the amount of debt from GBSH in favor of Konti-Stroy LLP. The Group's share in the contingent liabilities of BShP is Tenge 5,323,288 thousand.

On 16 September 2022, BShP filed an appeal against the above decision of the Almaty SIES. On 29 November 2022, the GBSH filed a petition to conduct a repeated comprehensive economic and construction examination. On 13 December 2022, the Court of Appeal granted the request of BShP. On 5 June 2023, the conclusion of a repeated forensic examination was received from the Institute of Forensic Expertise in Astana, and the civil case in the appellate court was resumed.

On 25 July 2023, the Resolution of the Almaty City Court of the Judicial Board of Appeal for Civil Cases was announced, where the counterclaims of Konti-Stroy LLP against BShP were denied in full. The Group's management believes that the probability of losses in this lawsuit is low.

Unscheduled inspection of the Department of Ecology in Kyzylorda region on BShP

In the period of 2021-2022, BShP purchased compressor stations from the Group. In February 2022, the Department of Ecology for the Kyzylorda Region (hereinafter referred to as the Department), unilaterally, without the knowledge of BShP, cancelled environmental permits for facilities located in the Kyzylorda Region. In May 2022, BShP submitted an application to the Department of Natural Resources for re-issuance of an environmental permit and received a notification of acceptance of documents. In October 2022, BShP sent pre-trial claims for the restoration of all previously issued environmental permits.

Due to the refusal to reissue permits, BShP was forced to apply for a new permit, which was received on 27 December 2022. On 5 July 2023, despite the measures taken to restore and issue a new permit, the Department, based on the results of an unscheduled inspection, drew up a Report on the results of the inspection, which reflected BShP`s violations, and a Resolution to impose an administrative penalty and the Protocol on an administrative violation were drawn up and issued.

In July 2023, BShP filed an appeal against the unlawful and unjustified actions of the Department of Ecology related to the imposition of the fine and received a rejection of the appeal. In October 2023, BShP filed a private appeal with the Kyzylorda Regional Court to overturn the first instance court's ruling.

In November 2023, the appellate board of the Kyzylorda Regional Court issued a judicial act satisfying BShP's private complaint, overturned the ruling of the first instance court, and sent the case for a new trial. Later in December 2023, a preliminary reconsideration by the court of the first instance of BShP's administrative claim for invalidation of the decision on cancellation of environmental permits took place, and the judge of the specialized inter-district administrative court of Kyzylorda region decided to transfer BShP`s claim on jurisdiction to the specialized inter-district administrative court of Astana city.

33 Commitments and Contingencies (continued)

Unscheduled inspection of the Department of Ecology in Kyzylorda region on BShP (continued)

As of the current date, the materials on invalidation of the decision on annulment of environmental permits are in the specialized inter-district administrative court of Astana city. BShP is awaiting the appointment of a new hearing date.

BShP is an owner of other facilities with a similar situation in obtaining environmental permits. The share of Group in the total amount of risk for potential fines for BShP`s lack of an environmental permit is Tenge 1,640,311 thousand. However, the Group's management believes that, as of the current date, the probability of fines being imposed on other facilities is low.

QG legal proceedings

In 2019, the Group purchased 2,026,419 thousand cubic meters 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 Tenge 14,565,318 thousand 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 *(Note 25)*.

On 31 March 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 29 June 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 15 September 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 Tenge 14,565,318 thousand by adjusting the cost of sales.

Insurance matters

The insurance industry in the Republic of Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the world are not yet available in the Republic of Kazakhstan. The Group does not have coverage for its plant facilities, business interruption or third-party liability in respect of property or environmental damage arising from accidents on Group property or relating to Group operations. Until the Group obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the consolidated financial performance of the Group and its consolidated financial position.

Commitments under subsoil use contract

In accordance with the terms of subsoil use contract, EP QazaqGaz's conditional commitments to the Government amounted to USD 10,528 thousand (equivalent to Tenge 1,574,257 thousand) related to the cost of collecting geological and geophysical data and drilling costs incurred by the Government. This long-term commitment was to enter in force after confirmation of commercial discovery of gas at the Kumyrly-Koskudyk, Anabay-Maldybai, Barkhannaya-Sultankudyk, Ucharal-Ucharal North and Kempirtobe fields.

