

# **ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY**

**Consolidated financial statements**

**and independent auditor's report**

for the year ended December 31, 2023

# **ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY**

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## **ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY**

### **STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

The following statement, which should be read in conjunction with the independent auditors' responsibilities is made with a view to distinguish the respective responsibilities of management and those of the independent auditors in relation to the consolidated financial statements of Electric Power Plants Open Joint Stock Company and its subsidiaries (the "Group").

Management is responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group as at December 31, 2023, the results of its operations, cash flows and changes in capital of the Group for the year then ended, in accordance with the International Financial Reporting Standards ("IFRS").

In preparing the consolidated financial statements, management is responsible for:

- selecting suitable accounting policies and applying them consistently;
- making judgments and estimates that are reasonable and prudent
- stating whether IFRS have been followed; and
- preparing the consolidated financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal control, throughout the Group;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation of the Kyrgyz Republic and the IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- detecting and preventing fraud, errors and other irregularities

The consolidated financial statements for the year ended December 31, 2023 were approved and authorized for issue on May 10, 2024 by the Management of the Group.

**On behalf of the Management of the Group:**



**Konurbayev T.**  
**General Director**

May 10, 2024  
Bishkek, Kyrgyz Republic



**Rysbekov U.**  
**Chief Accountant**

May 10, 2024  
Bishkek, Kyrgyz Republic



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and shareholders of the Electric Power Plants OJSC:

### Qualified opinion

We have audited the consolidated financial statements of Electric Power Plants Open Joint Stock Company (the "Group"), which comprise of the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2023, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for Qualified opinion

#### *Impairment of property, plant and equipment*

Property, plant and equipment of the Group are reflected in the consolidated statement of financial position as at 31 December 2023 in the amount 56,352,432 thousand som (2022: 53,227,047 thousand som). As at the reporting date and for the year ended December 31, 2022, the Group had evidences in accordance with IFRS 36 *Impairment of assets*, matching internal impairment indicators, such as indicators showing that the economic performance of the assets is worse than expected. The Group has incurred significant losses over the current and past years as the, revenues from electricity and heat sales are not sufficient to cover operating costs. The increase in tariffs for heat and electricity to cover operating expenses is subject to control by the Government of the Kyrgyz Republic.

The Group did not formally estimate the recoverable amount of its property, plant and equipment as at 31 December 2023 in accordance with the requirements of IAS 36 *Impairment of Assets*, which requires an entity to estimate the recoverable amount of its assets if there is an indication that the assets may be impaired. Due to the lack of an estimate of the recoverable amount of the Group's property, plant and equipment, we were unable to assess the potential effect and impact of an impairment loss on the Group's consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which indicates that as at December 31, 2023 and 2022 accumulated loss of the Group equaled 47,071,187 thousand som and 32,283,862 thousand som, respectively. Net loss for the years ended December 31, 2023, and 2022 equaled to 14,705,091 thousand som and 10,843,815 thousand som, respectively.

These conditions, including other matters described in Note 2, indicate the existence of uncertainty which may cast doubt about the Group's ability to continue as a going concern. The Group is included in the list of strategic organizations of the Kyrgyz Republic. The shareholder, the ultimate controlling party of the Group, represented by the Ministry of Energy of the Kyrgyz Republic, confirms the intention to continue financial and operational support of the Group in the foreseeable future.

Our opinion is not modified in respect of this matter.



## Key Audit Matters

### *Accounting for long-term investments*

As described in Note 9, as at December 31, 2023 the Group has investments in subsidiaries CJSC Kambarata HPP-1 and in CJSC Verkhne-Naryn HPP. These entities are under construction and do not produce electricity. The Government of the Kyrgyz Republic intends to complete the construction but does not have sufficient funds and firm assurances from potential investors at present time.

The Group's management has assessed the existence of impairment indicators for these investments and estimated the recoverable amount and impairment loss of these assets. We have reviewed management's assessment of the existence of impairment indicators taking into account the current condition of the plants, future plans of the Group and other available information and have concluded that management's assessment is reasonable.

Based on the results of the procedures performed, we came to the conclusion that the management's assessment is reasonable.

### Amortized cost of loans

Group loans for the years ended 31 December 2023 and 2022 equaled 56,617,716 thousand som and 48,982,490 thousand som, respectively. Loans are measured at amortized cost using the effective interest method. Loans received at a rate different from the market interest rate are measured using the market interest rate to bring the financial instrument to its fair value at the date of initial recognition.

We paid special attention to the assessment of loans in accordance with the requirements of IFRS 9, *Financial Instruments*, due to the fact that the assessment process is complex, involves significant judgments by management, and the significance of loans in the financial position of the Group.

Our audit procedures in relation to management's assessment of loans included:

- Evaluation of the rationale for the applied market discount rate;
- Testing the correctness of the amortized cost applied in accordance with IFRS 9;
- Consideration of the potential impact of the market discount rate range;
- Reviewing the correctness and appropriateness of the correction made to prior periods due to the application of the adjusted discount rate.

Based on the results of the procedures performed, we did not find significant inconsistencies.

## Other matters

### *Use of the Report*

This report has been prepared for the Management, Board of Directors and Shareholders of the Group. To the maximum extent permitted by law, the audit was performed to provide all the information required in the auditor's report in accordance with ISAs and IFRSs and for no other purpose. We are not responsible for the use of the information for other purposes or by other users who may at some point read this report.

## **Responsibilities of the 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 IFRSs, compliance with the requirements of the legislation of the Kyrgyz Republic, 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 consolidated 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 qualified opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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 all relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, which constitute the key audit matters included herein. We describe these matters in the auditor's report if the public disclosure of the matter is not prohibited by law or legal acts or, when in exceptional circumstances, we decide that the matter should not be presented in the auditor's report as it may reasonably be expected, that the negative consequences will be more than the public benefit due to its presentation.

Davit Yedigaryan  
Certified auditor,  
FCCA (UK)  
Audit Partner,  
"BDO Armenia" CJSC

May 10, 2024  
Bishkek, Kyrgyz Republic



# **ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY**

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT DECEMBER 31, 2023**

*(in thousands of Kyrgyz soms)*

	<b>Note</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>ASSETS:</b>			
NON-CURRENT ASSETS			
Property, plant and equipment	5	56,352,432	53,227,047
Intangible assets	6	13,419	15,563
Advances paid for construction works	7	1,550,814	1,382,864
Trade accounts receivable, long-term portion	8	106,120	184,739
Long-term investments	9	12,991	11,242
Loans issued, long-term portion	10	359,624	357,481
Other long-term assets	14	476,793	463,520
		<b>58,872,193</b>	<b>55,642,456</b>
CURRENT ASSETS:			
Inventories	11	5,129,947	2,916,967
Cash and cash equivalents	15	2,146,887	3,707,404
Trade accounts receivable, short-term portion	8	1,394,538	1,350,591
Advances paid	12	854,359	707,534
Tax advances	13	98,845	35,264
Loans issued, short-term portion	10	211,882	200,166
Other current assets	14	321,137	181,719
		<b>10,157,595</b>	<b>9,099,645</b>
<b>TOTAL ASSETS</b>		<b>69,029,788</b>	<b>64,742,101</b>



# ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY


## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)


AS AT DECEMBER 31, 2023

(in thousands of Kyrgyz soms)

	Note	December 31, 2023	December 31, 2022
<b>EQUITY AND LIABILITIES:</b>			
<b>EQUITY:</b>			
Share capital	16	10,190,284	4,790,284
Repurchased share capital		-	(7,310)
Reserve capital		189,749	189,749
Additional paid-in capital		38,163,284	34,435,953
Accumulated loss		(47,071,187)	(32,283,862)
<b>TOTAL EQUITY</b>		<b>1,472,130</b>	<b>7,124,814</b>
<b>NON-CURRENT LIABILITIES:</b>			
Borrowings received, long-term portion	17	51,360,095	44,652,871
Deferred income, long-term portion	18	4,968,068	5,005,397
Deferred tax liabilities	34	1,645,055	1,215,497
Employee defined benefit obligations, long-term portion			
long-term portion	19	305,933	213,115
Land reclamation obligations	20	66,922	66,922
		<b>58,346,073</b>	<b>51,153,802</b>
<b>CURRENT LIABILITIES:</b>			
Borrowings received, short-term portion	17	5,257,621	4,329,619
Trade accounts payable	21	2,440,114	972,269
Salary payable	22	740,078	619,435
Advances received		227,868	135,662
Taxes payable		166,633	99,861
Deferred income, short-term portion	18	46,635	46,635
Other liabilities	23	332,636	260,004
		<b>9,211,585</b>	<b>6,463,485</b>
<b>TOTAL LIABILITIES</b>		<b>67,557,658</b>	<b>57,617,287</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>69,029,788</b>	<b>64,742,101</b>

On behalf of the Management of the Group:

  
**Konurbaev T.**  
**General Director**  
 May 10, 2024  
 Bishkek, Kyrgyz Republic

  
**Rysbekov U.**  
**Chief Accountant**  
 May 10, 2024  
 Bishkek, Kyrgyz Republic

The notes on pages 13-63 form an integral part of the present consolidated financial statements.  
 The independent auditor's report is on pages 4-6.



# ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of Kyrgyz soms)

	Note	For the year ended December 31, 2023 (adjusted)	For the year ended December 31, 2022
Revenue	24	15,937,182	13,176,925
<b>Cost of sales</b>	<b>25</b>	<b>(23,409,286)</b>	<b>(18,392,549)</b>
<b>GROSS LOSS</b>		<b>(7,472,104)</b>	<b>(5,215,624)</b>
Selling costs	26	(147,220)	(84,296)
Bad debts income/(expenses)		169,408	(36,911)
Other income	27	470,008	167,818
Other expenses	28	(678,849)	(495,072)
General and administrative expenses	29	(1,038,668)	(827,835)
Net loss on foreign currency transactions	30	(1,757,309)	(599,997)
Financial income	31	297,353	136,799
Financial expenses	32	(3,959,581)	(3,569,103)
Other non-operating income, net	33	(148,749)	(191,194)
<b>LOSS BEFORE TAX</b>		<b>(14,265,711)</b>	<b>(10,715,415)</b>
Income tax expense	34	(439,380)	(128,400)
<b>NET LOSS</b>		<b>(14,705,091)</b>	<b>(10,843,815)</b>
Other comprehensive income		(82,234)	56,620
<b>NET COMPREHENSIVE LOSS</b>		<b>(14,787,325)</b>	<b>(10,787,195)</b>

On behalf of the Management of the Group:



**Konurbaev T.**  
**General Director**

May 10, 2024  
Bishkek, Kyrgyz Republic

**Rysbekov U.**  
**Chief Accountant**

May 10, 2024  
Bishkek, Kyrgyz Republic

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# ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023


(in thousands of Kyrgyz soms)

	Note	Share capital	Repurchased share capital	Reserve capital	Additional paid-in capital	Accumulated loss	Total
<b>December 31, 2021</b>	<b>16</b>	<b>4,428,283</b>	<b>(382)</b>	<b>153,064</b>	<b>25,298,165</b>	<b>(22,003,661)</b>	<b>7,875,469</b>
Placement of own shares		362,001	-	-	-	-	362,001
Repurchase of own shares		-	(6,928)	-	-	-	(6,928)
Change in accumulated loss		-	-	-	-	506,994	506,994
Change in reserve capital <sup>1</sup>		-	-	36,685	-	-	36,685
Change in additional paid-in capital		-	-	-	9,137,788	-	9,137,788
Other comprehensive income		-	-	-	-	56,620	56,620
Loss for the year		-	-	-	-	(10,843,815)	(10,843,815)
<b>December 31, 2022</b>		<b>4,790,284</b>	<b>(7,310)</b>	<b>189,749</b>	<b>34,435,953</b>	<b>(32,283,862)</b>	<b>7,124,814</b>
Issue of new shares		5,400,000	7,310	-	(6,320)	-	5,400,990
Change in reserve capital <sup>1</sup>		-	-	-	3,733,651	-	3,733,651
Other comprehensive income		-	-	-	-	(82,234)	(82,234)
Loss for the year		-	-	-	-	(14,705,091)	(14,705,091)
<b>December 31, 2023</b>		<b>10,190,284</b>	<b>-</b>	<b>189,749</b>	<b>38,163,284</b>	<b>(47,071,187)</b>	<b>1,472,130</b>

On behalf of the Management of the Group:

  
**Konurbayev T.**  
**General Director**

May 10, 2024  
Bishkek, Kyrgyz Republic

  
**Rysbekov U.**  
**Chief Accountant**

May 10, 2024  
Bishkek, Kyrgyz Republic

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# **ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY**

## **CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023**

*(in thousands of Kyrgyz soms)*

	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash receipts from sales of goods, works and services	18,307,560	14,675,927
Other receipts	519,732	266,386
To suppliers for inventory	(20,956,228)	(14,073,059)
Salary and equivalent benefits	(3,901,563)	(3,095,586)
Paid taxes and customs payments	(881,352)	(1,014,823)
Other payments	(519,384)	(306,511)
Interest payment	(1,337,002)	(914,360)
Income tax paid	(1,221)	(99)
<b>Total cash used in operating activities</b>	<b>(8,769,458)</b>	<b>(4,462,125)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of PPE, intangible assets	(547,267)	(427,200)
Dividends and interest received	6,354	10,320
Purchase of shares	(1,750)	-
Repayment/(investment) of deposits	(26,785)	67,630
Issuance of loans	-	(240,000)
<b>Total cash used in investing activities</b>	<b>(569,448)</b>	<b>(589,250)</b>

# ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY

## CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of Kyrgyz soms)


	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
(Repayment of)/proceeds from long-term loans and borrowings	(4,639,926)	9,255,625
Proceeds from/(repayment of) loans and borrowings	7,160,933	(1,624,772)
Dividends paid	(36)	(79)
Placement of new shares	5,400,000	-
Repurchased shares	-	(77)
<b>Total cash from financing activities</b>	<b>7,920,971</b>	<b>7,630,697</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,417,935)</b>	<b>2,579,323</b>
Cash and cash equivalents at the beginning of the year	3,707,404	1,225,211
Exchange differences on cash balances	(142,582)	(97,130)
<b>Cash and cash equivalents at the end of the year</b>	<b>2,146,887</b>	<b>3,707,404</b>

For the years ended 31 December 2023 and 2022, the Group received grants under Phase 2 and Phase 3 of the Toktogul HPP Rehabilitation Project, the At-Bashy HPP Reconstruction Project and the Uch-Kurgan HPP Modernization Project for the construction of fixed assets within the framework of Phase 2 and 3 of the Toktogul HPP Rehabilitation Project, as well as for the implementation of the project works for the At-Bashy HPP Reconstruction Project and the Uch-Kurgan HPP Modernization Project. The total amount of grant funds received by the Group for the years ended 31 December 2023 and 2022 amounted to 614,652 thousand soms and 848,336 thousand soms, respectively.

