

"APPROVED"
by the decision of the Board of
Directors of SEC Almaty JSC

Appendix No. _____
to the minutes of the meeting of the
Board of Directors of
SEC Almaty JSC
dated _____ 2023,
minutes No. ____

ANNUAL REPORT
of "Almaty Social-Entrepreneurial Corporation" JSC
for 2022

city of Almaty

Table of contents

Table of contents	2
Address by the Chairman of the Board of Directors	4
Address of the Chairman of the Management Board	5
1. About the Company	7
2. A brief overview of the activities of social and entrepreneurial corporations of the Republic of Kazakhstan	9
3. Mission	11
4. Vision	11
5. History of development	14
6. Calendar of events in 2022	15
7. Key performance indicators	18
8. Strategic map of the Company	19
9. Execution of strategic indicators	21
10. Key planned initiatives	22
11. Strategic areas of activity	24
11.1 Implementation of promising and innovative projects on the territory of the Industrial zone of Almaty	24
11.2 Implementation of commercial, social and budget-investment projects	30
11.3 Support for small and medium-sized businesses	33
11.4 Implementation of measures to stabilize prices for socially important food products	39
11.5 Implementation of the Housing Renovation Program in Almaty for 2021-2025	42
12. Financial performance results	46
13. Sustainable development activities	46
13.1 Principles and objectives	47
13.2 Interaction with stakeholders	49
13.3 Responsible work practice	54
13.4 Procurement management	58
13.5 Environmental impact management	59
14. Corporate governance	60
14.1 Principles of corporate governance	60
14.2 Corporate governance bodies	60

14.3 Asset and subsidiary management.....	75
14.4 Risk management and internal control	78
14.5 Internal audit.....	81
14.6 Regulation of corporate conflicts.....	84
14.7 Conflict of interest regulation	85
14.8 Corporate Governance Code.....	86
Appendix 1.....	88
Appendix 2.....	90

Address by the Chairman of the Board of Directors

Dear colleagues, investors and residents of Almaty!



**DOSSAYEV YERBOLAT
ASKARBEKOVICH**

Chairman of the Board of Directors
of SEC Almaty JSC,
Akim of Almaty city

The city of Almaty is a dynamic and promising business center of our country, where innovation, business and investment find a fruitful field for development and successful implementation.

A special role in this direction is assigned to the SEC Almaty, which is entrusted with an important task to improve the quality of life of citizens, support entrepreneurship, improve infrastructure and ensure food security of the city.

In order to support entrepreneurship and stimulate the development of priority sectors of the economy, state and regional programs are being implemented through subsidiaries of SEC Almaty – "Almaty Finance" and "MFO Almaty". The portfolio of funded projects includes facilities in the field of healthcare, education, and sports. At the same time, a high share belongs to projects deployed on the territory of industrial parks, the industry orientation of which is diverse: from the production of building materials and furniture, to food.

Within the framework of infrastructural support for entrepreneurs and the development of priority industries, an Industrial zone of Almaty has been created. Today, the number of its residents has grown to 64 companies with a total investment volume of 238.6 billion tenge, 10 of which are with foreign participation (China, Russia, Japan, Turkey, South Korea), 6848 jobs were created.

In addition, the SEC Almaty, as an authorized organization, is implementing the Program of renovation of the city's housing stock for the period from 2021 to 2025. This is an important and responsible task aimed at improving the quality of life of citizens and creating comfortable, modern living conditions that meet the requirements of safety and comfort. Since the beginning of 2022, 27 dilapidated houses (202 apartments and 2 non-residential premises) have been demolished in the city as part of the implementation of the Program, on the site of which it is planned to build 32 multi-storey houses for 1567 apartments.

A special role is assigned to the issues of ensuring food security of the city, where the SEC carries out effective work on the implementation of price stabilization mechanisms for 19 items of socially significant food products. According to the results of the reporting period, annual inflation in Almaty was established below the average indicators of the country's regions. The consumer price index of Almaty amounted to 122.2% (19th place in the Republic of Kazakhstan).

Despite the difficult economic conditions, we have clear goals ahead of us, which I am sure we will definitely achieve. And in this, SEC Almaty, as a full-fledged regional development institute, will play an important role.

Address of the Chairman of the Management Board



**SHAMSHIN ARMAN
NURZHANOVICH**

Chairman of the Management
Board of SEC Almaty JSC

Dear shareholders, partners and residents of Almaty!

The year 2022 was a transitional period in the transformation of the SEC Almaty into a full-fledged key regional development institution.

The Company was given important tasks aimed at supporting entrepreneurship, investing in infrastructure, implementing social and investment projects, as well as creating conditions for improving the quality of life of our citizens.

In order to support entrepreneurship and new business initiatives, preferential financing is provided through subsidiaries of the SEC - "Almaty Finance" and "MFO Almaty". In 2022, 203 projects were financed for a total amount of 8.4 billion tenge.

Infrastructure support is actively provided by providing land plots in the Industrial Zone of Almaty, as well as premises on preferential terms in small industrial parks. In 2022, 8 projects were launched: Kaz-Dia-Test LLP, City Stone, Teplostil, Story Production, ElektroBar, as well as 3 small industrial parks: QazaqPlast, Alatau Industrial Park, Alaestate. The amount of investments amounted to 9 billion tenge, 466 jobs were created.

Another important social task for the SEC is the implementation of the Program of renovation of the housing stock of the city of Almaty for 2021-2025, where the SEC regulates the relocation of residents from dilapidated housing to new apartments, providing new comfortable housing that meets all quality and safety standards. Since the beginning of 2022, 27 dilapidated houses have been demolished in the city as part of the Renovation Program, on the site of which it is planned to build 32 multi-storey houses for 1567 apartments.

The Company has done a lot of work to improve the implementation of mechanisms for stabilizing prices for NWT, including the management of the stabilization fund, increasing its presence in the NWT market, as well as the development of food infrastructure, including with the participation of private partners.

SEC Almaty sells goods through its own retail and retail network, as well as through partner retail networks (28 trade pavilions and 11 weekend fairs). Marginal trade surcharges are set at no more than 15% of the cost of production, the price range is 10-20% lower than the average market prices in the city.

In September 2022, the Almaty City Development Program until 2025 and medium-term prospects until 2030 were approved. In accordance with the priority directions reflected in the Program, the "Development Program of SEC Almaty JSC for 2023-2025" was updated, which today has become the main document for the development of our organization.

In our activities, we strive to increase the sustainability index in order to make our city an even more attractive place for business and innovation. I can say with confidence that SEC Almaty has all the necessary tools for this.

In the future plans for us there are no less important tasks for the development and support of entrepreneurship, and, I think, with new strength and capabilities, we will achieve our goals!

1. About the Company

"Almaty Social-Entrepreneurial Corporation" Joint Stock Company (hereinafter - the Company) was established on March 31, 2010 in accordance with the Decree of the Government of the Republic of Kazakhstan No. 266 "On issues of social and entrepreneurial corporations".

The sole shareholder of the Company is the Municipal State Institution "Department of Entrepreneurship and Investments of the city of Almaty" (hereinafter – DE&I), which, in turn, is a state body of the Republic of Kazakhstan that provides leadership in the fields of entrepreneurship, industrial and innovative development, agro-industrial complex and veterinary and sanitary safety in the territory of the city of Almaty.

The ultimate regulatory party of the Company is the Akimat of Almaty.

The key function of the Company is the reinvestment of profits received as a result of the production and sale of goods and services in projects for the development of social, economic and cultural spheres of the city of Almaty.

As of December 31, 2022, the authorized capital of the Company amounted to 178.8 billion tenge. The book value of assets amounted to 208.4 billion tenge and increased by 24% compared to the corresponding period last year.

The structure of the authorized capital of the Company

Type of security	Shares are simple
NIN	KZ1C00009679
Number of shares declared	185 359 894
Number of outstanding shares	185 150 126
Number of shares owned by a shareholder	100%
Information about the shareholder	Management of Entrepreneurship and investments of Almaty MPI
Shareholder's share of outstanding shares	96,5471%
Shareholder's share of voting shares	100%

The Company issues common shares. A simple share grants the Sole Shareholder the right to make decisions on all issues submitted for its consideration. A common share also grants the Sole Shareholder the right to receive dividends if the Company has net income and to receive part of the Company's property upon its liquidation in accordance with the procedure established by the legislation of the Republic of Kazakhstan.

The functionality of the Almaty Company includes:

- **management component** (management of transferred assets, management of enterprises);
- **organizational component** (review, advisory support and organization of project financing);
- **investment component** (investing own funds, attracting investors);
- **analytical component** (formation of regional databases on promising and current projects of the city of Almaty, monitoring of prices for socially significant types of food products);
- **administrative component** (implementation of strategically important state and regional programs).

The Company consists of three subsidiaries that ensure the effective implementation of its functionality.

Subsidiaries of the Company

No.	Subsidiary organization	Direction of activity
1	Industrial Zone – Almaty LLP	Management of the industrial zone of the city of Almaty, created in order to support investments in industrial projects by providing entrepreneurs with territory and infrastructure.
2	Almaty Finance LLP	Provision of concessional financing for the implementation of priority projects. Almaty Finance LLP has a subsidiary of Almaty Microfinance Organization LLP, which provides preferential financing for small business projects.
3	Predpriyatiye kapitalnogo stroitelstva LLP	Managing projects to modernize the housing sector by demolishing dilapidated houses and organizing the construction of modern buildings and structures in their place.

The Company's portfolio, in addition to subsidiaries, includes one joint venture, Innovation Safety Centre LLP, with a 49% participation share of the Company.

The subsidiary of Almaty Finance LLP, in turn, is the founder of Almaty Microfinance Organization LLP.

On March 3, 2023, the rating agency Fitch Ratings assigned the Company a long-term international rating in foreign currency at the level of "BBB-", which is one level lower than the rating of the city of Almaty¹. The rating forecast is "stable".

¹ <https://www.fitchratings.com/research/ru/international-public-finance/fitch-rates-jsc-social-entrepreneurial-corporation-almaty-bbb-outlook-stable-07-03-2023>

2. A brief overview of the activities of social and entrepreneurial corporations of the Republic of Kazakhstan

There are about 20 social and entrepreneurial corporations (SEC) operating in the Republic of Kazakhstan, three of which were established in 2022 (SEC Ulytau (Zhezkazgan), SEC Konayev (Almaty region), SEC Semey (Abai region)).

The review of the SEC's activities was conducted on the basis of data from 17 companies that have ²been audited and published audit consolidated financial statements for 2022³. No data are provided for newly created SECS.

As of December 31, 2022, the total authorized capital of 17 SECs of the country amounted to 843.1 billion tenge, which is 19.4% higher than last year.

The share of the Company's capital in the total authorized capital of the analyzed secs was 20%. The Company occupies the second position in terms of the size of the authorized capital after the SEC Astana (Fig.1).

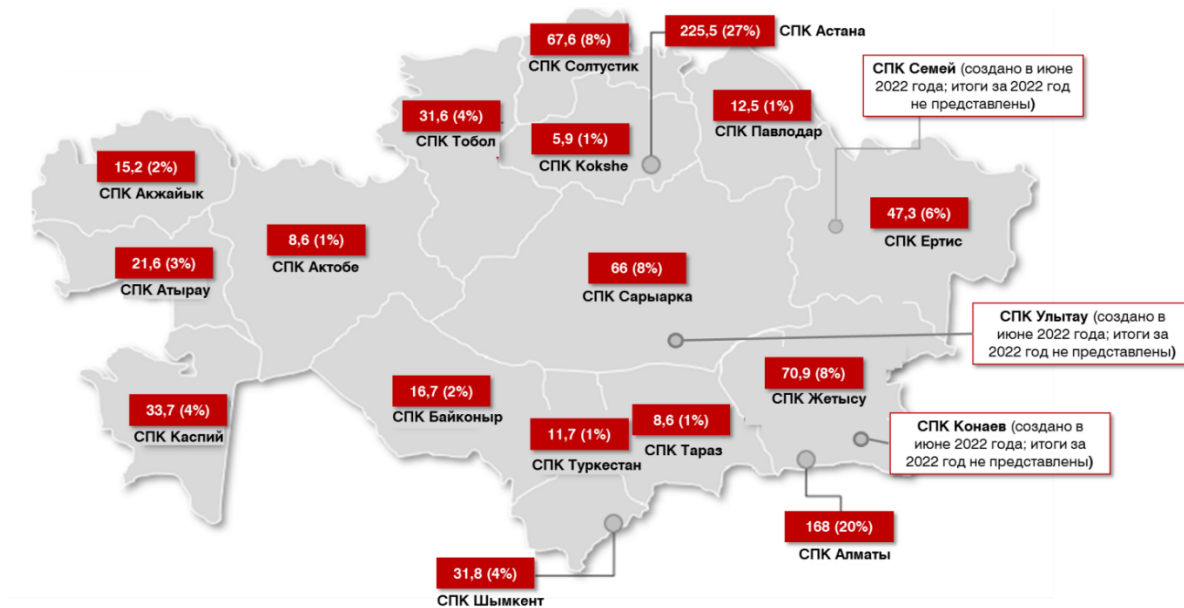


Fig.1. The size of the authorized capital of regional SECs (billion tenge) and the share of participation in the total capital of 17 SECs as of 31.12.22
(based on the results of the consolidated financial statements)

Data source: <https://opi.dfo.kz/>

The book value of the total assets of 17 secs amounted to 768.4 billion tenge and decreased by 10% since the beginning of 2022 (Fig.2).

² Including the Company.

³ Data on the amount of the authorized capital, book value of assets and profit for 17 SEC are given in Appendix 1. Source of information: <https://opi.dfo.kz/p>

The largest share of assets falls on the Company (27%) and SEC Astana (15%).

The cumulative loss of 17 SECs amounted to 6.5 billion tenge. Last year, the SEC's activities ended with a cumulative loss of 1.6 billion tenge.

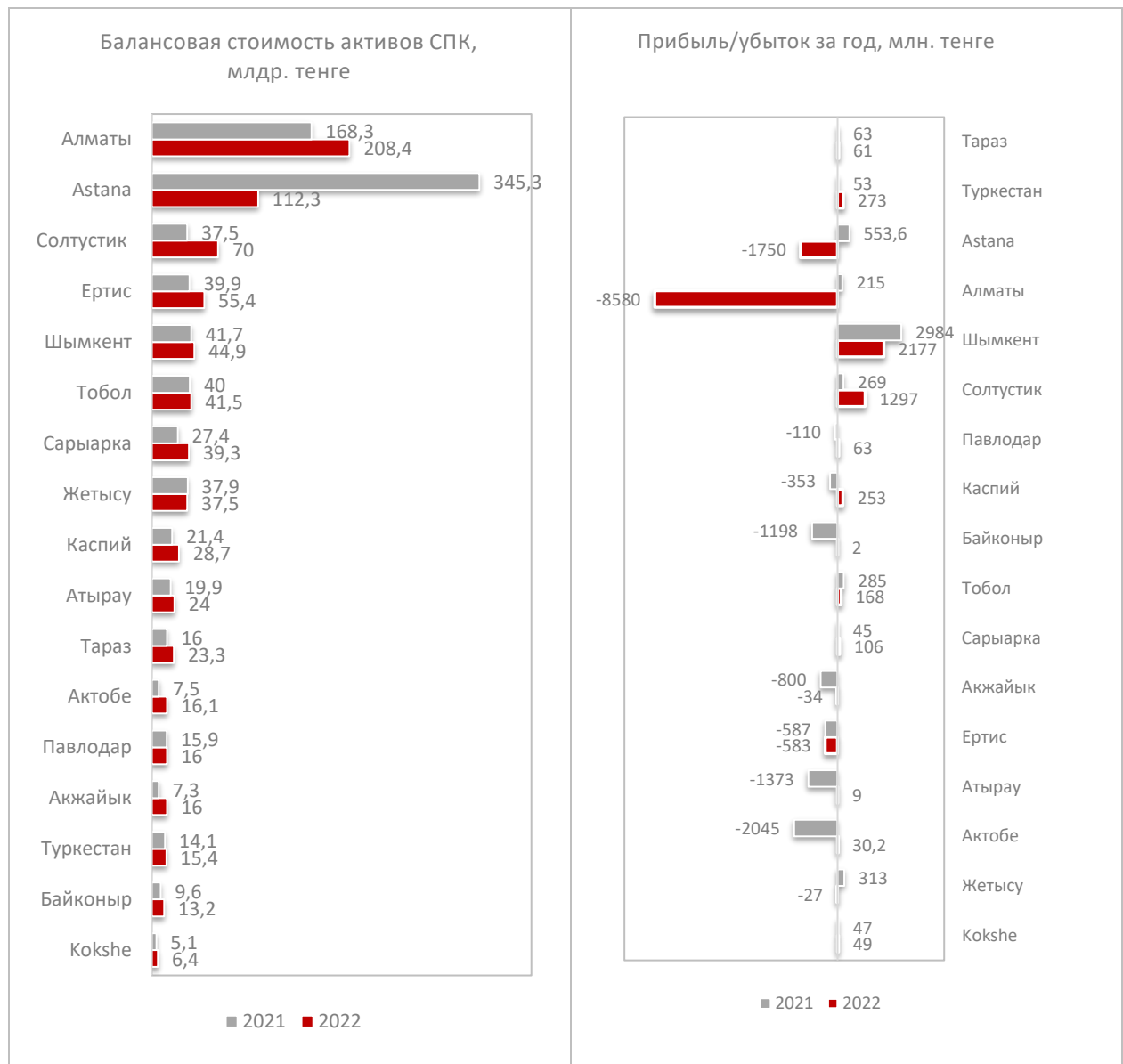


Fig. 2. Indicators of the book value of assets and profit (loss) of regional SECs (based on the results of the consolidated financial statements).

Data source: <https://opi.dfo.kz/>

Socio-economic, industrial and technical, natural and climatic, as well as demographic characteristics of the regions dictate their own conditions of development, and therefore, having a common global goal and a single global vision, regional secs develop their own set of strategic priorities, strategic goals and areas of activity.

3. Mission

The mission of the Company is to promote sustainable socio-economic development of the city of Almaty.

The scale of tasks within the framework of the Company's mission is formed taking into account the long-term vision and key priorities of the country and the region set out in such strategic documents as:

- ❖ "Kazakhstan 2050" Strategy ⁴;
- ❖ Strategic Development Plan of the Republic of Kazakhstan until 2025⁵;
- ❖ "Almaty-2050" Development strategy;
- ❖ Regional Entrepreneurship Development Program "Almaty Business - 2025" ⁶(hereinafter referred to as the "Almaty Business - 2025" Program);
- ❖ National Project on Entrepreneurship Development for 2021-2025⁷;
- ❖ Almaty City Development Program until 2025 and medium-term prospects until 2030 ⁸(hereinafter referred to as the Almaty City Development Program until 2025);
- ❖ The program of renovation of the housing stock in Almaty for 2021-2025 ⁹(hereinafter - the Program of renovation of the housing stock);
- ❖ and others.