In connection with the return of contract territories (geological allotments) less mining allotments, previously created historical costs reimbursement liabilities for the Kempirtobe and Northern Ucharal sections were adjusted. EP QazaqGaz recognized a liability to reimburse historical costs for the Anabay field in the amount of Tenge 33,656 thousand. According to the Tax code, payment will be executed in one tranche until April 2024.

EP QazaqGaz also recognized a liability to reimburse historical costs for the Barkhannaya-Sultankuduk section. Payment for reimbursement of historical costs in the amount of Tenge 96,468 thousand must be executed quarterly in equal installments over a period not exceeding the term of the subsoil use contract, but not more than 10 years from the date of commencement of production.

33 Commitments and Contingencies (continued)

Commitments under subsoil use contract (continued)

As of 31 December 2023, in accordance with the minimum work program for 2024-2059, the Group has obligations under Subsoil Use Contracts totaling Tenge 309,172,931 thousand (as of 31 December 2022: Tenge 61,210,233 thousand).

As of 31 December 2023 and 2022, EP QazaqGaz complied with the minimal working program.

34 Financial Instruments and Financial Risk Management Objectives and Policies

Financial risk management objectives and policies

The Group's main financial liabilities comprise bank loans, debt securities issued, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has loans to related parties, trade and other receivables, cash and cash equivalents and bank deposits, which arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's management oversees the risk management process. The Risk Management Department advises to the Group's management on financial risks and the appropriate financial risk governance framework for the Group. The Risk Management Department helps the Group's management to ensure that the Group's financial risk-taking activities are conducted in accordance with respective policies and procedures.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risk, interest rate risk and currency risk. Financial instruments affected by market risk include borrowings and deposits.

The Group has no formal agreements for the analysis and mitigation of risks related to changes in interest rates, since management assesses the risk as low.

The sensitivity analysis in the sections below relates to the balances as at 31 December 2023 and 2022.

The sensitivity analysis has been prepared on an assumption that the amount of net debt and the proportion of financial instruments in foreign currencies are all constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (KR CBR and CPI), with all other variables held constant, of the Group's (loss)/profit before income tax (through the impact on floating rate borrowings). In 2023, in connection with the repayment of an interest-bearing loan from VTB Bank PJSC, there is no impact on profit before tax and on the Group's equity.

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

Market risk (continued)

Interest rate risk (continued)

In thousands of Tenge	**Increase / (decrease)**	**Effect on profit before tax**
2023		
CPI	1%	(63,755)
CPI	-1%	63,755
2022		
KR CBR	6.19%	(5,666,919)
CPI	0.5%	(48,402)
KR CBR	-6.19%	5,666,919
CPI	-0.5%	48,402

Assumptions of changes in basis points within the sensitivity analysis to interest rate changes are based on a currently observable market situation.

Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of foreign exchange rates changes. As a result of significant borrowings and accounts payable denominated in the US Dollars, the Group's consolidated statement of financial position can be affected significantly by changes in the US Dollar / Tenge exchange rates. The financial and economic activities are also exposed to the risk on transactions in foreign currencies. Such exposure arises from income in US Dollars.

The following table demonstrates the sensitivity of the Group's income before income tax to possible changes in the US Dollar exchange rate, with all other parameters held constant.

In thousands of Tenge	**Increase / (decrease) in basis points**	**Effect on profit before tax**
2023		
US Dollar	14%	(28,416,209)
	-14%	28,416,209
2022		
US Dollar	21%	20,670,829
	-21%	(20,670,829)
2023		
Ruble	29%	614,502
	-29%	(614,502)
2022		
Ruble	22%	(21,316,239)
	-22%	21,316,239

Credit risk

Credit risk is the risk that one party of a financial instrument will not be able to fulfil an obligation and will cause the other party to incur a financial loss. The Group is exposed to credit risk as a result of its operating activities and certain investing activities. Exposure to credit risk arises from accounts receivable, bank deposits, cash and cash equivalents, loans issued and other financial assets.