On behalf of the Management of the Group:

  
**Konurbaev T.**  
**General Director**

May 10, 2024  
 Bishkek, Kyrgyz Republic

  
**Rysbekov U.**  
**Chief Accountant**

May 10, 2024  
 Bishkek, Kyrgyz Republic

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# **ELECTRIC POWER PLANTS OPEN JOINT STOCK COMPANY**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023**

*(in thousands of Kyrgyz soms, unless otherwise stated)*

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### **1. BACKGROUND**

Electric Power Plants OJSC is an energy company that produces and sells electricity and heat to wholesale buyers and end consumers in the Kyrgyz Republic and abroad.

Electric Power Plants OJSC was established as a result of reorganization of Kyrgyzenergo OJSC in 2001 by separating from its structure the property of Cascade of Toktogul HPPs, Cascade of Tash-Komur HPPs, HPP of Bishkek, HPP of Osh, At-Bashy HPP, PMTS and is its legal successor according to the separation balance sheet.

Electric Power Plants OJSC was registered in the Ministry of Justice of the Kyrgyz Republic on October 18, 2001 and re-registered on January 17, 2008. In January 2008 Kambarata HPP branch was established, which was liquidated on November 1, 2009 and OJSC Kambarata HPP-2 was established on its base. On March 1, 2009 the PMTS branch was liquidated. In accordance with the Regulation of the Temporary Government of the Kyrgyz Republic TD No. 43 dated May 7, 2010 and based on the decision of the Jalalabad Inter-District Court on Administrative and Economic Cases No. ED-166/1OMD dated June 25, 2010 Kambarata HPP-2 OJSC was liquidated. Electric Power Plants OJSC received all assets and liabilities of "Kambarata HPP-2" OJSC and established the branch of Kambarata HPP-2.

According to the order N51-r dated February 8, 2022 of the Cabinet of Ministers of the Kyrgyz Republic, "Electric Stations" OJSC and "Bishkekteploset" OJSC were reorganized by merging "Bishkekteploset" OJSC with "Electric Stations" OJSC.

The Group carries out the following main types of activities:

- production and sale of electric and heat energy in accordance with licenses within the territory of the Kyrgyz Republic to wholesale end-customers;
- export of electricity outside the republic;
- frequency regulation in the internal and external electricity market;
- purchase of electric energy from energy producers from other countries against contractual obligations in the event of force majeure, repair and rehabilitation works, low water and other climatic conditions..

Electric Power Plants OJSC consists of seven branches and the head office located in Kara-Kul, which administratively coordinates the operational activities of its divisions.

Total number of employees of the Group as at 31 December 2023 and 2022 were 5,246 and 5,518 employees, respectively.



As at December 31, 2023 and 2022 the shareholder composition is as follows:

	<b>December 31, 2023</b>	<b>Share,</b>	<b>December 31, 2022</b>	<b>Share,</b>
	<b>Amount,</b>	<b>%</b>	<b>Amount,</b>	<b>%</b>
	<b>thousand soms</b>		<b>thousand soms</b>	
National Energy Holding Company OJSC	-	-	3,859,367	80.56%
Ministry of Finance of the Kyrgyz Republic	3,396,422	33,33	-	-
Ministry of Energy of the Kyrgyz Republic	5,862,945	57,53	-	-
Social Fund of the Kyrgyz Republic	631,664	6,2	631,664	13.19%
Legal entities	72,751	0,72	77,741	1.62%
Individuals	226,502	2,22	214,202	4.48%
Repurchased share capital	-	-	7,310	0.15%
	<b>10,190,284</b>	<b>100.00%</b>	<b>4,790,284</b>	<b>100.00%</b>

Consolidated financial statements comprise statements of all branches, head office and subsidiaries of Electric Power Plants OJSC:

Branches:

TPP in Bishkek

TPP in Osh

Cascade of Toktogul HPPs

Cascade of Tash-Komur HPPs

At-Bashy HPP

Kambarata HPP-2

Bishkekteploset

Head office

Subsidiaries: Kambarata HPP-1 CJSC

Kindergarten №175 "

Kambarata HPP-1 CJSC was established by the Group's shareholders meeting decision dated May 7, 2009 based on the Kambarata Hydropower Plant construction Agreement between the Government of the Russian Federation and the Government of the Kyrgyz Republic signed on February 3, 2009 in Moscow and ratified by the act № 44 "On ratification of the Kambarata Hydropower Plant construction Agreement between the Government of the Russian Federation and the Government of the Kyrgyz Republic signed on February 3, 2009 in Moscow" dated February 10, 2009 (hereinafter - the Intergovernmental Agreement) in compliance with civil legislation of the Kyrgyz Republic.

Kambarata HPP-1 CJSC is registered in the Ministry of Justice of the Kyrgyz Republic under the certificate of state re-registration GPU №002080 dated June 20, 2011, registration №105671-3300-3AO, OKPO code 26434693.

The share capital of Kambarata HPP-1 CJSC equals to 105,680 thousand soms. As at december 31, 2023 Electric Power Plants OJSC is the ultimate shareholder of Kambarata HPP-1 CJSC.

The ultimate controlling party of the Group is the Government of the Kyrgyz Republic represented by the Ministry of energy of the Kyrgyz Republic.

## **2. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

### **Statement of compliance**

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (hereinafter – “IFRS”) 10 “Consolidated financial statements” issued by the International Accounting Standards Board (IASB).

### **Use of estimates and assumptions**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Due to the inherent uncertainty in making those estimates, actual results reported in future periods could differ from such estimates. The key sources of uncertainty assessment arising in the preparation of these consolidated financial statements are presented in Note 4.

### **Functional and reporting currencies**

Items included in the Group's consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances related to the Group (hereinafter - the “functional currency”). Functional and reporting currency of the presentation of these consolidated financial statements is Kyrgyz som (the “som”).

These consolidated financial statements are presented in thousands of soms, unless otherwise indicated. These consolidated financial statements have been prepared under the historical cost convention, except for the measurement of certain financial instruments that are measured at fair value.

### **Going concern**

These consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern.

As at 31 December 2023 and 2022, accumulated loss of the Group equaled to 47,071,187 thousand soms and 32,283,862 thousand soms, respectively. Net losses for the years ended 31 December 2023 and 31 December 2022 amounted to 14,705,091 thousand soms and 10,843,815 thousand soms, respectively.

These events and conditions, among other matters, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The whole energy system of the Kyrgyz Republic is experiencing significant restructuring and reform. Such reforms may cause material changes to the consolidated financial statements which cannot be estimated reliably.

The Group is included in the register of strategic organizations of the Kyrgyz Republic and the Group's shareholder, represented by the Ministry of Energy of the Kyrgyz Republic, confirms its intention to continue financial and operational support of the Group in the foreseeable future.

These consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Revenue and expense recognition

The Group's revenues from sales of goods are accounted for on the accrual basis in accordance with IFRS 15 "Revenue from contracts with customers", which represents a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow to the Group and the amount can be reliably measured.

Expenses are accounted for at the time the actual flow of the related goods or services occur, regardless of when cash or their equivalent are paid, and are reported in the consolidated financial statements in the period to which they relate.

#### Cash and cash equivalents

Cash and cash equivalents include petty cash and cash at banks.

#### Property, plant, equipment and intangible assets

Property, plant and equipment, acquired after foundation of the Group, are carried at historical cost less accumulated depreciation and any recognized impairment loss. Property, plant and equipment constructed by the Group itself include cost of materials, direct labor costs and related part of overhead production expenses. When property, plant and equipment include significant components with different useful lives, these components are accounted separately.

Construction in progress comprises costs directly related to the construction of property, plant and equipment including an appropriate allocation of directly attributable variable overheads that are incurred in construction less impairment losses. Depreciation of these assets, on the same basis as for other property assets, commences when the assets are put into operation.

Capitalized cost includes major expenditures for improvements and replacements that extend the useful lives of the assets or increase their revenue generating capacity. Repairs and maintenance expenditures are reflected in the consolidated statement of profit or loss and other comprehensive income within operating expenses as incurred unless they meet the requirements for capitalization.

Depreciation is charged to the carrying amount of property, plant and equipment to write off assets over their useful lives. Depreciation is charged on the straight-line basis based on following useful lives:

Buildings and structures	up to 125 years
Machinery and equipment	up to 50 years
Office equipment, furniture and fixtures	up to 28 years old
Vehicles	up to 15 years
Land improvement	up to 50 years
Intangible assets	up to 10 years

Leasehold improvements are depreciated over the useful life of the underlying leased asset.

The cost of maintenance, repairs, and replacement of minor items of property is charged to maintenance expense. Upon sale or disposal, the cost and related accumulated depreciation are written-off from fixed assets accounts. Any resulting gains or losses are included in the consolidated statement of profit or loss and other comprehensive income.

#### Impairment of property, plant, equipment and intangible assets

On each balance sheet date, the Group reviews the carrying amounts of its property, plant, equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to



determine the extent of the impairment loss (if any). Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is land, buildings, or equipment, carried at a revalued amount, in which case the impairment loss is treated as a decrease in the related revaluation reserve.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **Lease**

The Group mainly leases offices. Rental contracts are typically made for fixed periods of 12 months. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices for the lease component and the aggregate stand-alone transaction price for the non-lease components. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leased assets may not be used as security for borrowing purposes.

The lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from leases are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

At the commencement of the lease, the lessee is required to measure the lease obligation at the present value of the lease payments not yet made at that date. Lease payments should be discounted at the interest rate implicit in the lease, if such rate can be easily determined. If such a rate cannot be readily determined, which is normally the case in the case of a lease by the Group, the Group should use the rate of interest at which, at the inception of the lease, the lessee could attract, for a similar term and on similar security, the borrowings necessary to obtain an asset with a value similar to that of the asset in the form of a right to use in similar economic conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The cost of the right-of-use asset should include the following:

- the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- an estimate of the costs that will be incurred by the lessee when dismantling and moving the underlying asset, restoring the site.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Payments associated with short-term leases of office all leases of low-value asset is recognised on a straight-line basis as an expense in profit or loss. Short-term lease is lease with a lease term of 12 months or less and probability to extend the lease contract is very low. A lease that contains a purchase option is not a short-term lease.

## **Inventories**

Inventories are accounted for at the lower of cost and net realizable value. Cost for fuel is determined using the weighted-average method, for the rest inventories using the FIFO method.

## **Initial recognition and measurement of financial instruments**

Financial assets and financial liabilities are recognized on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group reflects purchasing and sale of financial assets and liabilities, which have regular nature at the date of settlements.

Financial assets and liabilities are initially recognized at fair value. The acquisition cost of financial assets and liabilities that are not financial assets and liabilities at fair value through profit or loss, is adjusted for transaction costs, directly related to the acquisition of a financial asset or financial liability origination. The principles of subsequent valuation of financial assets and liabilities are disclosed in appropriate accounting policies set out below.

The Group classifies financial assets into the following main categories:

- Financial asset measured at amortized cost;
- Financial asset measured at fair value through other comprehensive income (FVOCI);
- Financial asset measured at fair value through profit or loss (FVTPL).

## **Debt instruments**

The classification and subsequent measurement of debt instruments depends on:

- The Group's business model used to manage financial assets;
- Characteristics of a financial asset associated with contractual cash flows.

Gains or losses on debt instruments measured at fair value through profit or loss are recognized in the consolidated statement of profit or loss as part of the "Net Trade Income".

## **Equity instruments**

All equity investments of the Group are to be measured at fair value in the consolidated statement of financial position with fair value changes recognized in profit or loss, except for those equity investments for which the Group has elected to present value changes in other comprehensive income.

Due to the limited market tools available for trading with equity securities in the Kyrgyz Republic, the Group classifies equity instruments as measured at fair value through other comprehensive income when investments are held for purposes other than investment income. In such cases, changes in fair value are recognized in other comprehensive income and cannot subsequently be reclassified to profit or loss. Dividends from such investments continue to be recognized in profit or loss as other income.

Gains and losses on equity instruments measured at fair value through profit or loss are recorded in "Net trade income" in the consolidated statement of profit or loss.

## **Reclassification**

The Group reclassifies financial assets if and only if the business model objective for its financial assets changes so its previous model assessment would no longer apply. If reclassification is performed, it must be done prospectively from the reclassification date which is defined as the first day of the first reporting period following the change in business model. The Group does not restate any previously recognised gains, losses or interest.

## **Derecognition of financial assets**

The recognition of a financial asset (or, if applicable, part of a financial asset or part of a group of similar financial assets) ceases when:

- the rights to receive cash flows from the asset have ceased;
- the Group transferred its rights to receive cash flows from the asset or reserved the right to receive cash flows from the asset, but became obliged to pay these cash flows without significant delay to a third party under the 'transfer' agreement; and
- the Group either (a) transferred almost all the risks and rewards related to the asset, or (b) did not transfer and did not retain almost all the risks and rewards related to the asset, but transferred a control over the asset.

## **Classification and subsequent measurement of financial liabilities**

The Group classifies all financial liabilities as subsequently measured at amortized cost.

## **Offsetting assets and liabilities**

The Group's financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

## **Derecognition of financial liabilities**

A financial liability (or part thereof) is considered extinguished if the debtor:

(a) either fulfils this obligation (or part of it) by paying off the lender, generally in cash, other financial assets, goods or services,

(b) is either legally relieved of primary liability for that obligation (or part of it), as a result of the performance of the legal procedure or as a result of the creditor's decision.

Derecognition of financial liabilities occurs also in the case of significant changes in cash flows, i.e. if the present value of cash flows in accordance with the new conditions, including the payment of commission after deduction of commission received, discounted at the original effective interest rate, differs by at least 10% of the discounted present value of the remaining cash flows of the original financial liability.

## **Impairment of financial assets**

The application of IFRS 9 has not radically changed the accounting treatment used by the Group in respect of impairment losses on financial assets. The incurred loss method used in IAS 39 has been replaced with a projected expected credit loss (ECL) model.

IFRS 9 requires the Group to reflect estimated reserves and expected debt and financial assets not measured at fair value through profit or loss.

The Group uses the simplified approach to impairment of receivables for trade receivables, cash and cash equivalents that do not contain a significant financing component. The simplified approach does not require tracking of changes in credit risk and expected credit losses can be modeled for the expected life of the financial asset.

## **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated to Kyrgyz som at the market rates prevailing at December 31, 2023 and 2022. Transactions denominated in foreign currencies are reported at the rates of exchange prevailing at the date of the transaction. Any gains or losses arising



from a change in exchange rates subsequent to the date of the transaction are included as an exchange gain or loss in the consolidated statement of profit or loss and other comprehensive income.

As at December 31, 2023 and 2022 exchange rates of US dollar and Special drawing rights to Kyrgyz som were:

	December 31, 2023	December 31, 2022
US dollar / Kyrgyz som	89.0853	85.6800
Special Drawing Rights / Kyrgyz som	119.5599	114.0271

## Taxation

Income tax expense represents the sum of current taxes payable and deferred taxes.

### Current tax

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences, when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized. Deferred tax is reflected in the consolidated statement of profit or loss and other comprehensive income, except when they connected with items, which are directly related to equity, and in this case deferred tax is also reflected within equity.

The Group offsets deferred tax assets and deferred tax liabilities and recognizes the resulting difference in the consolidated financial statements if:

- The Group has a legally enforceable right for netting current tax assets against current tax liabilities; and
- Deferred tax assets and deferred tax liabilities relate to corporate taxes levied by the same taxation authority from the same taxable entity.