4. Vision

The Company positions itself as a regional fund that effectively manages assets and provides business support to ensure the economic and social well-being of the city.

The assets of the Company are represented, as a rule, by real estate objects, land plots, cash, companies with a share of state participation. On the basis of these assets, the Company implements investment projects of a commercial and social nature. Assets are distributed among entrepreneurs and investors through tenders, auctions and sweepstakes.

Business support mechanisms are implemented by the Company by providing:

access to industrial infrastructure (infrastructure support):

- ❖ provision of land plots on the territory of an industrial zone and industrial parks for the placement of large production facilities.

⁴ Message of the President of the Republic of Kazakhstan to the people of Kazakhstan "Kazakhstan-2050" Strategy: a new political course of the established state" dated December 14, 2012

⁵ Decree of the President of the Republic of Kazakhstan dated February 15, 2018 No. 636

⁶ Decision of the Maslikhat of Almaty dated December 13, 2019 No. 419

⁷ Resolution of the Government of the Republic of Kazakhstan dated October 12, 2021 No. 728

⁸ Approved at the XXV session of the Maslikhat of Almaty on September 12, 2022

⁹ Resolution of the Akimat of Almaty dated February 19, 2021 No. 1/124

access to financial resources (financial support):

- ❖ provision of loans/loans on preferential terms by subsidiaries of the Company, such as Almaty Finance LLP and "Almaty" Microfinance organization LLP;
- ❖ co-financing of projects at the expense of the Company's own funds;
- ❖ providing a corporate guarantee.

access to sales channels:

- ❖ organization of "weekend" fairs;
- ❖ provision of seats in trade pavilions;
- ❖ provision of non-stationary objects of trade.

access to socially significant food products:

- ❖ monitoring of prices for socially significant food products;
- ❖ conclusion of forward contracts for the supply of socially significant food products.

access to housing:

- ❖ providing the population with the opportunity to move from dilapidated to new housing.

Ensuring food security is an essential component of the country's national security. The issue of restraining prices for socially important food products (CIFP) is of priority importance. In this regard, the Head of the Government instructed the Ministry of Agriculture, together with local executive bodies, to manually ensure the early contracting and delivery of autumn vegetables to the regions, to monitor the volume of CIFP reserves on an ongoing basis and to respond promptly to their changes.

The Company is a **specialized organization for the formation and use of the regional stabilization fund of food products of the city of Almaty**. According to the Rules for the formation and use of regional stabilization funds for food products¹⁰, the Company purchases and further stores socially significant types of food products in order to conduct trade interventions from the reserves of the stabilization fund to prevent an increase in prices for essential goods in the food market of Almaty. The sale of goods is carried out by the Company through its own retail and retail network, as well as through the trading networks of partners (28 trade pavilions and 11 weekend fairs). Marginal trade surcharges are set at no more than 15% of the cost of production, the price range is 10-20% lower than the average market prices in the city.

In addition, the Company is the operator of the implementation **of the Housing Renovation Program in Almaty for 2021-2025**. Within the framework of this program, the Company's activity is to manage projects for the modernization of the

¹⁰ Resolution of the Government of the Republic of Kazakhstan dated October 9, 2012 No. 1280

housing sector, by demolishing dilapidated houses and organizing the construction of new buildings and structures. Responsibility for the implementation of relevant projects is assigned to the subsidiary of Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP.

Thus, the Company is a kind of connecting bridge between the resources of the state and the business community. The ultimate goal of creating the Company is the development of entrepreneurship and the solution of socially important tasks of the city.



Fig. 3 Positioning of the Company

5. History of development



6. Calendar of events in 2022

January	A program to support businessmen affected by the riots has been launched. Almaty Finance and MFO Almaty have introduced a new product of concessional financing.
March	The Company has reached an agreement with a major sugar distributor to supply the necessary volumes of granulated sugar to retail chains and stores in the city.
	Mr. Dossayev Yerbolat Askarbekovich was unanimously elected Chairman of the Board of Directors of SEC Almaty JSC.
	The composition of the Management Board of SEC Almaty JSC was approved: A.E. Bilisbekov, G.K. Murzalinova, M.K. Prudnikov, A.N. Shamshin.
April	The Company has concluded a Loan Agreement (forward loan) with the Magnum Cash&Carry retail chain for laying vegetables for the 2022-2023 off-season.
	Akim of Almaty visited three factories on the territory of the industrial zone: the plant for the production of welded steel pipes of Asia Steel Pipe Corporation, the greenhouse complex BRB APK, the plant for the production of aluminum and bimetallic radiators Valtherm
May	Alisher Satybaldiyev appointed Director of the Industrial Zone of Almaty
	The Company took part in a meeting with entrepreneurs organized by Atameken NCE.
	The Company jointly with the EBRD and Kazakhstan Stock Exchange KASE held a conference "Business development Opportunities" for representatives of SMEs.
June	Three shopping pavilions of the "LocoMarket" chain were rebranded and the name was replaced with "LocoMarket-Pavilion".
	The composition of the Management Board of SEC Almaty JSC was approved: A.E. Bilisbekov, G.K. Murzalinova, M.K. Prudnikov, A.N. Shamshin.
July	The Company, together with the Department of Entrepreneurship and Investments of the city of Almaty, started wholesale and retail sale of sugar at agricultural fairs "weekend".
	On the territory of the industrial zone of Almaty, the production of control and automation systems for enterprises of various industries of Kazakhstan has been launched.
	A refund was made to the local budget at the expense of saving money in the amount of 1,519,666 thousand tenge.
August	The Company held a meeting on food security and price stabilization for CIFP with representatives of retail chains and agricultural producers of the regions: Magnum Cash&Carry LLP, Skif Trade LLP, Sabyrzhan Company LLP, CAREFOOD QAZAQSTAN LLP, AlmaStor LLP, Aksu Kant LLP, IP Changshanlo, Alima Invest LLP, Nazdana LLP.
	At the premises of the Hyundai Trans Kazakhstan plant in the Industrial zone of Almaty, it is planned to open a school for training mechanical engineering specialists.

	The powers of the Chairman of the Board of SEC Almaty JSC Bilisbekov Askar Yergaliyevich were terminated prematurely. Arman Nurzhanovich Shamshin was elected Chairman of the Management Board of SEC Almaty JSC.
September	Akim of Almaty took part in the launch of two enterprises on the territory of the industrial zone - KazStroyTrade LLP (superservice from Weir Minerals) and Kaz-Dia-Test LLP (production of diagnostic test systems).
	The Head of the Prevention Service of the Anti-Corruption Agency of the Republic of Kazakhstan got acquainted with the project of renovation of dilapidated housing.
	The Company has provided premises for the implementation of the social project "ISKER OTBASY".
	The Company and Magnum Cash&Carry LLP (72 stores) have signed a loan agreement to stabilize prices for vegetable products.
	The company has provided premises to Jurek Guly Public Foundation.
	The Company and Almaty Finance provided assistance in financing the construction of a private elementary school "Millennium" for 420 student places.
	The repurchase of 176,230 ordinary shares of the Company from Almaty Entrepreneurship and Investment Department MPI is approved at a price of 1,000 (one thousand tenge) per one common share for a total amount of 176,230,000 (one hundred seventy-six million two hundred thirty thousand) tenge by transferring to the municipal property of the city of Almaty.
	Deputy Chairman of the Management Board Akhmetov Dastan Rustemovich was elected a member of the Management Board of SEC Almaty JSC.
October	Hyundai Trans Kazakhstan has produced more than 20 thousand cars on the territory of the industrial zone of Almaty.
	Media representatives visited factories on the territory of the industrial zone of Almaty: Teplostil, Hyundai Trans Kazakhstan, Bijan, Almerek, as well as the Ala Estate industrial Park.
	A memorandum of mutual cooperation was signed between the Company and the Shymkent SEC.
	On October 8-9, an expanded fair of agricultural producers of the Almaty region was held in Almaty.
	The authorized capital of Capital Construction Enterprise LLP has been increased in the amount of 3,217,977,952 (three billion two hundred and seventeen million nine hundred and seventy-seven thousand nine hundred and fifty-two) tenge for the completion of construction and installation works and commissioning of a 16-storey residential building.
November	A memorandum of mutual cooperation has been signed between the Company and SECCaspian.
	The Company has allocated premises to "Shynga Orleu" public fund on a gratuitous basis.
	The powers of a member of the Management Board of SEC Almaty JSC Murzalinova G.K. were terminated prematurely. Deputy Chairman of the Board of SEC Almaty JSC Gabdullin A.Zh. was elected

	a member of the Board of SEC Almaty JSC.
December	The company has provided premises for the charity fund "Zhan Ana" 6 projects have been launched in the Industrial Zone of Almaty. The total amount of projects amounted to 9 billion tenge.
	In order to stabilize the prices of bread and flour in Almaty, a loan agreement has been concluded between the Company and Ruzi Nan Astana LLP.
	The Head of State supported the proposal to expand the industrial zone in Almaty by 189 hectares.
	The authorized capital of Capital Construction Enterprise LLP has been increased in the amount of 59,652,164,000 tenge.
	A project agreement was concluded with a consortium consisting of Kazspetsenergосervice LLP, Qazaq Stroy Almaty LLP, Qazaq Stroy LLP and Qazaq Prom Stroy LLP

7. Key performance indicators

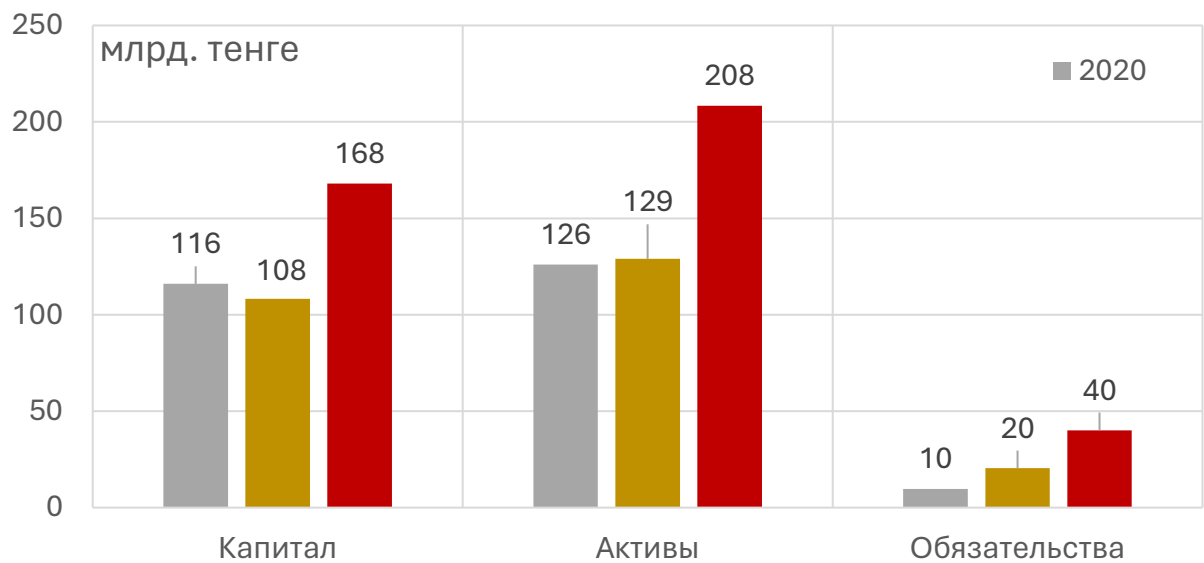


Figure 4 Dynamics of the Company's capital, assets and liabilities for 2020-2022
(according to the consolidated financial statements)

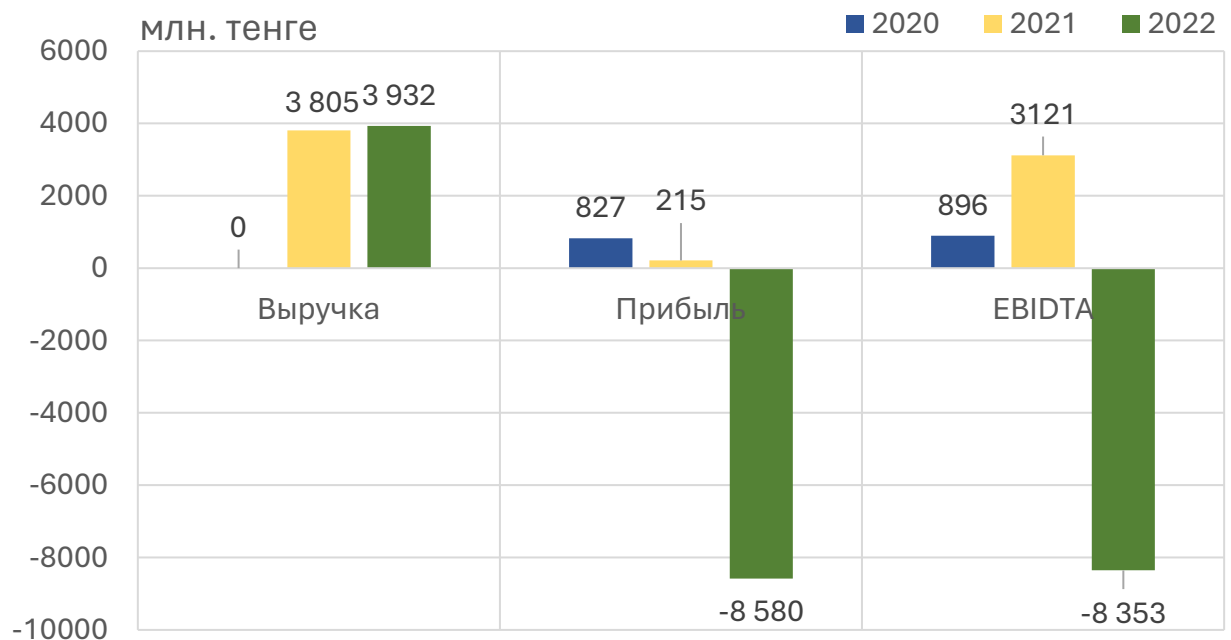


Fig. 5 Dynamics of the Company's revenue, profit and EBITDA indicators for 2020-2022
(according to the consolidated financial statements)

8. Strategic map of the Company

Mission	Promotion of sustainable socio-economic development of the city of Almaty					
Vision	A regional fund that effectively manages assets and provides business support to ensure the economic and social well-being of the city					
Strategic values	Availability of production infrastructure	Availability of preferential loans	Availability of sales channels (trade infrastructure)	Availability of socially significant food products	Housing affordability	
Strategic objectives	<ol style="list-style-type: none"> 1. Attraction of investment projects and assistance in their implementation on the territory of the Industrial zone of Almaty (IZA) and industrial parks. Ensuring the growth of return on investment; 2. Improving the efficiency of the implementation of budget investment projects; 3. Support and assistance in the implementation of social projects; 4. Improvement of preferential support tools for SMEs; 5. Improving the effectiveness of measures to stabilize prices for socially important food products (CIFP), the development of food infrastructure; 6. Improvement of the housing stock in Almaty as part of the Housing Renovation Program for 2021-2025. 					
Strategic areas of activity	Placement of promising and innovative production facilities on the territory of the IZA	Implementation of commercial, social and budgetary investment projects	Support for small and medium-sized businesses	Implementation of measures to stabilize prices for CIFP	Implementation of the Housing Renovation Program for 2021-2025	
Mechanisms for implementing strategies	<ul style="list-style-type: none"> ▪ Provision of land plots on the territory of the Industrial Zone and industrial parks for the placement of large production facilities; ▪ provision of loans/loans on preferential terms by subsidiaries of the Company, such as Almaty Finance LLP and "Almaty" Microfinance organization LLP; ▪ co-financing of projects at the expense of the Company's own funds; ▪ Providing a corporate guarantee ▪ Organization of "weekend" fairs; ▪ Provision of seats in trade pavilions; ▪ Provision of non-stationary objects of trade 					

	<ul style="list-style-type: none"> ▪ Monitoring of prices for socially significant food products; ▪ Conclusion of forward contracts for the supply of socially significant food products ▪ Providing the population with the opportunity to move from dilapidated to new housing
<p style="text-align: center;">Key performance indicators of the strategy</p>	<ol style="list-style-type: none"> 1. The number of completed investment projects 2. IRR projects 3. Percentage of projects completed on time 4. The Company's portfolio in subsidiaries 5. The degree of penetration into the CIFP markets 6. Number of fairground seats provided 7. Number of funded projects 8. Amount of loans issued 9. Number of small industrial enterprises established 10. Number of supported investment projects 11. Investment volume 12. Investors' loyalty to the Company's work

9. Execution of strategic indicators

Implementation of strategic indicators by the Company in 2022 (plan-fact)

(Report on the performance of the Efficiency and the Action Plan for the implementation of the Development Strategy of SEC Almaty JSC for 2022¹¹)

No.	Name	Ed. ed.	Plan, 2022	Fact, 2022	Fact/Plan, %
1	The number of completed investment projects	Units	23	21	91%
2	IRR projects	%	15.0	15.8	105%
3	Percentage of projects completed on time	%	90	100	111%
4	The Company's portfolio in subsidiaries	Billion tenge	33	93	282%
5	The degree of penetration into the CIFP markets	%	19%	19%	100%
6	Number of fairground seats provided	Units	400	278	70%
7	Number of funded projects	Units	201	259	129%
8	Amount of loans issued	Billion tenge	8.6	11	128%
9	The number of established industrial enterprises in the territory of the IZA	Units	5	8	160%
10	Number of supported investment projects	Units	33	59	179%
11	Investment volume	Billion tenge	737	324.4	44%
12	Investors' loyalty to the Company's work	Scores	4	4	-

¹¹ Minutes of the Strategic and Budget Planning Committee No. 10 dated 02.05.2023

10. Key planned initiatives

The targeted reliance on future periods of the Company will be developed in accordance with state programs, in particular, the Almaty City Development Program until 2025 and Medium-term prospects until 2030, and the Development Strategy of SEC Almaty JSC for 2020-2025, and is also based on the following key planned initiatives:

1. Project Management

- Entrepreneurship development (including in the following industries: manufacturing, infrastructure facilities, tourism, creative industries and information technology);
- Implementation of socially significant projects of the city of Almaty, creation of a comfortable urban environment;
- Implementation of projects using the principles of environmental, social and corporate governance (ESG principles);
- Improving labor productivity;
- Support for the urbanization of the economy;
- Development of innovations;
- Infrastructure development.

2. Asset Management:

- It is planned to transfer to communal ownership land plots in the amount of 80 units and 1 administrative building of them:
 - 23 for the installation of AMC;
 - 24 under the policenter "Eastern Gate";
 - 15 under the city's car parks;
 - 10 for non-stationary objects of trade (NOTs);
 - 8 for the placement of CIFP trade pavilions;
 - 1 administrative building at 33 Baizakov Street

3. Enterprise management

- Reducing dependence on budget revenues, stimulating enterprises to increase their efficiency;
- Increasing the profitability of enterprises;
- Increasing the number of joint ventures;
- Timely sale of a share in a joint venture;
- Transfer of non-core functionality of the Company to joint ventures;
- Improving the system of interaction with subsidiaries and affiliates by building a corporate structure;
- Automation of business processes of subsidiaries and affiliates;
- Conducting privatization procedures of Almaty Finance LLP;
- Quarterly audit of subsidiaries and affiliates.