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

At the current level of operations, management believes that it has established appropriate credit control and industrial customer monitoring procedures to enable the Group to trade with recognized, creditworthy third parties. The Group has a credit policy in which the creditworthiness of each new customer is analyzed individually before the Group's standard payment and delivery terms and conditions are offered. The Group has a policy that provides for constant monitoring to ensure that transactions are concluded with counterparties that have an adequate credit history and do not exceed established credit limits. The Group also analyses the impact of changes in economic, political or other conditions on the ability of counterparties to fulfill contractual obligations.

Expected credit losses

Estimating losses under IFRS 9 for all categories of financial assets requires the exercise of judgment, in particular, when determining impairment losses and assessing a significant increase in credit risk, it is necessary to estimate the amount and timing of future cash flows, and the value of collateral. These estimates depend on a number of factors, changes in which could result in different impairment allowance amounts. The Group's ECL calculations are the result of complex models involving a number of underlying assumptions regarding the selection of input variables and their interdependencies.

The assessment of whether or not there has been a significant increase in credit risk (SICR) since initial recognition is performed on both an individual and portfolio basis. The Group's risk management department periodically monitors and reviews the criteria used to determine whether a significant increase in credit risk has occurred to ensure that it is appropriate.

Elements of ECL models that are considered to be judgments and estimates include the following:

- The internal credit rating system used by the Group to determine probability of default (PD);
- Grouping of financial assets when their ECLs are assessed on a group basis;
- Development of ECL calculation models, including various formulas and selection of input data;
- Determining the relationships between macroeconomic scenarios and economic data, such as the GDP growth rates, inflation, oil price with a one-year lag, and the impact on Probability of Default (PD), Exposure to Default (EAD) and Loss Given Default (LGD) ratios.

When calculating provisions for trade and other receivables, the following are taken into account:

- date of recognition of the receivable and the remaining period until repayment under the agreement terms;
- the number of receivable overdue days (if payment is not made within the period established by the contract);
- type of a counterparty (intra-group or external);
- historical data on debt repayment levels depending on the overdue period and type of counterparties.

Historical loss levels are adjusted to reflect current and forecast information about macroeconomic factors affecting the ability of customers to settle accounts receivable. The Group has identified gross domestic product in the countries in which customers operate as the most relevant forward-looking indicator and adjusts historical loss levels accordingly based on expected changes in this variable.

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

Expected credit losses (continued)

In certain cases, the Group may also conclude that a financial asset has defaulted if internal or external information indicates that it is unlikely that the Group will receive, without regard to credit enhancements held by the Group, the full amount of the remaining contractual payments. A financial asset is written off if there is no reasonable expectation that the contractual cash flows will be recovered.

To assess the probability of default, the Group defines default as a situation in which the risk exposure meets one or more of the following criteria:

- significant financial difficulties of the issuer or borrower;
- the borrower's delay in payments stipulated by the contract exceeds 90 days;
- international rating agencies include the borrower in the default rating class;
- the possibility of bankruptcy or other financial reorganization of the borrower.

In some cases it may not be possible to identify one single event; in this case credit impairment of a financial asset may be caused by the cumulative effect of several events.

For disclosure purposes, the Group has aligned the definition of default with the definition of impaired assets. The above definition of default applies to all types of financial assets of the Group.

The maximum credit risk for financial assets measured at amortized cost is limited to the carrying amount as disclosed in Notes 10, 11, 13, 14 and 16. For the issued financial guarantee and put option liability, the maximum exposure to credit risk is equal to the par amount of the guaranteed loan agreement and the face value of the obligation if the option is exercised, respectively, as described in the Liquidity risk section of this note.