In addition to corporate income tax, there are requirements on accrual and payments of various taxes applicable to the Group's activities in the Kyrgyz Republic where the Group operates.

## **Borrowings**

Borrowings are initially recognized at fair value. Subsequently received amounts are reflected at amortized cost and difference between the carrying and the redemption value is recognized in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method within interest expense.

## **Asset retirement obligation**

The Group uses ash dumps for production purposes. At the end of their service life, these ash dumps must be reclaimed. The Group recognizes asset retirement obligation if, as a result of certain past events, it has legal or voluntary obligations, settlement of which is likely to require an outflow of resources, which can be reliably assessed.

At the initial recognition of the liability, the discounted value of the expected costs that are to be incurred during the land reclamation is capitalized to separate account.

The Management of the Group revises the amount of the estimated liability in the event of significant changes in the schedule and / or in the amount of planned costs. Changes in the expected period of liquidation and reclamation or in the estimate of future costs are treated prospectively by adjusting the provision and adjusting the asset to which the provision relates, if the initial estimate was initially recorded as an asset accounted for in accordance with IAS 16 "Property, plant and equipment".

Over time, the land reclamation liability increases due to changes in the discounted value based on the discount rates that reflect the current market valuation and the risks associated with the obligation. Regular unwinding of discount is recognized in the consolidated statement of profit or loss and other comprehensive income as financial costs.

Changes in the estimated costs of disposal and reclamation related to sites that have been discontinued are recognized directly in the consolidated statement of profit or loss and other comprehensive income.

## **Contingent assets and liabilities**

Contingent liabilities are not recognized in these consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

## **Share capital**

Share capital is recognized at historical cost.

Dividends are recognized as a reduction in equity in the period in which they are declared. Dividends are recorded as a reduction in the period in which they are declared. Dividends declared after the balance sheet date is treated as an event after the balance sheet date under IAS 10 "Events after the Reporting Period" and information about it is disclosed accordingly.

## **Pension obligations**

In accordance with the laws of the Kyrgyz Republic the Group withholds the amount of pension contributions from employee's salaries and transfers them to the State pension fund. The existing pension system provides for the calculation of current payments by the employer as a percentage of current gross salary payments. Such expenses are recognized in the period, which includes appropriately payment for employees. At retirement, all pension payments are implemented by above mentioned pension fund.

The Group has additional pension arrangements and defined benefit plan separate from the State pension system of the Kyrgyz Republic. The Group has no other benefits provided to employees upon retirement, or other significant compensated benefits requiring accrual.

## **Post-employment defined benefit plan**

The Group voluntarily offers its employees long-term post-retirement benefits in accordance with the collective agreement between Group and employees, the Group's regulations, and other documents, including those determined by the legislation of the Kyrgyz Republic, which, in particular, stipulate

payments related to retirement, anniversaries, provision of material assistance in the event of death of pensioners, etc. Eligibility for receipt of benefit is usually granted depending on the period remaining to retirement and availability of minimum length of service.

The estimated costs of lump-sum benefits are accrued over the course of an employee's employment using the methodology that is used to calculate post-employment defined benefit plans. For a post-employment defined benefit plan, the difference between the fair value of the pension assets (if any) and the present value of the pension liabilities is recognized as an asset or liability in the consolidated statement of financial position. Actuarial gains and losses arising during the year are recognized through other comprehensive income. For this purpose, actuarial gains and losses include both the effect of changes in actuarial assumptions and the effect of past experience on differences between actuarial assumptions and actual data. Revaluation results are not reclassified to profit or loss in subsequent periods.

Other changes in net surplus or deficit are recognized in the consolidated statement of comprehensive income, including the cost of current services and impact of any reduction of staff or dismissal.

### **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that the Group will be required to settle the obligation, and a reliable estimate of the obligation can be made.

### **Changes in accounting policies**

The Group performed initial adoption of the following new or revised standards and interpretations issued by International Accounting Standards Board and the International Financial Reporting Interpretations Committee (the "IFRIC") for the Group's consolidated financial statement for the year ended December 31, 2023.

- Definition of Accounting Estimates (Amendment to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (changes in accounting policies, changes in accounting estimates and errors under IAS 8)

Certain new standards and interpretations have been issued that are mandatory for the reporting period ending 31 December 2023 and which the Group has not early adopted. These changes are not expected to have a material impact on the Group in the current or future reporting periods.

## **4. KEY SOURCES OF UNCERTAINTY ESTIMATION**

In the application of the Group's accounting policies, which are described in Note 3, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **Estimates and Assumptions**

The key assumptions about the future and other key sources of estimation of uncertainty at the reporting date, which may cause significant adjustments of the carrying value of assets and liabilities during the next financial year, are discussed below. Assumptions and estimates are based on the Group's source data, which it had at the time of preparation of the consolidated financial statements. However, current



circumstances and assumptions regarding the future are subject to change due to market changes or circumstances beyond the control of the Group. Such changes are reflected in the assumptions as they occur.

### **Useful economic lives of property, plant, equipment and intangible assets**

The Group estimates the useful lives of property, plant and equipment at each reporting date. The estimation of the useful lives of property, plant and equipment depends on factors such as economical use, repair and customer service programs, technological progress and other business conditions. Management's assessment of the useful lives of property, plant and equipment reflects the relevant information available to management as at the date of the consolidated financial statements.

### **Impairment of non-financial assets**

Impairment occurs when the carrying amount of an asset or the cash-generating unit, exceeds its recoverable amount, which is the higher of fair value less selling costs and value in use. The fair value less selling costs is based on available information on commercial deals of sales of similar assets or observable market prices less incremental costs incurred in connection with the disposal of an asset. The calculation of value in use is based on a discounted cash flow model. Cash flows are taken from the budget for the next three years and do not include restructuring activity, in conducting of which the Group does not have obligations or significant investment in future, which will improve the asset tested for impairment of cash generating unit. The recoverable amount is most sensitive to the discount rate used in the discounted cash flow model and also to the expected cash inflows and the growth rate used for extrapolation.

### **Provision for doubtful accounts receivable**

For estimation of allowance provision for expected credit losses on trade receivables the Group uses a matrix to calculate expected credit losses (ECL). Estimated allowance rates are based on the number of days of payment delay for groups of different customers with similar loss characteristics.

Initially, the provision matrix is based on observable data on the occurrence of defaults in past periods. The Group adjust matrix of past experience credit losses based for forward-looking information. At each reporting date observable data on the level of default in previous periods are updated and changes in forecast estimates are analyzed.

Assessment of the relationship between historical observed default levels, forecasted economic conditions and the ECL is a significant estimate. The value of the ECL is sensitive to changes in circumstances and projected economic conditions. The Group's past experience of credit losses and forecast of economic conditions may also not be accurate for the actual default of the buyer in the future.

### **Provision for advances paid, doubtful accounts receivable, other assets, investments and allowance for cost decrease to net realizable value and obsolete inventories**

Determining the provision for advances paid, doubtful accounts receivable, other assets, investments and allowance for cost decrease to net realizable value and obsolete inventories requires management to make assumptions based on the best estimates of the Group's ability to realize these assets. As a result of the general changes in the economy or other similar circumstances after the reporting date, management may draw conclusions that may differ from the finding made in the preparation of these consolidated financial statements.

### **Fair value of financial instruments**

In cases when the fair value of financial instruments and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques, including discounted cash flow model. As a source data for these models is used information from observable markets, but in those cases where this is not feasible, a certain proportion of judgment is required to determine fair value. The judgments include considerations of such data as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments recognized in consolidated financial statements.

### **Market rate of borrowings received**

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of non-current borrowings. Borrowings in US dollars are discounted at a rate of 7.23%, in Kyrgyz soms – 10.50-16.50% (depending on terms) per annum as at December 31, 2023 which the Management of the Group has defined as the market rates on non-current borrowings from international financial institutions.

### **Taxes**

There is uncertainty about the interpretation of complex tax laws as well as the amounts and timing of future taxable profits. The long-term nature and complexity of the existing contractual relationship, the difference between actual results and the assumptions made, or future changes to such assumptions, may result in future adjustments to the amounts of income tax expense or economy already recorded.

The amount of possible tax liabilities may depend on the results of previous audits and different interpretations of tax legislation by the Group and the relevant tax authority. Such differences in interpretation may arise for large number of several issues.

In assessing tax risks management considers possible areas at non-compliance with tax laws that the Group cannot challenge or does not believe that it will be able to successfully appeal if additional taxes are accrued by the tax authorities. This definition requires significant judgments and may change as a result of changes in tax laws and regulations, the determination of expected results in pending tax proceedings and the results of compliance audits conducted by the tax authorities.

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

### **Employee defined benefit obligations**

The Group is required to recognize obligations to its employees arising from a defined benefit pension plan under a Collective agreement. These calculations include estimates of the number of employees who will retire from the Group, the amount of future payments, the duration of these payments and other estimation factors such as discount rate used for calculations.

The cost of the employee defined benefit obligations and the present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligations is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, the Management of the Group considers the interest rates of risk-free government bonds and extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future increase in salaries.

The net employee defined benefit obligations as at December 31, 2023 and 2022 amounted to 379,501 thousand soms and 252,252 thousand soms, respectively.

### **Asset retirement obligation**

In order to determine the amount of asset retirement obligation, the Management of the Group assesses the future cost of reclamation of ash dumps. In estimation of the amortised cost of these liabilities, the Group used the government bond yield rate of 7.04% as the effective interest rate. The Management of the Group calculates the estimated liability on the basis of the planned reclamation costs and on the basis of the planned work schedule. The Management of the Group revises the amount of the estimated liability in the event of significant changes in the schedule and / or in the amount of planned costs.

## 5. PROPERTY, PLANT AND EQUIPMENT

As at December 31, 2023 and 2022 property, plant and equipment are presented as follows:

	Land	Buildings and structures	Machinery and equipment	Office equipment, furniture and fixtures	Vehicles	Improvement of land	Construction in progress, equipment for installation	Land reclamation	Total
<b>Cost</b>									
<b>At December 31, 2021</b>	<b>-</b>	<b>20,941,290</b>	<b>34,731,385</b>	<b>197,064</b>	<b>541,084</b>	<b>58,422</b>	<b>6,356,596</b>	<b>50,980</b>	<b>62,876,821</b>
Additions	-	49,212	11,767	706	258	-	3,404,791	-	3,466,734
Additions from the merger of Bishkekteploset OJSC	1,366	104,210	4,184,542	15,095	92,191	2	810,988	-	5,208,394
Borrowing costs capitalised	-	-	-	-	-	-	79,488	-	79,488
Transfers from/(to) inventories	-	742	-	-	-	-	11,333	-	12,075
Internal transfer	1,303	9,457,452	(8,398,040)	(10,432)	11,785	-	(1,062,068)	-	-
Disposals	-	(119,717)	(14,112)	(1,945)	(100)	(53)	(1,401)	-	(137,328)
<b>At December 31, 2022</b>	<b>2,669</b>	<b>30,433,189</b>	<b>30,515,542</b>	<b>200,488</b>	<b>645,218</b>	<b>58,371</b>	<b>9,599,727</b>	<b>50,980</b>	<b>71,506,184</b>
Additions	-	72,876	7,647	5,908	-	-	6,093,409	-	6,179,840
Borrowing costs capitalised	-	-	-	-	-	-	110,874	-	110,874
Transfers from/(to) inventories	-	(158)	(244)	772	-	110	(759,971)	-	(759,491)
Internal transfer		2,180,566	4,061,649	8,389	124,000	154	(6,374,758)	-	-
Disposals		(33,655)	(127,517)	(7,106)	(3,641)	(132)	(2,142)	-	(174,193)
<b>At December 31, 2023</b>	<b>2,669</b>	<b>32,652,818</b>	<b>34,457,077</b>	<b>208,451</b>	<b>765,577</b>	<b>58,503</b>	<b>8,667,139</b>	<b>50,980</b>	<b>76,863,214</b>



	Land	Buildings and structures	Machinery and equipment	Office equipment, furniture and fixtures	Vehicles	Improvement of land	Construction in progress, equipment for installation	Land reclamation	Total
<b>Accumulated depreciation</b>									
<b>At December 31, 2021</b>	-	<b>4,091,103</b>	<b>9,335,062</b>	<b>137,761</b>	<b>300,557</b>	<b>39,409</b>	-	<b>38,235</b>	<b>13,942,127</b>
Accruals for the year	-	495,691	1,574,980	17,120	45,030	6,518	-	12,745	2,152,084
Additions from the merger of Bishkekteploset OJSC	-	41,728	2,102,333	11,018	66,779	-	-	-	2,221,858
Internal transfer	-	3,179,861	(3,172,572)	(7,289)	-	-	-	-	-
Disposals	-	(23,809)	(11,292)	(1,720)	(100)	(11)	-	-	(36,932)
<b>At December 31, 2022</b>	-	<b>7,784,574</b>	<b>9,828,511</b>	<b>156,890</b>	<b>412,266</b>	<b>45,916</b>	-	<b>50,980</b>	<b>18,279,137</b>
Accruals for the year	-	753,551	1,482,904	16,015	46,856	6,490	-	-	2,305,816
Disposals	-	(17,372)	(46,335)	(7,639)	(2,821)	(4)	-	-	(74,171)
Internal transfer	-	(71)	92	(21)	-	-	-	-	-
<b>At December 31, 2023</b>	-	<b>8,520,682</b>	<b>11,265,172</b>	<b>165,245</b>	<b>456,301</b>	<b>52,402</b>	-	<b>50,980</b>	<b>20,510,782</b>
<b>Net book value</b>									
<b>At December 31, 2022</b>	<b>2,669</b>	<b>22,648,615</b>	<b>20,687,031</b>	<b>43,598</b>	<b>232,952</b>	<b>12,455</b>	<b>9,599,727</b>	-	<b>53,227,047</b>
<b>At December 31, 2023</b>	<b>2,669</b>	<b>24,132,136</b>	<b>23,191,905</b>	<b>43,206</b>	<b>309,276</b>	<b>6,101</b>	<b>8,667,139</b>	-	<b>56,352,432</b>

As at December 31, 2023 and 2022 the amount of fully depreciated items of property and equipment still in use amounted to 3,341,726 thousand soms and 3,024,088 thousand soms, respectively.

The collateral used to secure borrowed funds includes PPE items at the following residual values:

- Equipment of Bishkek TPP as at December 31, 2023 in the amount of 12,043,739 thousand soms (December 31, 2022 – 9,117,908 thousand soms).

- Buildings and structures of Bishkek TPP as at December 31, 2023 in the amount of 140,023 thousand soms (December 31, 2022 – 150,742 thousand soms).

- Land, buildings, structures, equipment of Kambarata HPP as at December 31, 2023 in the amount of 8,161,085 thousand soms (December 31, 2022 – 8,304,923 thousand soms).

The Ministry of Finance of the Kyrgyz Republic has provided budget funds for construction of the Kambarata HPP-2 according to Resolution No. 502 of the Government of the Kyrgyz Republic dated October 23, 2007 and Resolution No. 43 of the Government of the Kyrgyz Republic dated May 7, 2010 as well as for the construction in At-Bashy HPP. The Group recognized these assets as deferred income and amortizes them over the useful lives of the purchased or constructed assets (Note 18).