4. Management of the stabilization fund

- Improving the implementation of price stabilization mechanisms for CIFP;
- Increase in the allocation of budget funds allocated as part of the implementation of price stabilization mechanisms for CIFP from 11 billion tenge to 15 billion tenge;
- Increase of the Company's presence in the CIFP market (in production volumes) from 6% to 8-10%;
- Development of food infrastructure, including with the participation of private partners.

5. Business support

- Creation of new small industrial parks - by the end of 2025, the MMP area will be increased to 250 thousand m2 by building 50 new MPPs to accommodate more than 400 new production facilities;
- Support of initiatives for the development of industry integrations;
- In 2023, a new preferential credit product "industrial mortgage" will be introduced, which allows using the acquired areas of small industrial parks (MMPs) as collateral for a loan;
- Expansion of the territory of the Industrial zone of Almaty by 190 hectares;

6. Implementation of the residential renovation program in Almaty

- Improvement of housing infrastructure;
- Increasing the volume of housing construction;
- By 2030, the demolition of 708 dilapidated houses (6,637 apartments) and the construction of 683 new residential complexes (34,605 apartments);
- Participation in the development and approval of Rules for the maintenance and operation of buildings and structures providing for maintenance, repair of structures and engineering systems, including the replacement of dilapidated and emergency housing stock.

7. Improving the level of corporate governance and personnel policy

- Effective interaction with the Sole Shareholder of the Board of Directors, building corporate governance taking into account the best international practices;
- Increase of motivation and competence of employees

11. Strategic areas of activity

11.1 Implementation of promising and innovative projects on the territory of the Industrial zone of Almaty

The industrial zone of the city of Almaty (IZA) was created in accordance with the Strategic Development Plan of the Republic of Kazakhstan until 2020 and the State Program for Accelerated Industrial and Innovative Development of the Republic of Kazakhstan for 2010-2014. The functioning of the industrial zone is defined by the Entrepreneurial Code and the Unified Business Support and Development Program "Business Roadmap 2020"¹².

IZA was created in order to provide state support to private entrepreneurship and is intended for the development of priority industries in Almaty (mechanical engineering, food, light, pharmaceutical, chemical industries, logistics, production of building materials). At the same time, preference is given to investment projects aimed at relocating industrial enterprises from residential areas of the city, the production of technological, innovative products, import substitution.

The total area of the Industrial Zone of Almaty is 490 hectares, of which 201.1 hectares have been allocated for projects, 164 hectares for infrastructure.

IZA residents are 64 companies, worth 238.6 billion tenge, of which 10 projects with foreign participation (China, Russia, Japan, Turkey, South Korea), with the creation of 6848 jobs.

Key performance indicators of IZA

(as of December 29, 2022)

Years	Number of projects, units.	Volume of investments, billion tenge	Number of jobs, units.	Occupied area, ha
2016-2021	19	115.2	2848	102
2022	8	9.2	466	8.5
2023-2025 (plan)	37	114.2	3534	90.6
Total on actuals	27	124.4	3314	110.5
Total until 2025	64	238.6	6848	201.1

In 2022, 8 projects were launched: Kaz-Dia-Test LLP, City Stone, Teplostil, Story Production, ElektroBar, as well as 3 small industrial parks: QazaqPlast, Alatau Industrial Park, Alaestate. The amount of investments amounted to 9 billion tenge. 466 jobs have been created.

¹² Here and further, the source of information is the website <https://indzone.kz/>

By 2025, it is planned to implement 37 projects for a total investment of 114.2 billion tenge. With the creation of 3,534 jobs.

An industrial park is an area for the implementation of small and medium-sized business projects, where entrepreneurs are provided with a ready-made room with connected communications.

By the end of 2020, four small industrial parks have been launched on the territory of the Industrial Zone of Almaty. Developers (KazStroyTrade LLP, D&J Industries & Logistic LLP, AlaEstate LLP, ADSIndustries LLP) are completing design work and plan to start construction and installation work on the sites.

The total area of production facilities will be 36 thousand sq.m. They will house more than 70 production facilities in the construction, furniture, light and food industries. It is planned to create more than 1,100 new jobs.

The project for the development of small industrial parks is carried out within the framework of the Regional Entrepreneurship Development Program "Almaty Business-2025". The purpose of the project is the construction of production facilities in the city with the involvement of investors or owners of production bases. Production facilities will be provided to SMEs on preferential terms: at a fixed rental rate for a period of 5-7 years, regardless of devaluation risks. The cost of renting the premises will be 1000-1200 tenge / sq.m. The cost of buying the premises is up to 145 000 tenge /sq.m.

Four industrial parks are already operating in Almaty (BrotMaster LLP, AlaEstate LLP, SamrukGroup LLP and Aspara LLP). They have expanded the production of furniture, haberdashery, beverages, roasting coffee, building materials. Negotiations are underway with potential participants on the placement of paper production, spoiler products, etc.

Advantages of implementing industrial park projects: the introduction of empty industrial and administrative premises in the city; assistance in creating and developing businesses in areas with low business activity (new jobs, taxes); preferential financing rates of 2-6%.

In the future, enterprises located in the industrial zone should become leaders of their industries, an example of technical modernization of industrial production in the city of Almaty.

The main financial indicators of the IZA, thousand tenge

Name	December 31, 2022	December 31, 2021
ASSETS		
Long-term assets		
Fixed assets	2 265 651	711,432
Other non-current assets	20295	
	2 285 946	711,432
Short-term assets		

Stocks	6 943	4 801
Short-term accounts receivable	69371	290
Current tax assets	842	617
Advances issued and other current assets	9 920	5 674
Cash	207,166	95 918
	294,242	107,301
TOTAL ASSETS	2 580 188	818,734
CAPITAL AND LIABILITIES		
Capital		
Authorized capital	2 742 976	1 142 518
Additional paid-in capital	54 189	54 189
Accumulated loss	(530 171)	(533 294)
TOTAL CAPITAL	2 266 994	663,413
Long-term liabilities		
Financial obligations	45 961	76 421
Deferred tax liabilities	37 451	37 451
	83 412	113,872
Short-term liabilities		
Short-term financial liabilities	145,953	
Short-term accounts payable	42 922	19 387
Vacation reserves	22 408	15 228
Taxes payable	12 859	3 730
Other obligations	5 640	3 104
	229,782	41 449
TOTAL LIABILITIES	313,194	155,321
TOTAL EQUITY AND LIABILITIES	2 580 188	818,734

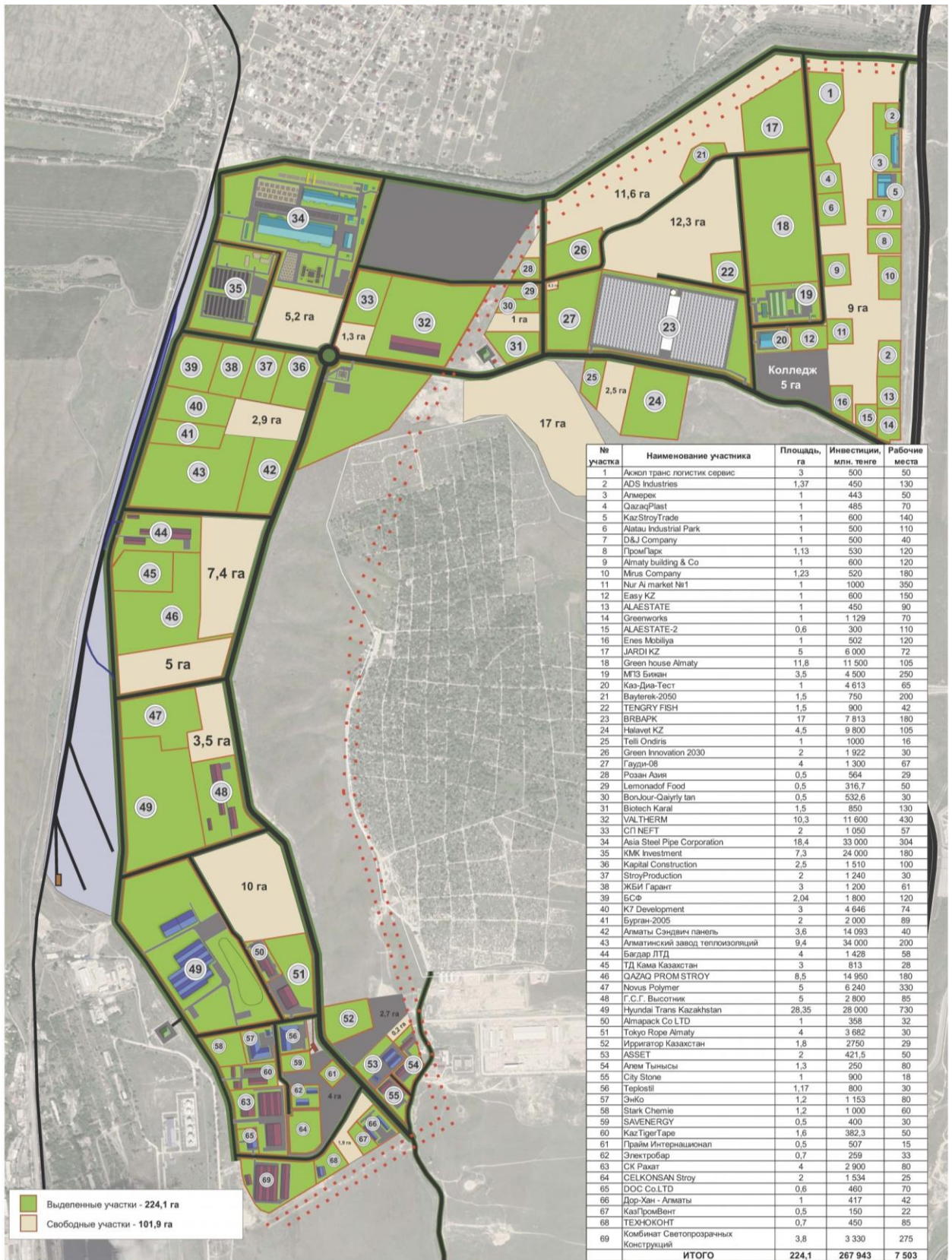


Fig. 6 – Industrial zone of Almaty

Data source: <https://indzone.kz/>

Projects implemented in 2022 on the territory of the Industrial Zone of Almaty



Производство диагностических тестов медицинского назначения (*экспресс тестов, ПЦР тестов, ИФА тестов, питательных сред*)

Инвестиции: 4,6 млрд.тг.
Площадь: 1 га
Рабочие места: 65 чел.
Мощность: 1,8 млн. штук в год
Запуск: сентябрь 2022 г.



Изделия из натурального камня

Инвестиции: 900 млн.тг.
Площадь: 1 га
Рабочие места: 18 чел.
Мощность: 128,5 тыс. п.м. в год
Запуск: декабрь 2022 г.
Произведен технический запуск



Производство электротехнических изделий

Инвестиции: 259 млн.тг.
Площадь: 0,7 га
Рабочие места: 33 чел.
Мощность: 617 штук в год
Запуск: декабрь 2022 г.
Произведен технический запуск



Производство термопанелей

Инвестиции: 800 млн.тг.
Площадь: 1,17 га
Рабочие места: 30 чел.
Мощность: 240 000 кв.м. в год
Запуск: декабрь 2022 г.
Произведен технический запуск



Газобетонные блоки

Инвестиции: 1,24 млрд.тг.
Площадь: 2 га
Рабочие места: 30 чел.
Мощность: 60 тыс. куб.м. в год
Запуск: декабрь 2022 г.
Произведен технический запуск

Projects implemented in 2022 on the territory of small industrial parks

Qazaq Plast



Малый промышленный парк
Инвестиции: 485 млн.тг.
Площадь: 5 000 кв.м.
Рабочие места: 70 чел.
Кол. резидентов: 6
Запуск: декабрь 2022 г.
Продукция: галантерейная, упаковочная

Alatau Industrial Park



Малый промышленный парк
Инвестиции: 500 млн.тг.
Площадь: 5 100 кв.м.
Рабочие места: 110 чел.
Кол. резидентов: 9
Запуск: сентябрь 2022 г.
Продукция: металлообработка, машиностроение

ALAESTATE (2 проект)



Малый промышленный парк
Инвестиции: 300 млн.тг.
Площадь: 2 880 кв.м.
Рабочие места: 90 чел.
Кол. резидентов: 5
Запуск: октябрь 2022 г.
Отрасль: пищевая

WEIR MINERALS



Резидент промышленного парка
«KazStroyTrade»
Инвестиции: 1,25 млрд.тг.
Площадь: 2 450 кв.м.
Рабочие места: 60 чел.
Мощность: 600 шт. в год
Запуск: сентябрь 2022 г.

11.2 Implementation of commercial, social and budget-investment projects

The Company's project portfolio consists of commercial and social projects financed from its own and private funds, as well as budget and investment projects financed from the local budget.

Commercial projects

Key indicators for the implementation of commercial projects for 2022

No.	Name	Ed. ed.	Value
1	Number of projects being implemented	Units	10
2	Number of completed projects	Units	1
2	Investment volume	Billion tenge	303.8
4	Number of jobs created	Units	850

In 2022, work was carried out on the implementation of 10 commercial investment projects with a total investment of 303.8 billion tenge, and the planned number of jobs equal to 850:

No.	Name	Volume of investments, million tenge	Completion date
1	Construction of a social multifunctional comfortable urban complex for public events "Social City Hall" (VOAD, Radlov Str., section 9/1)	459	2024
2	Construction of the motorcycle club "KZ Bike" - Kokkainar mcrd., Azerbaijan Mambetov Str., plot 1/43	44	2023
2	Construction of retail premises for domestic producers" (south of Al-Farabi Ave., west of Zharokov Str.)	146	2023
4	Car maintenance and repair station (64B Satpayev Str.)	19	2023
5	Construction of a multifunctional small industrial park" (Shormanov Str. 1)	262	implemented
6	Construction of the business center "Social Coworking Centre" (Radlov Str., 71/1, VOAD)	1200	2025
7	Placement of communication poles (17 land plots in different districts of Almaty)	3	2025
8	Construction of a multifunctional multi-storey building (south of Tole bi Street, east of Kairbekov Street)		2024
9	Construction of a wholesale and retail food center with a total area of 5,327 sq.m (Navoi str., 95/2)	1600	2023

10	<p>The project within the framework of the development of the "Eastern Gate" polycenter (at the address of Almaty, Turksib district, Kairat mcrd., on sections 297/4 and 716):</p> <ul style="list-style-type: none"> ▪ the total area of the apartments is 821,200 sq.m.; ▪ the area of commercial premises is 55,282 sq.m.; ▪ the area of parking spaces is 368,634 sq.m. underground and 131,366 sq.m. ground; ▪ creative quarter (City of Masters) – 40,000 sq.m.; ▪ the area of schools is 36,000 sq.m.; ▪ the area of kindergartens is 31,000 sq.m. 	300,000	2028
----	---	---------	------

Social projects

Key indicators for the implementation of social projects for 2022

No.	Name	Ed. ed.	Value
1	Number of projects being implemented	Units	20
2	Investment volume	Billion tenge	115.5
4	Number of jobs created	Units	193

The following social projects were implemented in 2022:

No.	Name	Volume of investments, million tenge	Jobs
1	PF "Assyl Zhurek" (66 Shukenov Str., with an area of 766.4 sq.m.)	21.5	22
2	Branch of the Public Charitable Foundation "Karkyn" (144/1 Zhandossov Str., n.p. 105, 109, with an area of 158.3 sq.m.)	3	9
2	Private institution "Center for Adaptation, Rehabilitation and Habilitation – RUH" (mcrd. Kazakhfilm, bldg. 14, n. p. 81, with an area of 107 sq.m.)	12	20
4	IE "Clarence man" (150/2 Zhandossov Str., n. p. 109, with an area of 65 sq.m.)	5	10
5	Public Fund "JanAnaAlmaty" (Zhetysu-3, bldg. 65, n.p. 110, area 121.6 sq.m.)	5	9
6	IE "Yessenbekova S.M." (150/1 Zhandossov Str., n.p. 106, 107, with an area of 161.7 sq.m.)	5	12
7	NGO "Veterans and invalids of the war in Afghanistan "Zhaunyger" (150/2 Zhandossov Str., n.p. 105, with an area of 94.7 sq.m.)	5	8
8	NGO "Invalids "An-Nisa" (mcd. Zhetysu-3, bldg.	8	12

	64.65, n.p. 63, 64, 111, with an area of 175.2 sq.m.)		
9	IE "Turumkozhayeva Zh.S." (mcrd. Zhetysu-3, bldg. 67, n.p. 72, with an area of 119.9 sq.m.)	5.5	11
10	IE "Mukhtar" (mcrd. Zhetysu-3, bldg. 66, n.p. 79, with an area of 76.9 sq.m.)	4	3
11	IE "Media Pro" (150/1 Zhandossov Str., n.p. 104,105,108, with an area of 180.4 sq.m.)	6.5	30
12	KazSimGroup LLP (150/2 Zhandossov Str., n.p. 106,107, with an area of 117.6 sq.m.)	6.5	9
13	IE "Alimbekova A. T." (mcrd. Zhetysu-3, bldg. 65, n.p. 107,108, with an area of 180.9 sq.m)	8	13
14	Qaz Artis Centrum LLP (144/2 Zhandossov Str., n.p. 107, 108, with an area of 160.3 sq.m.)		13
15	OOPSK "Free Sparring", "Svobodnyi sparring" (mcrd. Zhetysu-3, bldg. 66, n.p. 76, with an area of 187.1 sq.m.)	8.8	15
16	IE "Pavel Aleksandrovich Zaitsev" (150/3 Zhandossov Str., n.p. 105, 109, with an area of 160.4 sq.m.)	2	3
17	Public Foundation "Zhurek guli" (mcrd. Zhetysu-3, bldg. 64, n.p. 61, with an area of 136.1 sq. m.)		2
18	"City polyclinic No. 4" REM of the Public Health Department of Almaty (150/3 Zhandossov Str., n.p. 71.9 sq.m)	3	8
19	PF "Shynga Orleu" (mcrd. 11, bldg. 17, with an area of 183.5 sq.m.)	5	19
20	A.Kasteyev School of Art and Design LLP (mcrd.6, bldg. 60, with an area of 158.4 sq.m)	21	8

Budget and investment projects

Key indicators for the implementation of budget and investment projects for 2022

No.	Name	Ed. ed.	Value
1	Number of projects being implemented	Units	2
2	Investment volume	Billion tenge	3.6

In 2022, the following works were carried out on the implementation of the following budget and investment projects:

No.	Name	Project Description	Project conditions
1	Simulation educational and methodological center for public education and training	The project is aimed at information and educational training of the civilian population of the city, as well as reducing mortality in natural and	<ul style="list-style-type: none"> ▪ The amount of allocated funds: 1290624.2 thousand tenge. ▪ The balance of funds for

	of rescuers in Almaty (SEMC)	<p>man-made emergencies.</p> <p>The address of the object: Almaty, Alatau district, Kokkainar mscd., A. Mambetov Street, plot 1/77, the land area is 4,0011 hectares, of which the territory of the SEMC facility is 1,224 hectares.</p>	<p>the completion of the SMR: 1068070.6 thousand tenge (83%).</p> <ul style="list-style-type: none"> ▪ Design and estimate documentation (PED): positive conclusion of the state expert examination dated 12.06.2019. ▪ Terms of implementation of the PED: 10 months.
2	Construction of municipal bus fleet No. 3 (KAP-3)	<p>On January 21, 2022, the Company and Aspro Engineering Qazaqstan signed an agreement on the joint implementation of Project No. 10 dated 21.01.2022 (hereinafter referred to as AJI).</p> <p>Within the framework of the concluded AJI, the Company transfers the unfinished CAP-3 to the Investor, the Investor independently ensures the completion of the SMR on CAP-3 at the expense of its own funds and funds received from the sale of gas from the CAP-3 CNG stations. In case of proper fulfillment of the terms of the AJI within one year, the Investor has the right to buy the CAP-3 in installments from the Company</p>	<ul style="list-style-type: none"> ▪ The preliminary investment amount is 2,300,000 thousand tenge; ▪ The cost of sale to the Investor is 3,057,670.9 thousand tenge; ▪ Technological commissioning of CNG stations - April 2022; ▪ Technological commissioning of the car wash - August 2022; ▪ The total commissioning period of the project is 2025; ▪ Sale of the object in installments for 12 years.

