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**FINANCIAL AND ECONOMIC
REPORT**



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FINANCIAL AND ECONOMIC OVERVIEW OF THE COMPANY'S OPERATIONS

RELIABILITY FOR ALL TIMES

KEY FINANCIAL EVENTS

| Date | Event |
|-------------------------|--|
| 2020 | <p>The news from China about the outbreak of the new virus appeared for the first time in December 2019. On March 11, 2020, the World Health Organization announced the new type of virus COVID-19 outbreak a pandemic. According to the decree of the President of the Republic of Kazakhstan dated March 15, 2020 No. 285 "On the establishment of a state of emergency in the Republic of Kazakhstan", a state of emergency was established across the country from March 16, 2020 through May 11, 2020.</p> <p>Most cities in Kazakhstan were quarantined, and operations of most industrial enterprises were suspended from March 30 to May 11, 2020.</p> <p>In response to the pandemic, the Kazakh authorities are taking numerous measures aimed at preventing the spread and exposure of COVID-19, such as travel bans, quarantines, restrictions on business, etc. These measures, among other things, seriously curtail business activity in Kazakhstan, have a negative impact upon and continue to adversely affect business, market participants, customers of the Company, as well as on the Kazakhstani and global economy for an unknown period of time.</p> <p>Along with that, on March 9, 2020, oil prices plummeted because of discrepancies between OPEC members and other major oil-producing countries, the price of Brent crude in March 2020 fell below \$25 per barrel. Since the beginning of 2020, tenge has depreciated against the US dollar by circa 10%.</p> <p>As of December 31, 2020, the price of Brent crude oil was USD 51.80 per barrel, with a further forecast increase in the price.</p> <p>Today, the situation is still developing. At this, no significant effect on proceeds and supplies of the Company was observed.</p> <p>Electricity output across the Group amounted to 31.4 bn kWh in 2020, which is 3% higher than the plan and the actual figure for the previous period by 4%. The main factor contributing to an increase in output compared to the last year is 2.3% growth of electricity consumption in the North and South of the Republic of Kazakhstan. Moreover, the Group's share in electricity generation in Kazakhstan in 2020 amounted to 29%, which is 2% higher than last year's figure.</p> <p>Revenue in 2020 amounted to 283 bn tenge, which is 16% higher than last year. The Group's EBITDA amounted to 99.7 bn tenge, which is 21% higher than the previous year's actual. The main driver for revenue and EBITDA growth compared to the previous year is an increase in electricity tariffs and production volumes.</p> <p>At the same time, it is hard to forecast the future outcome. The Company will continue to monitor the potential effect of the above-mentioned events and will take all necessary steps to prevent negative consequences for the business, just to name a few:</p> <p>the consequences of downtime / quarantine resulted from COVID-19 pandemic will lead to a slowdown in business activity in general, which may affect the financial performance of the Company in the future;</p> <p>as part of new agreements between OPEC members and other large oil-producing countries, Kazakhstan and Russia have committed to slash production under new agreements between OPEC members and other major oil producing countries;</p> <p>further devaluation of tenge against the US dollar will have a negative impact on the Company's financial performance.</p> <p>At the same time, the below mentioned event, which positively impacts the Company's financial stability, has occurred:</p> <p>The methodology for determining the fixed profit included in electricity tariff, with the entry into force from 2021, was approved by the Order of the RK ME No. 205 d/d May 22, 2020, which will allow obtaining profitability from the sale of electricity by EPO in addition to fully covering the cost of goods sold.</p> |
| January 1, 2020 | <p>For subsidiaries and affiliates implementing large-scale investment programs, which includes debt financing, in 2019, Investment agreements were concluded with the Ministry of Energy of the Republic of Kazakhstan and individual tariffs for capacity were approved.</p> <p>- For "Almaty Power Plants" JSC and "Moynak HPP" JSC tariffs were put into effect from 01.01.2020, and for "Shardarinsk HPP" JSC tariffs were put into effect from 01.03.2020.</p> |
| January 30, 2020 | <p>According to the Rules for admission to consideration of investment programs (MOE Order No. 416 on November 28, 2017), in order to conclude an investment agreement for the project "Restoration of 500 MW Power Unit No. 1", ESDPP-1 sent a corresponding investment program to the Market Council for consideration. Received a positive recommendation from the Market Council for further consideration of the investment program in the authorized body.</p> |
| May 21, 2020 | <p>Amendments have been made to the order of the Minister of Energy of the Republic of Kazakhstan dated March 2, 2015 No. 164 "On approval of the Rules for the centralized purchase and sale by the financial settlement center of electrical energy produced by facilities for the use of renewable energy sources, recalculation and redistribution by the financial settlement center center of the corresponding share of electricity to qualified conditional consumer based on the results of the calendar year "(hereinafter – the Rules). The changes will allow renewable energy facilities to extend once the terms specified in subparagraphs 1) and 2) of paragraph 106 of the Rules for a period not exceeding 1 calendar year, according to the request of the Applicant (in any form), within the framework of excluding non-fulfillment of obligations to FSCs LLP.</p> |

| Date | Event |
|-------------------|---|
| May 22, 2020 | By order of the Minister of Energy of the Republic of Kazakhstan dated May 22, 2020 No. 205, a new “Methodology for determining the fixed profit taken into account when approving the maximum tariffs for electricity, as well as the fixed profit for balancing taken into account when approving the maximum tariffs for balancing electricity” was approved. The methodology provides for a “transition period”, during which the fixed profit is calculated based on the cost of generating electricity in 2019 and is set at 11.79 %. A full transition to RAB-regulation will take place from 01.01.2021. |
| June 17, 2020 | Changes were made to the order of the Minister of Energy of the Republic of Kazakhstan dated November 28, 2017 No. 416 “On approval of the Rules for admission to consideration, consideration and selection of investment programs.”, according to which the permissible volume of investments under investment agreements was increased from 10 % to 30 % (from 10 to 30 billion tenge), which contributes to the inflow of investments into the industry for modernization, expansion, reconstruction and (or) renewal of generating capacities. |
| June 18, 2020 | The credit limit was increased to 38 bn. tenge by concluding an additional agreement to the agreement on the provision of a credit line between LLP “ESDPP-1” and JSC “Halyk Bank of Kazakhstan” |
| June 22, 2020 | JSC “Shardara HPP” received a letter of consent (waiver) from the European Bank for Reconstruction and Development to cancel the current liquidity ratio indefinitely. |
| June 26, 2020 | The international rating agency Fitch Ratings has affirmed the Company’s long-term credit ratings in foreign and national currencies at BB, Outlook Stable; short-term foreign currency credit rating at “B”; national long-term rating at “A + (kaz)”, forecast “Stable”. The agency also raised the credit rating of the Company on an independent basis from “B” to “B +”, the priority unsecured ratings of the Company in foreign and national currency from “BB-” to “BB” and the national priority unsecured rating from “A- (kaz)” to “A + (kaz) ”. |
| June 29, 2020 | <p>The Ministry of Energy of the Republic of Kazakhstan has published the maximum tariffs for electricity for stations with commissioning from 07.01.2020.</p> <p>For subsidiaries and dependent companies of JSC “ESDPP-2” and JSC “Almaty Power Stations” the tariffs were approved with an increase of 18%., For LLP “ESDPP-1” the tariff growth was 0.7 %. For JSC “Moynak HPP” the tariff is kept at the current level. And for “Shardara HPP” JSC the tariff was reduced by 7.1 %.</p> <p>Taking into account the growth of the maximum tariffs at the stations, subsidiaries and dependent companies – LLP “AlmatyEnergoSbyt” 07.24.2020 submitted to DKREM a notification application for approval of an increase in the electricity tariff from September 1, 2020. The projected tariff is 19.38 tenge / kWh (with an increase to the current one by 13.2%).</p> |
| August 19, 2020 | JSC “ESDPP-2”, whose parity shareholders are JSC “Samruk-Kazyna” and JSC “Samruk-Energy”, refinanced all liabilities in foreign currencies for a total amount of about 100 billion tenge. Thus, the station fully neutralized currency risks, freed up collateral, and optimized associated costs. |
| August 27, 2020 | The credit line of “ESDPP-1” LLP in SB Sberbank of Russia JSC was extended until September 29, 2021. |
| November 06, 2020 | Tariffs approved for AZhK by order of DKREM in Almaty from 06.11. No. 126-OD for the period from 2021 to 2025. 2021 – 6.04 tenge/kWh; 2022 – 6.42 tenge/kWh; 2023 – 6.69 tenge/kWh; 2024 – 7.10 tenge/kWh; 2025 – 7.36 tenge/kWh |
| November 18, 2020 | On the trading floor of KOREM JSC, centralized auctions for electric capacity for 2021 were held. Following the auction results, Samruk-Energy JSC sold 2,768 MW, incl. Almaty Power Stations – 490 MW, ESDPP-2 – 625 MW, ESDPP-1 – 1,653.91 MW. |
| 12 months of 2020 | The funds borrowed from EDB in the amount of 43 mln tenge were disbursed to finance the project Cyclical-and-continuous method of “Bogatyr Komir” LLP and in the amount of 6,9 bn.tenge in order to finance the project Construction of 50 MW WPP in Ereymentau city. |
| December 03, 2020 | According to the Rules for Admission to the Consideration of Investment Programs (Order of the Ministry of Energy of November 28, 2017 No. 416), the Ministry of Energy included in the list of power plants with which investment agreements will be concluded, ESDPP-1 with the project “Restoration of power unit No. 1 with a capacity of 500 MW”. |
| December 07, 2020 | The President signed the Law of the Republic of Kazakhstan “On Amendments and Additions to Certain Legislative Acts of the Republic of Kazakhstan on Supporting the Use of Renewable Energy Sources and Electricity”, which was developed to stimulate the construction of flexible capacities, establish an end-to-end tariff for supporting renewable energy sources, as well as to improve the current legislation of the Republic of Kazakhstan in the field of renewable energy. |
| December 14, 2020 | The Board of Directors has confirmed the financial stability of the Company by placing it in the “green” zone of credit risk. |