For the years ended December 31, 2023 and 2022 the Group received grants for construction of fixed assets under Phase 2 and Phase 3 of the “Rehabilitation of the Toktogul HPP”, the “Reconstruction of At-Bashy HPP” and “Modernization of Uch-Kurgan HPP” projects. The total amount of granted funds received by the Group for the years ended December 31, 2023 and 2022 was equal to 614,652 thousand soms and 848,336 thousand soms, respectively. The Group committed to issue ordinary shares equal to the value of the funds financed under these Projects. Before additional issue of the Group's shares, funds received as grants under Phase 2 and Phase 3 of the “Rehabilitation of the Toktogul HPP”, “Reconstruction of At-Bashy HPP” and “Modernization of Uch-Kurgan HPP” projects are accounted as additional paid-in capital (Note 16).

## 6. INTANGIBLE ASSETS

As at December 31, 2023 and 2022 The Group's intangible assets are presented as follows:

	Software	License agreement	Copyright	Software for installation	Total
<b>Cost</b>					
<b>At December 31, 2021</b>	<b>12,789</b>	<b>-</b>	<b>30</b>	<b>8,826</b>	<b>21,645</b>
Additions from the merger of Bishkekteploset OJSC	4,124	1,447	-	-	5,571
Disposals	(18)	-	-	-	(18)
<b>At December 31, 2022</b>	<b>16,895</b>	<b>1,447</b>	<b>30</b>	<b>8,826</b>	<b>27,198</b>
Additions from the merger of Bishkekteploset OJSC					
Disposals	(568)				(568)
<b>At December 31, 2023</b>	<b>16,327</b>	<b>1,447</b>	<b>30</b>	<b>8,826</b>	<b>26,630</b>
<b>Accumulated depreciation</b>					
<b>at December 31, 2021</b>	<b>5,613</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>5,643</b>
Additions from the merger of Bishkekteploset OJSC	2,378	1,305	-	-	3,683
Accruals for the year	2,298	29	-	-	2,327
Disposals	(18)	-	-	-	(18)
<b>At December 31, 2022</b>	<b>10,271</b>	<b>1,334</b>	<b>30</b>	<b>-</b>	<b>11,635</b>
Additions from the merger of Bishkekteploset OJSC					
Accruals for the year	1,783	69	30		1,852
Disposals	(276)				(276)
<b>At December 31, 2023</b>	<b>11,778</b>	<b>1,403</b>	<b>30</b>		<b>13,211</b>
<b>Net book value</b>					
<b>At December 31, 2022</b>	<b>6,624</b>	<b>113</b>	<b>-</b>	<b>8,826</b>	<b>15,563</b>
<b>At December 31, 2023</b>	<b>4,549</b>	<b>44</b>	<b>-</b>	<b>8,826</b>	<b>13,419</b>

As at December 31, 2023 and 2022 the amount of fully amortized intangible assets still in use amounted to 7,122 thousand soms and 2,445 thousand soms, respectively.

## 7. ADVANCES PAID FOR CONSTRUCTION WORKS

As at December 31, 2023 and 2022 advances paid for construction works by the Groups are presented as follows:

	December 31, 2023	December 31, 2022
Advances paid for construction works	1,550,814	1,382,864
	<b>1,550,814</b>	<b>1,382,864</b>

As at December 31, 2023 and 2022 advances paid for construction works represent advances paid to contractors by the Asian Development Bank (the "ADB") and the Eurasian Development Bank (the "EADB") for the Phase 2 and the Phase 3 "Reconstruction of Toktogul HPP" and "Modernization of Uch-Kurgan



HPP” projects. Under these projects, the Kyrgyz Republic represented by the Ministry of Finance of the Kyrgyz Republic provided ADB funds to Electric Power Plants OJSC on the basis of Debt Commitment No. 19-05/81 dated December 31, 2015 and No. 19-04-01/14 dated January 19, 2018 for implementation of the Phase 2 and the Phase 3 “Reconstruction of Toktogul HPP,” and under Subgrant Agreement No. 16-1-10/357 dated December 30, 2020 and Debt Commitment No. 19-04-01/404 dated December 30, 2020 for implementation of the “Modernization of Uch-Kurgan HPP” project.

The Group’s largest counterparties in terms of advances issued for construction works are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Consortium “China National Electric Engineering Co. Ltd.” and “Dongfang Electric Machinery Co., Ltd”	1,358,024	1,334,057
Consortium EDF (Électricité de France S.A.), Egis International and Egis Eau	179,302	28,446
TerraLink Technologies LLC Kazakhstan	-	6,618

## 8. TRADE ACCOUNTS RECEIVABLE

As at December 31, 2023 and 2022 long-term trade accounts receivable of the Group are presented as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable for electricity	106,120	321,920
Discount on long-term receivables	-	(137,181)
	<b>106,120</b>	<b>184,739</b>

The movement in discount for the years ended December 31, 2023 and 2022 is as follows:

	<b>For the year ended December 31, 2023</b>	<b>For the year ended December 31, 2022</b>
<b>At January 1</b>	<b>137,181</b>	<b>141,370</b>
Unwinding of discount	(137,181)	(4,189)
<b>At December 31</b>	<b>-</b>	<b>137,181</b>

As at December 31, 2023 and 2022 short-term trade accounts receivable of the Group are presented as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable for electricity	1,178,928	1,238,616
Accounts receivable for heat	629,744	631,802
Accounts receivable for other goods and services	24,775	22,290
Less allowance for expected credit losses	(438,909)	(542,117)
	<b>1,394,538</b>	<b>1,350,591</b>

Movement in provision for the years ended December 31, 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>At January 1</b>	<b>542,117</b>	<b>419,998</b>
Allowance (recovery)/accrual	(103,208)	122,119
<b>At December 31</b>	<b>438,909</b>	<b>542,117</b>

The Group's largest debtors are the entities presented below:

	December 31, 2023	December 31, 2022
National Electric Grid of Kyrgyzstan OJSC	107,871	519,094
SE "ETV"	104,935	64,998
"Electrosila" LLC	87,238	131,572
"Zhambyl PDC" JSC	82,200	79,059
"NurAlenergo" LLC	63,607	122,718
"Bishkek stamping plant " SE	43,739	63,653
"Metal-Ken" LLC	35,661	1,191
"Global Energy" LLC	36,160	33,424
"Naryngidroenergostroy" OJSC	15,205	41,870
"Uzbekenergo" JSC	-	168,464

## 9. LONG-TERM INVESTMENTS

As at December 31, 2023 and 2022 The Group's long-term investments are as follows:

	December 31, 2023		December 31, 2022	
	Amount, thousand soms	Share, %	Amount, thousand soms	Share, %
"Kambarata HPP-1" CJSC	25,200	100.00%	25,200	100.00%
"Verkhne-Naryn HPP" CJSC	24,161	50.00%	24,161	50.00%
"Optima Bank" OJSC	10,719	1.53%	10,720	1.53%
"Kalinin HPP" LLC	521	30.00%	521	30.00%
"Commercial Bank Kyrgyzstan" OJSC	1	30.00%	1	
JSC Directorate of Power Plants under Construction	1,750	5.00%		
Less allowance for expected credit losses	(49,361)		(49,361)	
	<b>12,991</b>		<b>11,242</b>	

"Kambarata HPP-1" CJSC

According to the intergovernmental agreement dated September 20, 2012 between the Kyrgyz Republic and the Russian Federation, the parties agreed to participate in the implementation of the project for construction and management of operations of Kambarata HPP-1 with the authorized organizations represented by Electric Power Plants OJSC and Inter RAO UES PJSC with equal distribution of shares in the share capital of Kambarata HPP-1 CJSC. After the denunciation of the intergovernmental agreement on joint construction by Law No. 6 of the Kyrgyz Republic dated January 21, 2016 and further signing of the share sale contract No. D-19-27/564 dated December 19, 2017 the Group became the sole owner of

Kambarata HPP-1 CJSC. Under this agreement 50% of the shares with a nominal value of 40,000 thousand soms were acquired from Inter RAO UES PJSC for 926,724 US dollars which was equivalent to 64,533 thousand soms at the NBKR exchange rate as at the date of payment.

The Group's investment in Kambarata HPP-1 CJSC equals to 105,680 thousand soms. During consolidation, the amount of share capital was eliminated and the rest amount equaled 25,200 thousand soms represents goodwill of 24,533 thousand soms paid in the process of repurchase of shares from Inter RAO UES PJSC and 667 thousand soms - the amount of work performed.

Due to the uncertainty of project launch the Group has accrued 100% allowance for impairment of investments in Kambarata HPP-1 CJSC.

#### "Verkhne-Naryn HPP" CJSC

In accordance with the intergovernmental agreement dated September 20, 2012 between the Kyrgyz Republic and the Russian Federation the parties agreed to participate in the construction and operation of Verkhne-Naryn HPP CJSC (consisting of Akbulun HPP, Naryn HPP-1, Naryn HPP-2 and Naryn HPP-3) with authorized organizations represented by Electric Power Plants OJSC and Federal Hydro-Generating Company RusHydro PJSC with equal distribution of shares in share capital of Verkhne-Naryn HPP CJSC. Under the agreement, the Russian side provided cash as a contribution for the development of the feasibility study of the project, while the Kyrgyz side provided the right to use land for construction of objects and other assets which amounted to 24,161 thousand soms.

Law No. 7 of the Kyrgyz Republic dated January 21, 2016 announced the denunciation of the Agreement between the Kyrgyz Republic and the Russian Federation on the construction and operation of the Verkhne-Naryn cascade of HPP. At present, the Group continues to own 50% of the shares of Verkhne-Naryn HPP CJSC as there were no agreements on sale and transfer of shares. However, the Group does not have control or significant influence over the operations of Verkhne-Naryn HPP CJSC.

At present Federal Hydro-Generating Company RusHydro PJSC insists on repayment of funds invested before the denunciation by applying to international arbitration. The Kyrgyz counterparty proposes to conduct audit in relation to the amount of the expenses declared, aiming to identify overstatement of the actual construction costs and is looking for new investors to cover the expenses after agreeing on the amount allocated for the construction.

From September 2017 to the present the Group provides security and maintenance of the shift camp and responsible storage of property of Verkhne-Naryn HPP CJSC in compliance with the Order of the Government of the Kyrgyz Republic No. 167-r dated May 18, 2017 related to the denunciation of agreements between the Government of the Kyrgyz Republic and the Government of the Russian Federation.

Due to the uncertainty of project launch the Group has accrued 100% allowance for impairment of investments.

After denunciation of intergovernmental agreements on joint construction with the Russian Federation, the Group is still in the process of the searching for a new investor for construction and operation of Kambarata HPP-1 and Verkhne-Naryn HPP.

#### JSC Directorate of Power Plants under Construction

The Group's investment in OJSC Directorate of Power Plants under Construction amounts to 1,750 thousand soms as contribution to the authorized capital. By order of the Cabinet of Ministers of the Kyrgyz Republic dated July 10, 2023, it was recommended to create an open joint-stock company "Directorate of Power Plants under Construction" to attract investors as part of the energy capacity development programs in Kyrgyzstan.

## 10. LOANS ISSUED

As at December 31, 2023 and 2022 loans issued by the Group were presented as follows:

	December 31, 2023	December 31, 2022
<b>Long term portion</b>		
Loans issued to "Narynhydroenergostroy" OJSC	249,155	249,155
Loans issued to employees	48,009	45,811
Accrued interest payable	82,026	82,364
<b>Discount on loans issued to employees</b>	<b>(19,566)</b>	<b>(19,849)</b>
	<b>359,624</b>	<b>357,481</b>
<b>Short-term portion</b>		
Loans issued to "Narynhydroenergostroy" OJSC	124,577	124,577
Loans issued to employees	33,045	34,576
Accrued interest payable	54,260	41,013
	<b>211,882</b>	<b>200,166</b>

The movement in the discount on loans issued by "Narynhydroenergostroy" OJSC for the years ended December 31, 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
At January 1	-	10,433
<b>Unwinding of discount</b>	<b>-</b>	<b>(10,433)</b>

Movement in the discount on loans to employees for the years ended December 31, 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>At January 1</b>	<b>19,849</b>	<b>17,749</b>
Discount recognition	10,125	10,542
Unwinding of discount	(10,408)	(8,442)
<b>At December 31</b>	<b>19,566</b>	<b>19,849</b>



## 11. INVENTORIES

As at December 31, 2023 and 2022, the Group's inventories are presented as follows:

	December 31, 2023	December 31, 2022
Materials	4,271,444	2,064,193
Supplies and others	473,170	516,527
Spare parts	435,409	413,027
Construction materials	69,121	72,928
Fuels and lubricants	53,695	46,167
Low-value items	98,245	76,063
Allowance for obsolete inventories	(271,137)	(271,938)
	<b>5,129,947</b>	<b>2,916,967</b>

Movement in allowance for obsolete inventories for the years ended December 31, 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>At January 1</b>	<b>271,938</b>	<b>293,419</b>
Allowance (recovery)/accrual	(801)	(21,481)
<b>At December 31</b>	<b>271,137</b>	<b>271,938</b>

## 12. ADVANCES PAID

As at December 31, 2023 and 2022 advances paid by the Group were presented as follows:

	December 31, 2023	December 31, 2022
Advances paid for goods	372,632	576,479
Advances paid for services	430,588	83,199
Prepaid commission fee on borrowings	71,333	71,333
Other advances paid	244	458
Less allowance for impairment	(20,438)	(23,935)
	<b>854,359</b>	<b>707,534</b>

The movement in the impairment allowance for advances issued for the years ended December 31, 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>At January 1</b>	<b>23,935</b>	<b>19,880</b>
Accrual/(recovery)	(3,497)	4,055
<b>At December 31</b>	<b>20,438</b>	<b>23,935</b>

The Group's largest counterparties for advances paid are the following organizations:

	December 31, 2023	December 31, 2022
China Road and Bridge Corporation In Kyrgyzstan	119,616	-
"SFC For RES" LLP	115,519	-
SE "Kyrgyzkomur"	86,629	207,611
"KaraZhyry" JSC	-	141,375
"Ekibastuz GRES-22" Station JSC	-	110,691

### 13. TAX ADVANCES

Tax advances as at December 31, 2023 and 2022 are presented as follows:

	December 31, 2023	December 31, 2022
VAT recoverable	85,735	14,032
Income tax	1,066	9,004
Individual income tax	32	4,475
Sales tax	4,332	2,581
Other	7,680	5,172
	<b>98,845</b>	<b>35,264</b>

#### 14. OTHER ASSETS

As at December 31, 2023 and 2022 The Group's other assets are presented as follows:

	December 31, 2023	December 31, 2022
<b>Other long-term non-financial assets</b>		
Project feasibility study	430,209	429,613
Other	72,829	60,152
Less allowance for impairment	(26,245)	(26,245)
	<b>476,793</b>	<b>463,520</b>
<b>Other short-term financial assets</b>		
Accounts receivable	284,286	141,363
Deposit	227,026	180,514
Other	422	660
Less allowance for expected credit losses	(190,597)	(140,818)
	<b>321,137</b>	<b>181,719</b>

The movement in the allowance for impairment losses for the years ended December 31, 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>At January 1</b>	<b>140,818</b>	<b>174,920</b>
Accrual	49,779	4,290
Recovery of assets previously written-off		(38,392)
<b>At 31 December</b>	<b>190,597</b>	<b>140,818</b>

#### 15. CASH AND CASH EQUIVALENTS

As at December 31, 2023 and 2022 cash and cash equivalents are presented as follows:

	December 31, 2023	December 31, 2022
Cash in bank accounts	2,086,888	3,679,110
Cash in transit	59,248	27,074
Cash on hand	751	1,220
	<b>2,146,887</b>	<b>3,707,404</b>

As at december 31, 2023 the group had no frozen funds in bank accounts.