Bank deposits and cash and cash equivalents

The Group places deposits in Kazakhstani banks. The Group's management periodically reviews the credit ratings of these banks to eliminate extraordinary credit risks. The credit risk of bank deposits and cash and cash equivalents is limited because contractual partners are banks with investment grade credit ratings. For this reason, the impact of impairment is immaterial.

The following table provides an analysis of the credit quality of cash and cash equivalents and bank deposits as of 31 December 2023 and 31 December 2022, using credit ratings from Standard & Poor's, Fitch Ratings, Moody's and Thomas Murray.

In thousands of Tenge	Location	2023		2022		2023	2022
Halyk Bank of Kazakhstan JSC	Kazakhstan	Standard & Poor's	BB+/ stable	Standard & Poor's	BB+/ stable	60,165,133	229,287,928
First Heartland Jysan Bank JSC	Kazakhstan	Moody's	Ba2/ positive	Moody's	Ba3/ stable	2,246,211	74,480,494
Societe Generale Private Banking	Netherlands	Standard & Poor's	A/ stable	Standard & Poor's	A/ stable	2,027,582	9,668
ForteBank JSC	Kazakhstan	Standard & Poor's	BB-/ stable	Standard & Poor's	BB-/ negative	891,114	30,710,536
Altyn Bank JSC	Kazakhstan	Moody's	Baa3/ positive	Moody's	Baa3/ stable	822,992	9,778,843
Bank CenterCredit JSC	Kazakhstan	Standard & Poor's	BB-/ stable	Standard & Poor's	B+/ stable	644,089	-
Development Bank of Kazakhstan JSC	Kazakhstan	Moody's	Baa2/ positive	Moody's	Baa2/ stable	470,534	8
Citibank N.A. London	U.K.	Moody's	Aa3/ stable	Moody's	Aa3/ stable	271,388	-
Citibank Kazakhstan JSC	Kazakhstan	Moody's	Aa3/ stable	Standard & Poor's	A+/ stable	12,486	119,898,166
SB Bank of China	Kazakhstan	Fitch Ratings	BBB+/ stable	Fitch Ratings	BBB+/ stable	588	64,771,468
Central Depository of Securities JSC	Kazakhstan	Thomas Murray	A+/ stable /A	Thomas Murray	A+/ stable /A	617	34,793,941
Credit Bank of Moscow PSC	Russia	Moody's	Rating recalled	Moody's	Rating recalled	187	321
Gazprombank JSC	Russia	Moody's	Rating recalled	Moody's	Rating recalled	73	120
VTB Bank Kazakhstan	Kazakhstan	Standard & Poor's	Rating recalled	Standard & Poor's	BB+/ stable	42	32
KazPost JSC	Kazakhstan	-	-	-	-	40	10,709
						67,553,076	**563,742,234**

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

Credit risk (continued)

Trade and other receivables

The following is information about the credit risk of the Group's trade and other receivables using the simplified method based on the provision matrix:

In thousands of Tenge	Total	Not due	Overdue <30 days	Overdue 30-60 days	Overdue 60-90 days	Overdue 90-120 days	Overdue >120 days
31 December 2023							
ECL rate	2.70%	0.003%	0.21%	1.72%	2.58%	19.73%	53.33%
Total expected carrying amount at default	295,437,765	265,462,932	8,772,667	3,104,925	2,384,593	1,633,723	14,078,925
ECL	(7,973,112)	(9,194)	(18,610)	(53,503)	(61,423)	(322,372)	(7,508,010)
Net carrying amount	287,464,653	265,453,738	8,754,057	3,051,422	2,323,170	1,311,351	6,570,915
31 December 2022							
ECL rate	4.48%	0.003%	0.94%	7.06%	23.72%	24.56%	43.36%
Total expected carrying amount at default	178,570,714	151,501,793	7,247,138	1,559,371	181,701	311,566	17,769,145
ECL	(8,007,918)	(4,987)	(67,964)	(110,088)	(43,100)	(76,517)	(7,705,262)
Net carrying amount	170,562,796	151,496,806	7,179,174	1,449,283	138,601	235,049	10,063,883

The Group is exposed to concentrations of credit risk. The concentration of credit risks mainly relates to key customers, in particular international ones. Approximately 57% of revenue from contracts with customers in 2023 and 51% of the Group's trade and other receivables as at 31 December 2023 are attributable to PetroChina International Co. Ltd (2022: 51% of revenue from contracts with customers and 33% of the Group's trade and other receivables).