MACROECONOMIC FACTORS

The past 2020 was burdened with unfavorable economic environment across the globe in connection with implications of COVID-19 virus spread, including in the Republic of Kazakhstan. According to an analytical report prepared by Halyk Finance, there has been a progressive improvement in the economic situation in the 4th quarter of 2020 owing to the growth of global oil prices, easing of quarantine measures, double-digit growth in nominal wages and businesses adapting to restrictions.

By the end of 2020, Kazakhstan’s economy showed improvement in key indicators with a minimum decline in GDP for the year at the level of 2.1 % y/y. In general, GDP reduced by 2.6 % y/y in 2020, while the economy was gripped by recession for the first time in the last two decades.

According to data from the Statistics Committee under the RK MNE, in the 4th quarter of 2020, inflation peaked up to 2.6 % over the year, along with this the annual inflation substantially exceeded the indicators of recent years. Inflationary pressures were triggered by the weakening of the national currency, increased government spending (24 % of GDP vs. 20 % of GDP

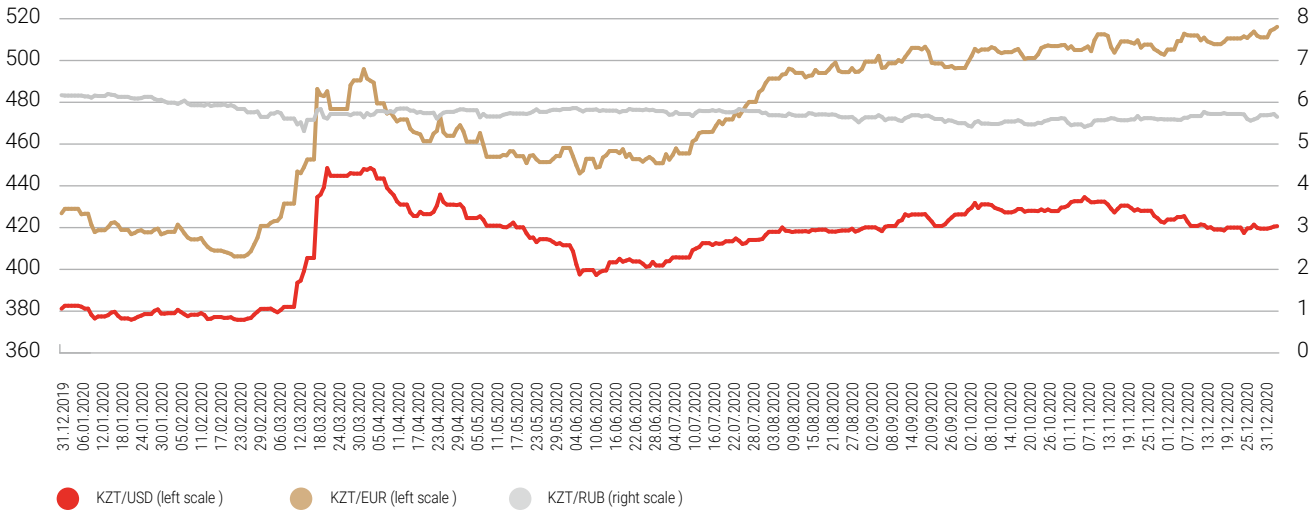
in 2019), an increase in regulated tariffs (+3.5 % versus –2.7 % in 2019) and fever in the food market.

During the year, the regulatory authorities pursued an active policy in the foreign exchange market due to deteriorating foreign economic environment, which helped to keep currency rate from falling even further. The national currency weakened by 10.4 % to 420.71 tenge/USD over the year, strengthened by 2.0 % the 4th quarter of 2020. The growth of oil quotations by 26.5 % to \$51.8 per barrel has been the main driver for stabilization of the national currency rate in the 4th quarter.

In December, the regulator maintained the base rate at 9 %, while reducing the liquidity management corridor from +/- 1.5 % to +/- 1 %. The main parameters of the base rate reached the pre-crisis level, at which inflation was at the level of 5.3–5.4 %. At that time, the regulator determined monetary conditions as neutral. Now, when inflation is set at the level of 7.4–7.5 %, and the rate corresponds to the pre-crisis level, such monetary conditions can be described as incentive (source Halyk Finance).

Dynamics of currency exchange rates:

| | 31.12.2019 | 31.12.2020 | % |
|---------|------------|------------|-----|
| KZT/USD | 381.18 | 420.71 | 110 |
| KZT/EUR | 426.85 | 516.13 | 121 |
| KZT/RUB | 6.17 | 5.65 | 92 |



PRINCIPLES OF ACCOUNTING POLICY

The Company's operations in 2020 in electric power and coal sectors were carried out in accordance with the approved plans.

For the purposes of a single approach to preparing a report on business and financial performance, "Samruk-Energy" JSC group of companies uses the equity method in consolidation. In addition, in accordance with existing accounting policies, fixed assets and intangible assets are reported at initial cost, that is, without taking into account revaluation. Subsidiaries are included in the consolidated financial statements using the acquisition method. Acquired identifiable assets, as well as liabilities and contingent liabilities received at a business combination are stated at fair value at the date of acquisition, irrespective of the amount of the non-controlling interest.

Based on the foregoing, when using the equity method in the consolidated balance sheet, turnovers of such large companies as "Ekibastuzs SDPP-2 Plant" JSC, coal assets company Forum Muider B.V., 50% of interest of which belong to "Samruk-Energy" JSC were excluded.

When forming the consolidated financial result of "Samruk-Energy" JSC, the share of profit on these companies is presented in the item "share of profit / loss of organizations accounted for using the equity method and impairment of investments".