The Group performs transactions in national and foreign currency by its account in Demir Kyrgyz International Bank CJSC, Optima Bank OJSC, RSK Bank OJSC, Kyrgyz Investment and Credit Bank CJSC, Commercial Bank Kyrgyzstan OJSC, Keremet Bank OJSC, Aiyl Bank OJSC and Halyk Bank Kyrgyzstan OJSC, FinanceCreditBank OJSC. These accounts are settlement accounts.



## 16. SHARE CAPITAL

As at December 31, 2023 and 2022 the registered share capital amounted to 10,190,284 thousand soms and 4,790,284 thousand soms, respectively. As at December 31, 2023 and 2022 share capital is represented by 2,221,186,733 and 1,044,143,208 ordinary shares, respectively, with a par value of 4.5878 soms each. In 2023, the Group placed shares repurchased in 2022 in the amount of 7,310 thousand soms.

As at December 31, 2023 and 2022 the list of Group shareholders is as follows:

	December 31, 2023		December 31, 2022	
	Amount, thousand soms	Share, %	Amount, thousand soms	Share, %
National Energy Holding Company OJSC			3,859,367	80.56%
Ministry of Finance of the Kyrgyz Republic	3,396,422	33.33		
Ministry of Energy of the Kyrgyz Republic	5,862,945	57.53		
Social Fund of the Kyrgyz Republic	631,664	6.2	631,664	13.19%
Legal entities	72,751	0.72	77,741	1.62%
Individuals	226,502	2.22	214,202	4.48%
Repurchased share capital	-	-	7,310	0.15%
	<b>10,190,284</b>	<b>100.00%</b>	<b>4,790,284</b>	<b>100.00%</b>

According to the terms of the agreement with ADB, the Ministry of Finance of the Kyrgyz Republic under Phase 2 of the “Rehabilitation of Toktogul HPP” project provides 50% of the amount as a loan and 50% as a contribution to the share capital of the Group and under Phase 3 of the project provides 75% of the amount of the ADB Grant as a loan and 25% of the ADB Grant as a contribution to the share capital of the Group.

On May 21, 2013 the Agreement on providing financial assistance for the Project “Reconstruction of At-Bashy HPP” between the Government of the Swiss Confederation, the Ministry of Finance of the Kyrgyz Republic and the Group was signed. Under this agreement the Government of the Swiss Confederation provides a grant to cover 80% of the financial costs of the Project, while 20% of the costs contributed by the Group. The Group committed to issue ordinary shares equal to the value of the funds financed under this Project. The Group undertakes to issue common shares equal to the value of the assets financed under this Project.

According to the Subgrant Agreement No. 16-1-10/357 dated December 30, 2021 the Ministry of Finance of the Kyrgyz Republic within the framework of the “Modernization of Uch-Kurgan HPP” project provides a grant in the amount of 40,000 thousand US Dollars provided by ADB as a contribution to the share capital of the Group.

Before additional issue of the Group's shares, funds received as grants under Phase 2 and Phase 3 of the “Rehabilitation of the Toktogul HPP”, “Reconstruction of At-Bashy HPP” and “Modernization of Uch-Kurgan HPP” projects are accounted as additional paid-in capital. The ordinary shares will be the property of the State Property Management Fund under the Government of the Kyrgyz Republic (the – “SPMF”). Organizational issues will be resolved through formal agreements between the Ministry of Finance of the Kyrgyz Republic, SPMF and the Group.

The group has not declared dividends for 2023 and 2022.

## 17. LOANS RECEIVED

As at December 31, 2023 and 2022 the loans received are presented as follows:

	December 31, 2023	December 31, 2022
<b>Long term portion</b>		
Loans received	74,241,568	66,636,723
Accrued interest payable	3,064,060	3,068,347
Fines and penalties	129,094	125,787
Discount and modification effect on loans received	(26,074,627)	(25,177,986)
	<b>51,360,095</b>	<b>44,652,871</b>
<b>Short-term portion</b>		
Loans received	4,640,572	3,772,187
Accrued interest payable	615,439	556,127
Fines and penalties	1,610	1,305
	<b>5,257,621</b>	<b>4,329,619</b>

Movement of discount and modification effect for the years ended December 31, 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>At January 1</b>	<b>25,177,986</b>	<b>18,969,665</b>
Change in discount and modification effect for the year	896,641	6,208,321
<b>At December 31</b>	<b>26,074,627</b>	<b>25,177,986</b>

Borrowings by creditors as at December 31, 2023 and 2022 are presented as follows:

	Currency	Interest rate	Issue date	Maturity	December 31, 2023	December 31, 2022
TBEA Co., Ltd	US Dollar	2.00%	April 25, 2014	Sept 21, 2034	34,581,785	33,259,891
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	1.00%	Jan 1, 2022	Jan 31, 2032	3,000,000	3,000,082
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.75%	13 July, 2022	Jun 30, 2032	937,409	117,712
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.75%	13 July, 2022	Jun 30, 2037	6,000,247	6,000,247
Development Fund of the Kyrgyz Republic	US Dollar	3.50%	Dec 24, 2009	Jan 1, 2030	8,361,170	8,848,216
Asian Development Bank	US Dollar	1.50%	Mar 14, 2013	Aug 1, 2038	2,005,595	2,132,623
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.10%	Jul 13, 2022	Dec 31, 2025	1,500,999	2,303,133
Eurasian Development Bank	US Dollar	1.50%	Mar 25, 2016	Mar 15, 2036	3,737,098	3,152,106
Ministry of Finance of the Kyrgyz Republic	US Dollar	0.00%	Jan 19, 2018	Dec 15, 2040	2,025,497	2,009,033
Asian Development Bank	US Dollar	1.50%	Dec 31, 2015	Sep 15, 2040	2,068,596	1,597,061
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Dec 26, 2016	Dec 15, 2037	1,025,407	1,025,407
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	2.00%	Nov 19, 2020	Sep 30, 2025	886,253	1,041,748
Ministry of Finance of the Kyrgyz Republic	US Dollar	0.00%	Dec 26, 2016	Dec 15, 2037	278,849	877,822
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	3.00%	May 20, 2010	Dec 31, 2039	662,159	739,276
Asian Development Bank	US Dollar	1.50%	Dec 30, 2020	Oct 30, 2042	835,234	794,660
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Jan 19, 2018	Dec 15, 2040	641,132	657,880
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.10%	Nov 15, 2021	Nov 15, 2037	651,378	650,728
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Jul 23, 2015	Dec 31, 2039	400,000	400,000
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Sep 29, 2015	Dec 15, 2024	252,083	550,000
Ministry of Finance of the Kyrgyz Republic	US Dollar	4.00%	Mar 19, 2015	Nov 1, 2025	265,494	398,328
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Mar 9, 2016	Dec 15, 2023	-	250,000
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Jun 29, 2016	Dec 25, 2037	432,063	432,063
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Sep 19, 2020	Dec 31, 2039	292,910	399,422
International Development Association	US Dollar	2.50%	Mar 19, 2015	June 10, 2031	318,633	347,321
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Mar 9, 2016	Dec 15, 2023	-	147,960
Ministry of Finance of the Kyrgyz Republic	US Dollar	0.00%	Mar 9, 2016	Dec 15, 2023	-	142,179
Ministry of Finance of the Kyrgyz Republic	US Dollar	0.00%	Jun 29, 2016	Dec 25, 2037	912,711	268,190
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Sep 16, 2020	Dec 31, 2039	250,000	250,000
Ministry of Finance of the Kyrgyz Republic	SDR	0.00%	Jan 19, 2018	Dec 15, 2040	340,190	360,274
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Dec 22, 2015	Dec 15, 2023	-	100,000
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Mar 24, 2016	Dec 31, 2039	76,546	153,091
Asian Development Bank	US Dollar	1.50%	Jan 19, 2018	Sep 15, 2042	1,199,335	151,211
International Development Association	US Dollar	3.00%	Feb 25, 2009	Nov 1, 2023	-	51,446
International Development Association	US Dollar	3.00%	Mar 19, 2015	Jun 10, 2025	44,770	71,770



	Currency	Interest rate	Issue date	Maturity	December 31, 2023	December 31, 2022
Ministry of Finance of the Kyrgyz Republic	SDR	0.00%	Dec 26, 2016	Dec 15, 2037	95,699	91,271
Ministry of Finance of the Kyrgyz Republic	SDR	0.00%	Mar 24, 2016	Dec 15, 2023	-	45,399
International Development Association	SDR	6.00%	Feb 5, 2004	Mar 15, 2023	-	27,778
Development Fund of the Kyrgyz Republic	US Dollar	4.00%	Aug 16, 2019	Aug 16, 2027	258,374	316,254
Ministry of Finance of the Kyrgyz Republic	US Dollar	1.00%	Apr 17, 2019	Oct 15, 2055	2,245,123	704,234
Ministry of Finance of the Kyrgyz Republic	US Dollar	2.50%	Mar 05, 2011	June 10, 2031	178,962	204,824
Eurasian Development Bank	US Dollar	1.50%	1 Mar, 2021	15 Sep, 2036	60,717	49,035
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Aug 6, 2015	Dec 31, 2039	30,571	30,571
Ministry of Finance of the Kyrgyz Republic	US Dollar	0.00%	Mar 24, 2016	Dec 15, 2023	-	10,230
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Nov 22, 2023	June 30, 2030	1,200,065	-
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	0.00%	Apr 29, 2023	May 30, 2030	3,005,314	-
Ministry of Finance of the Kyrgyz Republic	Kyrgyz Som	16.00%	Dec 25, 2023	Dec 25, 2024	1,503,270	-
					<b>82,561,639</b>	<b>74,160,476</b>

## 18. DEFERRED INCOME

as at December 31, 2023 and 2022 The Group's deferred income consisted of long-term and short-term portions, which are presented as follows:

	December 31, 2023	December 31, 2022
<b>Deferred income, long-term portion</b>		
<b>At January 1</b>	<b>5,005,397</b>	<b>3,531,426</b>
Proceeds from the merger of OJSC Bishkekteploset		1,487,544
Other receipts	73,458	59,849
Income recognized for the year	(64,114)	(26,749)
Transfer to short-term portion	(46,673)	(46,673)
<b>At 31 December</b>	<b>4,968,068</b>	<b>5,005,397</b>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Deferred income, short-term portion</b>		
<b>At January 1</b>	<b>46,635</b>	<b>45,545</b>
Transferred from long term part	46,673	46,673
Write-downs during the year	(46,673)	(45,583)
<b>At 31 December</b>	<b>46,635</b>	<b>46,635</b>

The Ministry of Finance of the Kyrgyz Republic has provided budget funds for construction of the Kambarata HPP-2 according to Resolution No. 502 of the Government of the Kyrgyz Republic dated October 23, 2007 and Resolution No. 43 of the Government of the Kyrgyz Republic dated May 7, 2010 as well as for the reconstruction in At-Bashy HPP. The Group recognized these assets as deferred income and amortizes them over the useful lives of the purchased or constructed assets.

## 19. EMPLOYEE DEFINED BENEFIT OBLIGATIONS

As at December 31, 2023 and 2022 the Group's defined benefit employee benefit obligations are presented as follows:

	December 31, 2023	December 31, 2022
<b>At January 1</b>	<b>252,252</b>	<b>299,053</b>
Unwinding of discount	30,334	31,942
Cost of current services	16,071	13,751
Remeasurement of net defined benefit obligation recognized through profit or loss	25,383	(1,228)
Remeasurement of net defined benefit obligation recognized through other comprehensive income	91,372	(62,910)
Benefits paid	(25,581)	(28,356)
Past service cost	(10,330)	
<b>At December 31</b>	<b>379,501</b>	<b>252,252</b>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Long term portion	305,933	213,115
Short-term portion (Note 22)	73,568	39,137
	<b>379,501</b>	<b>252,252</b>

## 20. LAND RECLAMATION OBLIGATIONS

As at December 31, 2023 and 2022 The Group's land reclamation obligations are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>Land reclamation obligation at the beginning of the year</b>	<b>66,922</b>	<b>62,521</b>
Accrual of expenses	-	4,401
<b>Land reclamation obligation at the end of the year</b>	<b>66,922</b>	<b>66,922</b>

According to the Law of the Kyrgyz Republic "On Environmental Protection" No. 53 dated June 16, 1999, Law "On the protection of atmospheric air" No. 51 dated June 12, 1999, Law "On Environmental expertise" No. 54 dated June 16, 1999, Law "On production and consumption waste" No. 89 dated November 13, 2001 and other regulatory legal acts the branch of the Electric Power Plants OJSC – TPP of Bishkek, is obliged to carry out reclamation of outdoor lands. Thermal power plants burning solid fuels are characterized by the presence of significant areas of land used for ash and slag waste. During the reclamation of the ash and slag waste, disturbed lands of all categories, as well as adjacent land plots that have completely or partially lost productivity as a result of negative impacts on them, are subject to restoration. At the TPP of Bishkek, the area of worked off land map No. 1,2,3,4 ash waste is 27 hectares, the total area of existing waste is 76.7 hectares.

Pursuant to the "Investment Agreement on the implementation of an investment project for the construction of a cement plant between the Cabinet of Ministers of the Kyrgyz Republic and a consortium of companies Terek-Tash LLC and ZENIT Firm LLC, signed on September 06, 2022 under registration No. 01- 1 dated

October 18, 2022 and Order of the Cabinet of Ministers of the Kyrgyz Republic No. 572-r dated October 24, 2022, the Group and ZENIT Firm LLC signed an agreement on January 16, 2024 for the processing of the entire volume of ash and slag waste on completed work cards for 49 years on an annual basis, starting from 07/01/2024.

In order to determine the amount of asset retirement obligation, the Management of the Group assesses the future cost of reclamation of ash dumps. In estimation of the amortised cost of these liabilities, the Group used the government bond yield rate of 7.04% as the effective interest rate. The Management of the Group calculates the estimated liability on the basis of the planned reclamation costs and on the basis of the planned work schedule. The Management of the Group revises the amount of the estimated liability in the event of significant changes in the schedule and / or in the amount of planned costs.