11.3 Support for small and medium-sized businesses

The support of small and medium-sized businesses (SMEs) is implemented by the Company through the mechanisms of providing loans/loans on preferential terms by subsidiaries of the Company, such as Almaty Finance LLP and Almaty Microfinance Organization LLP.

Activity of Almaty Finance LLP

Almaty Finance LLP (hereinafter referred to as Almaty Finance) was established within the framework of the Almaty Business -2025 Program in July 2019, through the reorganization of Almaty Azyk LLP.

The activity of Almaty Finance is aimed at organizing preferential lending to priority SME projects in Almaty.

In 2022, within the framework of the "Almaty Business – 2025" Program, 25 projects were financed for a total of 5,326 million tenge with the creation of 885 new jobs.

In total, since 2019, Almaty Finance has financed 81 projects in the amount of 18.9 billion tenge, of which 6 projects in the amount of 7.6 billion tenge for the formation of the Stabilization Fund of Medicines for 2020-2022. 1,895 jobs were created.

Key performance indicators of Almaty Finance LLP for 2022

No.	Name	Ed. ed.	Value
1	Number of funded projects	Units	25
2	Amount of funding	Million tenge	5 326
3	Number of jobs created	Units	885

The implementation of projects in the context of Almaty city districts in 2022 is presented below.

Districts of Almaty city	Number, units.	The amount of financing, million tenge	Jobs, units.	Share, %
Alatau	10	1987	583	37%
Auezov	2	980	45	18%
Bostandyk	4	974	118	18%
Turksib	3	496	30	9%
Medeu	2	400	81	8%
Nauryzbay	3	400	22	8%
Zhetysu	1	89	6	2%
Almaly	-	-	-	-
TOTAL	25	5 326	885	100%

Most of the implemented projects fall on three districts of Almaty: Alatau, Auezov and Bostandyk (the combined share is 73%).

Implementation of projects by industry in 2022:

Districts of Almaty city	Number, units.	The amount of financing, million tenge	Jobs, units.	Share, %
--------------------------	----------------	--	--------------	----------

Production of non-metallic mineral products	1	89	6	2%
Small industrial parks	5	1097	419	21%
Food production	3	400	22	8%
Medicine and healthcare	2	639	200	12%
Creative industry and communication	4	820	120	15%
Education	2	850	45	16%
Sport	2	895	49	17%
Production of chemical industry products	2	270	10	5%
Production of rubber and plastic products	2	146	9	3%
Manufacture of electromedical and electrotherapeutic equipment	2	120	5	2%
TOTAL	25	5 326	885	100%

In the portfolio of funded projects of Almaty Finance, the largest share in the volume of financing is occupied by projects implemented in such sectors of the economy as: sports, education, healthcare. At the same time, a high share belongs to projects deployed on the territory of industrial parks, the industry orientation of which is diverse: from the production of building materials and furniture, to food.

The book value of assets of Almaty Finance as of December 31, 2022 amounted to 19.3 billion tenge, liabilities 826 million tenge.

Financial performance indicators of Almaty Finance

Name	Ed. ed.	2021	2022
Long-term assets	thousand tenge	7 283	13 328 156
Total assets	thousand tenge	10 977 954	19 310 303
Short-term liabilities	thousand tenge	53 578	13 191
Long-term liabilities	thousand tenge	683,284	813,096
Total liabilities	thousand tenge	736,862	826,287
Capital	thousand tenge	10 241 092	18 484 016
Revenue	thousand tenge	25 069	-
EBIT	thousand tenge	-212 357	1 976 440
Net profit	thousand tenge	-225 406	1 942 709
ROA	%	~	~

ROE	%	~	~
-----	---	---	---

Revenues of Almaty Finance in 2022 increased by 4 times compared to last year, expenses decreased by 2 times. Net profit overcame the line of losses and amounted to 7.9 billion tenge

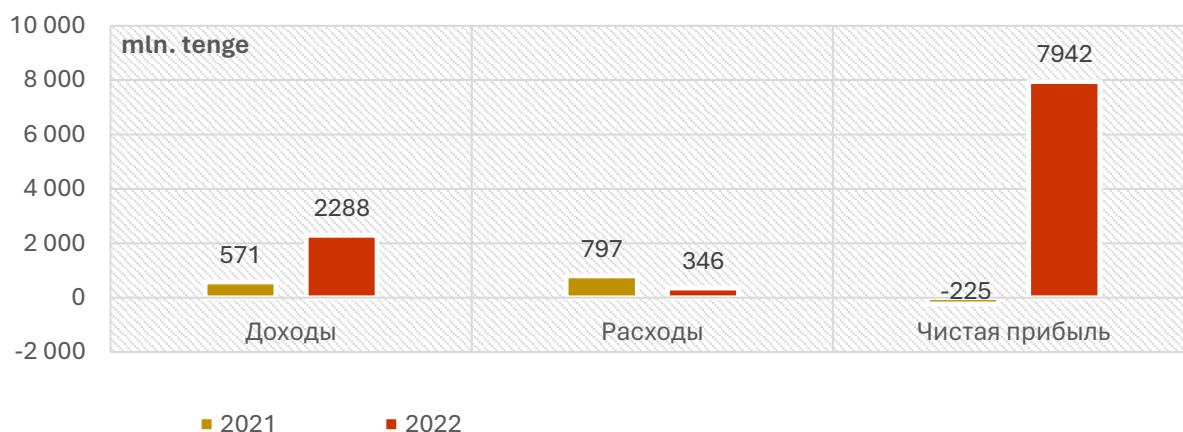


Fig. 7. – Income, expenses and net profit of Almaty Finance for 2021-2022

The main events of 2022 for Almaty Finance were the following events:

- ❖ replenishment of the authorized capital in the total amount of 6,300,000 thousand tenge (including 1,300,000 thousand tenge for subsequent replenishment of the authorized capital of the MFO "Almaty")
- ❖ current borrowers affected by the January events were granted a deferral on repayment of the principal debt, as well as exemption from fines and penalties for up to 60 days.
- ❖ based on the "Almaty Business – 2025" Program, as well as in accordance with the Almaty City Development Program until 2025, Almaty Finance launched the product "Industrial Mortgage" for the construction of small industrial parks;
- ❖ In order to stimulate the interest of employees in improving the efficiency of activities and the quality of work performed in 2022, a bonus system was introduced based on the results of a semi-annual assessment of the effectiveness of employees using key performance indicators (KPIs). The Regulation on the evaluation of the efficiency of the employees of Almaty Finance has been developed and approved by the decision of the Supervisory Board of Almaty Finance (Minutes No. 50 of 03.05.2022);
- ❖ in order to unify the remuneration system of the Company and its subsidiaries, to ensure an effective remuneration scheme, a fair assessment of the contribution of each employee to the efficiency of activities, taking into account strategic priorities, financial and economic indicators, the scope of activities, the organizational structure of the Company as a whole, work was carried out on the evaluation of positions of Almaty Finance. The decision of the Management Board of the Company (Minutes No. 68 dated December

09, 2022) approved the structure of grades and the scheme of official salaries of Almaty Finance employees, effective from January 01, 2023.

Almaty Finance is on the list of companies that are subject to Planned privatization until 2025, the start of privatization activities is scheduled for April 2024.

Activity of MFO "Almaty" LLP

Microfinance organization "Almaty" (hereinafter – MFO Almaty) was created within the framework of the Program "Almaty Business – 2025".

March 5, 2021 MFO Almaty has received a license from the National Bank of the Republic of Kazakhstan for microfinance activities under the number 02.21.0027.M.

Key performance indicators of MFO Almaty LLP for 2022

No.	Name	Quantity	Amount, million tenge
1	Projects reviewed	343	6 927,8
2	Projects approved	184	3 312
3	Loans issued	178	3 182
4	Number of jobs created	761	

Since the beginning of its activity, MFO Almaty has issued 342 loans in the amount of 6,026 million tenge. In 2022, 178 loans were issued in the amount of 3,182 million tenge.

In 2022, as part of the support for entrepreneurs affected by the introduction of a state of emergency on the territory of Kazakhstan, from January 5 to January 19, 2022, a program for crediting entrepreneurs in Almaty was approved on a pledge and/or partially guaranteed by the Company for the purpose of replenishing working capital. The maximum loan amount under this program was 10 million tenge, the interest rate is 2% per annum.

Also, in order to provide additional support to entrepreneurs of the city, a temporary reduction in the interest rate on unsecured loans was approved from 12% to 9% per annum until the end of 2022.

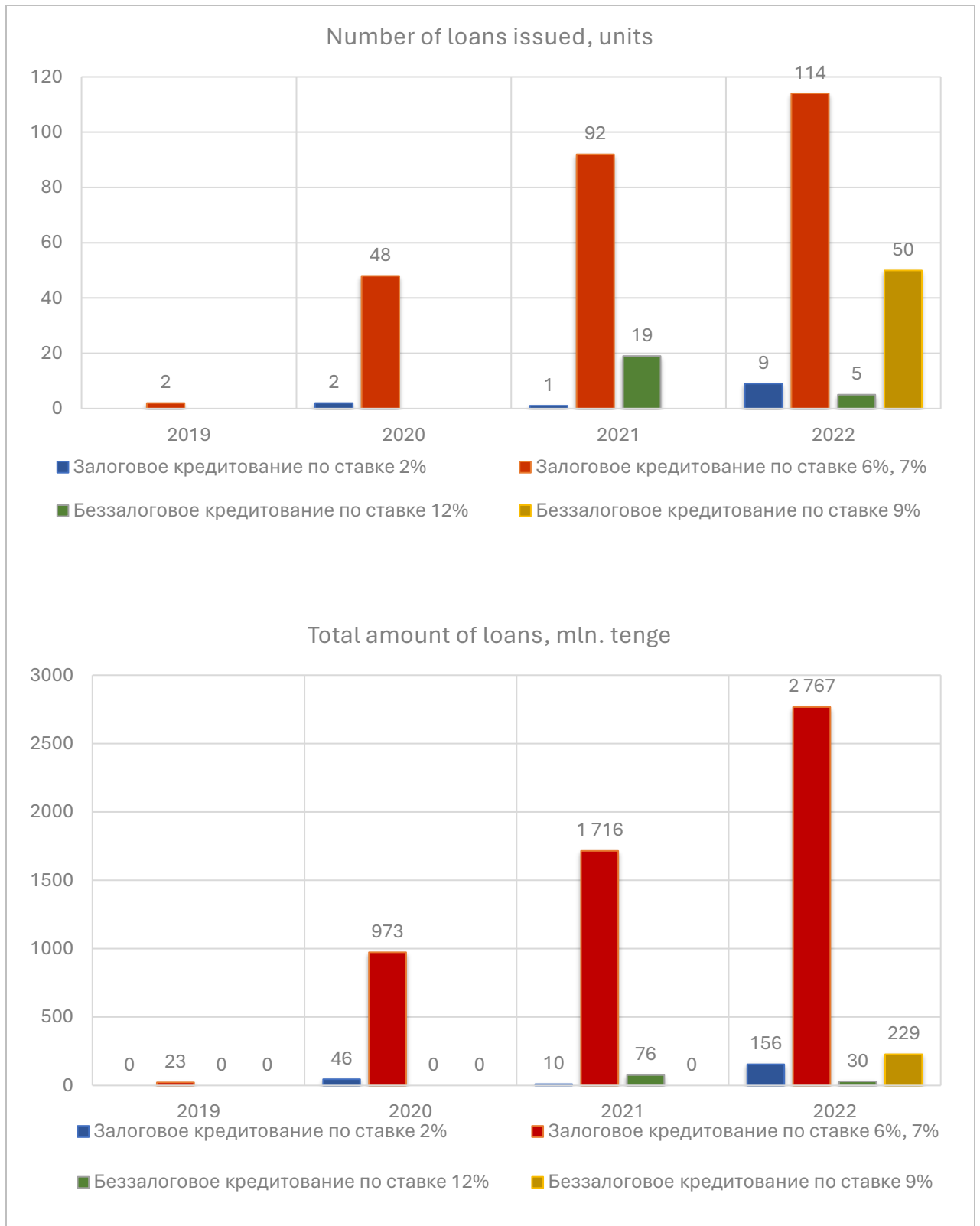


Fig. 8 - Dynamics of the number and amount of loans issued by MFO Almaty

The credit products of MFO Almaty are presented below:

Conditions	Description		
Subjects of crediting	Legal entities, sole proprietors, active and startups		
Intended purpose	Acquisition of fixed assets, replenishment of working capital		
Currency	Tenge		
Collateral	Immovable and movable property		
Maximum loan amounts	Up to 20,000 MCI (61.2 million tenge)		
	Collateral		Unsecured
Marginal remuneration rates	2% per annum	6% per annum	9%
Provision deadlines	Up to 84 months	Up to 84 months	Up to 24 months
Target audience	Large low-income families, disabled people of groups 1 and 2, as well as families raising disabled children, residents of small industrial parks (LLP, sole proprietor)	Beginners and active subjects of SMEs (IE, LLP) Almaty	Operating subjects of SMEs (IE) of Almaty with a period of registration and implementation of entrepreneurial activity of at least 6 months

The coverage of the loan portfolio by the market value of collateral is about 288% (taking into account accrued remuneration), which is provided by the applied multilevel creditworthiness assessment system and the methodology for selecting potential borrowers.

The actual full-time number of employees of MFO Almaty at the end of the reporting period was 27 people, which is 68% of the full-time number approved by the General Meeting of Participants.

The authorized capital of MFO Almaty as of 31.12.2022 amounted to 5.6 billion tenge. The company's profit amounted to 123 million tenge.

11.4 Implementation of measures to stabilize prices for socially important food products

In 2022, 4 billion tenge was allocated to stabilize prices for CIFP. The volume of products sold amounted to 60 thousand tons, the coverage of the CIFP market was 7.3%.

Key performance indicators in the field of stabilization of prices for CIFP for 2022

Year	Funds allocated, billion tenge	Contracts concluded, billion	Volume of products sold,	The level of penetration in
------	--------------------------------	------------------------------	--------------------------	-----------------------------

		tenge	thousand tons	the CIFP market, %
2020	5	4.6	43.7	5.6
2021	6	8.8	50.7	6.5
2022	4	16.0	60.0	7.3

In order to stabilize measures for socially significant food products, the Company conducts the following activities:

- ❖ analysis of the domestic market of food products of the regions (production volume, import/export, wholesale prices, etc.),
- ❖ planning and forecasting prices for agricultural products in order to smooth out price fluctuations in the CIFP;
- ❖ conducting procurement and commodity interventions.

Price monitoring is carried out by the Company on an ongoing basis in the largest retail outlets, which include markets, supermarkets and hypermarkets of the city.

In order to stabilize prices for CIFP, the Company uses the following mechanisms:

1. Formation and use of the regional stabilization fund of food products of the city of Almaty

The purpose of the stabilization fund formation is to create and maintain at the required level of strategic stocks of certain items of CIFP with commodity interventions of products through the Company's own trading infrastructure (food trade pavilions), partner trade networks and weekend fairs.

In 2022, the purchase of food products for the needs of the stabilization fund was not carried out.

2. Provision of preferential loans to business entities

The provision of preferential loans for business entities is carried out on the terms of repayment, security and payment by concluding a loan agreement. Price stabilization is provided by fixing reduced retail/wholesale prices for CIFP

In 2022, commodity producers "Koger LTD", "Ruzi Nas "Astana", "Asyl Et", as well as large retail chains "Magnum" and "Toimart" were granted preferential loans in the amount of 9.5 billion tenge for the production and sale of 39,925 thousand tons of products in 19 positions of the CIFP.

Taking into account the rolling contracts and contracted volumes, the total volume of the purchase of CIFP is more than 61 thousand tons, the coverage of the food market in the context of CIFP amounted to 7.5% of the total annual consumption (817 thousand tons).

In general, the share of CIFP sales in 9 retail chains with more than 130 branches reaches 50%, in 23 food markets - 30%, in more than 4,500 stores near the house of category "B", "C" - 20%. Cooperation with retail chains by providing a loan allows

you to contract significant volumes of products from manufacturers directly in advance, which ensures high efficiency in measures on price regulation for CIFP. This scheme involves such producers as: "Adal Sut", "Allel Agro", "Alatau Kus", "Aral Tuz", "Aksai Nan", "Nai Mir", "Abzal and K", "Tsesna", "May" JSC, "Vertex Vostok" and others, carrying out deliveries to the retail chains of the city of Almaty.

Due to the instability of the world food market in the post-pandemic period, as well as the events that took place both within the country and in neighboring importing countries, the dynamics of internal and external inflationary processes accelerated significantly.

So, as a result of the January events of 2022, the supply chain of food products to the city's shopping facilities was cut off, which led to a short-term shortage of some food products. During the period of the state of emergency, the Company, together with the UPiI, carried out work on the organization of direct deliveries of products for food stores in Almaty.

From January 10 to May 31, 2022, a hotline was organized for entrepreneurs of the city for the supply of products. During the specified period, about 4 thousand tons of grocery products and 64 tons of 1st category chicken eggs were delivered to 1,500 stores "near the house".

Also, due to the current geopolitical situation in the region, there is a shortage of granulated sugar in the food market. The Company held events to organize direct supplies of granulated sugar for entrepreneurs and residents of the city. So, from July 16 to September 9, 2022, more than 300 tons of sugar were sold. The sale was carried out through a wholesale warehouse for entrepreneurs of the city (shops, catering, markets, social pavilions, etc.) and at "weekend" fairs for residents of the city.