FINANCIAL AND ECONOMIC INDICATORS

| Nº | Indicator, mln tenge | 2018 (actual) | 2019 (actual) | 2020 (actual) | 2021 (forecast) | 2022 (forecast) |
|------|---|------------------|------------------|------------------|--------------------|--------------------|
| 1 | Income from sales of goods and services delivered | 260,400 | 243,722 | 283,010 | 321,775 | 389,336 |
| 1.1. | Electricity production | 185,355 | 169,369 | 207,917 | 235,138 | 294,007 |
| 1.2. | Sale of electricity by energy supplying organizations | 96,955 | 100,171 | 106,911 | 122,925 | 136,896 |
| 1.3. | Heat production | 21,674 | 16,781 | 19,202 | 18,124 | 20,518 |
| 1.4. | Transmission and distribution of electricity | 40,020 | 38,028 | 40,685 | 45,339 | 49,035 |
| 1.5. | Sale of chemically purified water | 1,824 | 1,515 | 1,626 | 1,744 | 1,797 |
| 1.6. | Lease | 3,542 | 3,925 | 4,041 | 3,778 | 3,779 |
| 1.7. | other | 1,597 | 2,555 | 3,181 | 4,005 | 5,678 |
| 2 | Cost of goods sold | (188,356) | (195,891) | (225,185) | (258,257) | (277,718) |
| 2.1. | Cost of electricity production | (129,110) | (130,934) | (156,182) | (179,822) | (197,127) |
| 2.2. | Cost of electricity sales by energy supplying organizations | (95,938) | (101,280) | (111,195) | (124,062) | (135,831) |
| 2.3. | Cost of heat production | (20,023) | (16,338) | (18,804) | (19,558) | (20,337) |
| 2.4. | Cost of electricity transmission | (30,068) | (32,543) | (54,365) | (39,756) | (42,579) |
| 2.5. | Cost of sale of chemically purified water | (1,736) | (1,356) | (1,679) | (1,917) | (1,913) |
| 2.6. | Cost of other types of core business | (640) | (832) | (946) | (1,124) | (1,065) |
| | Amortization of fixed and intangible assets | (52,364) | (54,223) | (57,331) | (60,354) | (65,898) |
| 3 | Gross profit | 72,044 | 47,832 | 57,826 | 63,518 | 111,618 |
| 4 | Financing income | 2,333 | 2,377 | 2,916 | 534 | 421 |
| 5 | Other income (1) (4) | 5,347 | 5,376 | 4,637 | 282 | 261 |

| Nº | Indicator, mln tenge | 2018 (actual) | 2019 (actual) | 2020 (actual) | 2021 (forecast) | 2022 (forecast) |
|----|--|------------------|------------------|------------------|--------------------|--------------------|
| 6 | Expenses for sale of products and services | (14,340) | (7,999) | (10,202) | (12,467) | (10,458) |
| 7 | General and administrative expenses | (13,018) | (12,710) | (15,826) | (13,532) | (13,498) |
| 8 | Operating profit | 44,686 | 27,123 | 31,798 | 37,518 | 87,662 |
| 9 | Earnings before amortization, interest and CIT (EBITDA) | 97,825 | 82,487 | 99,728 | 108,446 | 170,443 |
| 10 | Finance costs (2) (3) (4) | (33,129) | (32,319) | (31,025) | (32,327) | (32,370) |
| 11 | Other expenses from non-core operations (4) | (16,549) | (1,920) | (4,061) | (95) | (98) |
| 12 | Share of profit / loss of organizations accounted for using the equity method and investments impairment | 9,752 | 11,191 | 9,474 | 9,660 | 15,956 |
| 13 | Profit (loss) from discontinued operations | -1,584 | 0 | 0 | 0 | 0 |
| | Profit (loss) from disposal of subsidiaries | 287 | 0 | 0 | 0 | 0 |
| 14 | Profit (loss) before tax | 11,143 | 11,829 | 13,739 | 15,572 | 71,834 |
| 15 | Corporate income tax expenses | (7,718) | (4,717) | (5,655) | (4,671) | (14,707) |
| 16 | Total profit before minority interest | 3,425 | 7,111 | 8,083 | 10,901 | 57,127 |
| 17 | Minority interest | 184 | 276 | 76 | 297 | 297 |
| 18 | Total profit attributable to the Group's Shareholders | 3,241 | 6,835 | 8,008 | 10,604 | 56,829 |

(1) in FS forex gains for 2018 were reported in "other income" section

(2) in FS forex loss for 2018 was reported in "finance costs" section

(3) in FS forex gain for 2019 was reported in "financial income" section

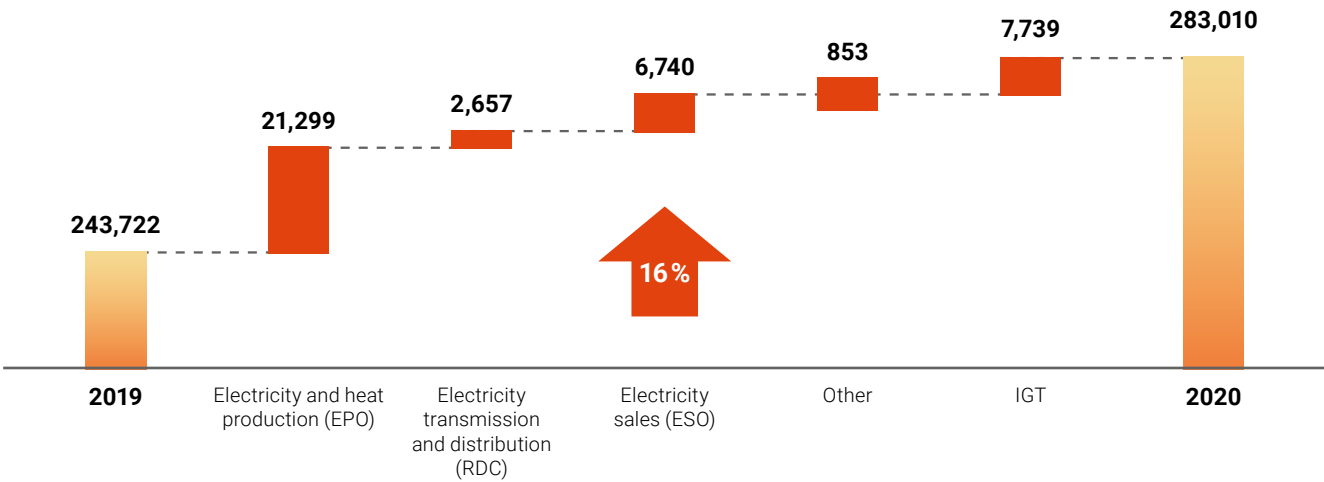
(4) in FS forex gain for 2020 was reported in "other income" section

(5) in FS forex loss for 2020 was reported in "financial costs" section

(6) in FS impairment loss (NET) was recognized in "other expenses" item

Note: interpretation of income and cogs was presented with a breakdown by types of activities (not by segments) and was mentioned without elimination.

Revenues from sales of products and services provided across “Samruk-Energy” JSC group of Companies in 2020 amounted to 283,010 mln tenge:



Consolidated revenue increased in the electricity production segment due to the growth of tariffs and volumes of electricity sales. The main increase was made by “Almaty Power Plants” JCS due to the growth of tariff for electricity, also by “Ekibastuz SDPP-1” LLP due to the increase in electricity sales volumes by 1,466 mln kWh.

The increase in revenue for electricity transmission is associated with a growth in the tariff for electricity transmission of “Alatau Zharyk Kompany” JSC from 5.46 tenge/kWh to 5.95 tenge/kWh.