## 21. TRADE ACCOUNTS PAYABLE

As at December 31, 2023 and 2022 The Group's trade payables are presented as follows:

	December 31, 2023	December 31, 2022
Accounts payable for services	1,553,407	689,481
Accounts payable for goods	886,438	282,585
Other accounts payable	269	203
	<b>2,440,114</b>	<b>972,269</b>

The Group's largest creditors are the entities presented below:

	December 31, 2023	December 31, 2022
Consortium "GE Hydro France"	887,934	362,886
Ministry of Energy of Turkmenistan	267,741	-
"Uztransgaz" JSC	158,158	152,113
"GazProm Kyrgyzstan" LLC	203,373	37,058
"Kyrgyzneftegaz" OJSC	43,729	36,839
Tractebel Engineering Coyne Et Bellie	69,762	35,367
Consortium of Zhejiang Machinery&Equipment	85,977	33,030
"Gefest Innovation Company" LLC	173,032	-
Production and operational department of "Bishkekvodokanal"	25,350	11,163
"NES of Uzbekistan" JSC	49,397	6,978



## 22. SALARY PAYABLE

As at December 31, 2023 and 2022 salary payable of the Group is presented as follows:

	December 31, 2023	December 31, 2022
Salary payable	330,760	268,539
Social fund contributions payable	191,536	163,300
Provision for unused vacation	144,214	148,459
Defined benefit obligations to employees, short-term portion	73,568	39,137
	<b>740,078</b>	<b>619,435</b>

The movement in the provision for unused vacations is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>At January 1</b>	<b>148,459</b>	<b>98,100</b>
Accrual of provision	(4,245)	50,426
<b>At December 31</b>	<b>144,214</b>	<b>148,459</b>

## 23. OTHER LIABILITIES

As at December 31, 2023 and 2022 The Group's other liabilities were presented as follows:

	December 31, 2023	December 31, 2022
<b>Other financial liabilities</b>		
Warranty	276,669	189,996
Dividends payable	35,146	35,182
Other liabilities	20,821	34,826
	<b>332,636</b>	<b>260,004</b>

## 24. REVENUE

The Group's revenues for the years ended 31 December 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue from the sale of electricity	13,719,507	11,400,884
Revenue from the sale of thermal energy	2,042,965	1,606,233
Revenue from the sale of make-up water	174,710	169,808
	<b>15,937,182</b>	<b>13,176,925</b>

## 25. COST OF SALES

The Group's cost of sales for the years ended 31 December 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Cost of sales - electricity	18,327,202	14,460,638
Cost of sales - heat	4,710,438	3,654,280
Cost of sales - make-up water	371,646	277,631
	<b>23,409,286</b>	<b>18,392,549</b>
Materials	8,095,902	7,771,114
Depreciation and amortization	2,277,564	2,126,805
Salary and related taxes	2,745,937	2,298,609
Cost of imported electricity	9,399,427	5,538,893
Technological water supply services	313,625	225,934
Repair and maintenance	162,126	113,694
Electricity costs for production needs	329,204	137,567
Cost of purchased electricity	-	20,638
Actuarial losses	6,000	11,925
Other	79,501	147,370
	<b>23,409,286</b>	<b>18,392,549</b>

## 26. SELLING COSTS

The Group's selling costs for the years ended 31 December 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Services	31,315	22,649
Salary and related taxes	113,384	57,677
Business trips	2,279	2,075
Other	242	1,895
	<b>147,220</b>	<b>84,296</b>

## 27. OTHER INCOME

The Group's other income for the years ended 31 December 2023 and 2022 is presented as follows:

	December 31, 2023	December 31, 2022
Income from in-house utility services	115,027	47,699
Income from kindergarten services	30,237	28,771
Income from rent and hotel services	36,965	26,190
Income from work performed, services provided	34,254	24,843
Income from social sector	27,930	21,198
Income from sales of inventories	220,316	12,429
Income from sales of food plant products	5,279	6,688
	<b>470,008</b>	<b>167,818</b>

## 28. OTHER EXPENSES

The Group's other expenses for the years ended 31 December 2023 and 2022 are presented as follows:

	December 31, 2023	December 31, 2022
Cost of social services	357,691	248,636
Abnormal losses	80,673	98,761
Compensation for land flooding	75,232	80,290
Cost of work performed, services provided	12,251	21,334
Cost of kindergarten services	22,736	18,029
Cost of inventories	115,212	14,157
Cost of food plant production sold	10,156	10,449
Cost of hotel services	2,285	2,084
Cost of other sales	2,613	1,332
	<b>678,849</b>	<b>495,072</b>

## 29. GENERAL AND ADMINISTRATIVE EXPENSES

The Group's general and administrative expenses for the years ended 31 December 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Salary and related taxes	571,266	519,287
Financial aid	188,484	108,364
Taxes, other than income tax	152,700	66,354
Professional Services	27,615	30,328
Materials	19,431	20,972
Depreciation and amortization	20,388	19,790
Business trips	14,618	12,317
Utilities	4,267	8,961
Fixed assets maintenance	5,781	7,400
Communication	3,086	3,117
Actuarial losses	132	2,064
Training expenses	269	1,437
Other	30,631	27,444
	<b>1,038,668</b>	<b>827,835</b>

## 30. NET LOSS ON FOREIGN CURRENCY TRANSACTIONS

The Group's net loss on foreign currency transactions for the years ended 31 December 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Exchange differences, net	91,646	491,198
Trading operations, net	1,665,663	108,799
	<b>1,757,309</b>	<b>599,997</b>

### 31. FINANCIAL INCOME

The Group's financial income for the years ended 31 December 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income from other placements	140,022	102,506
Interest income on loans issued by "Narynhydroenergostroy" OJSC	13,080	20,012
Unwinding of discount on long-term accounts receivable	137,181	4,189
Unwinding of discount on on loans issued to employees	5,911	8,144
Dividends from Kalinin HPP LLC	1,159	967
Interest income on loans issued by SE Kyrgyzkomur		981
	<b>297,353</b>	<b>136,799</b>

### 32. FINANCIAL EXPENSES

The Group's financial expenses for the years ended 31 December 2023 and 2022 are presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest expenses on borrowings	1,151,828	3,521,514
Unwinding the discount on employee defined benefit obligations	36,762	31,942
Recognition of a discount on loans issued to employees at a below-market rate	2,770,991	11,246
Unwinding of discount on land reclamation obligations		4,401
	<b>3,959,581</b>	<b>3,569,103</b>

### 33. OTHER NON-OPERATING INCOME, NET

The Group's other non-operating income for the years ended 31 December 2023 and 2022 is presented as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain on disposal of property, plant and equipment and inventory and stock count results	122,811	61,317
Write-down of deferred income	110,787	53,478
Penalties for breach of contract	52,083	51,399
Other	37,377	2,445
Bonuses paid to employees	(127,932)	(144,141)
Losses on disposal of property, plant and equipment	(104,072)	(96,806)
Loss from inventory write-off	(44,651)	(5,663)
Social expenditures	(43,201)	(35,612)
Professional fees	(33,210)	(13,391)
Penalties under business contracts	(24,806)	(17,750)
Accrual of provision for slow-moving inventories	(17,828)	14,238
Parent company expenses	(16,446)	(18,898)
Representation expenses	(15,311)	(2,070)
Expenses for additional tax assessment based on audit results	(5,813)	(3,132)
Other	(38,537)	(36,608)
	<b>(148,749)</b>	<b>(191,194)</b>



### 34. INCOME TAX

The Group measures and records its current income tax payable and its tax bases in its assets and liabilities in accordance with the tax regulations of the Kyrgyz Republic, which may differ from IFRS. For the years ended December 31, 2023 and 2022, the income tax rate for legal entities in the Kyrgyz Republic was 10%.

The Group is subject to certain permanent tax differences due to the non-tax deductibility of certain expenses and certain income being treated as non-taxable for tax purposes.

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for consolidated financial reporting purposes and the amounts used for tax purposes. Temporary differences as at December 31, 2023 and 2022 relate mostly to different methods of income and expense recognition as well as to book value of certain assets.

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current income tax expenses	679	597
Deferred income tax expense	438,701	127,803
<b>Income tax expense</b>	<b>439,380</b>	<b>128,400</b>

The relation between tax expense and accounting profit for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
<b>Loss before tax</b>	<b>14,265,711</b>	<b>10,715,415</b>
Tax at the statutory tax rate (10%)	1,426,571	1,071,542
Tax effect of permanent differences and estimated allowance	(1,865,951)	(1,199,942)
<b>Income tax (expense)/benefit</b>	<b>(439,380)</b>	<b>(128,400)</b>

Tax effect of temporary differences as at December 31, 2023 and 2022 is presented as follows:

	December 31, 2023	December 31, 2022
<b>Deferred income tax assets:</b>		
Losses carried forward from previous years	35,986,478	30,772,321
Deferred income	5,014,704	5,052,032
Allowance for expected credit losses on trade receivables	438,909	541,089
Employee defined benefit obligations	386,943	260,050
Provision for slow moving inventories	271,112	271,938
Allowance for expected credit losses on other assets	189,122	227,368
Provision for unused vacation	136,832	140,224
Provision for impairment of advances paid	20,438	23,935
Land reclamation obligations	66,922	66,922
Provision for bad debts on investments	1,475	15,000
Discount on long-term debt	45,811	161,219
Allowance for expected credit losses on investments	24,161	24,161
Other provisions	492	445
<b>Total deferred income tax assets</b>	<b>42,583,399</b>	<b>37,556,704</b>

	December 31, 2023	December 31, 2022
<b>Deferred income tax liabilities:</b>		
Depreciation of property, plant and equipment and amortization of intangible assets	23,047,473	18,876,456
<b>Total deferred income tax liabilities</b>	<b>23,047,473</b>	<b>18,876,456</b>
<b>Net deferred tax assets</b>	<b>19,535,926</b>	<b>18,680,248</b>
<b>Deferred tax assets at the statutory rate (10%)</b>	<b>1,953,593</b>	<b>1,868,025</b>
Less provision for deferred income tax assets	(3,598,648)	(3,083,522)
<b>Net deferred tax liability at statutory rate (10%)</b>	<b>(1,645,055)</b>	<b>(1,215,497)</b>

Temporary differences between tax accounting and these consolidated financial statements, as well as tax losses, result in deferred tax liabilities at December 31, 2023 and 2022. as a result of the following:

	December 31, 2022	Recognized in the consolidated statement of profit and loss	Recognized in equity	December 31, 2023
<b>Temporary differences:</b>				
Losses carried forward from previous years	3,077,232	521,416	-	3,598,648
Deferred income	505,203	(3,733)	-	501,470
Allowance for expected credit losses on trade receivables	54,109	(10,218)	-	43,891
Employee defined benefit obligations	26,005	3,546	9,137	38,688
Provision for slow moving inventories	27,194	(83)	-	27,111
Allowance for expected credit losses on other assets	22,737	(3,825)	-	18,912
Provision for unused vacation	14,022	(333)	-	13,689
Provision for impairment of advances paid	2,394	(350)	-	2,044
Land reclamation obligations	6,692	-	-	6,692
Provision for bad debts on investments	1,500	(1,352)	-	148
Discount on long-term debt	16,122	(11,541)	-	4,581
Allowance for expected credit losses on investments	2,416	-	-	2,416
Other provisions	45	5	-	50
Depreciation of property, plant and equipment and amortization of intangible assets	(1,887,646)	(417,101)	-	(2,304,747)
Less provision for deferred income tax assets	(3,083,522)	(515,126)	-	(3,598,648)
	<b>(1,215,497)</b>	<b>(438,695)</b>	<b>9,137</b>	<b>(1,645,055)</b>

	December 31, 2021	December 31, 2021**	Recognized in the consolidated statement of profit and loss	Recognized in equity	December 31, 2022
<b>Temporary differences:</b>					
Losses carried forward from previous years	2,137,676	2,140,152	937,081	-	3,077,232
Deferred income	357,697	378,278	126,925	-	505,203
Allowance for expected credit losses on trade receivables	41,985	47,570	6,539	-	54,109
Employee defined benefit obligations	29,905	29,905	2,391	(6,291)	26,005
Provision for slow moving inventories	29,342	30,601	(3,407)	-	27,194
Allowance for expected credit losses on other assets	20,117	20,117	2,620	-	22,737
Provision for unused vacation	9,738	9,738	4,284	-	14,022
Provision for impairment of advances paid	1,988	1,988	406	-	2,394
Land reclamation obligations	6,252	6,252	440	-	6,692
Provision for bad debts on investments	-	1,500	-	-	1,500
Discount on long-term debt	-	-	16,122	-	16,122
Allowance for expected credit losses on investments	-	-	2,416	-	2,416
Other provisions	-	2,264	(2,219)	-	45
Depreciation of property, plant and equipment and amortization of intangible assets	(1,490,818)	(1,612,092)	(275,554)	-	(1,887,646)
Less provision for deferred income tax assets	(2,137,676)	(2,137,676)	(945,847)	-	(3,083,522)
	<b>(993,794)</b>	<b>(1,081,403)</b>	<b>(127,803)</b>	<b>(6,291)</b>	<b>(1,215,497)</b>

\*\* taking into account the merger of Bishkekteplosset OJSC

### 35. FINANCIAL COVENANTS

Under the terms of the Financing agreements between the Kyrgyz Republic and the Asian Development Bank the Group is obliged to comply with the 4 financial ratios in accordance with Appendix 5 "Financial covenants" (Phase 2 and Phase 3 of the "Rehabilitation of the Toktogul HPP" and the "Modernization of Uch-Kurgan HPP" projects).

Description	Limit	Actual calculation of financial ratios as at December 31, 2023	Compliance
Free cash flow to debt service coverage ratio	not less than 1.3	-1.89	No
Free cash flows coverage ratio from operations after debt service relative to the average capital expenditures	not less than 0.2	-0.04	No
Debt to Debt and Debt to Equity Ratio	no more than 0.7	0.59	Yes
Current assets to current liabilities ratio	no less than 1.0	1.10	Yes

The Ministry of Finance of the Kyrgyz Republic applied to the Asian Development Bank for a temporary release of the Group from the obligation to comply with violated covenants and received such an exemption for a period until the end of the financial year ending December 31, 2024.

As at 31 December 2023, the Group's financial covenants were calculated as follows:

1. Calculation of the free cash flow to debt service coverage ratio for the year ended December 31, 2023:

Description	Amount
A Free cash flow for the year ended December 31, 2023	(8,764,889)
B Debt service as at December 31, 2023	4,639,926
C Free Cash to Debt Service Coverage Ratio as at December 31, 2023 (A/B)	-1.89

2. Calculation of Free cash flows coverage ratio from operations after debt service relative to the average capital expenditures for the year ended December 31, 2023:

Description	Amount
A Free cash flow from operations after debt service for the year ended December 31, 2023.	(13,404,815)
Average capital expenditure for Previous Financial Year, Current Financial Year and (based on projections) the following Financial Year for the year ended December 31, 2023	325,405,667
B Free cash flows coverage ratio from operations after debt service relative to the average capital expenditures as at December 31, 2023: (A / B)	-0.04

3. Calculation of debt to debt and Debt to equity ratio as at December 31, 2023:

Description	Amount
A Debt as at December 31, 2023	56,617,716
B Debt and equity as at December 31, 2023	96,033,702
C Debt to Debt and Debt to Equity Ratio as at December 31, 2023 (A/B)	0.59

4. Calculation of the current assets to current liabilities ratio as at December 31, 2023:

Description	Amount
A Current assets as at December 31, 2023	10,157,595
B Current liabilities as at December 31, 2023	9,211,585
C Current assets to current liabilities ratio as at December 31, 2023 (A/B)	1.10



## **36. CONTINGENT LIABILITIES AND ASSETS**

### **Capital expenditure obligations**

As at December 31, 2023 and 2022 the Group had no capital expenditure obligations.