Loans issued and other financial assets

In respect of credit risk arising on the Group's other financial assets, which includes other financial assets, loans to a related party and obligations under financial guarantee agreements, the Group's exposure to credit risk arises as a result of default by a counterparty. In relation to loans issued, the Group reduces credit risk by requiring the provision of loan collateral in the form of collateral over the borrowers' assets.

The following table provides an analysis of the credit quality of significant financial assets as of 31 December 2023 and 31 December 2022 using Fitch Ratings agency's credit ratings.

In thousands of Tenge	Location	2023		2022		Stage 1 (12-month ECL) 2023	Stage 1 (12-month ECL) 2022
Samruk-Kazyna JSC	Kazakhstan	Fitch Ratings	BBB/ stable	Fitch Ratings	BBB/ stable	64,783,007	-
National Bank of the Republic of Kazakhstan	Kazakhstan	Fitch Ratings	BBB/ stable	Fitch Ratings	BBB/ stable	34,825,682	30,000,000
GPC Investment LLP	Kazakhstan	–	–	–	–	41,257,412	3,524,877
Finance lease receivables	Kazakhstan	–	–	–	–	3,282,962	3,600,948
Other	Kazakhstan	–	–	–	–	352,722	-
						144,501,785	**37,125,825**
Less: allowance for expected credit losses						(1,279,907)	-
						143,221,878	**37,125,825**

The Group regularly reviews and validates models and model inputs to reduce differences between calculated expected credit losses and actual losses on loans and guarantees issued. As at 31 December 2023, the Group accrued an allowance for expected credit losses on the GPC loan in the amount of Tenge 1,279,907 thousand (as at 31 December 2022: nil). The Group did not recognize an allowance for expected credit losses for other financial assets due to its insignificance due to the positive credit rating of counterparties and the absence of credit deterioration factors.

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

Liquidity risk

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

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

The table below shows the distribution of liabilities as at the reporting date by contractual terms remaining to maturity. The amounts disclosed in the maturity table represent the contractual undiscounted cash flows, including the total commitments for borrowings received and financial guarantees. These undiscounted cash flows differ from the amount included in the consolidated statement of financial position because the amount recorded in the consolidated statement of financial position is calculated on a discounted cash flow basis. In cases where the amount payable is not fixed, the amount in the table is determined based on the conditions existing at the reporting date. Foreign exchange payments are translated using the spot exchange rate at the end of the reporting period.

In thousands of Tenge	On demand	1 to 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
As at 31 December 2023						
Debt securities issued	-	7,210,793	7,210,793	368,579,577	-	383,001,163
Bank loans	-	5,347,156	17,088,908	34,673,901	830,545	57,940,510
Borrowings received	-	-	8,463,337	-	-	8,463,337
Trade and other payables	12,577,823	341,134,101	-	-	-	353,711,924
Lease liabilities	-	1,004,250	32,472,750	66,554,005	-	100,031,005
Put option liability	40,510,279	-	-	-	-	40,510,279
Financial guarantees	14,995,075	-	-	-	-	14,995,075
Other financial liabilities	673,261	2,482,709	17,090	1,310,826	2,500,653	6,984,539
	68,756,438	**357,179,009**	**65,252,878**	**471,118,309**	**3,331,198**	**965,637,832**

In thousands of Tenge	On demand	1 to 3 months	3 months to 1 year	1 to 5 years	> 5 years	Total
As at 31 December 2022						
Debt securities issued	-	7,335,789	7,335,789	389,715,260	-	404,386,838
Bank loans	-	8,840,471	118,940,169	56,340,159	1,920,933	186,041,732
Borrowings received	-	-	8,614,825	8,613,963	-	17,228,788
Trade and other payables	10,325,296	111,191,263	-	-	-	121,516,559
Lease liabilities	-	1,153,753	33,037,422	101,775,522	-	135,966,697
Put option liability	40,510,279	-	-	-	-	40,510,279
Other financial liabilities	673,261	1,953,617	14,590,953	1,934,355	2,545,158	21,697,344
	51,508,836	**130,473,726**	**182,519,158**	**558,379,259**	**4,466,091**	**927,347,070**

The financial guarantee liabilities present the amounts of original contracts. There was no use of financial guarantees in 2023 and 2022.