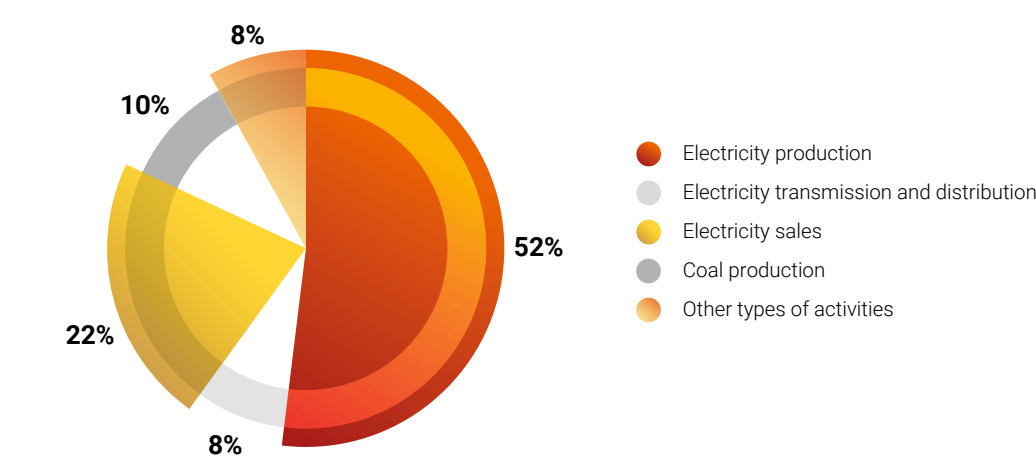
In the sales segment, revenue growth is associated with a growth in the electricity sales of “AlmatyEnergoSbyt” LLP from 16.11 tenge/kWh to 17.66 tenge/kWh.

Forecast for future period:

in the forecast for 2021, revenue from sales is planned at 321,775 mln tenge, which is 38,765 mln tenge or 14% higher than 2020 actual figure. The increase was caused by growth of tariff for electricity transmission and production of electricity and also by growth of electricity sales volumes.

Revenue increases in the forecast for 2021 compared to the forecast for 2020, this is because of growth of revenues from electricity production mainly owing to “Ekibastuz SDPP-1” LLP. Also, the growth in revenues from electricity transmission and sales are expected because of an increase in volumes and tariffs.

Structure of 2020 income by main types of activity



Revenues from sales of products and services rendered detailed per producer

| Indicator, mln tenge | 2018 (actual) | 2019 (actual) | 2020 (actual) | 2021 (forecast) | 2022 (forecast) |
|---|---------------|---------------|---------------|-----------------|-----------------|
| Income from sales of products and services rendered | 260,400 | 243,722 | 283,010 | 321,775 | 389,336 |
| “ESDPP-1” LLP | 125,598 | 108,017 | 123,478 | 142,526 | 192,854 |
| “AlmatyEnergoSbyt” LLP | 96,955 | 100,171 | 106,911 | 122,925 | 136,896 |
| “Almaty Power Plants” JSC | 65,542 | 64,047 | 74,481 | 79,768 | 86,198 |
| “Alatau Zharyk Company” JSC | 40,258 | 38,167 | 40,819 | 45,440 | 49,139 |
| “Moynak HPP” JSC | 10,217 | 9,883 | 20,520 | 20,863 | 20,819 |
| “FWPP” LLP | 4,460 | 4,592 | 5,031 | 5,514 | 5,734 |
| “Shardarinsk HPP” JSC | 3,318 | 2,279 | 6,761 | 8,405 | 9,657 |
| “Bukhtarminsk HPP” JSC | 3,541 | 3,924 | 4,040 | 3,778 | 3,779 |
| “Ereymenau Wind Power” LLP | | | | | 4,827 |
| “Energy Solution center” LLP | 937 | 1,105 | 1,287 | 1,457 | 1,407 |
| «Samruk Green Energy» LLP | 141 | 158 | 236 | 377 | 399 |
| Intercompany turnover (elimination) | −90,566 | −88,621 | −100,554 | −109,278 | −122,372 |

The major share in the Company’s operating income comes from “Ekibastuz SDPP-1” LLP, “Almaty Power Plants” JSC, “Alatau Zharyk Company” JSC, “AlmatyEnerogSbyt” LLP.

At the same time, at consolidation of revenues, intercompany turnover mainly in respect of energy producing and distribution companies is excluded from total amount.

Cost of goods and services

| Indicator, mln tenge | 2018 (actual) | 2019 (actual) | 2020 (actual) | 2021 (forecast) | 2022 (forecast) |
|---|---------------|---------------|---------------|-----------------|-----------------|
| Fuel | 56,768 | 52,340 | 59,109 | 61,957 | 69,252 |
| Remuneration of labor and related expenses | 25,231 | 26,775 | 29,394 | 31,040 | 32,326 |
| Cost of purchased electricity | 10,178 | 13,673 | 22,865 | 39,442 | 40,458 |
| Maintaining the availability of electric capacity | | 7,692 | 10,094 | 9,725 | 10,003 |
| Depreciation of property, plant and equipment and amortization of intangible assets | 52,364 | 54,227 | 57,331 | 60,354 | 65,898 |
| Maintenance & repair | 6,344 | 6,879 | 8,520 | 10,860 | 11,469 |
| Services for electricity transmission and other services | 10,019 | 10,331 | 11,494 | 11,664 | 12,099 |
| Materials | 1,773 | 1,844 | 1,713 | 2,071 | 2,311 |
| Water supply | 4,664 | 3,962 | 4,847 | 5,799 | 6,436 |
| Grid losses | 193 | 193 | 2 | 4 | 4 |
| Taxes other than income tax | 4,876 | 4,586 | 4,589 | 5,717 | 6,431 |
| Emission charges | 4,036 | 4,338 | 4,731 | 5,208 | 5,413 |
| Outsourced services | 8,219 | 5,383 | 6,003 | 10,984 | 12,066 |
| Other | 3,690 | 3,668 | 4,492 | 3,433 | 3,552 |
| TOTAL | 188,356 | 195,891 | 225,185 | 258,257 | 277,718 |

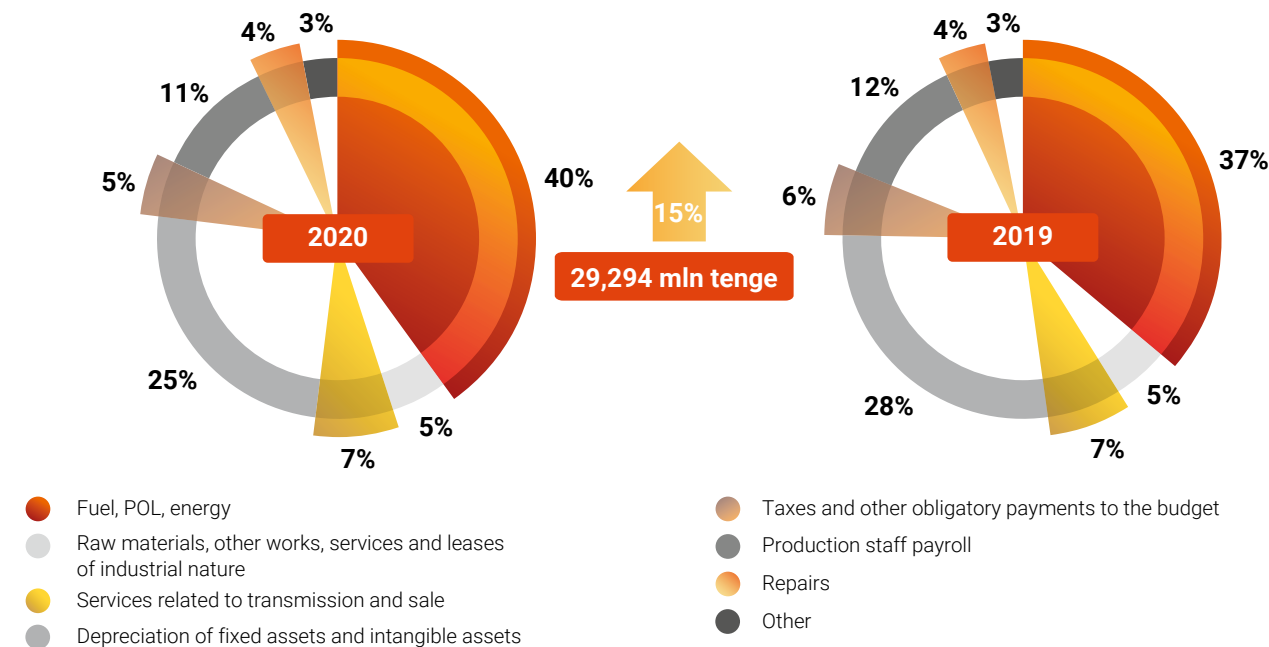
(1) in FS emission charges for 2018–2020 were recorded “Taxes other than income tax” item