In order to prevent a sharp increase in CIFP (granulated sugar, buckwheat, sunflower oil, chicken egg) the Company has signed Memoranda with supermarkets "Magnum", "Small", "Toimart", "Metro", "A-Store", "Karefood", "Stolichny", and "Jubileiny".

Every year, the Company, together with the DE&I, as well as representatives of the city's retail chains, visit farms in various regions of the country engaged in the cultivation of vegetables, the production of rice, pasta, meat and dairy products, for the purpose of cooperation. To date, memoranda of mutual cooperation have been signed with regional secs of Turkestan and Almaty regions, agreements have been reached on direct supplies of food products to Almaty.

Since the beginning of 2022, within the framework of agreements between the regions, more than 17 thousand tons of CIFP have been delivered to the shelves of the city of Almaty.

In cooperation with DE&I and NC "Food Corporation" JSC, the Company organized the supply of sugar, buckwheat, sunflower oil to the retail chains of Almaty in the amount of more than 500 tons of products.

Considerable work has been done to stabilize prices for vegetable products during the off-season. Fixing prices for vegetable products (potatoes, carrots, onions and cabbage) through the Magnum trading network allowed to keep prices for these positions for the entire period of stabilization. Vegetables were purchased from more than 10 domestic producers from Pavlodar, Almaty, Turkestan and other regions.

It should be noted that the provision of preferential loans to business entities to replenish "working capital" today is an effective tool not only in measures to smooth out prices for CIFP, but also had a positive effect on curbing annual inflation in general. At the end of the year, the consumer price index in Almaty amounted to 122.2% (19th place in the Republic of Kazakhstan, the average in the Republic of Kazakhstan is 122.7%). Annual inflation in Almaty has been established below the average indicators of the country's regions.

The Company also carries out other measures to stabilize prices for CIFP. There are 28 social trade pavilions on the territory of the city for the sale of agricultural products, including CIFP. The sale of products in these pavilions is carried out at prices below the average market by 10-15% in the city of Almaty.

In 5 districts of the city (Medeu, Almaly, Bostandyk, Auezov, Turksib), "weekend" fairs are held on a regular basis, where fresh farm products are sold at prices below the average market by 15-20%.

The main task of the Company for future periods is the effective management of the stabilization fund, the improvement of mechanisms for stabilizing prices for CIFP, the growth of coverage and involvement of retail chains in measures to stabilize prices and the development of food infrastructure, including by attracting private investment.

11.5 Implementation of the Housing Renovation Program in Almaty for 2021-2025

On 19.02.2021, the Decree of the Akimat of Almaty No. 1/124 approved the "Housing Renovation Program for 2021-2025" (hereinafter referred to as the Renovation Program). The authorized organization for the implementation of the program is the Company.

As part of the Renovation Program, it is planned to demolish 708 dilapidated houses (or 6,637 apartments) and build 683 multifunctional residential buildings (or 34,605 apartments). Of them:

- ❖ 250 dilapidated houses (2,580 apartments) at the expense of budget financing;
- ❖ 458 dilapidated houses (4,057 apartments) together with investors.

Measures for the renovation of dilapidated housing in the city of Almaty include work in three directions:

1. Current renovation projects of the Company;
2. Resettlement Fund (demolition and relocation of residents of houses in disrepair, as well as on red lines in sanitary and water protection zones) at the expense of the budget;
3. Joint projects implemented at the expense of the Company's own funds and funds attracted by investors.

No.	Direction	Districts (plots)	Demolition	Construction
1	Current projects	Turksib, Zhetysu, Almaly, Auezov, Bostandyk Medeu	280 houses (2,645 apartments with an area of 112,244 sq.m.)	314 houses (17,426 apartments, with an area of 1,236,975 sq.m.)
2	Resettlement Fund	Almaly, Bostandyk, Zhetysu, Medeu, Turksib, Alatau, Nauryzbay	250 houses (2,580 apartments, with an area of 102,800 sq.m.)	163 houses (7,154 apartments, with an area of 482,881 sq.m.)
3	Joint projects	Almaly Bostandyk Medeu Turksib	178 houses (1,424 apartments)	201 houses (8,935 apartments, with an area of 564,513 sq.m.)

In total, since the beginning of 2022, 27 dilapidated houses (202 apartments and 2 non-residential premises) have been demolished in the city as part of the Renovation Program, and it is also planned to build 32 multi-storey houses (1567 apartments) on the site of demolished houses.

Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP

Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP (hereinafter referred to as PKS LLP) was established on August 28, 2008 in accordance with the Decree of the Government of the Republic of Kazakhstan dated November 6, 2007 No. 1039 "Plan of priority actions to ensure the stability of socio-economic development of the Republic of Kazakhstan" and is a company engaged in the direct implementation of measures for the renovation of dilapidated housing.

In accordance with the Resolution of the Akimat of Almaty City No. 2/174 dated May 2, 2018, "On certain issues of Capital Construction Enterprise of the Akimat of Almaty city Limited Liability Partnership, the Company is the Sole founder of PKS LLP.

As of December 31, 2022, the Authorized Capital of PKS LLP amounted to 70.9 billion tenge.

In 2022:

- ❖ Two 5-storey houses were built for 59 apartments with a total area of 2132.9 m², and one non-residential premises with an area of 224 m² at the address Osipenko Street in the Turksib district. The total amount of construction of facilities amounted to 894.8 million tenge, of which 810.6 million tenge was disbursed by the end of 2022.
- ❖ For the construction of a multifunctional residential complex for 99 apartments with a total area of 7131 m² and underground parking for 298 parking spaces in the Auezov district, the project was adjusted and a positive conclusion of the state expert examination of the project was obtained. The approximate completion date is the 4th quarter of 2023. The cost of the facility is 4.2 billion tenge, 1.005 billion tenge has been disbursed by the end of 2022.
- ❖ According to the financial and economic justification of the Almaty Development Center JSC, funds were allocated for the completion of construction in the amount of 3,217 billion tenge.
- ❖ According to land and technical works, 8 land management projects were made for 263 thousand tenge, 4 valuation acts for 58 thousand tenge were issued, the right to lease 3 land plots for 3,806 thousand tenge was purchased, 15 state land acts for 165 thousand tenge were issued, 11 title documents were registered.

Two projects are in progress:

- ❖ Construction of a residential complex with service facilities. Almaty, Zhetysu district, in the square of Scriabin, Krylov, Goncharov streets and Raiymbek Avenue in Zhetysu district of Almaty (without a master plan and external engineering networks). Positive conclusions of the State Expert Examination were received: 1) Conclusion of the State Expert Examination on the 4th stage (spot 11) - No. 02-0071/22 of 13.05.2022 2) Conclusion of the State Expert Examination on the 4th stage (spots 10 and 9, parking lot No. 4) - No. 02-0136/22 of 27.08.2022 3) Conclusion of the State Expert Examination on the 4th stage (spots 7 and 8, parking lot No. 3) - No. 02-0184/22 dated 11/28/2022.
- ❖ Construction of seven 16-storey residential buildings south of Zhandossov St., between Suleimenov St. and Shchepkin St. in the Auezov district of Almaty (without on-site and off-site engineering networks). At this stage, the

construction is being completed. A positive conclusion of the State Expert Examination was received – No. 02-0141/22 dated 06.09.2022.

In 2022, PKS LLP did not carry out measures to relocate residents from dilapidated houses within the framework of the Program.

Within the framework of the Housing Renovation Program and the Concept of Housing and Communal Infrastructure Development for 2023-2029, ¹³62.9 billion tenge was allocated from the local budget to replenish the authorized capital of PKS LLP and the implementation of the following projects:

- ❖ Construction of seven 16-storey residential buildings south of Zhandossov St., between Suleimenov St. and Shchepkin St. in the Auezov district of Almaty" (without on-site and off-site engineering networks). Completion of construction in the amount of 3.2 billion tenge;
- ❖ Construction of multi-apartment residential complexes in Almaty in the amount of 29.7 billion tenge;
- ❖ Purchase of apartments for the creation of a resettlement fund in the amount of 30 billion tenge.

As of 31.12.2022, the book value of assets of PKS LLP amounted to 22.6 billion tenge, liabilities amounted to 17.9 billion tenge, profit before tax according to preliminary financial statements for 2022 amounted to 40 million tenge.

¹³ Resolution of the Government of the Republic of Kazakhstan dated September 23, 2022 No. 736.

12. Financial performance results

The book value of the Company's assets as of December 31, 2022 amounted to 208 billion tenge, while liabilities amounted to 40 billion tenge.

Financial and economic indicators

Name	Ed. ed.	2020	2021	2022
Long-term assets	million tenge	86 656	94 651	91 111
Total assets	million tenge	125,991	128,626	208,454
Short-term liabilities	million tenge	1 061	1 356	18 128
Long-term liabilities	million tenge	8 491	19 094	22 020
Total liabilities	million tenge	9 551	20 449	40 148
Capital	million tenge	116,439	108,177	168,306
Revenue	million tenge	3 596	3 805	3 932
EBITDA	million tenge	896	3 121	(8 353)
Net profit/loss	million tenge	827	215	(8 580)
ROA	%	0.6	0.2	~
ROE	%	0.7	0.2	~

The Company's net consolidated loss by the end of 2022 amounted to 8,580 million tenge. Of them:

- ❖ The Company's profit is 10,337 million tenge. The net loss was mainly due to expenses from accrual of reserves under investment contracts and construction in progress in the amount of 13,752 million tenge and a net foreign exchange loss from revaluation of a ruble loan in the amount of 1,218 million tenge.
- ❖ Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP - a loss of 358 million tenge. The loss is formed due to impairment and write-off of assets.
- ❖ Industrial Zone - Almaty LLP - profit 49 million tenge. The net profit was due to cost savings.
- ❖ Almaty Finance LLP - consolidated profit of 2,066 million tenge. The net consolidated profit was formed due to the recalculation of the discount on loans issued at the rate of 6% and profit due to the implementation of core activities.

Detailed information on the financial condition of the Company is provided in Appendix 2.

13. Sustainable development activities

13.1 Principles and objectives

Sustainable development of the Company - set of principles and obligations that guide the Company in carrying out its activities, in terms of:

- 1) managing relationships with stakeholders;
- 2) assessment and management of the impact on the city's economy, social sphere and ecology.

The Company ensures consistency of its economic, environmental and social goals for sustainable development in the long term.

The economic component	The environmental component	The social component
<ul style="list-style-type: none"> • break-even performance of the Company and its subsidiaries; • ensuring the interests of shareholders and investors; • improving the efficiency of processes; • increased investment in the creation and development of more advanced technologies; • improving labor productivity; • creation of new jobs; • increase in export growth of non-primary industries; • the growth of the manufacturing industry. 	<ul style="list-style-type: none"> • minimizing the impact on biological and physical natural systems; • optimal use of limited resources; • application of eco-friendly, energy- and material-saving technologies. 	<ul style="list-style-type: none"> • ensuring transparent competitive procedures and equal employment opportunities; • fair remuneration and respect for the rights of employees; • ensuring occupational health and safety of employees; • training and professional development of employees; • implementation of internal and external social programs.

The objectives of the Company in the field of sustainable development are:

- 1) integration of the principles of sustainable development into the activities of the Company and its subsidiaries and affiliates;
- 2) analysis and risk control in the context of the three components of sustainable development;
- 3) improving the quality of sustainable development management through the organization of systematic work;
- 4) creation of mechanisms for effective interaction of Company with stakeholders, including regular information on the results of activities in the field of sustainable development.

The Company's activities are guided by the following principles of sustainable development: openness, accountability, transparency, ethical behavior, respect for

the interests of stakeholders, legality, respect for human rights, intolerance to corruption, inadmissibility of conflicts of interest.

The Company also declares its commitment to the principles of the UN Global Compact in its activities:

<p>In the field of human rights protection</p>	<ul style="list-style-type: none"> ▪ The Company ensures and respects the protection of human rights proclaimed at the international level; ▪ The Company ensures non-involvement in human rights violations.
<p>In the field of labor relations</p>	<ul style="list-style-type: none"> ▪ The Company supports and recognizes the right to conclude collective agreements; ▪ The Company contributes to the elimination of forced and child labor, discrimination in the sphere of labor and employment.
<p>In the field of environmental protection</p>	<ul style="list-style-type: none"> ▪ The Company supports an approach to environmental issues based on the precautionary principle; ▪ The Company undertakes initiatives aimed at increasing responsibility for the state of the environment; ▪ The Company promotes the development and dissemination of environmentally friendly technologies.
<p>In the field of anti-corruption</p>	<ul style="list-style-type: none"> ▪ The Company declares intolerance to all forms of corruption and other illegal actions, including extortion and bribery.

The Company's sustainable development management system is inextricably linked with the corporate governance system. The principle of sustainable development is included in the Company's Corporate Governance Code¹⁴.







The Company tries to integrate the principles of sustainable development into its development strategy and key processes, including planning, reporting, risk management, investments, operational activities and others, as well as into decision-making processes at all levels, starting from the bodies (Sole Shareholder, Board of Directors, Management Board of the Company) and ending with ordinary employees. The Company's Management Board ensures the formation of an appropriate sustainable development management system and its implementation, as well as approves an appropriate action plan in the field of sustainable development.

In 2015, at the UN summit, the heads of State and Government adopted the 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs) aimed at eliminating poverty, combating inequality and injustice, as well as solving problems related to climate change.

The Company also strives to contribute to the achievement of the SDGs through its activities. In 2023-2024, work will begin on integrating the Sustainable Development

¹⁴ Chapter 6 of the Corporate Governance Code approved by the Sole Shareholder of SEC Almaty JSC dated 20.12.2019.

Goals into the strategic plans of the Company. At the current stage, the Company has identified key performance indicators relevant to the SDGs.

Key performance indicators of the Company	Sustainable Development Goals	
<ul style="list-style-type: none"> Stabilization of prices for socially important food products. 	No. 2 "Elimination of hunger"	
<ul style="list-style-type: none"> Provision of land plots on the territory of an industrial zone and industrial parks for the placement of large production facilities 	No. 9 "Industrialization, innovation and infrastructure"	
<ul style="list-style-type: none"> Providing the population with the opportunity to move from dilapidated to new housing 	No. 11 "Sustainable cities"	
<ul style="list-style-type: none"> Creation of new jobs within the framework of ongoing commercial, social and budget-investment projects 	No. 8 "Decent work and economic growth"	
<ul style="list-style-type: none"> Implementation of social projects aimed at creating training centers 	No. 4 "Quality education"	
<ul style="list-style-type: none"> Implementation of projects in the field of medicine and healthcare; Support of charitable foundations 	No. 3 "Good health and well-being"	

13.2 Interaction with stakeholders

The Company and its subsidiaries and affiliates take measures to establish a dialogue and long-term cooperation with stakeholders.

Scope of authority/responsibility	Area of direct impact	Area of indirect influence
<ul style="list-style-type: none"> Sole shareholder Board of Directors Management Staff Subsidiaries and Affiliates 	<ul style="list-style-type: none"> Government agencies Clients/counterparties Suppliers/Contractors Investors Partners 	<ul style="list-style-type: none"> Media Public organizations Population Other SECs

	<ul style="list-style-type: none"> ▪ Financial institutions ▪ Independent organizations ▪ Auditors 	
--	---	--

Methods of interaction with stakeholders include, but are not limited to the following forms:

- Exchange of information on the financial and economic condition of the Company, by publishing data on the official website and social networks;
- Conducting consultations;
- Organization of meetings, interviews, sessions;
- Training and exchange of experience;
- Creation of joint ventures, partnership;
- Participation in decision-making;
- Conducting expert assessments, surveys and interviews;

And much more.

In order to comply with the interests of stakeholders, the Company promptly and reliably discloses information provided for by the legislation of the Republic of Kazakhstan and internal documents of the Company, as well as information on all important aspects of its activities, including financial condition, results of operations, ownership and management structure.

In order to ensure the systematic disclosure of information, the Company approves internal documents defining the principles and approaches to disclosure and protection of information, a list of information disclosed to interested parties, deadlines, procedure, method, form of disclosure of information, responsible officials and employees, indicating their functions and responsibilities, as well as other provisions governing the processes disclosure of information.

In order to protect information constituting commercial and official secrets, the Company, in accordance with the legislation of the Republic of Kazakhstan, determines the procedure for classifying information into access categories, conditions for storing and using information. The Company determines the circle of persons who have the right of free access to information constituting commercial and official secrets, and takes measures to protect its confidentiality.

The Internet resource is structured, user-friendly navigation and contains information sufficient for stakeholders to understand the Company's activities. It is recommended that the information be placed in separate thematic sections of the Internet resource.

Updating of the Internet resource is carried out as necessary, but at least once a week. The Company regularly monitors the completeness and relevance of information posted on the Internet resource, and also determines the compliance of this information posted on the Kazakh, Russian, English versions of the Internet

resource. For these purposes, responsible persons (structural unit) responsible for the completeness and relevance of information on the Internet resource are assigned.

The Company's Internet resource contains the following information:

- 1) general information about the Company, including information about the mission, main objectives, goals and activities, the amount of equity, the amount of assets, net income and the number of personnel;
- 2) about the Development Program and/or development plan (at least strategic goals); priority areas of activity;
- 3) The Charter and internal documents of the Company regulating the activities of bodies, committees, corporate Secretary;
- 4) about ethical principles;
- 5) about risk management;
- 6) about the dividend policy;
- 7) about the members of the Board of Directors, including the following information: photo (in agreement with a member of the Board of Directors), surname, first name, patronymic, date of birth, citizenship, status of a member of the Board of Directors (independent director, representative of the Sole Shareholder), indication of the functions of a member of the Board of Directors, including membership in the committees of the Board of Directors or performance of the functions of the Chairman of the Board of Directors, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree), work experience over the past five years, main place of work and other positions currently held, professional qualifications, date of first election to the Board of Directors and date of election to the the current Board of Directors, the number and share of shares owned by affiliated organizations;
- 8) about the members of the Management Board, including the following information: photo, surname, first name, patronymic, date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree), work experience over the past five years, professional qualifications, positions held concurrently, the number and share of shares owned by affiliated organizations;
- 9) about financial statements;
- 10) annual reports;
- 11) about the external auditor;
- 12) on procurement activities, including rules, announcements and procurement results;
- 13) on the structure of the authorized capital, including the following information: the number and nominal value of issued shares (participation shares), a description of the rights granted by shares, the number and nominal value of declared but outstanding shares, information about the

- Sole Shareholder, the number and share of common shares (participation shares) owned by them, the procedure for disposing of ownership rights;
- 14) on the structure of assets, including information on affiliated organizations at all levels with a brief indication of the scope of their activities;
 - 15) about the annual calendar of corporate events;
 - 16) on related-party transactions, including information about the parties to the transaction, the essential terms of the transaction (the subject of the transaction, the transaction price), the body that made the decision to approve the transaction;
 - 17) on major transactions, including information about the parties to the transaction, the essential terms of the transaction (the subject of the transaction, the transaction price), the body that made the decision to approve the transaction;
 - 18) about activities in the field of sustainable development;
 - 19) on the amount of approved dividends;
 - 20) about news and press releases.