### **Taxation**

The Kyrgyz Republic currently has a number of laws related to various taxes imposed by both republican and local governmental authorities. Legislation related to taxes has not been in force for significant period of time, in contrast to more developed market economies and therefore implementing regulations are often vague. Accordingly, few precedents with regard to issues have been established and there are various opinions regarding legal interpretation. The tax authorities are enabled by law to impose significant penalties and interest charges for late and incorrect filling of tax declarations and/or tax payments. These factors result in more significant tax risks in Kyrgyz Republic compared to other countries with more developed tax system.

Management believes that it has made adequate provisions for tax liabilities in the accompanying consolidated financial statements. However, the risk remains that relevant authorities could take another position with regard to tax issues and the effect could be significant as described above.

### **Operating environment**

Emerging market of the Kyrgyz Republic is subject to more risks than developed markets, including economic, political and social, and legal and legislative risks. As the experience from the past shows, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in countries and the countries' economy in general.

Laws and regulations affecting businesses in the Kyrgyz Republic continue to change rapidly. Tax, currency and customs legislation within the country are subject to varying interpretations, and other legal and fiscal difficulties leading to the challenges faced by the Group. The future economic direction of the Kyrgyz Republic is largely dependent on economic, fiscal and monetary measures undertaken by the government, together with legal, regulatory, and political developments.

### **Litigation and claims**

The Group continues to be involved in litigation from time to time, none of which has a material effect on the Group's operations, individually or in the aggregate. Management believes that liabilities arising from legal proceedings do not have a significant effect on the consolidated financial position or the results of consolidated financial activities in the future of the Group.

### **Land plots**

As at December 31, 2023 and 2022 The Group had land plots that were received on a gratuitous basis from the Government of the Kyrgyz Republic. The land plots were recognized at zero cost and are not included in property, plant and equipment and right-of-use assets.

### 37. TRANSACTIONS WITH RELATED PARTIES

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The consolidated statement of financial position as at December 31, 2023 and 2022 included the following amounts arising from transactions with related parties:

	December 31, 2023			December 31, 2022		
	Weighted average %	Transaction s with related parties	Total by category as per the consolidated financial statements captions	Weighted average %	Transactions with related parties	Total by category as per the consolidated financial statements captions
Trade accounts receivable	9	123,076	1,394,538	42	519,094	1,249,505
Other current assets	84	178,671	211,882	8	13,596	181,719
Trade accounts payable	2	35,897	2,440,114	-	-	972,269
Other liabilities	-	-	332,636	-	-	260,007
Advances received	23	52,037	135,662	15	20,916	154,311
Loans issued, long-term portion	92	331,180	359,624	70	249,154	357,481
Advances paid	45	383,851	854,359	4	24,880	707,534
Other current assets	3	8,835	854,359	-	-	181,719
Other liabilities	5	17,799	332,636	1	1,559	260,004

The consolidated statement of profit or loss and other comprehensive income for the years ended December 31, 2023 and 2022 included the following amounts arising from transactions with related parties:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Transactions with related parties	Total by category as per the consolidated financial statements captions	Transactions with related parties	Total by category as per the consolidated financial statements captions
Revenue	9,055,330	15,937,182	7,618,331	13,176,925
Cost of sales	-	23,409,286	19,087	18,392,550
Selling costs	28,961	147,220	72	84,296
Other income	-	470,008	-	167,818
Other expenses	-	678,849	-	495,072
Other non-operating income, net	-	148,749	18,898	191,194
General and administrative expenses	-	1,038,668	786	827,835
- management remuneration	18,932	571,266	9,619	519,287

### 38. RISK MANAGEMENT

Capital risk management - The Group manages its capital to ensure that the Group will be able to continue as a going concern. The Management of the Group reviews its capital structure on a regular basis. Management anticipates an increase in the Group's revenue and profit in the future as a result of further revenue increases. Key categories of financial instruments - The Group's principal financial liabilities include trade payables, payroll liabilities and other liabilities. The Group has various financial assets such as trade and other receivables and cash and cash equivalents.

	December 31, 2023	December 31, 2022
<b>Financial assets</b>		
Trade accounts receivable, long-term portion	106,120	184,740
Long-term investments	12,991	11,242
Loans issued, long-term portion	359,624	357,481
Trade accounts receivable, short-term portion	1,394,538	1,350,591
Loans issued, short-term portion	211,882	200,166
Other current assets	321,137	181,719
Cash and cash equivalents	2,146,887	3,707,404
<b>Total financial assets</b>	<b>4,553,179</b>	<b>5,993,343</b>
<b>Financial liabilities</b>		
Borrowings received, long-term portion	51,360,095	44,652,871
Employee defined benefit obligations	305,933	213,115
Borrowings received, short-term portion	5,257,621	4,329,619
Trade accounts payable	2,440,114	972,269
Salary payable	740,078	456,135
Other liabilities	332,636	260,007
<b>Total financial liabilities</b>	<b>60,436,477</b>	<b>50,884,016</b>

Management of risk is fundamental in the Group's business. The main risks inherent to the Group's operations are those related to:

- Credit risk;
- Operational risk;
- Liquidity risk;
- Market risk.

To ensure an effective and efficient risk management policy, the Group has defined the basic principles of risk management, the main purpose of which is to protect the Company from existing risks and enable it to achieve its planned performance. These principles are used by the Group when managing the following risks:

#### Credit risk

Credit risk is the risk that a customer of the Group may default or not meet its obligations to the Group on a timely basis, leading to financial losses to the Group. Main credit risks of the Group are related to accounts receivable from clients for realized production. The Group does not insure such risks.

#### Operational risk

The Group is exposed to operational risk, which is a risk of loss arising from any system failures or interruptions of internal processes, systems, mechanical error of personnel or the influence of external negative factors.

The Group's risk management policy is designed to identify and analyze risks and set appropriate risk limits and controls.

### Geographical concentration

Management exercises control over the risk associated with changes in the norms of the legislation and assesses its impact on the Group. This approach allows the Group to minimize potential losses from the change of investment climate in the Kyrgyz Republic.

Information on the geographical concentration of assets and liabilities is presented in the following tables:

	Kyrgyz Republic	OECD countries	Other	December 31, 2023
<b>Financial assets</b>				
Trade accounts receivable, long-term portion	106,120			106,120
Long-term investments	12,991			12,991
Loans issued, long-term portion	359,624			359,624
Trade accounts receivable, short-term portion	1,097,654	50	296,834	1,394,538
Loans issued, short-term portion	211,882			211,882
Other current assets	321,137			321,137
Cash and cash equivalents	2,146,887			2,146,887
<b>Total financial assets</b>	<b>4,256,295</b>	<b>50</b>	<b>296,834</b>	<b>4,553,179</b>
<b>Financial liabilities</b>				
Borrowings received, long-term portion	51,360,095			51,360,095
Employee defined benefit obligations	305,933			305,933
Borrowings received, short-term portion	5,257,621			5,257,621
Trade accounts payable	746,961	1,052,400	640,753	2,440,114
Salary payable	740,078			740,078
Other liabilities	332,636			332,636
<b>Total financial liabilities</b>	<b>58,743,324</b>	<b>1,052,400</b>	<b>640,753</b>	<b>60,436,477</b>
<b>Net position</b>	<b>(54,487,029)</b>	<b>(1,052,350)</b>	<b>(343,919)</b>	<b>(55,883,298)</b>



	Kyrgyz Republic	OECD countries	Other	December 31, 2022
<b>Financial assets</b>				
Trade accounts receivable, long-term portion	184,740	-	-	184,740
Long-term investments	11,242	-	-	11,242
Loans issued, long-term portion	357,481	-	-	357,481
Trade accounts receivable, short-term portion	1,064,765	-	285,826	1,350,591
Loans issued, short-term portion	200,166	-	-	200,166
Other current assets	181,719	-	-	181,719
Cash and cash equivalents	3,707,404	-	-	3,707,404
<b>Total financial assets</b>	<b>5,707,517</b>	<b>-</b>	<b>285,826</b>	<b>5,993,343</b>
<b>Financial liabilities</b>				
Borrowings received, long-term portion	44,652,871	-	-	44,652,871
Employee defined benefit obligations	213,115	-	-	213,115
Borrowings received, short-term portion	4,329,619	-	-	4,329,619
Trade accounts payable	264,694	478,146	229,429	972,269
Salary payable	456,135	-	-	456,135
Other liabilities	196,595	-	63,412	260,007
<b>Total financial liabilities</b>	<b>50,113,029</b>	<b>478,146</b>	<b>292,841</b>	<b>50,884,016</b>
<b>Net position</b>	<b>(44,405,512)</b>	<b>(478,146)</b>	<b>(7,016)</b>	<b>(44,890,673)</b>

## Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due. The Group's liquid position is monitored and managed. The Group has in place a detailed cash forecasting process to help ensure that it has adequate cash available to meet its payment obligations. Management presumes growth of the Group's revenue and profit in the nearest future as a result of further sales increases.

The table below provides an analysis of balance sheet interest rate and liquidity risk:

	Weighted average % rate	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Undefined	December 31, 2023
<b>Financial assets</b>								
Trade accounts receivable, long-term portion					106,120			106,120
Long-term investments					12,991			12,991
Loans issued, long-term portion	3.5%				359,624			359,624
Trade accounts receivable, short-term portion		1,207,493	102,815	74,606	9,624	-	-	1,394,538
Loans issued, short-term portion	3.5%			-	211,882			211,882
Other current assets		227,026		94,110				321,137
Cash and cash equivalents		2,146,887						2,146,887
<b>Total financial assets</b>		<b>3,581,407</b>	<b>102,815</b>	<b>168,716</b>	<b>700,241</b>	<b>-</b>	<b>-</b>	<b>4,553,179</b>
<b>Financial liabilities</b>								
Borrowings received, long-term portion	9.87%				17,839,039	33,521,056		51,360,095
Employee defined benefit obligations	13.1%					305,933		305,933
Borrowings received, short-term portion	9.87%	698,412	852,796	3,706,413				5,257,621
Trade accounts payable		1,112,993	112,732	663,335	551,054			2,440,114
Salary payable		586,257			153,821			740,078
Other liabilities		10,278			287,212		35,146	332,636
<b>Total financial liabilities</b>		<b>2,407,940</b>	<b>965,528</b>	<b>4,369,748</b>	<b>18,831,126</b>	<b>33,826,989</b>	<b>35,146</b>	<b>60,436,477</b>
<b>Liquidity gap</b>		<b>1,173,467</b>	<b>(862,713)</b>	<b>(4,201,032)</b>	<b>(18,130,885)</b>	<b>(33,826,989)</b>	<b>(35,146)</b>	<b>(55,883,298)</b>

	Weighted average % rate	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Undefined	December 31, 2022
<b>Financial assets</b>								
Trade accounts receivable, long-term portion	14%	-	-	-	184,739	-	-	184,739
Long-term investments		-	-	-	-	-	11,242	11,242
Loans issued, long-term portion	17.31%	-	-	-	357,481	-	-	357,481
Trade accounts receivable, short-term portion		514,663	267,173	568,755	-	-	-	1,350,591
Loans issued, short-term portion	20.16%	13,799	75,973	110,394	-	-	-	200,166
Other current assets		1,205	-	180,514	-	-	-	181,719
Cash and cash equivalents		3,707,404	-	-	-	-	-	3,707,404
<b>Total financial assets</b>		<b>4,237,071</b>	<b>343,146</b>	<b>859,663</b>	<b>542,220</b>	<b>-</b>	<b>11,242</b>	<b>5,993,342</b>
<b>Financial liabilities</b>								
Borrowings received, long-term portion	9.87%	-	-	-	18,110,856	26,542,015	-	44,652,871
Employee defined benefit obligations	14.37%	-	-	-	213,115	-	-	213,115
Borrowings received, short-term portion	9.87%	236,262	350,458	3,742,899	-	-	-	4,329,619
Trade accounts payable		434,117	53,245	20,383	358,124	106,400	-	972,269
Salary payable		268,539	-	-	187,596	-	-	456,135
Other liabilities		10,920	-	213,905	-	-	35,182	260,004
<b>Total financial liabilities</b>		<b>949,838</b>	<b>403,703</b>	<b>3,977,187</b>	<b>18,869,691</b>	<b>26,648,415</b>	<b>35,182</b>	<b>50,884,016</b>
<b>Liquidity gap</b>		<b>3,287,233</b>	<b>(60,557)</b>	<b>(3,117,524)</b>	<b>(18,327,471)</b>	<b>(26,648,415)</b>	<b>(23,940)</b>	<b>(44,890,674)</b>

## Interest rate risk

Interest rate risk is the risk that changes in floating interest rates will adversely impact the financial results of the Group. The Group does not use any derivatives to manage interest rate risk exposure.

## Analysis of undiscounted financial liabilities

The table below presents distribution of Group's liabilities as at December 31, 2023 and 2022 for contractual undiscounted cash outflows:

	Weighted average % rate	Less than 1 month	1 - 3 months	3 months - 1 year	1 -5 years	More than 5 years	Undefined	December 31, 2023
Borrowings received, long-term portion	9.87%				28,375,063	49,049,297		77,424,360
Employee defined benefit obligations	14.37%					305,933		305,933
Borrowings received, short-term portion	9.87%	698,412	852,796	3,706,413				5,257,621
Trade accounts payable		1,112,993	112,732	663,335	551,054			2,440,114
Salary payable		586,257			153,821		-	740,078
Other liabilities		10,278			287,212		35,146	332,636
<b>Total financial liabilities</b>		<b>2,407,940</b>	<b>965,528</b>	<b>4,369,748</b>	<b>29,367,150</b>	<b>49,355,230</b>	<b>35,146</b>	<b>86,500,742</b>
	Weighted average % rate	Less than 1 month	1 - 3 months	3 months - 1 year	1 -5 years	More than 5 years	Undefined	December 31, 2022
Borrowings received, long-term portion	9.87%				18,110,855	51,720,002		69,830,857
Employee defined benefit obligations	13.1%				174,028	815,049		989,077
Borrowings received, short-term portion	9.87%	236,262	350,458	3,742,899				4,329,619
Trade accounts payable		434,117	53,245	20,383	358,124	106,400		972,269
Salary payable		268,539	-	-	187,596			456,135
Other liabilities		10,920	-	213,905			35,182	260,007
<b>Total financial liabilities</b>		<b>949,838</b>	<b>403,703</b>	<b>3,977,187</b>	<b>18,830,603</b>	<b>52,641,451</b>	<b>35,182</b>	<b>76,837,964</b>



## Currency risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed. The Group does not use any derivatives to manage foreign currency risk exposure, at the same time the Management of the Group is trying to mitigate such risk by managing monetary assets and liabilities in foreign currency at the same (more or less stable) level.