According to results of 2020, **Cost of goods sold** amounted to 225,185 mln tenge, which is 15% higher than 2019 actual figure. The increase in costs is mainly due to the increase in coal costs (increase in the price of coal and production volumes) and the cost of purchased electricity from SFC

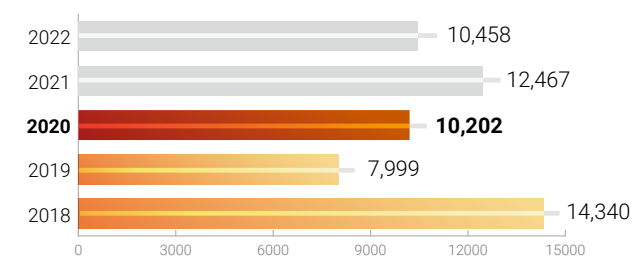
RES LLP (increase in tariffs and purchase volumes). There is also an increase in expenses due to the growth in prices for goods and services, and an increase in depreciation (mainly at “Ekibastuz SDPP-1” LLP).

The structure of cost of goods sold by main types of activity



Forecast for the future period: in the forecast for 2021, cost increases due to an increase in production and sales, as well as due to an increase in prices for goods and services. The increase in expenses in the forecast for 2022 is due to higher prices for goods and services.

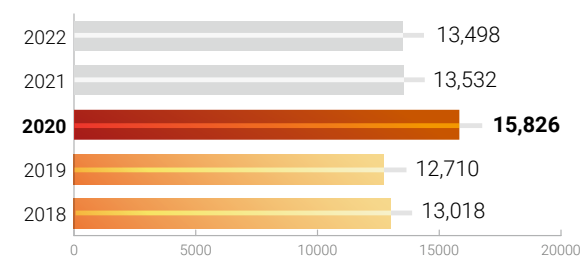
Sales costs, mln tenge



Sales costs in 2020 increased by 2,203 mln tenge compared with 2019 and amounted to 10,202 mln tenge. This deviation is caused by the increase in prices for the services of KEGOC JCS.

Forecast for the future period: In the forecast for 2021, the increase in sales costs in comparison with the fact of 2020 is 22% due to an increase in electricity exports from 859 mln kWh to 1,500 mln kWh.

Administrative expenses, mln tenge

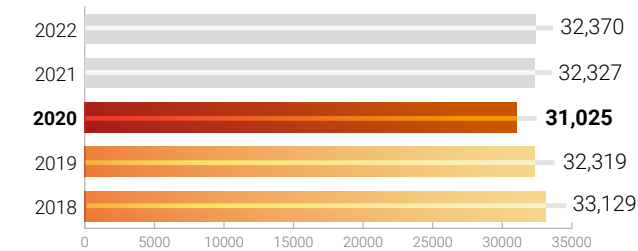


At the end of 2020, administrative expenses amounted to 15,826 mln tenge, which is 3,116 mln tenge or 25% higher in comparison with the same period in 2019. The increase is mainly due to additional taxes on VAT and the accrual of penalties for “BHPP” JCS as a result of a comprehensive audit by the Department of State Revenues in East Kazakhstan for the period from 01.01.2014 until 31.12.2018.

At the same time, the decrease in the costs of the UAR, excluding the costs of the BHPP, amounted to 1% (143 million tenge).

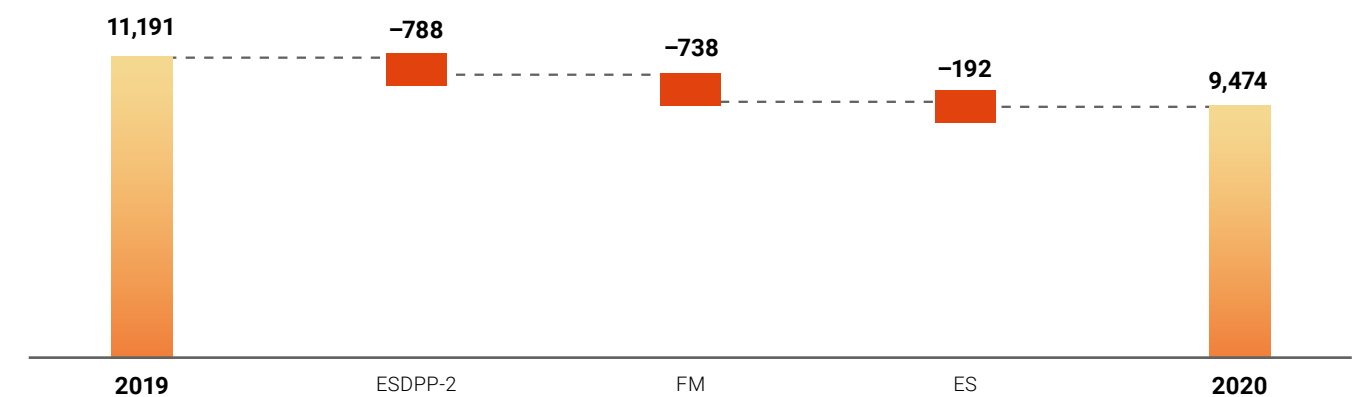
Forecast for the future period: Administrative expenses in the forecast for 2021 are lower than in 2020 and amount to 13,532 mln tenge. The decrease is mainly due to lower tax expenses.

Finance costs, mln tenge



According to 2020 results, finance costs amounted to 31,025 mln tenge, which is 1,294 mln tenge lower than 2019

Share of profits of joint ventures and associates



Share income for 2020 amounted to 9,474 mln tenge, the decrease of 1,718 mln tenge compared to the same period.

The main changes occurred with respect to the following assets:

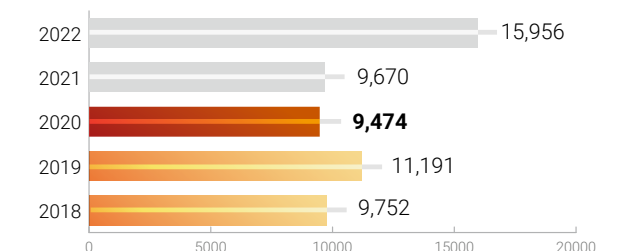
“Ekibastuz SDPP-2 Plant” JSC – increase in loss by (788) mln tenge in comparison with the previous year was caused because of the below factors:

- increase in financing costs by (795) mln tenge.
- increase in expenses on exchange rate differences in the amount of (366) mln tenge.

actual figure. Finance costs decreased mainly due to mainly due to reduction of interest expenses in connection with long-term loan repayments.

Forecast for the future period: in the forecast for 2020–2021, financing costs increase due to additional borrowings from subsidiaries and affiliates in order to replenish working capital.

Share of profits of joint ventures and associates and impairment of investments, mln tenge



Forum Muider – a decrease in profit by 738 mln tenge was mainly driven by the decrease of coal sales volumes at “Bogatyr-Komir” LLP by 1,249 thous. tons (3%).