The Company prepares an annual report in accordance with the provisions of this Code and the best practice of information disclosure.

The annual report is a structured document and is published in Kazakh, Russian and English (if necessary).

The Annual report is prepared and, after approval by the Company's Board of Directors, posted on the Company's Internet resource.

The public opinion plays an important role in the life of the society. In this connection, the Company carefully approaches the issues of information promotion and information positioning. The effectiveness of this process depends on the strategy of building relationships with the media.

The following work has been done in the areas of marketing and information support:

- The Regulation of the Company's interaction with the Mass media has been developed;
- The Company attracted over 200 leads to the contact center via a chatbot;
- The number of covered accounts in social networks exceeded 12 thousand;
- The "@spkalmaty" Telegram channel has been created to cover the Company's activities;
- Cross-posting has been established jointly with SEC partners and structures of the Akimat of Almaty (Regional Communications Service, account of the Akimat of Almaty, DE&I);
- A new visual format of publications in social networks has been approved;
- The main presentation on the company has been updated, presentations are being developed, finalized and updated on an ongoing basis, including presentations for the mayor of Almaty;

- Content plans for social networks have been developed and implemented (writing texts, selecting and processing photos, developing author's images, going to shoot projects);
- Design work is carried out on an ongoing basis for the positive visual positioning of the Company;
- Videos with entrepreneurs' projects have been prepared and posted for the Company's YouTube channel;
- The transition to a new domain name has been carried out spkalmaty.kz;
- A new service has been created – a "Personal Account" on the Company's website for entrepreneurs.

During the reporting period, the following activities were carried out to interact with the media:

- More than 60 requests from the media were received and processed (Ls Media, Ulys Media, KTK, Kazinform, Total.kz, Informburo, Khabar, etc.). Answers have been prepared and provided for all requests;
- 15 interviews on Television were organized (TC "Almaty", "Khabar", "Khabar24", "KTK", "Atameken Business Channel"), 1 meeting with bloggers "Life.kz" was held, took part in 2 live broadcasts of the Program "On special control", 2 live broadcasts in the category "Question-Answer" to TC "Almaty" on the issues of SME support and food price containment;
- Over 200 materials have been published in the media ("Tengrinews", "Kazinform", "Forbes", "Informburo", "LS", "Nur.kz " etc.);
- 7 refutations/official comments have been prepared on the placement of negative or unreliable information in the media;
- 6 visits with the media to the facilities were carried out;
- About 160 appeals from residents received and processed through the public reception of the Akimat of Almaty "Open Almaty".

Meetings and business breakfasts with business representatives were also held:

- 3 industry meetings with entrepreneurs were organized to collect problems and proposals: social entrepreneurship and the service sector;
- Participated in the Reporting meetings of the Akim of Almaty, coverage of events;
- Organization of a business breakfast together with the European Bank for Reconstruction and Development "Breakfast with entrepreneurs";
- In order to build an open dialogue with business and establish business ties with partners, they took part in third-party events: CREW 2022, a round table on the topic "Economic diversification: a new growth model", a speech at the "Achiever" business club;
- Holding working meetings with public figures;
- Organization of a meeting to sign a memorandum of mutual cooperation with SEC Shymkent JSC;

- Organization of a meeting with the Pusan Economic Development Agency (BEPA);
- Organization of a field meeting at the Open Day of "Shynga Orleu" Social Fund;
- Organization of the fair of agricultural producers of East Kazakhstan region and Abay region;
- SEC meeting with Deputies of the Senate of the Parliament of the Republic of Kazakhstan;
- A meeting with the Honorary Consul of the Republic of Moldova in Kazakhstan has been organized;
- SEC meeting with the European Bank for Reconstruction and Development on non-financial support of SMEs in Almaty;
- Organization of a field meeting for the opening of Millennium Private School.

In general, the process of organizing the Company's interaction with stakeholders is based on the principle of involvement, which implies taking into account the interests of stakeholders at all stages of the Company's management process and involving stakeholders in the discussion of significant topics and important issues, potential risks and limits of responsibility.

The Company, following the principles of the "Yellow pages rule", does not perform functions that are sufficiently implemented in the private sector.

As part of its activities, the Company has a significant impact on the development of the city, in connection with which the Company periodically evaluates the multiplier effect on related industries and the economy as a whole.

13.3 Responsible work practice

Employees are the main value and the main resource, the results of the Company's activities directly depend on the level of their professionalism and safety.

The Company builds labor relations with its employees on the basis of the principle of legality and observance of universally recognized labor rights of employees.

In carrying out its activities, the Company is guided by the principle of equal opportunities and does not discriminate against its employees when hiring, paying, providing access to training, promotion, dismissal on grounds such as gender, race, language, religious, political and other beliefs, citizenship, national or social origin, limited opportunities.

On November 18, 2020, the Personnel Policy of SEC Almaty JSC was approved.

The purpose of the Company's Personnel policy is the formation of a highly professional workforce with a unified team spirit and capable of efficiently and

promptly solving the tasks facing the Company by maximizing the potential of human resources and the effectiveness of corporate interaction mechanisms.

The Company's personnel policy includes the following key areas:

- effective employment of personnel, focused on building an organizational structure that will meet the strategic goals and objectives of the Company, on determining the needs of the structural divisions of the Company in human resources and timely selection of specialists with the necessary business and personal qualities;
- improvement of corporate culture aimed at creating and maintaining a favorable moral and psychological climate in labor collectives;
- staff motivation, focused on improving the efficiency of staff activities, attracting and retaining staff, creating decent working conditions.

In 2022, the organizational structure of the Company was optimized. Pursuant to the Decree of the President of the Republic of Kazakhstan dated July 28, 2021 No. 633 "On some issues of optimizing the staffing limits of state bodies and quasi-public sector entities", the Company carried out a phased reduction in staffing from 2021, namely in 2021 - 13% (11 units), from November 1, 2022 – 26% (17 pcs. units).

The new organizational structure of the Company with a staff of 65 units was approved taking into account the strategic directions, goals and objectives of the Company by the decision of the Board of Directors dated September 27, 2022 and entered into force on 01.11.2022.

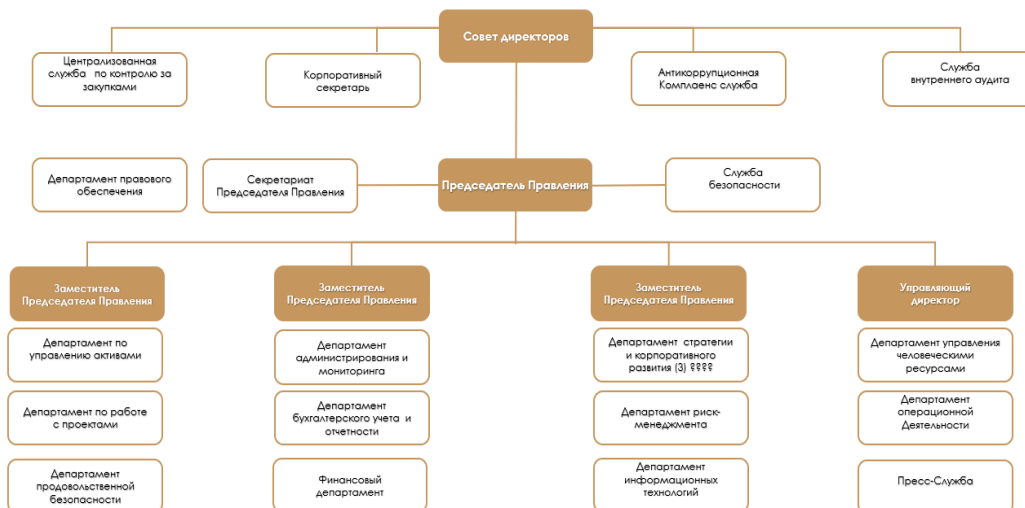


Fig. 9. Organizational structure of the Company

At the end of 2022, the actual number of the Company's staff was 64 people, with men and women almost equally represented. The majority of the staff (84%) represents the age group from 30 to 50 years. The average age of the Company's employees is 37 years. In 2022, voluntary staff turnover was 43%.

Staff structure by gender, person



Fig. 10. Staff structure by gender

Staff structure by age, person

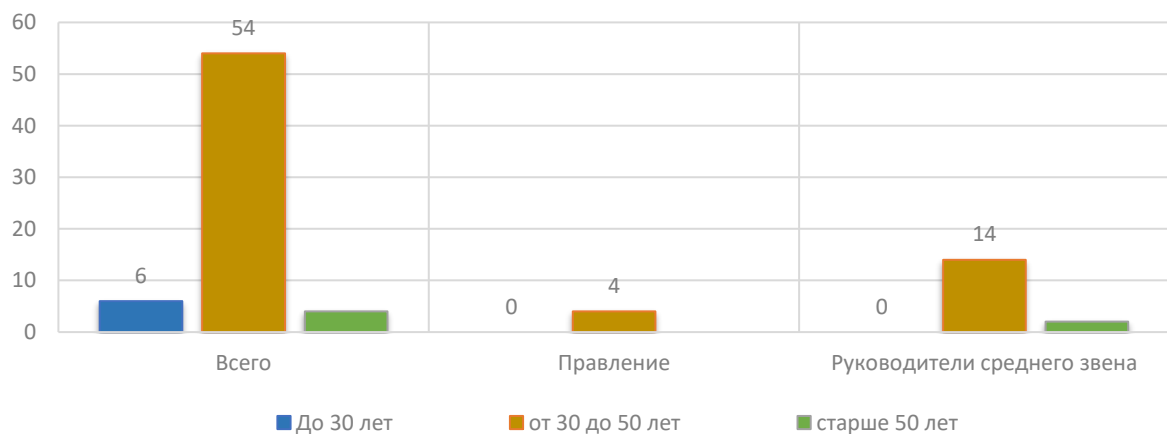


Fig. 11. Staff structure by age

The recruitment of personnel is carried out by the Company based on the need for new employees, and is determined from the staffing and staffing table approved in accordance with the established procedure, as well as the availability of vacancies and applications of heads of structural divisions.

In accordance with the Rules of Selection of candidates for vacant positions of the Company, the search for candidates consistently includes the following stages:

1. internal selection;
2. external selection.

Internal selection is the selection of internal candidates, which grants the right to the Company's employees to propose their candidacies for the vacant position.

External selection is carried out in the absence of internal candidates by:

- placement of an announcement about the search for a candidate on the Company's corporate Internet resource <https://spkalmaty.kz> and/or job search sites;
- other methods and methods that do not contradict the legislation of the Republic of Kazakhstan and internal documents of the Company.

The recruitment procedure is carried out in accordance with the Rules of the Labor Regulations and the Rules for the selection of candidates for vacant positions.

Basic principles of personnel selection:

- objective and unbiased attitude to the assessment of compliance with a particular position;
- open and fair selection;
- absence of conflicts of interest or their resolution in such a way that they do not adversely affect the Company's activities;
- avoidance and prevention of bias (personal gain, intercession, excessive familiarity, threats, etc.).

In order to ensure the effective entry into the position of an employee, the formation of a positive image of the Company, and the reduction of discomfort in the first days of work in the Company, the adaptation of newly accepted employees is carried out in accordance with the Rules for Adaptation and probation of the Company.

The main objective of the remuneration policy in the Company is to provide employees with competitive wages and the use of a transparent system for evaluating performance and awarding personnel, which contributes to improving the efficiency and material interest of employees in achieving high performance results. The Company has implemented a wage system based on grades. The grading system allows an employee of the company to realize the place that his position occupies in the existing hierarchy of positions and assess its role for the Company. This is an opportunity to receive fair remuneration for work – depending on the level of complexity, responsibility for the work performed, to assess the prospects for their professional and career growth, to consistently acquire new professional knowledge and skills necessary for effective work in a higher position. The evaluation of the performance of employees is carried out on the basis of efficiency maps, taking into account the achievement of the Company's strategic goals and individual performance indicators. Within the framework of this approach, a vertically integrated efficiency structure is formed, which makes it possible to distribute responsibility for achieving strategic goals to each responsible employee.

Training and professional development of employees is carried out with the aim of updating and additional acquisition of theoretical and practical knowledge, skills, competencies and skills in the field of professional and managerial activities of

employees for the effective performance of their official duties and solving tasks determined in accordance with the Company's Development Strategy.

During the reporting year, 10% of the Company's employees were trained at training events.

Pursuant to paragraph 51 of the ONP, approved. By Decree No. 413 of 14.09.2020, the Ministry of National Economy has developed proposals to reduce unproductive costs of subsidiaries in the quasi-public sector, including reducing costs indirectly related to production by 70% (travel, transportation, communication services, advertising, training, etc.). In this regard, the number of students has significantly decreased.

The personnel assessment is carried out in order to determine the employee's compliance with the position or work performed and to determine the degree of compliance of the Company's employees with the requirements for the positions held in accordance with the Regulations on the Certification of the Company's Employees. Scheduled certification of the Company's employees is carried out no more than once every 3 years. In 2022, the certification of the Company's employees was not carried out.

The development of corporate culture is the most important element of building a highly effective organization and a necessary component for achieving the strategic goals of the Company.

During 2022, activities were carried out to increase the level of satisfaction (staff involvement). Medical examination of the Company's employees, participation of the Company in charity events, contests of children's drawings, etc. are carried out on an ongoing basis.

In addition, the following tools are used to form a corporate culture in the Company:

- confirmation of success (diplomas, letters of thanks);
- team building and development of corporate values;
- motivation (creating a favorable working mood in the team);
- increase employee satisfaction and awareness.

13.4 Procurement management

A responsible approach to the selection of suppliers allows you to maintain loyal relationships with stakeholders, ensure transparency of operations, and reduce risks from the actions of unscrupulous suppliers.

The procurement plan for 2022 was approved by the Company's Management Board No. 1 dated January 14, 2022 for a total amount of 2.7 billion tenge excluding VAT.

Over the past year, the Company has made purchases in the following ways:

- ❖ the tender method includes 18 procedures for a total amount of 1.9 billion tenge;
- ❖ 0 procedures by an auction method;
- ❖ the method of requesting price offers 148 procedures for a total amount of 57.9 million tenge;
- ❖ using a single source method for failed purchases of 21 procedures for a total amount of 23.8 million tenge;
- ❖ the method of the e-shop has 18 procedures for a total amount of 5.9 million tenge;
- ❖ from one source through the direct conclusion of a contract 39 procedures for a total amount of 144.6 million tenge.

13.5 Environmental impact management

Due to the nature of its activities, the Company does not have a direct significant impact on the environment. The main resources consumed by the Company are electricity, thermal energy and water.

The Company applies principles and methods of rational use of resources that best ensure the prevention of adverse environmental impacts.

In its activities, the Company strives to reduce excessive consumption of resources and minimize the existing negative environmental impact through the introduction of energy-efficient technologies, reduce water consumption, reduce paper consumption for office needs through the introduction of an electronic document management system and the practice of double-sided printing.

The Company is considering the possibility of introducing the concept of a "green office", an important component of which is an information campaign aimed at increasing the level of environmental awareness of employees.

14. Corporate governance

14.1 Principles of corporate governance

The Company considers corporate governance as a set of processes that ensure management and control over the Company's activities and include relations between the Sole Shareholder, the Board of Directors, the Management Board, other bodies of the Company and interested parties in the interests of the Company, as well as the interaction of the Company with subsidiaries and affiliates. Corporate governance also determines the structure of the Company, with the help of which the goals of activity are set, ways to achieve these goals, as well as monitoring and evaluation of the results of activities.

Corporate governance is aimed at improving the efficiency of the Company and its subsidiaries and affiliates, ensuring transparency and accountability, strengthening its reputation and reducing capital raising costs. The Company considers a proper corporate governance system as its contribution to ensuring the rule of law in the Republic of Kazakhstan and a factor determining the place of Company in the modern economy and society as a whole. The corporate governance system provides for a clear separation of powers and responsibilities between the Company's bodies, officials and employees.

The Company's corporate governance is based on the principles of fairness, honesty, responsibility, transparency, professionalism and competence. Effective corporate governance structure implies respect for the rights and interests of all stakeholders and contributes to the successful operation of the Company.

The fundamental principles of this Code are:

- 1) the principle of separation of powers;
- 2) the principle of protecting the rights and interests of the Sole Shareholder;
- 3) the principle of effective management of the Company by the Board of Directors and the Management Board;
- 4) the principle of sustainable development;
- 5) the principle of risk management, internal control and internal audit;
- 6) the principle of regulating corporate conflicts and conflicts of interest;
- 7) principles of transparency and objectivity of disclosure of information about the Company's activities.

14.2 Corporate governance bodies

The management bodies of the Company are:

The supreme body is the General Meeting of Shareholders;
Management body - the Board of Directors;

Executive body - the Management Board or a person who alone performs the functions of the executive body (executive director).

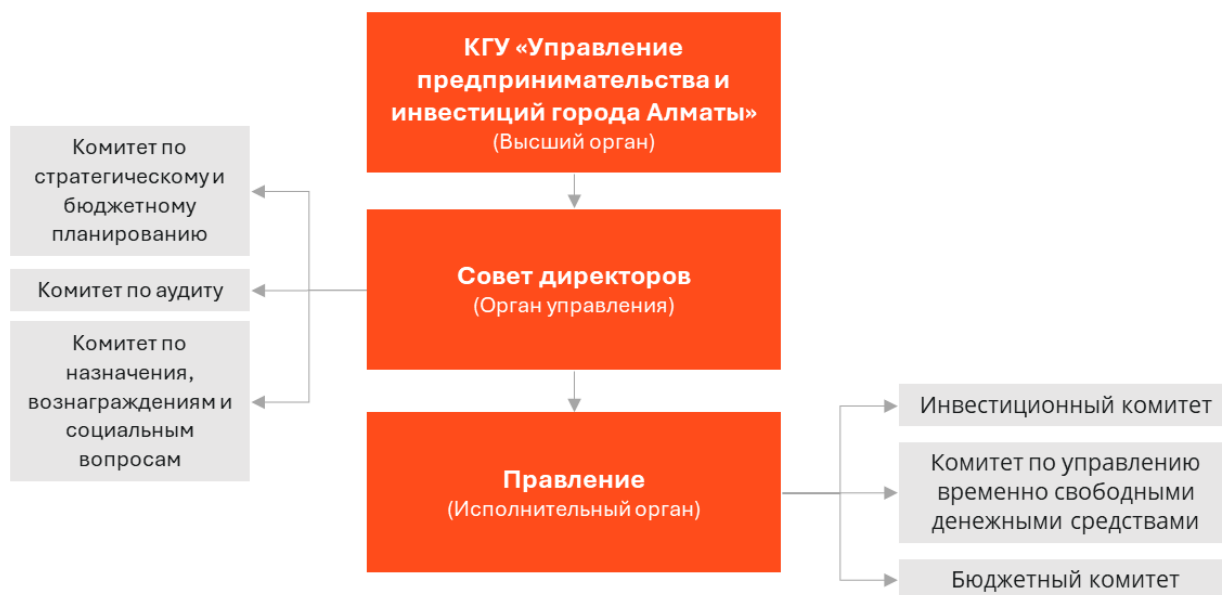


Fig. 12. Corporate governance structure of the Company

The rights, duties and competencies of the Sole Shareholder, the Board of Directors and the Management Board are determined in accordance with the current legislation of the Republic of Kazakhstan, constituent documents and are fixed thereto.