Information about the level of foreign currency exchange rate risk of the Group is presented as follows:

	Kyrgyz som	US Dollar	SDR	Euro	Other	December 31, 2023
<b>Financial assets</b>						
Trade accounts receivable, long-term portion	106,120					106,120
Long-term investments	12,991					12,991
Loans issued, long-term portion	359,624					359,624
Trade accounts receivable, short-term portion	1,096,973	297,308			257	1,394,538
Loans issued, short-term portion	211,882					211,882
Other current assets	321,137					321,137
Cash and cash equivalents	1,842,691	243,330			60,866	2,146,887
<b>Total financial assets</b>	<b>3,951,418</b>	<b>540,638</b>	<b>-</b>	<b>-</b>	<b>61,123</b>	<b>4,553,179</b>
<b>Financial liabilities</b>						
Borrowings received, long-term portion	8,201,190	42,998,606	160,299			51,360,095
Employee defined benefit obligations	305,933					305,933
Borrowings received, short-term portion	3,178,569	2,079,052				5,257,621
Trade accounts payable	911,554	631,262		878,754	18,544	2,440,114
Salary payable	740,078					740,078
Other liabilities	332,636					332,636
<b>Total financial liabilities</b>	<b>13,669,960</b>	<b>45,708,920</b>	<b>160,299</b>	<b>878,754</b>	<b>18,544</b>	<b>60,436,477</b>
<b>Net position</b>	<b>(9,718,542)</b>	<b>(45,168,282)</b>	<b>(160,299)</b>	<b>(878,754)</b>	<b>(42,579)</b>	<b>(55,883,298)</b>

	Kyrgyz som	US Dollar	SDR	Euro	Other	December 31, 2022
<b>Financial assets</b>						
Trade accounts receivable, long-term portion	183,957	655	-	-	127	184,739
Long-term investments	11,242	-	-	-	-	11,242
Loans issued, long-term portion	357,481	-	-	-	-	357,481
Trade accounts receivable, short-term portion	1,062,427	288,164	-	-	-	1,350,591
Loans issued, short-term portion	200,166	-	-	-	-	200,166
Other current assets	54,774	126,945	-	-	-	181,719
Cash and cash equivalents	3,429,953	227,125	-	9,380	40,946	3,707,404
<b>Total financial assets</b>	<b>5,300,000</b>	<b>642,889</b>	<b>-</b>	<b>9,380</b>	<b>41,073</b>	<b>5,993,341</b>
<b>Financial liabilities</b>						
Borrowings received, long-term portion	4,914,932	39,597,443	140,496	-	-	44,652,871
Employee defined benefit obligations	213,115	-	-	-	-	213,115
Borrowings received, short-term portion	1,986,733	2,269,709	73,177	-	-	4,329,619
Trade accounts payable	344,149	85,663	-	522,537	19,920	972,269
Salary payable	456,135	-	-	-	-	456,135
Other liabilities	195,195	57,712	-	-	7,097	260,007
<b>Total financial liabilities</b>	<b>8,110,259</b>	<b>42,010,527</b>	<b>213,673</b>	<b>522,537</b>	<b>27,017</b>	<b>50,884,017</b>
<b>Net position</b>	<b>(2,810,259)</b>	<b>(41,367,638)</b>	<b>(213,673)</b>	<b>(513,157)</b>	<b>14,056</b>	<b>(44,890,675)</b>

### Currency risk sensitivity analysis

Following table presents a sensitivity analysis of the Group to 20% increase and decrease of US dollar to Kyrgyz som in 2023 and 2022. Based on the current economic environment in the Kyrgyz Republic the Management of the Group believes that 20% increase or reduction of Kyrgyz som exchange rate to US dollar is a realistic change. 20% is a level of sensitivity, which is used by the Group when reporting foreign currency risk internally to key management personnel of the Group and is an estimate by the management of possible changes in exchange rates. Sensitivity analysis applies only to outstanding foreign currency balances available at the end of the period for conversion of which actual end-of-the-period exchange rate changed by 20% is used.

Impact on net income based on the nominal value of the asset as at December 31, 2023 and 2022 is represented below:

	December 31, 2023		December 31, 2022	
	Official exchange rate, +20%	Official exchange rate, -20%	Official exchange rate, +20%	Official exchange rate, -20%
Effect on profit and loss	(9,033,656)	9,033,656	(8,273,528)	8,273,528

### Limitations of sensitivity analysis

The above tables demonstrate the effect of changes based on the main clause while other assumptions remain unchanged. In fact, there is a connection between the assumptions and other factors. It should also be noted that the sensitivity has nonlinear character so should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into account that the Group actively manages the assets and liabilities. In addition, the Group's consolidated financial position may be subject to change depending on changes in the market.

Other limitations in the above sensitivity analysis include the use of hypothetical market movements with a view to the disclosure of potential risks, which represent only the Group's forecast of the upcoming changes in the market that cannot be predicted with any certainty.

#### Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities as at December 31, 2023:

	At amortized cost	At fair value through profit or loss	At fair value through OCI	Total carrying amount	Fair value
<b>Financial assets</b>					
Trade accounts receivable, long-term portion	106,120			106,120	106,120
Long-term investments	12,991			12,991	12,991
Loans issued, long-term portion	359,624			359,624	359,624
Trade accounts receivable, short-term portion	1,394,538			1,394,538	1,394,538
Loans issued, short-term portion	211,882			211,882	211,882
Other current assets	321,137			321,137	321,137
Cash and cash equivalents	2,146,887			2,146,887	2,146,887
<b>Total financial assets</b>	<b>4,553,179</b>			<b>4,553,179</b>	<b>4,553,179</b>
<b>Financial liabilities</b>					
Borrowings received, long-term portion	51,360,095			51,360,095	51,360,095
Employee defined benefit obligations	305,933			305,933	305,933
Borrowings received, short-term portion	5,257,621			5,257,621	5,257,621
Trade accounts payable	2,440,114			2,440,114	2,440,114
Salary payable	740,078			740,078	740,078
Other liabilities	332,636			332,636	332,636
<b>Total financial liabilities</b>	<b>60,436,477</b>			<b>60,436,477</b>	<b>60,436,477</b>

The following table shows the carrying amounts and fair values of financial assets and liabilities as at December 31, 2022:

	At amortized cost	At fair value through profit or loss	At fair value through OCI	Total carrying amount	Fair value
<b>Financial assets</b>					
Trade accounts receivable, long-term portion	187,739	-	-	187,739	187,739
Long-term investments	-	11,242	-	11,242	11,242
Loans issued, long-term portion	357,481	-	-	357,481	357,481
Trade accounts receivable, short-term portion	1,350,591	-	-	1,350,591	1,350,591
Loans issued, short-term portion	200,166	-	-	200,166	200,166
Other current assets	81,719	-	-	81,719	81,719
Cash and cash equivalents	3,707,404	-	-	3,707,404	3,707,404
<b>Total financial assets</b>	<b>5,985,100</b>	<b>11,242</b>	<b>-</b>	<b>5,986,342</b>	<b>5,986,342</b>
<b>Financial liabilities</b>					
Borrowings received, long-term portion	44,652,871	-	-	44,652,871	44,652,871
Employee defined benefit obligations	213,115	-	-	213,115	213,115
Borrowings received, short-term portion	4,329,619	-	-	4,329,619	4,329,619
Trade accounts payable	972,269	-	-	972,269	972,269
Salary payable	456,135	-	-	456,135	456,135
Other liabilities	260,004	-	-	260,004	260,004
<b>Total financial liabilities</b>	<b>50,884,013</b>	<b>-</b>	<b>-</b>	<b>50,884,013</b>	<b>50,884,013</b>

## Fair value hierarchy of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing and independent parties in an arm's length transaction, other than in forced or liquidation sale. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The carrying amount of cash is approximately equal to its fair value due to the short-term maturity of such financial instruments.

IFRS 13 defines fair value as the amount that would be received in a sale of an asset or paid to transfer a liability in the ordinary course of business in the principal (or most advantageous) market at the date of the valuation in the current market conditions. As no markets exist for most of the Group's consolidated financial instruments, judgment is necessary in arriving at fair value, given the current economic environment and the specific risks attributable to the instrument.

At 31 December 2023 and 2022, the following methods and assumptions have been used by the Group in estimating the fair value of financial instruments for which it has been practicable to determine this value:

Cash and cash equivalents - the current value of cash and cash equivalents corresponds to fair value.

Trade and other accounts receivable - the present value approximates the fair value of these financial instruments as the allowance for doubtful debts is a reasonable estimate of the discount required to reflect the credit risk.

Trade and other accounts payable and other payables and accrued expenses - the present value approximates the fair value of these financial instruments due to the short-term nature of the instrument.

Long-term liabilities - the present value approximates fair value because the rate of return on long-term liabilities approximates the market rate, with reference to finance leases with similar credit risk and maturity at the reporting date.

Fair value is primarily determined using quoted market prices or standard pricing models based on available market inputs, where appropriate, and represents expected gross future cash inflows/outflows. The Group classifies fair value of financial instruments into a three-level hierarchy based on the degree of source and observability of inputs that are used to measure the fair value of a financial asset or liability as follows:

Level 1	Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2	Level 2 inputs are inputs that are not quoted prices included in Level 1 and that are observable for the asset or liability, either directly or indirectly.
Level 3	Level 3 inputs are non-observable inputs for an asset or liability.

Level 1 inputs primarily include financial assets and financial liabilities traded on the stock exchange, while Level 2 inputs primarily include financial assets and financial liabilities, the fair value of which is determined mainly from currency prices and readily observable quotes. Level 3 inputs primarily include financial assets and financial liabilities, the fair value of which derives mainly from models that use appropriate market estimates, quality and credit variables. In circumstances where the Group cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is the Group's policy that transactions related to trading in financial instruments are formalised as part of general netting agreements or other fixed-term agreements to offset balances due to or from counterparties in the event of insolvency or bankruptcy.



The following tables show the fair values of financial assets and financial liabilities as at December 31, 2023 and 2022. Other assets and liabilities that are measured at fair value on a recurring basis are cash and cash equivalents. There are no nonrecurring fair value measurements.

	Level 1	Level 2	Level 3	December 31, 2023
<b>Financial assets</b>				
Trade accounts receivable, long-term portion			106,120	106,120
Long-term investments		12,991		12,991
Loans issued, long-term portion		359,624		359,624
Trade accounts receivable, short-term portion		-	1,394,538	1,394,538
Loans issued, short-term portion		211,882	-	211,882
Other current assets			321,137	321,137
Cash and cash equivalents		2,146,887	-	2,146,887
<b>Total financial assets</b>		<b>2,731,384</b>	<b>1,821,795</b>	<b>4,553,179</b>
<b>Financial liabilities</b>				
Borrowings received, long-term portion		51,360,095		51,360,095
Employee defined benefit obligations			305,933	305,933
Borrowings received, short-term portion		5,257,621		5,257,621
Trade accounts payable			2,440,114	2,440,114
Salary payable			740,078	740,078
Other liabilities			332,636	332,636
<b>Total financial liabilities</b>		<b>56,617,716</b>	<b>3,818,761</b>	<b>60,436,477</b>

	Level 1	Level 2	Level 3	December 31, 2022
<b>Financial assets</b>				
Trade accounts receivable, long-term portion	-	-	184,739	184,739
Long-term investments	-	11,242	-	11,242
Loans issued, long-term portion	-	357,481	-	357,481
Trade accounts receivable, short-term portion	-	-	1,350,591	1,350,591
Loans issued, short-term portion	-	200,166	-	200,166
Other current assets	-	-	181,719	181,719
Cash and cash equivalents	3,707,404	-	-	3,707,404
<b>Total financial assets</b>	<b>3,707,404</b>	<b>568,889</b>	<b>1,717,048</b>	<b>5,993,342</b>
<b>Financial liabilities</b>				
Borrowings received, long-term portion	-	44,652,871	-	44,652,871
Employee defined benefit obligations	-	-	213,115	213,115
Borrowings received, short-term portion	-	4,329,619	-	4,329,619
Trade accounts payable	-	-	972,269	972,269
Salary payable	-	-	456,135	456,135
Other liabilities	-	-	260,004	260,004
<b>Total financial liabilities</b>	<b>-</b>	<b>48,982,490</b>	<b>1,901,523</b>	<b>50,884,013</b>

### 39. EVENTS AFTER THE REPORTING DATE

#### ***Transfer of property complexes of the branches “Bishkekteploset” and “Bishkek TPP” to the Ministry of Finance of the Kyrgyz Republic***

On December 29, 2022, the Cabinet of Ministers adopted Order No. 701-r On a detailed action plan for the transfer of property complexes of the "Bishkekteploset" and "Bishkek TPP" branches to the Ministry of Finance of the Kyrgyz Republic to pay off the Group's debt.

On October 20, 2023, the Cabinet of Ministers adopted Order No. 632-r on the transfer of property complexes of the "Bishkekteploset" and "Bishkek TPP" branches to the Ministry of Finance of the Kyrgyz Republic to pay off the Group's debt. Order of the Cabinet of Ministers of the Kyrgyz Republic dated December 29, 2022 No. 701-r was declared invalid.

On February 28, 2024, the General Meeting of Shareholders adopted decisions to transfer the property complexes of the Bishkekteploset and Bishkek TPP branches to the Ministry of Finance of the Kyrgyz Republic to pay off the Group's debt and to liquidate the branches of Electric Power Plants OJSC Bishkek TPP and Bishkekteploset.

On April 5, 2024, by the Decree of the President of the Kyrgyz Republic “On some issues regarding the fuel and energy complex,” the Cabinet of Ministers of the Kyrgyz Republic decided to transfer the heat supply facilities of the “Electric Power Plants” open joint-stock company branches: TPPs of Bishkek and Osh cities, “Bishkekteploset” to the municipalities of Bishkek and Osh cities and establishing municipal heat supply enterprises on their basis.

#### ***Increase of the statutory capital***

In the framework of the Resolution of the Cabinet of Ministers of the Kyrgyz Republic No. 661 dated November 28, 2022 “On the financial recovery of open joint-stock companies “Electric Power Plants” and “National Electric Grid of Kyrgyzstan” and in accordance with the Minutes of the annual general meeting of shareholders of “Electric Power Plants” OJSC dated February 28, 2024, the number of common registered shares and the size of the authorized capital of the Company were increased by means of a private (closed) placement of common registered shares in the amount of 6,091,690,721 (six billion ninety-one million six hundred ninety thousand seven hundred twenty-one) copies in three issues for a total amount of 27,923,625,100 (twenty-seven billion nine hundred twenty-three million six hundred twenty-five thousand one hundred) som in favor of one person - the Ministry of Finance of the Kyrgyz Republic and the Ministry of Energy of the Kyrgyz Republic.

The placement price of shares is 4.5878 soms (rounded) per one simple registered share.

The authorized capital of "Electric Power Plants" OJSC after the first issue amounted to 20,190,284,472.38 soms, divided into 4,400,896,965 ordinary registered shares with a par value of 4.5878 soms (rounded) each.

#### ***Termination of electricity purchase and sale contracts with large consumers***

According to the order of the Ministry of Energy of the Kyrgyz Republic No. 01-12/253 dated December 11, 2023, a decision was made to terminate sale and purchase of electricity contracts with Large consumers, reseller- consumer of electrical energy and Distributors (enterprises distributing electrical energy). From 2024 The Group will supply electricity only to OJSC National Electric Grid of Kyrgyzstan (NEGK).

### 41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the management of the Group and authorized for issue on May 10, 2024.