In the plan for 2020, the share of profit is 9,670 mln tenge, 15,956 mln tenge in 2022.

TARIFF POLICY

The laws of the Republic of Kazakhstan “On Electricity”, “On Natural Monopolies and Regulated Markets” and “On Competition” govern the operations of the Group’s subsidiaries and joint ventures, which are natural monopoly and regulated markets entities and entities with a dominant position in a competitive market. Tariff regulation, depending on the type of energy companies, falls within the competence of the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of Kazakhstan (hereinafter – the Committee) or industry-specific ministry – the Ministry of Energy (hereinafter – ME).

Tariffs for electricity for energy-producing organizations (hereinafter – EPO) for the period from 2016–2018, were set at the level previously approved for 2015, marginal tariffs for stations.

Based on the Concept for the Development of the Fuel and energy sector (FES) of Kazakhstan until 2030, adopted in 2014, the Capacity Market was introduced in 2019 as an effective mechanism for providing the industry with a sufficient level of investment, which will have a favorable effect on the market in the long term.

During 2019 taking into account the introduction of a capacity market for energy-producing organizations, the following have been formed:

- marginal tariffs for capacity, including the costs of investment projects and repayment of the main debt (for credit funds raised for the implementation of investment projects);

- marginal tariffs for electricity, including the costs of operating expenses and fixed profit. By order of the Minister of Energy of the Republic of Kazakhstan dated May 22, 2020 No. 205 “Methodology for determining the fixed profit, taken into account when approving the maximum tariffs for electricity, as well as the fixed profit for balancing, taken into account when approving the maximum tariffs for balancing electricity” was approved

Tariffs for the supply of electric energy produced by renewable energy sources are fixed and approved by the Government of the Republic of Kazakhstan depending on renewable energy technology (separately for wind, solar and other sources) and are subject to annual indexation. At the same time, Financial Settlement center acts as a buyer, and the energy-producing organization acts as a seller.

Tariffs for the transmission and distribution of electricity for energy transmission companies, for the production of heat energy and tariffs for energy supply (ESO) are regulated by the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan. Regulation and control by the Committee is carried out in strict accordance with legislative and regulatory acts.

Social and political issues significantly influence tariff decisions. Economic, social and other policies of the Government of the Republic of Kazakhstan may have a significant impact on the Group's operations.

TARIFF STATE REGULATION OF SPECIES COMPANY ACTIVITIES

Weighted average tariffs for electricity generation

| # | Description | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Forecast | 2022 Forecast |
|---|--|----------------|----------------|----------------|------------------|---------------|
| 1 | “Ekibastuz SDPP-1” LLP | 6.85 | 6.07 | 6.44 | 7.67 | 9.87 |
| | average weighted tariffs, tenge/kWh | | | | | |
| | Export tariff, tenge/kWh | 5.18 | 9.64 | 10.22 | 10.75 | 10.75 |
| | RK tariff, tenge/kWh | 7.28 | 5.87 | 5.86 | 7.39 | 9.84 |
| | including electricity tariff, kWh, tenge/kWh | | 5.65 | 5.65 | 6.63 | 8.98 |
| 2 | “Ekibastuz SDPP-2 Plant” JSC | 7.53 | 8.70 | 9.64 | 9.91 | 9.95 |
| | average weighted tariffs, tenge/kWh | | | | | |
| | Electricity tariff, tenge/kWh | | 7.42 | 8.55 | 9.13 | 9.13 |
| | Capacity tariff, thous.tenge/MW*month | | 590 | 590 | 590 | 614 |
| | | | | | | |

| # | Description | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Forecast | 2022 Forecast |
|---|---|----------------|----------------|----------------|------------------|---------------|
| 3 | “Almaty Power Plants” JSC | 8.60 | 9.66 | 11.41 | 12.54 | 13.40 |
| | average weighted tariffs, tenge/kWh | | | | | |
| | Electricity tariff, tenge/kWh | | 8.43 | 9.45 | 10.66 | 11.65 |
| | Average weighted capacity tariff, thous. tenge/MW*month | | | 875 | 883 | 820 |
| | Capacity tariff, thous.tenge/MW*month | | 590 | 590 | 590 | 614 |
| 4 | “Shardara HPP” JSC | 9.50 | 4.86 | 12.95 | 13.81 | 15.87 |
| | average weighted tariffs, tenge/kWh | | | | | |
| | Electricity tariff, tenge/kWh. | | 4.23 | 8.49 | 9.15 | 11.21 |
| | Capacity tariff, thous.tenge/MW*month | | 590 | 4,069 | 3,868 | 3,868 |
| | | | | | | |
| 5 | “Moynak HPP” JSC | 9.51 | 10.02 | 21.33 | 21.88 | 21.94 |
| | average weighted tariffs, tenge/kWh | | | | | |
| | Electricity tariff, tenge/kWh | | 7.93 | 12.02 | 12.02 | 12.02 |
| | Capacity tariff, thous.tenge/MW*month | | 590 | 2,564 | 2,564 | 2,564 |
| | | | | | | |
| 6 | “Samruk-Green Energy” LLP, tenge/kWh | 45.11 | 48.54 | 32.73 | 18.88 | 20.00 |
| 7 | “First Wind Power Plant” LLP, tenge/kWh | 28.31 | 30.03 | 31.62 | 33.20 | 34.53 |
| 8 | «Ereymantau Wind Power» LLP, tenge/ kWh | | | | | 22.68 |
| 9 | “Energiya Semirechiya”, LLP, tenge/kWh | | | | 22.68 | 23.59 |

The following tariffs were in effect during the reporting period:

From January 1, 2019, the electric capacity market began to function in the Republic of Kazakhstan. The income received by electricity producers is divided into two components – income from the sale of electricity (allocated to cover current expenses) and income from the provision of services to maintain readiness of electricity capacity (allocated to repay the main debt and investments). The unified marginal tariff for the service of maintaining the availability of electric capacity for all EPOs in the amount of 590 thous. tenge /MW*month was approved. Electricity tariffs approved for the period 2020–2025. However, the approved tariffs do not provide for profitability and indexation by year. Moreover, according to paragraph 2 of Article 12-1 of the Law of the Republic of Kazakhstan “On the Electric Power Industry”, if necessary, electricity tariffs are adjusted annually.

With the introduction of the capacity market, the weighted average tariffs for electricity in 2020 for stations increased, taking into account the commissioning adjusted tariff caps and the introduction of individual capacity tariffs from July 1, 2020.

In connection with the approval of the Ministry of Energy of the Republic of Kazakhstan of deficit tariffs for stations, in accordance with the Regulations, the EPO submitted applications to the Ministry of Energy of the Republic of Kazakhstan for adjusting the ceiling tariffs for electricity. As a result, from July 1, 2020 the Ministry of Energy of the Republic of Kazakhstan approved the following maximum electricity tariffs.