34 Financial Instruments and Financial Risk Management Objectives and Policies (continued)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders value. The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. There were no changes in the Group's approach to capital management as compared to 2022.

The capital structure of the Group consists of debt, which includes debt securities issued, bank loans and borrowings received disclosed in Notes 18, 19 and 20 and equity, comprising share capital, additional paid-in capital and retained earnings as disclosed in Note 17.

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group has a target debt-to-equity ratio of no more than 1.5.

During 2023 and 2022, the Group complied with all external and internal capital requirements, including covenants related to loans and borrowings.

Fair value vs carrying amount

The carrying amount of the Group's financial instruments as of 31 December 2023 and 2022 is a reasonable approximation of their fair value, except for the financial instruments disclosed below:

	31 December 2023				
			Fair value by level of assessment		
In thousands of Tenge	Carrying amount	Fair value	Quotations in active markets (Level 1)	Essential observed input data (Level 2)	Essential unobservable input data (Level 3)
Financial assets					
Interest-free loans to related party	39,977,505	41,430,357	-	-	41,430,357
Financial liabilities					
Debt securities issued	(329,233,734)	(316,059,928)	(311,644,432)	(4,415,496)	-
Bank loans	(47,912,862)	(44,914,068)	-	(44,914,068)	-
Borrowings received	(7,968,020)	(7,947,317)	-	(7,947,317)	-

	31 December 2022				
			Fair value by level of assessment		
In thousands of Tenge	Carrying amount	Fair value	Quotations in active markets (Level 1)	Essential observed input data (Level 2)	Essential unobservable input data (Level 3)
Financial assets					
Interest-free loans to related party	3,524,877	3,485,757	-	-	3,485,757
Financial liabilities					
Debt securities issued	(334,698,287)	(303,878,064)	(299,776,821)	(4,101,243)	-
Bank loans	(158,659,102)	(154,726,326)	-	(154,726,326)	-
Borrowings received	(15,847,112)	(15,891,668)	-	(15,891,668)	-

34 Financial Instruments and Financial Risk Management Objectives and Policies (Continued)

Fair value vs carrying amount (continued)

Fair value of quoted bonds is based on price quotations at the reporting date.

The fair values of long-term loans are determined by the DCF method using rates currently available for debt with similar terms, credit risk and remaining maturities.

There were no transfers between levels 1, 2 and 3 during 2023 and 2022.

Estimates and assumptions

The Group's management has determined that the fair value of cash and bank deposits, trade receivables, trade and other payables, short-term borrowings received and all other financial instruments approximates their carrying amount, primarily due to the short maturities of these instruments.

Changes in liabilities arising from financing activities

In thousands of Tenge	1 January 2023	Proceeds	Repayments	Repayment of interest	Foreign exchange gains or losses	Interest accretion	Other non-cash transactions	31 December 2023
Financial liabilities								
Bank loans	158,659,102	–	(92,009,799)	(16,085,821)	(18,113,398)	11,291,141	4,171,637	47,912,862
Borrowings received	15,847,112	–	(8,504,752)	(1,701)	(226,479)	1,608	852,232	7,968,020
Debt securities issued	334,698,287	–	–	(14,888,971)	(5,368,899)	14,577,129	216,188	329,233,734
Lease liabilities	96,905,141	–	(18,788,145)	(14,988,904)	–	14,995,715	(1,437,110)	76,686,697
Total liabilities arising from financing activities	**606,109,642**	**–**	**(119,302,696)**	**(45,965,397)**	**(23,708,776)**	**40,865,593**	**3,802,947**	**461,801,313**