Department of Entrepreneurship and Investments of Almaty city MPI performs the functions of the Sole Shareholder of the Company in order to ensure the profitability of the Company's activities and the implementation of state and government programs in which the Company participates.

The Company and its subsidiaries carry out their activities within the framework of their main (profile) activities.

The implementation of new types of activities is regulated by the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015.

Sole shareholder

Department of Entrepreneurship and Investments of Almaty city MPI performs the functions of the Sole Shareholder of the Company in order to ensure the profitability of the Company's activities and the implementation of state and government programs in which the Company participates.

The Sole Shareholder participates in the management of the Company solely through the exercise of the powers of the Sole Shareholder provided for in the legislative acts of the Republic of Kazakhstan, the Charter of the Company and representation in the Board of Directors of the Company.

The corporate governance in the Company is based on ensuring the protection, respect for the rights and legitimate interests of the Sole Shareholder and is aimed at contributing to the effective operation of the Company and achieving profitability.

The Sole Shareholder participates in the management of the Company solely through the exercise of the powers of the Sole Shareholder provided for in the legislative acts of the Republic of Kazakhstan, the Charter of the Company and representation in the Board of Directors of the Company.

The sole shareholder of the Company provides the Company with full operational independence and does not interfere in the operational (current) and investment activities of the Company, except in cases provided for by the legislation of the Republic of Kazakhstan, acts and instructions of the President of the Republic of Kazakhstan and the Government of the Republic of Kazakhstan.

Transactions and relations between the Company, the Sole Shareholder and interested parties are carried out on an ordinary commercial basis within the framework of the current legislation of the Republic of Kazakhstan, except for cases when one of the main tasks of the Company is to implement or assist in the implementation of the state policy for the development of certain sectors of the Republic of Kazakhstan.

The Company informs the Sole Shareholder in a timely manner and in full about its activities affecting the interests of the Sole Shareholder in accordance with the procedure provided for by the Charter and internal documents of the Company.

The Company provides the Sole Shareholder with reliable information about its financial and economic activities and its results in accordance with the requirements of the legislation of the Republic of Kazakhstan. In the case of combining the tasks of implementing state policy in the implementation of the Company's activities with the main commercial activity, these goals are disclosed and brought to the attention of stakeholders.

Board of Directors

The Board of Directors is a management body providing strategic management of the Company and control over the activities of the Management Board.

The Board of Directors performs its functions in accordance with the legislation of the Republic of Kazakhstan, the Charter of the Company, the Corporate Governance Code of the Company, the Regulations on the Board of Directors and other documents of the Company.

The process of selection and election of members of the Board of Directors of the Company is carried out by the decision of the Sole Shareholder in accordance with the Law of the Republic of Kazakhstan "On Joint Stock Companies", the Charter of the Company and the Regulations on the Board of Directors, which also defines the criteria for the election of independent directors.

In 2022, the Board of Directors held 5 in-person and 9 in absentia meetings, at which the relevant decisions on 63 issues were considered and adopted.

Strategic, financial, economic and investment issues	On increasing the authorized capital of Almaty Finance LLP and amending the Charter of Almaty Finance LLP, as well as on making an additional contribution to the authorized capital of MFO Almaty LLP
	About the approval of the conclusion between SEC Almaty JSC and the owners of apartments located at the address: Almaty, Zhetysu district, Dulyga str. No. 15, 17, of civil law transactions (barter) by exchanging apartments belonging to SEC Almaty JSC located at 38b Fedoseyev str., Tekeliskaya str. 1A, Moldagaliyeva str. 24/2, 24/3, Sauranbayev str. 18/1, for apartments of owners (residents of dilapidated houses) living at the address: Almaty, Zhetysu district, Dulyga str. No. 15, 17
	About some issues of Infrastructure Operator IZA LLP and Industrial Zone – Almaty LLP
	About financing of Industrial Zone-Almaty LLP by replenishment of the authorized capital
	Report on the performance of the efficiency on the implementation of the Development Strategy of SEC Almaty JSC for 2020-2025 and the Action Plan for the implementation of the Development Strategy for 2021
	On consideration and approval of the Action Plan for 2022 for the implementation of the Development Strategy of SEC Almaty JSC for 2020-2025.
	About the repurchase of shares and the return to the local budget of money savings under the project "Video monitoring system of places of mass gathering of citizens"
	About some issues of Innovation Safety Centre LLP
	On preliminary approval and petition to the Sole Shareholder of SEC Almaty JSC on approval of the audited consolidated financial statements and separate audited financial statements of SEC Almaty JSC for 2021. On a preliminary determination of the order of distribution of the net income of SEC Almaty JSC for 2021 and the amount of the dividend per one common share of SEC Almaty JSC
	Approval of the Report on the implementation of the development plan of SEC Almaty JSC for 2021
	About the repurchase of shares and the transfer of the property of SEC Almaty JSC to the municipal property of Almaty
	On approval of the annual report of SEC Almaty JSC for 2021
	On the transfer of obligations of Infrastructure Operator IZA LLP to Industrial Zone – Almaty LLP
	On the transfer of the Infrastructure Operator IZA LLP to the municipal property of the city of Almaty
	On the placement of previously repurchased shares of SEC Almaty JSC and on the increase in the authorized capital of Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP
On approval of the annual clarification of the Development Plan of SEC Almaty JSC and its subsidiaries for 2022-2026 (for	

	2023)
	On the increase of authorized capital of MFO Almaty LLP by making an additional contribution to the authorized capital of MFO Almaty LLP by Almaty Finance LLP
	On the transfer of property and existing investment projects of SEC Almaty JSC to the authorized capital of Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP
	On increasing the obligations of SEC Almaty JSC by concluding a project agreement
Issues of corporate governance and sustainable development, as well as risk management, internal control and audit	On some issues of the Internal Audit Service of SEC Almaty JSC, including "On the review of the Report on the activities of the Internal Audit Service of SEC Almaty JSC for 2021", "On the review of the Report on the activities of the Internal Audit Service of SEC Almaty JSC for the 1st quarter of 2022"
	On approval of the draft Articles of Association and Regulations on the Supervisory Board of Almaty Capital Construction Enterprise LLP
	On approval of internal regulatory documents of SEC Almaty JSC on combating corruption
	On approval of the Rules of remuneration, evaluation of activities and remuneration of senior employees of SEC Almaty JSC
	On approval of the Regulations on the Anti-Corruption Compliance Service of SEC Almaty JSC and the job description of the Head of the Anti-Corruption Compliance Service of SEC Almaty JSC
	On approval of the Regulations on the Centralized Procurement Control Service of SEC Almaty JSC and the job description of the Head of the Centralized Procurement Control Service of SEC Almaty JSC
	On approval of the Regulations on the Management Board of SEC Almaty JSC in the new edition
	On approval of the Investment Policy of SEC Almaty JSC in the new edition
	On approval of the Rules of Remuneration, evaluation of activities and remuneration of employees of bodies and/or services accountable to the Board of Directors of SEC Almaty JSC
	On amendments to the annual audit plan of the Internal Audit Service of SEC Almaty JSC for 2022
	On approval of the Regulations on the Internal Audit Service of SEC Almaty JSC in the new edition
	On approval of the Work Plan of the Centralized Procurement Control Service of SEC Almaty JSC for November – December 2022
	On approval of the Policy of ensuring fulfillment of obligations to SEC Almaty JSC
Personnel policy issues	On the election of the Chairman of the Board of Directors of SEC Almaty JSC
	On the early termination of the powers of the head of the executive body (Director) and the election of a new head of the

executive body (Director) Industrial Zone-Almaty LLP
On changing the composition of the Board of SEC Almaty JSC
Change of Director of Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP
On approval of the combination of activities to the Corporate Secretary of SEC Almaty JSC in other organizations
On the assignment of the duties of the Chairman of the Management Board of SEC Almaty JSC
On termination of powers of the Director of Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP Kerimbek A.Zh. on July 25, 2022
On the exclusion of the Chairman of the Supervisory Board of Almaty Finance LLP Kerimbek A.Zh. and on the election of Shamshin A.N. as Chairman of the Supervisory Board of Almaty Finance LLP
On the early termination of the powers of the Chairman of the Management Board of SEC Almaty JSC and the appointment of a new Chairman of the Management Board of SEC Almaty JSC
On approval of the composition of the Committees of the Board of Directors of SEC Almaty JSC
On changing the composition of the Management Board of "Industrial Zone – Almaty LLP"
On approval of the organizational structure and staffing of SEC Almaty JSC
On approval of the structure of grades and the salary scheme of the Chairman and members of the Management Board of SEC Almaty JSC, bodies and services accountable to the Board of Directors of SEC Almaty JSC
About some issues of the Management Board of SEC Almaty JSC, including "On determining the term of office of the Management Board of SEC Almaty JSC," "On electing a member of the Management Board of SEC Almaty JSC," and "On determining the size of official salaries"
On determining the amount of the official salary of the Corporate Secretary of the Board of Directors of SEC Almaty JSC
On approval of the staffing and staffing table of Almaty Finance LLP

In general, the activities of the Board of Directors in 2022 contributed to the effective development of the Company, the achievement of strategic goals and objectives defined for short-, medium- and long-term periods. The Board of Directors actively participated in the improvement of the Company's corporate governance, internal control mechanisms and risk management in relation to a wide range of business processes.

Composition of the Board of Directors as of December 31, 2022:

Dossaev Yerbolat Askarbekovich – Akim of Almaty, Chairman of the Board of Directors. Born in 1970, the date of election as Chairman of the Board of Directors is February 3, 2022.

Abdikadyrov Alisher Yelissuly - Deputy Akim of Almaty, member of the Board of Directors. Born in 1986, date of election as a member of the Board of Directors - March 2, 2022.

Soltanbayev Berik Bekmyrzauly – Head of Entrepreneurship and Investment Management of Almaty city MPI, member of the Board of Directors. Born in 1990, the date of election as a member of the Board of Directors is June 24, 2022.

Shamshin Arman Nurzhanovich – Chairman of the Management Board of SEC Almaty JSC, member of the Board of Directors, was born in 1986, date of election as a member of the Board of Directors - August 25, 2022.

Sarkulov Abay Serikovich – Founder of Osmium Ltd., CEO of FINHUB Ltd., independent director. Born in 1981, date of election as a member of the Board of Directors - August 19, 2022.

Damir Serkbayevich Suyentayev – Chairman of the Republican Digital Finance Union, President of the National Center for Expertise and Certification JSC, Independent Director. Born in 1984, date of election as a member of the Board of Directors - July 11, 2018.

Khudaibergenov Murat Enverbekovich – Advisor to the Chairman of the Board of Almaty City Development Center JSC, independent Director. Born in 1961, date of election as a member of the Board of Directors - August 19, 2022.

Members of the Board of Directors of the Company are citizens of the Republic of Kazakhstan, do not own shares of the Company, shares of suppliers and competitors of the Company.



Dossayev Yerbolat Askarbekovich

Akim of Almaty, Chairman of the Board of Directors of SEC Almaty JSC

Born on May 21, 1970.

Education: graduated from Almaty Power Engineering Institute, Bauman Moscow State Technical University.

Work experience:

In 1997 – Deputy Chairman of the Management Board of Bank TuranAlem CJSC, Chairman of the Management Board of ATFBank CJSC.

In 1998 – Adviser to the Prime Minister of the Republic of Kazakhstan.

In 1998 – Vice-Minister of Energy, Industry and Trade of the Republic of Kazakhstan.

In 2000 – Vice-Minister of Finance of the Republic of Kazakhstan.

In 2001 – Chairman of the Board of Directors of the Development Bank of Kazakhstan.

In 2001-2003 – Chairman of the Agency of the Republic of Kazakhstan for Regulation of Natural Monopolies, Protection of Competition and Support of Small Business.

In 2003-2004 – Minister of Finance of the Republic of Kazakhstan, Managing Director of the European Bank for Reconstruction and Development in Kazakhstan, Member of the Board of the National Bank of the Republic of Kazakhstan.

In 2004-2006 – Minister of Health of the Republic of Kazakhstan.

In 2006-2012 – Chairman of the Board of Directors of Kazinvestbank JSC.

Since September 25, 2012 – Minister of Economic Development and Trade of the Republic of Kazakhstan.

Since January 16, 2013 – Minister of Economy and Budget Planning of the Republic of Kazakhstan.

Since August 6, 2014 – Minister of National Economy of the Republic of Kazakhstan.

From May 2016 to August 2017 – Chairman of the Management Board of National Managing Holding "Baiterek" JSC.

From August 2017 to February 2019 – Deputy Prime Minister of the Republic of Kazakhstan.

From February 25, 2019 to January 2022 – Chairman of the National Bank of the Republic of Kazakhstan.

Since January 31, 2022, by Decree of the Head of State, he has been appointed Akim of the city of Almaty.

He was awarded the orders "Kurmet", "Parasat", the Jubilee medal "Kazakhstan Constitution 20 zhyl".



Abdykadyrov Alisher Yelissoviich

Deputy Akim of Almaty, member of the Board of Directors of SEC Almaty JSC

Born on April 6, 1986.

Elected: March 2, 2022 by the decision of Department of Entrepreneurship and Investments of Almaty" No. 2. MPI

Education: Lomonossov Moscow State University, specialty "Bachelor of Economics", "Master of Economics".

Work experience:

Since 2009 – Expert of the Investment Projects Department of the Investment Activity Department of the Ministry of Industry and Trade of the Republic of Kazakhstan.

From 2010 to 2014 – Chief Expert, Head of the Investment Projects Department of the Investment Committee, Deputy Director of the Strategic Planning Department of the Ministry of Industry and New Technologies of the Republic of Kazakhstan.

From 2014 to 2015 – Deputy Chairman of the Investment Committee of the Ministry of Investment and Development of the Republic of Kazakhstan. In subsequent years, he worked as the head of the Department of Industrial and Innovative Development of Pavlodar region (2015-2016), head of the Department for Investment and Entrepreneurship Development of Astana (2016-2019).

In 2019, he became Chairman of the Board of Kazakhstan Center for Industry and Export "QazIndustry" JSC. From 2020 to 2021, he worked as deputy akim of the Karaganda region.

From 2021 to 2022 he held the position of Vice-Minister of National Economy of the Republic of Kazakhstan.

Since February 2022 – Deputy Akim of Almaty.



Shamshin Arman Nurzhanovich

Chairman of the Management Board of SEC Almaty JSC, member of the Board of Directors of SEC Almaty JSC

He was born on December 5, 1986.

Elected: On August 25, 2022, by the decision of the Board of Directors of "Almaty Social-Entrepreneurial Corporation" JSC Minutes No. 8.

Education: Beijing University, majoring in Sociology. Holds a Master of Business Administration degree for Executives (Executive MBA)

Nazarbayev University Graduate School of Business.

Work experience:

In 2011, he began his career in the Beineu-Shymkent Gas Pipeline LLP. From 2014 to 2016 he worked at the Ministry of National Economy of the Republic of Kazakhstan.

From May 2016 to June 2022, he worked in senior positions at the National Managing Holding Baiterek JSC.

Prior to his appointment, he held the position of Deputy Chairman of the Board of "Almaty Social-Entrepreneurial Corporation" JSC.

He was awarded the medal "Eren Enbegi Ushin" and the jubilee medal in honor of the 20th anniversary of Constitution Day.



Soltanbayev Berik Bekmyrzauly

Head of the Department of Entrepreneurship and Investments of Almaty. Member of the Board of Directors of SEC Almaty JSC

Born on April 28, 1990.

Elected: June 24, 2022 by the decision of Department of Entrepreneurship and Investments of Almaty" No. 17 MPI.

Education: Kazakhstan Multidisciplinary Institute "Parasat" (2012), Kazakh National Agrarian University (2015), Narkhoz University (2017).

Work experience:

Since 2013 – consultant in the Almaty city branch of "Nur Otan" NDP.

From 2014 to 2017 – a specialist in "Kogamydyk kelisim" MPI, the Department for the development of entrepreneurship and industry of the Akim's office of the Medeu district of Almaty.

From 2017-2018 – Head of the Department for the Development of Entrepreneurship and Industry of the Akim of the Medeu district of Almaty.

Since October 2018 – Deputy Akim of the Medeu district of Almaty, supervised the issues of entrepreneurship support, investment attraction and the work of industrial enterprises.

Since June 2022, he has been appointed Head of the Entrepreneurship and Investment Department of the city of Almaty.

**Damir SerkbaYevich Suyentayev**

Independent Director, member of the Audit, Strategic and Budget Planning, Appointments, Remuneration and Social Issues Committees of the Board of Directors of SEC Almaty JSC

Born on January 15, 1984.

Elected: On July 11, 2018, by the decision of the Department of Entrepreneurship and Investments of Almaty" No. 11 MPI.

Education: Kazakh State Law Academy, majoring in Jurisprudence, then Kazakh Humanitarian Law University (2001-2006), T.Ryskulov Kazakh Economic University, majoring in Economics (2006-2008), Russian Academy of National Economy and Public Administration under the President of the Russian Federation, Moscow, majoring in MBA "Innovative and project management" (2012-2014).

Certified Director (qualification of the British Institute of Directors "The Diploma in Company Direction").

Work experience:

From February 2016 to the present day – Deputy Chairman, Chairman of the Republican Union of Fintech Industry.

From February 2015 to the present day – Advisor to the Chairman of the Management Board of the Union of Machine Builders of Kazakhstan.

From August 2014 to September 2017 – Independent Director, Chairman of the Internal Audit, Strategic Planning and Risk Committee of Kazagromarketing JSC.

From June 2011 to January 2015 – Managing Director at Kazakhstan Engineering JSC.

From May 2011 to June 2011 – Director of the Corporate Development Department of "Damu" Entrepreneurship Development Fund JSC.

From May 2009 to May 2011 – Chief Manager in the Directorate for the Management of Financial Institutions and Development Institutions of National Welfare Fund JSC.

From December 2008 to May 2009 – Chief Manager of the Department for Special Programs of the National Welfare Fund JSC.

From May 2008 to December 2008 – Manager of the Corporate Development Department of Kazyna Sustainable Development Fund JSC.

From October 2006 to April 2008 – Director of the Corporate Governance and Development Department of the Republican Union of Secondary Metallurgy Industrialists.

From October 2006 to February 2008 – Advisor to the National Union of Entrepreneurs and Employers of Kazakhstan "Atameken", then the National Economic Chamber of Kazakhstan "Atameken Union".