For “Ekibastuz SDPP-1” LLP, the tariff increased slightly – 5.80 tenge/kWh. A significant increase in tariffs for the “Ekibastuz SDPP-2” JCS and “Almaty Power Plants” JCS as made in the amount of 18.4% and 18.4%, respectively, due to an increase in costs. For “Moynak HPP” JCS, the tariff has been kept at the current level. The tariff for “Shardara HPP” JCS was reduced by 7.1% and amounted to 8.10 tenge / kWh. (at the previously approved tariff of 8.72 tenge / kWh).

| EPO name | Approved by ME RK | | Dev | |
|--------------------------|----------------------|--------------------|-------|------|
| | From October 1, 2019 | From July 01, 2020 | (+,-) | in % |
| “Ekibastuz SDPP-1” LLP | 5.76 | 5.80 | 0.04 | 0.7 |
| “Ekibastuz SDPP-2” JCS | 7.73 | 9.13 | 1.4 | 18.1 |
| “Almaty Power Plant” JCS | 8.70 | 10.30 | 1.6 | 18.4 |
| “Moynak HPP” JCS | 12.02 | 12.02 | 0 | 0 |
| “Shardara HPP” JCS | 8.72 | 8.10 | −0.62 | −7.1 |

For 2020 work has been carried out with the Ministry of Energy of the Republic of Kazakhstan on the approval of investment tariffs for stations implementing large-scale investment

projects – “Moynak HPP” JCS, “Shardara HPP” JCS and “Almaty Power Plant” JCS.

| EPO name | Volume | Individual tariff | Period |
|--------------------------|---------|-------------------|-----------|
| “Almaty Power Plant” JCS | 69.5 MW | 4,168.60 | 2020–2024 |
| “Moynak HPP” JCS | 298 MW | 2,563.67 | 2020–2026 |
| “Shardara HPP” JCS | 61 MW | 4,069.3 | 2020–2028 |

On 30.01.2020 an application by “Ekibastuz SDPP-1” LLP was submitted to the Market Council (KEA) for the approval of an individual tariff for the implementation of the project “Restoration of power unit No. 1 with the installation of new electrostatic precipitators.

of an individual tariff for the implementation of the project “Expansion and reconstruction of EPS-2 with the installation of power unit No. 3”. After receiving the approval of the Market Council, the application will be sent for consideration to the Ministry of Economy of the Republic of Kazakhstan.

On 28.02.2021 “Ekibastuz SDPP-1” LLP concluded an investment agreement with the Ministry of Energy of the Republic of Kazakhstan for modernization, reconstruction, expansion and renewal for the Restoration of power unit No. 1 with a tariff setting of 1,199 thous. nd tenge/MW*month for the period 2025–2031 based on the volume of services 476.6 MW.

From 2021 onward, electricity and capacity tariffs are projected taking into account the consumer price index.

26.01.2021 an application by Ekibastuz SDPP-2” JCS was submitted to the Market Council (KEA) for the approval

Tariffs for the supply of electrical energy produced by facilities for the use of renewable energy sources are fixed and approved by the Government of the Republic of Kazakhstan, depending on the renewable energy technology (separately for wind, solar and other sources) and are subject to annual indexation.

Tariffs for heat production, tenge/Gcal

| Company name | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Forecast | 2022 Forecast |
|------------------------------|-------------|-------------|-------------|---------------|---------------|
| “Almaty Power Plants” JSC | 3,917 | 3,354 | 3,441 | 3,467 | 3,929 |
| “Ekibastuz SDPP-2 Plant” JSC | 816 | 809 | 697 | 867 | 902 |
| “Ekibastuz SDPP-1” LLP | 446 | 572 | 367 | 496 | 496 |

The legislation envisages the approval of long-term (5+ years) ceiling tariff levels for organizations producing heat, with the inclusion of the investment component and annual cost indexation. The Committee for the Regulation of Natural Monopolies and the Protection of Competition approves

ceiling tariffs. However, an increase in tariffs is made no more than once a year and there are risks that tariffs remain unchanged in case a power plant’s costs grow for objective reasons.

Tariffs for electricity transmission services, tenge/kWh

| Company name | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Forecast | 2022 Forecast |
|-----------------------------|-------------|-------------|-------------|---------------|---------------|
| “Alatau Zharyk Company” JSC | 5.89 | 5.46 | 5.95 | 6.04 | 6.42 |

For “Alatau Zharyk Company”, JSC which is also a subject of a natural monopoly, maximum long-term tariffs have been approved on the basis of tariff estimates with the inclusion of an investment component for 2016–2020 for regional energy transmission companies (RECs), if necessary, are adjusted by the authorized body.

In July 2020, AZHK submitted an application and order of DKREM in Almaty dated 06.11. No. 126-OD approved the maximum long-term tariffs for the period from 2021 to 2025.

| Period | 2021 | 2022 | 2023 | 2024 | 2025 |
|-----------------|------|------|------|------|------|
| Approved tariff | 6.04 | 6.42 | 6.69 | 7.10 | 7.36 |

The increase (adjustment) of tariffs is made no more than once a year, in cases of growth in the costs of RES for objective reasons (acceptance of ownerless networks

and equipment on the balance sheet, etc.). There are also risks of maintaining tariffs without increasing.

Tariffs for selling electricity by ESO, tenge/kWh

| Company name | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Forecast | 2022 Forecast |
|------------------------|-------------|-------------|-------------|---------------|---------------|
| “AlmatyEnergoSbyt” LLP | 16.42 | 16.11 | 17.66 | 20.15 | 22.42 |

The energy supply company “AlmatyEnergoSbyt” LLP is a subject of a socially significant market and is also subject to regulation by the authorized body. The tariff calculation includes operating, financial and investment components. There are risks of artificial containment of tariff growth

by the Regulator in order to maintain social stability of the population in the regions. For ESO, differentiation is maintained for individuals according to consumption norms, for legal entities, electricity is supplied at average selling rates.

Coal sale price, tenge/tons

| Company name | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Forecast | 2022 Forecast |
|---------------------|-------------|-------------|-------------|---------------|---------------|
| “Bogatyr Komir” LLP | 2,013 | 2,120 | 2,311 | 2,348 | 2,587 |

Coal mining tariffs of “Bogatyr Komir” LLP are approved independently by a price list for the RK consumers for 3 consumer groups (power sector at KTZh connecting station,

power sector at the coal collecting station, public utility needs). Regulation is performed on the basis of the Entrepreneur Code of CRNM PC under MNE.

LIQUIDITY AND FINANCIAL SUSTAINABILITY INDICATORS

Fulfillment of external lenders’ covenants:

| Covenant | Standard | 2019 Actual | 2020 Actual | Note |
|-----------------------------|------------------|-------------|-------------|--------|
| Debt/EBITDA (EBRD, ADB) | No more than 3,5 | 3.31 | 2.96 | Is met |
| EBITDA/interest (EBRD, ABD) | No less than 3 | 3.34 | 3.76 | Is met |
| Debt/Equity (EDB and KDB) | No more than 2 | 0.56 | 0.54 | Is met |

| Description | 2018 Actual | 2019 Actual | 2020 Actual | 2021 Forecast | 2022 Forecast |
|-------------------|-------------|-------------|-------------|---------------|---------------|
| Debt/EBITDA | 3.18 | 3.31 | 2.96 | 3.18 | 1.77 |
| Debt/Equity | 0.65 | 0.56 | 0.54 | 0.58 | 0.50 |
| Current liquidity | 1.04 | 0.70 | 0.75 | 0.75 | 1.30 |

At the end of 2020, “Samruk-Energy” JSC (hereinafter referred to as the Company) complied with financial and non-financial covenants of creditors, which are recorded on a semi-annual basis.

At the end of 2020, “Samruk-Energy” JSC reached the target indicators for financial stability ratios provided by the shareholder.



About the Company



Development Strategy for 2018–2028



Electricity and coal market overview



FINANCIAL AND ECONOMIC REPORT



Investment activity



Procurement management



Corporate governance structure



Sustainable development



Attachments



Debt reduction

At the end of 12 months of 2020, the consolidated debt of the Company amounted to 325.4 billion tenge, the decrease in debt for the reporting period compared to the results of 2019 (338 bn tenge) amounted to 12.6 billion tenge.

Debt reduction in 2020 is associated with scheduled debt repayments and early repayment of debts in the amount of 17.8 bn tenge.