In thousands of Tenge	1 January 2022	Proceeds	Repayments	Repayment of interest	Foreign exchange gains or losses	Interest accretion	Other non-cash transactions	31 December 2022
Financial liabilities								
Bank loans	172,224,231	29,700,000	(53,142,868)	(22,558,030)	9,660,735	19,988,049	2,786,985	158,659,102
Borrowings received	21,857,991	–	(8,933,200)	(2,584)	1,649,548	2,512	1,272,845	15,847,112
Debt securities issued	312,484,632	–	–	(15,584,719)	23,007,336	14,584,875	206,163	334,698,287
Lease liabilities	6,387,986	–	(20,364,876)	(17,785,672)	–	17,939,868	110,727,835	96,905,141
Total liabilities arising from financing activities	**512,954,840**	**29,700,000**	**(82,440,944)**	**(55,931,005)**	**34,317,619**	**52,515,304**	**114,993,828**	**606,109,642**

Other non-cash transactions mainly represent new agreements, amortization of discount, modification of lease and loan origination costs. The Group classifies interest paid as cash flows from operating activities.

35 Segment Reporting

The Group determines its operating segments based on the nature of their operations. The performance of the operating segments is assessed by management on a regular basis. The functions of a chief operating decision maker are performed by the Group's Management Board.

The following reportable segments within the Group were determined:

- Gas trading – sales of gas within the Republic of Kazakhstan and abroad;
- Transportation and storage of gas – transportation of gas and storage of purchased gas in underground gas storages.

The remaining operating segments (exploration and production of gas and rendering transportation services) have been aggregated and presented as other operating segment due to their insignificance.

Segment performance is evaluated based on both revenues and net profit, which are measured on the same basis as in the consolidated financial statements. 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.

Substantially all of the Group's operations and assets are located in the Republic of Kazakhstan.

The following table represents information about revenues and net profit, assets and liabilities of operating segments of the Group for 2023:

In thousands of Tenge	Gas trading	Transportation and storage of gas	Other segments	Elimination	Total
Revenue from external customers	1,013,108,462	51,434,803	16,665,674	–	1,081,208,939
Revenue from other segments	12,207,098	160,397,508	25,259,223	(197,863,829)	-
Total revenue	**1,025,315,560**	**211,832,311**	**41,924,897**	**(197,863,829)**	**1,081,208,939**
Interest income calculated using the effective interest rate method	42,191,361	2,072,847	7,663,570	(14,276,545)	37,651,233
Finance income	935,843	1,290,760	304,464	(2,222,330)	308,737
Finance costs	(39,058,003)	(30,804,937)	(467,640)	9,747,405	(60,583,175)
Depreciation and amortisation	(11,131,902)	(26,473,564)	(3,512,050)	–	(41,117,516)
Share of profit of joint ventures	–	321,559,303	373,363	–	321,932,666
Income tax expenses	22,199,052	(3,857,635)	(3,747,370)	–	14,594,047
Net profit for the year	**20,336,963**	**329,717,682**	**10,292,089**	**(34,493,051)**	**325,853,683**
Other segment information					
Investments in joint ventures	–	1,239,849,211	1,404,118	–	1,241,253,329
Capital expenditures	15,560,948	167,843,889	8,180,871	(9,382,544)	182,203,164
Allowance for expected credit losses	(8,996,927)	(802,558)	(38,347)	577,238	(9,260,594)
Allowances for obsolete inventories and advances paid	(178,985)	(2,005,790)	(275,487)	–	(2,460,262)
Assets of the segment	**1,742,230,249**	**2,561,114,365**	**124,104,275**	**(884,439,276)**	**3,543,009,613**
Liabilities of the segment	**794,309,316**	**339,816,641**	**18,324,236**	**(112,328,865)**	**1,040,121,328**

35 Segment Reporting (Continued)

The following represents information about revenue and net profit, as well as assets and liabilities of operating segments of the Group for 2022:

In thousands of Tenge	Gas trading	Transportation and storage of gas	Other segments	Elimination	Total
Revenue from external customers	811,878,302	69,337,996	71,066,911	–	952,283,209
Revenue from other segments	16,952,553	136,728,845	17,754,879	(171,436,277)	–
Total revenue	**828,830,855**	**206,066,841**	**88,821,790**	**(171,436,277)**	**952,283,209**
Interest income calculated using the effective interest rate method	35,746,453	1,468,878	1,695,823	(9,098,438)	29,812,716
Finance income	8,019,115	1,290,764	–	(3,018,172)	6,291,707
Finance costs	(36,582,274)	(26,749,109)	(3,229,786)	3,852,447	(62,708,722)
Depreciation and amortisation	(10,974,102)	(22,335,519)	(3,213,412)	–	(36,523,033)
Impairment provision for property, plant and equipment	–	(934,467)	–	–	(934,467)
Share of profit of joint ventures	–	327,490,372	90,851	–	327,581,223
Income tax expenses	(15,206,232)	205,203	(12,094,066)	–	(27,095,095)
Net profit for the year	**98,088,829**	**354,703,897**	**34,543,988**	**(100,788,007)**	**386,548,707**
Other segment information					
Investments in joint ventures	–	929,522,458	1,121,606	–	930,644,064
Capital expenditures	10,133,806	167,793,352	7,321,936	(8,128,453)	177,120,641
Allowance for expected credit losses	(6,463,061)	(1,493,496)	(60,688)	–	(8,017,245)
Allowances for obsolete inventories and advances paid	(180,425)	(1,471,908)	(275,537)	–	(1,927,870)
Assets of the segment	**1,637,090,254**	**1,954,558,120**	**139,922,615**	**(560,075,299)**	**3,171,495,690**
Liabilities of the segment	**713,674,204**	**336,663,978**	**23,895,472**	**(90,299,865)**	**983,933,789**

Eliminations represent the exclusion of intra-group turnovers.

In 2023, the Group received 57% of its revenue from the sale of gas to PetroChina Group in the amount of Tenge 621,278,128 thousand (in 2022: 51%, in the amount of Tenge 482,748,295 thousand). This revenue is included in the revenue of the Gas trading segment.

36 Events after the Reporting Period

During January and February 2024, the Group provided 4 (four) tranches of financial aid to GPC Investment LLP in the amount of Tenge 6,500,394 thousand. On 23 February 2024, GPC Investment LLP made a partial return of financial aid in the amount of Tenge 18,860,546 thousand.

On 8 February 2024, the international rating agency Fitch Ratings downgraded the rating of QazaqGaz NC JSC and its subsidiaries from BBB- to BB+ with a stable outlook.

On 14 February 2024, the international rating agency Moody's confirmed the rating of NC QazaqGaz JSC and its subsidiaries at Baa2 with a stable outlook.

36 Events after the Reporting Period (Continued)

On 14 February 2024, 1,000 (one thousand) common shares of NC QazaqGaz JSC were placed at a placement price of Tenge 38,737,143 under the preemptive purchase rightby transferring a 100% stake in GPC Investment LLP in accordance with the transfer agreement between Samruk-Kazyna JSC and NC QazaqGaz JSC for a total amount of Tenge 38,737,143 thousand.

On 16 February 2024, the state re-registration of a 100% stake in GPC Investment LLP to NC QazaqGaz JSC was completed.

On 25 January 2024, the Management Board of Samruk-Kazyna JSC made a decision to approve the transfer of 481 gas supply facilities with a total cost of Tenge 235,019,610 thousand, located in Aktobe, Atyrau, East Kazakhstan, West Kazakhstan, Kostanay, Turkestan regions, and cities of Shymkent and Taldykorgan, to Samruk-Kazyna JSC in payment for the placed shares, and further transfer to NC QazaqGaz JSC, subject to a positive decision by the Board of Directors of Samruk-Kazyna JSC.