As part of mitigating of currency risks, the Company carried out the following activities in 2019–2020:

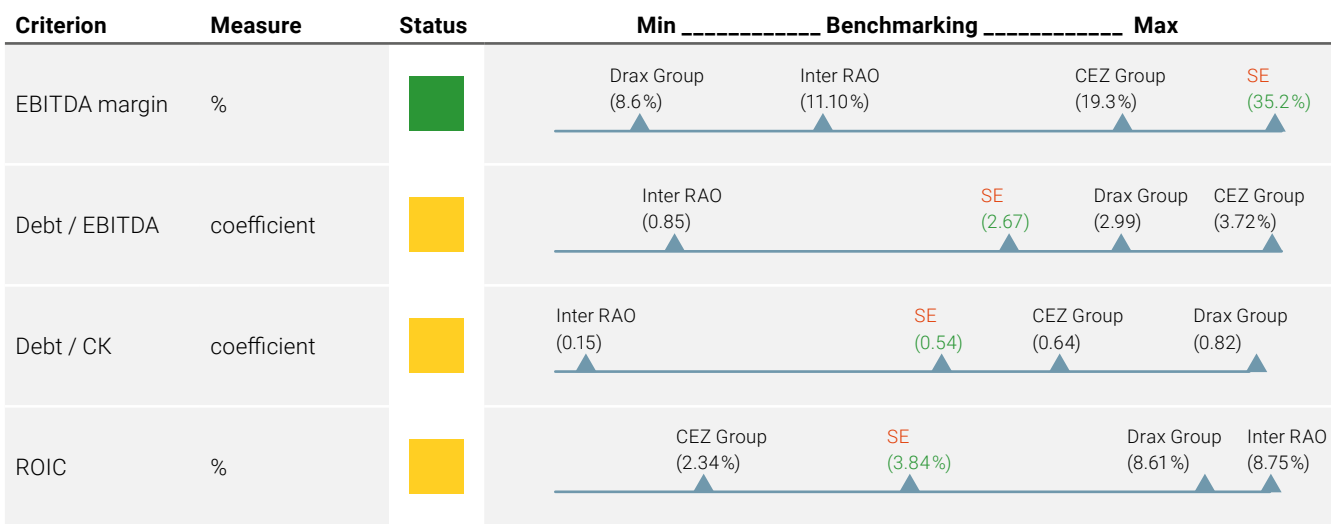
Refinancing of foreign currency liabilities in tenge – “Moynak HPP” JCS in the amount of 148 mln US dollars, “Ekibastuz SDPP-2” JCS in the amount of about 100 billion tenge. As a result, the share of foreign currency liabilities in the loan portfolio was reduced to 1.5%.

Due to the systematic work on debt management for the period from 2017 to 2020, Samruk-Energy reduced its debt by an estimated 94.5 billion tenge in balance terms, which is in line with the target indicators of financial soundness ratios set by the shareholder.

Interest expense optimization

At the same time, by the end of 2020, a decrease in expenses of about 1.3 billion tenge was achieved for remuneration due to planned and early repayment of debt, refinancing of foreign currency obligations and a decrease in interest rates on existing loans of the Group.

Benchmarking results:



Better than average peers

Corresponds to the average indicator by analogues

Worse than average peers

Credit Rating (Fitch Ratings)

At the end of 2020, the long-term ratings of “Samruk-Energy” JSC from the international rating agency Fitch Ratings were kept at the BB level, the forecast is Stable. At the same time, Fitch Ratings raised the senior unsecured rating of Samruk-Energy JSC from “BB-” to “BB”, and also raised its stand-alone credit rating from “b” to “b +”.

Deals

Information about material, major deals is disclosed in Financial statements of “Samruk-Energy” JSC (Volume 2).

Fines

The total amount of significant fines across “Samruk-Energy” JSC group of companies is 1,703.31 thous. tenge.

The authorized state agencies (labor inspection, workplace safety, fire safety, energy supervision and control, sanitary and epidemiological supervision) checked for compliance with legislative requirements and issued 25 prescriptions without imposing financial sanctions.

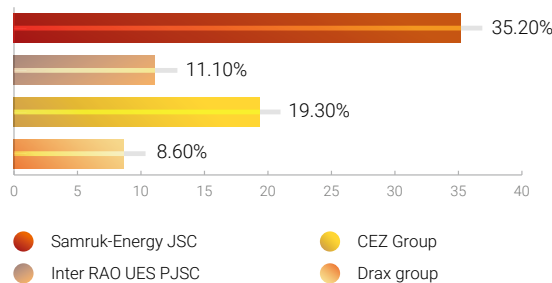
Cases associated with hindering competition and violation of antimonopoly legislation were not reported during the reporting year.

Significant fines in money terms and the total number of non-monetary sanctions imposed for non-compliance with environmental laws and regulations are listed in the Environment section.

Comparative analysis (benchmarking)

Benchmarking is one of the important elements of control of “Samruk-Energy” JSC. The purpose of the benchmarking is to compare the operating and financial performance with foreign companies – counterparts to identify the strengths and weaknesses of “Samruk-Energy” JSC. The companies selected for the comparative analysis are the leading electricity holdings in their respective countries. The scale of the companies in terms of capitalization is higher than “Samruk-Energy” JSC, since the compared companies operate in countries where electricity market is significantly

EBITDA margin for 2020



Source: ru.investing.com

At present, in comparison with foreign peer companies, “Samruk-Energy” JSC is inferior in respect to certain indicators.

Financial stability indicators show that “Samruk-Energy” JSC fully uses available financial leverage.

At the same time, Samruk-Energy surpasses its peers in terms of **EBITDA margin**. This indicator indicates a high profitability of sales. In terms of **ROIC** (return on long-term invested capital) Samruk-Energy is at the level of European peers. At the same time, according to this indicator, Samruk-Energy is significantly inferior to the Russian holding, the specificity of whose activities is identical due to the similarity of the economic conditions of activity, which indicates the need to increase the efficiency (profitability, return) of investments.

It is worth noting that, in contrast to public companies-analogues, Samruk-Energy JSC belongs to the Government of the Republic of Kazakhstan, and therefore, the Company is a conductor of state policy in the field of electric power. In this regard, as well as with a high degree of deterioration of the energy sector, socially significant investment projects have been implemented since 2009 (aimed at the reliability

| Country | Average tariff for 1 kWh | In tenge/kWh | Average exchange rate for 2020 |
|------------------------|--------------------------|------------------|--------------------------------|
| Republic of Kazakhstan | 17.66 tenge | 17.66 tenge/kWh | |
| Russia Federation | 4.15 ruble | 23.84 tenge/kWh | 5.74 tenge/ruble |
| Czech Republic | 0.18 euro | 86.86 tenge/kWh | 471.81 tenge/euro |
| Great Britain | 0.22 euro | 103.94 tenge/kWh | |

Source: Eurostat, Rosstat

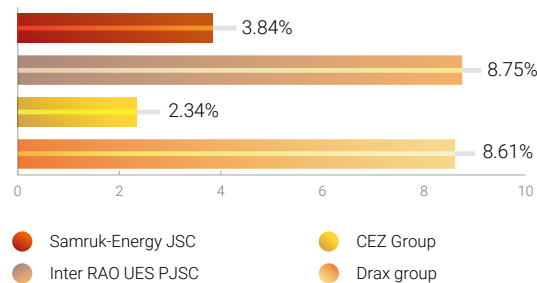
higher in terms of capital employed and cash flows. For benchmarking the following indicators were used:

- EBITDA margin;
- Debt / EBITDA;
- Return on invested capital (ROIC);
- Ratio of the share of borrowed funds (Debt / Equity).

For benchmarking, data from the following analog companies were used:

- Inter RAO UES PJSC (Russia);
- CEZ Group (Czech Republic);
- Drax Group (Great Britain).

Return on Invested Capital (ROIC) for 2020



and uninterrupted operation of the energy system of the Republic of Kazakhstan), which led to a significant increase in invested capital and, accordingly, reduced the rate of return on investment.

An additional factor affecting the indicators of return on investment is the low level of electricity tariffs in the Republic of Kazakhstan in comparison with countries of similar companies.

Average electricity rate in 2020, tenge/kWh