Participation in the management bodies of other organizations:

Member of the Presidential Youth Personnel Reserve;

From January 2018 to the present day – Independent Director at Kazagrogarant JSC;

From January 2016 to the present, he has been an independent director at KazakhExport National Company JSC.

**Sarkulov Abay Serikovich**

Independent Director, member of the Board of Directors of SEC Almaty JSC

Born on August 13, 1981.

Elected: On August 19, 2022, by the decision of Department of Entrepreneurship and Investments of Almaty No. 11, MPI.

Education: Aktobe State University named after K. Zhubanov, majoring in Banking (1999-2003).

Work experience:

From 2003 to 2006 – Manager of foreign exchange operations in International Bank "Alma-Ata" JSC.

From 2006 to 2007 – Acting Deputy Director in the branch of International Bank "Alma-Ata" JSC.

In 2007, he was appointed to the position of Manager of the Lending Department for Infrastructure Projects of DBK JSC. In subsequent years, he held the positions of Chief Manager, Head of the Department, Deputy Head of the Project Directorate, and then head of the Project Directorate of DBK JSC.

Since 2015 – Managing Director-Member of the Management Board of DBK JSC.

Since April 15, 2016 – Deputy Chairman of the Management Board of DBK JSC.

From 2017 to 2019 – Chairman of the Management Board of "Damu" Entrepreneurship Development Fund JSC.

From April 2019 to January 24, 2022 – Chairman of the Management Board of the Development Bank of Kazakhstan JSC.

From February 2022 to the present, the private company "FINHUB" Co-founder, Business Development Officer of the digital platform FINHUB.kz .

**Khudaibergenov Murat Enverbekovich**

Independent Director, member of the Board of Directors of SEC Almaty JSC

Born on April 07, 1961.

Elected: On August 19, 2022, by the decision of Department of Entrepreneurship and Investments of Almaty No. 11, MPI.

Education: Alma-Ata Institute of National Economy, specialty "Economist" (1986).

Work experience:

From February 2022 to the present – Advisor to the Chairman of the Board of Almaty City Development Center JSC.

From 2020 to 2022 – Advisor to the Chairman of the National Bank of the Republic of Kazakhstan.

From 2016 to 2020 – by the decision of the Board of NMH "Baiterek" JSC was appointed Chairman of the Board of Baiterek Development JSC, elected a member of the Board of Directors.

From 2008 to 2012 – Advisor to the Director of the Foundation of Education of Nursultan Nazarbayev.

From 2004 to 2008 – Member of the Board of Directors of KBTU JSC.

From 2001 to 2008 – First Deputy Director of the Foundation of Education of Nursultan Nazarbayev.

From 2000 to 2001 – Director of Adani LLP.

From 1998 to 1999 – Chairman of the Committee on State Control over the Production and Turnover of Alcoholic Beverages under the Ministry of Finance of the Republic of Kazakhstan.

From 1997 to 1998 – Director of Akcept LLP.

From 1992 to 1997 – Head of the production department of Alcom LLP.

From 1988 to 1992 – economist, Deputy Head of the Planning and Production Department of Kazhydromet of the Kazakh SSR.

From 1986 to 1988 – intern researcher of the Department of the PNH AINH.

From 1984 to 1986 – worked in the Komsomol Committee of the Alma-Ata Institute of National Economy.

From 1982 to 1984 – technician, engineer of the Research Institute for Process Automation and Improvement of Management Structures at the State Planning Committee of the Kazakh SSR.

Work of Committees under the Board of Directors

There are 3 Committees under the Board of Directors of the Company:

on strategic and budget planning;

on audit;

on appointments, remuneration and social issues.

In accordance with the best corporate governance practices and the requirements of the Law of the Republic of Kazakhstan "On Joint Stock Companies", the profile Committees under the Board of Directors of the Company are headed by independent directors:

Chairman of the Committee on Strategic and Budgetary Planning – A.S. Sarkulov;

Chairman of the Audit Committee – A.S. Sarkulov;

Chairman of the Committee on Appointments, Remuneration and Social Issues – D.S. Suyentayev

The activities of the committees are regulated by the relevant provisions approved by the decisions of the Board of Directors of the Company.

The Strategic and Budget Planning Committee is a permanent consultative and advisory body of the Company's Board of Directors, which provides recommendations on determining strategic objectives, priority areas of the Company's activities, strategic and budget planning, and evaluating the effectiveness of the Company's activities in the long term.

The Audit Committee is a permanent advisory and advisory body of the Board of Directors of the Company, which provides recommendations on the establishment of an effective system of control over the financial and economic activities of the Company (including the completeness and reliability of financial statements), monitoring the reliability and effectiveness of internal control and risk management

systems, as well as the execution of documents in areas of corporate governance, control over the independence of external and internal audit.

The Committee on Appointments, Remuneration and Social Issues is a permanent advisory body of the Board of Directors of the Company, which provides recommendations on personnel policy, consideration of issues on appointments, remuneration and social issues within the competence of the Board of Directors, as well as monitoring the implementation of such decisions adopted by the Board of Directors of the Company.

In 2022, the Committees of the Company's Board of Directors held 14 meetings and considered 38 issues, including:

strategic and budget planning – 5 meetings and 12 questions;

audit – 4 meetings and 13 questions;

on appointments, remuneration and social issues – 5 meetings and 13 questions.

Management Board

The Management Board is a collegial executive body of the Company, accountable to the Board of Directors and the Sole Shareholder, formed in accordance with the Company's Charter and managing the current activities of the Company in the interests of the Company and its Sole Shareholder.

The Management Board has the right to make decisions on any issues of the Company's activities that are not referred by the legislative acts of the Republic of Kazakhstan and the Charter of the Company to the competence of other bodies and officials of the Company, including issues referred by the legislation and the Charter of the Company to its competence.

Composition of the Management Board as of December 31, 2022:

- Chairman of the Management Board Shamshin Arman Nurzhanovich. The date of election as Chairman of the Management Board is August 25, 2022. Heads the Board of the Company. Performs general control, coordination and management of the activities of all structural divisions and employees of the Company.
- Deputy Chairman of the Management Board Akhmetov Dastan Rustemovich. Supervises and coordinates the work of the Project Management Department, the Food Supply and Trade Department, and the Asset Management Department.
- Deputy Chairman of the Management Board Anuar Zhomartovich Gabdullin. Supervises and coordinates the work of the Accounting and Reporting Department, the Finance Department.
- Deputy Chairman of the Management Board Prudnikov Maxim Konstantinovich. Supervises and coordinates the work of the Strategic

Development Department, the Procurement Department, the Marketing and Promotion Department.

Members of the Management Board of the Company are citizens of the Republic of Kazakhstan, do not own shares of the Company, shares of suppliers and competitors of the Company.



Shamshin Arman Nurzhanovich

Chairman of the Management Board of SEC Almaty JSC, member of the Board of Directors of SEC Almaty JSC

He was born on December 5, 1986.

Elected: On August 25, 2022, by the decision of the Board of Directors of "Almaty Social-Entrepreneurial Corporation" JSC Minutes No. 8.

Education: Beijing University, majoring in Sociology. Holds a Master of Business Administration degree for Executives (Executive MBA) Nazarbayev University Graduate School of Business.

Work experience:

In 2011, he began his career in the Beineu-Shymkent Gas Pipeline LLP. From 2014 to 2016 he worked at the Ministry of National Economy of the Republic of Kazakhstan.

From May 2016 to June 2022, he worked in senior positions at the National Managing Holding Baiterek JSC.

Prior to his appointment, he held the position of Deputy Chairman of the Board of "Almaty Social-Entrepreneurial Corporation" JSC.

He was awarded the medal "Eren Enbegi Ushin" and the jubilee medal in honor of the 20th anniversary of Constitution Day.



Gabdullin Anuar Zhomartovich

Deputy Chairman of the Management Board

Since December 2022, he has held the position of Deputy Chairman of the Board of "Almaty Social-Entrepreneurial Corporation" JSC.

He has more than 17 years of banking experience in the field of lending to legal entities. From 2003 to 2020, he worked in senior positions in Bank CenterCredit JSC, Alliance Bank JSC and SB Sberbank JSC, Almaty Finance LLP.

He studied at the Al-Farabi Kazakh National University with a degree in Finance and Credit (Banking), has an MBA degree from the International Academy of Business with a degree in Management.

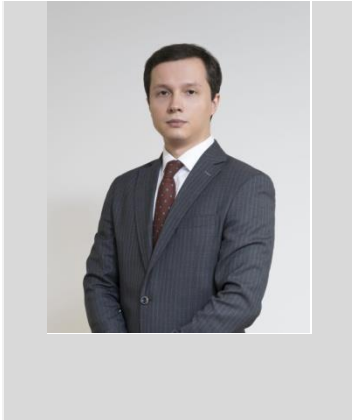


Akhmetov Dastan Rustemovich

Deputy Chairman of the Management Board

He started his career in 2000 at KEGOC JSC. In various years he held senior positions in Development Bank of Kazakhstan JSC, "Damu" Entrepreneurship Development Fund JSC, worked in JV SKZ KAZATOMPROM LLP, and Kazakh-Chinese Pipeline LLP.

He graduated from the Kazakhstan Institute of Economics and Law with a degree in Jurisprudence, has a Master's degree in Finance and Banking from the T.Ryskulov Kazakhstan University of Economics.

**Prudnikov Maxim Konstantinovich**

Deputy Chairman of the Management Board

Over the years, he held the positions of General Director of AST LLP; Head of the Exhibition territory — Deputy Director of the Departments of Operational Management and Strategic Development of JSC NC Astana EXPO-2017; Head of the Protocol Service of S.P.A. Milan EXPO 2015; led projects in private business.

He studied at the University of Exeter with a degree in Business Management, Said Business School with a degree in Economics and Management.

Report on the activities of the Management Board

The rights and obligations of the members of the Management Board are determined by the Charter of the Company, the Regulations on the Management Board and other internal regulatory documents of the Company.

The Regulation on the Management Board defines the procedure for the formation and functioning of the Company's Management Board, the rights and obligations of the members of the Management Board, the adoption and execution of its decisions, as well as the control over their execution.

During 2022, 72 in-person meetings of the Management Board were held, 277 issues were considered.

Committees under the Management Board

1) The Investment Committee is a permanent collegial body of the Company that makes a decision based on analysis, evaluation, information and documents on the appropriateness of further consideration of projects by the Company's Management Board.

2) The Committee for the Management of Temporarily Free Funds was established by the decision of the Management Board of the Company in November 2019 with the aim of managing temporarily free money of the Company through placement in financial instruments.

3) The Budget Committee was established to review the budgets of divisions and the Company as a whole, as well as the budgets of subsidiaries and affiliates, which allows monitoring the planning, budget execution and expenditure of funds of the Company and subsidiaries.

The personal composition and number of members of the committees under the Management Board are determined by the decision of the Management Board of the Company, the activities are regulated by the Regulations on the Committees under the Management Board of the Company.

14.3 Asset and subsidiary management

The Company has state assets on its balance sheet in the form of real estate, land and cash, on the basis of which projects are implemented in partnership with private business.

As of December 2022, the Company is the sole founder of three subsidiaries: Industrial Zone - Almaty LLP, Almaty Akimat Capital Construction Enterprise LLP, and Almaty Finance LLP. Almaty Finance LLP, in turn, is the founder of the subsidiary of MFO "Almaty" LLP.

According to the current organizational structure, subsidiaries are under the direct supervision of members of the Company's Management Board, who are responsible for various functional areas, which affects the operational activities of subsidiaries.

Also in the Company's portfolio there is one joint venture Innovation Safety Centre LLP (the share of the SEC is 49%). At the end of 2022, the authorized capital of Innovation Safety Centre LLP was reduced from 765,000,000 tenge to 308,250,000 tenge. The Company received a payment in the amount of 223,930,000 tenge.

In terms of asset management for 2022, the following amount of work was done:

- 125 apartments were transferred to the authorized capital of PKS LLP to create a resettlement fund in order to implement the Housing Renovation Program in Almaty for 2021-2025;
- 20 dilapidated apartments/houses were transferred to the authorized capital of PKS LLP in order to implement the Housing Renovation Program in Almaty for 2021-2025;
- 68 parking spaces were transferred to the authorized capital of PKS LLP;
- 2 sets of design and estimate documentation for the implementation of renovation projects in the square of the streets: Moldagaliyev, Tolstoy, Chernyshevsky, Sauranbayev, in the square of the streets: Moldagaliyev, Tolstoy, Spartak, Akynov were transferred to the authorized capital of PKS LLP.
- 2 two-bedroom apartments at 150/3 Zhandossov Str. were transferred free of charge in accordance with the resolution of the Akimat of Almaty dated 05.12.2022 No. 4/649;
- 2 two-room apartments on at 150/3 Zhandossov Str. were transferred free of charge in accordance with the resolution of the Akimat of Almaty dated 05.12.2022 No. 4/649;
- 1 one-bedroom apartment at 150/3 Zhandossov Str. was transferred free of charge in accordance with the resolution of the Akimat of Almaty dated 04.03.2022 No. 1/67;

- One built-in non-residential premises was sold at 78 Pushkin Street, n.p.31 under Contract of purchase and sale of real estate with installment payment No. 314 dated 18.03.2022;
- One non-residential premises with a land plot was sold at address: 80 Sagadat Nurmagambetov Str. in Kok-Tobe mcdr. and was transferred under the Purchase and sale contract No. 1157 dated 11.03.2022;
- The Administrative building of Nazarbayev Street d122 was transferred to communal ownership on the basis of the decree of the Akimat of Almaty No. 4/567 dated November 02, 2022;
- An administrative building with the objects of buildings with a total area of 782.4 sq.m. was accepted for balance in accordance with the resolution of the Akimat of Almaty No. 2/202 dated May 13, 2022;
- The demolition of the Administrative Building at the address: 95/2 Navoi Street was carried out in accordance with the Demolition Act No. 1 of 18.01.2022;
- A project agreement was signed with Kazspetsenergo Servis LLP for the provision of 19 land plots with a total area of 64.9644 hectares in the Turksib district of Kairat mcrd;
- Accepted from KazSMU LLP for the balance of one apartment at 259 Raiymbek Ave., cadastral number 20-314-066-163-1-13 and one built-in non-residential premises along 259 Raiymbek Ave., cadastral number: 20-314-066-163-1-97 under the Agreement on joint implementation of project No. 10 dated 09.09.2020;
- Work was carried out on the Act of inventory of real estate and title documents of the Company dated October 31, 2022.

The following activities have been carried out by subsidiaries:

- Supervisory Boards (Industrial Zone of Almaty LLP, Capital Construction Enterprise of Almaty Akimat LLP) were created and implemented as a management body of subsidiaries and affiliates;
- The Rules for the provision of a corporate guarantee by "Almaty Social-Entrepreneurial Corporation" Joint Stock Company in favor of the "Almaty Microfinance Organization" LLP as part of the microcredit product for entrepreneurs affected by the introduction of a state of emergency have been approved;
- The organizational structure and staffing in subsidiaries and affiliates have been approved (Almaty Finance LLP, Almaty Industrial Zone LLP, Almaty Akimat Capital Construction Enterprise LLP);
- Measures were taken to coordinate the Corporate Governance Code of Almaty Finance LLP;
- Measures were taken to change the composition of the Supervisory Board of Almaty Finance LLP;

- Measures were taken to conclude an agreement between the Company and the Almaty Capital Construction Enterprise LLP on reimbursement of thermal energy costs of an apartment building located at 150/3 Zhandossov Str.;
- The authorized capital of Almaty Finance LLP was increased in the amount of 6.3 billion tenge, an additional contribution was made to the authorized capital of MFO Almaty LLP in the amount of 1.3 billion tenge, at the expense of funds provided in the budget of the city of Almaty under the program 065 "Formation and increase of the authorized capital of legal entities";
- The authorized capital of Almaty Industrial Zone LLP has been increased by issuing financing at the expense of the Company's own funds, in the amount of 148 million tenge;
- The authorized capital of Almaty Industrial Zone LLP has been increased by transferring the real estate object "Street and Road network of the Industrial Industrial Zone" with an estimated value of 567 million tenge to the authorized capital of Almaty Industrial Zone LLP;
- Additional Agreement No. 1 to the Agreement on Financial assistance on a returnable basis No. 73 dated 25.11.2021 was concluded, regarding the allocation of additional financial assistance to "Almaty Social-Entrepreneurial Corporation" JSC for "Infrastructure Operator ISA" LLP in the amount of 24 million tenge, for the maintenance of infrastructure facilities and preparation of equipment for the autumn-winter period;
- The audited financial statements of subsidiaries and affiliates for 2021 have been approved;
- Procedures have been carried out on the transfer of obligations of the Infrastructure Operator ISA LLP to the Industrial Zone - Almaty LLP, also with the subsequent transfer of the Infrastructure Operator ISA LLP to the municipal property of the city of Almaty;
- The authorized capital of Almaty Akimat Capital Construction Enterprise LLP was increased in the amount of 3.2 billion tenge to complete construction and installation works and commissioning of a 16-storey residential building located south of Zhandossov Street, between Suleimenov and Shchepkin Streets due to the following sources:
 - local budget - 1.6 billion tenge;
 - the savings of the Company based on the results of the implementation of the budget investment project "Video monitoring system of places of mass gathering of citizens" – 1.6 billion tenge;
- The procedures of recapitalization of MFO Almaty LLP were carried out by making an additional contribution to the authorized capital of MFO Almaty LLP in the amount of 700 million tenge;
- The transfer of real estate and existing investment projects belonging to the Company in the amount of 4.9 billion tenge to the authorized capital of Almaty Capital Construction Enterprise LLP was made.

- The authorized capital of Predpriyatiye kapitalnogo stroitelstva of the Almaty Akimat LLP has been increased in the amount of 59.6 billion tenge at the expense of funds provided in the budget of Almaty city under the program 065 "Formation and increase of the authorized capital of legal entities";
- Roadmaps have been approved for the transfer of enterprises of Almaty Finance LLP, MFO Almaty LLP, Almaty Akimat Capital Construction Enterprise LLP to the competitive environment in accordance with the Decree of the Government of the Republic of Kazakhstan dated December 29, 2020 No. 908 "On some issues of privatization for 2021-2025".

14.4 Risk management and internal control

The Company has an effectively functioning risk management and internal control system aimed at ensuring reasonable confidence in the Company's achievement of its strategic and operational goals, and representing a set of organizational policies, procedures, standards of conduct and actions, methods and management mechanisms created by the Board of Directors and the Management Board of the Company to ensure:

- 1) optimal balance between the profitability of the Company's activities, strategic goals and the risks associated with them;
- 2) efficiency of financial and economic activity and achievement of financial stability of the Company;
- 3) preservation of assets and efficient use of the Company's resources;
- 4) completeness, reliability of financial and management reports;
- 5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents of the Company;
- 6) proper internal control to prevent fraud and ensure effective support for the functioning of the main and auxiliary business processes and analysis of performance.

The Board of Directors approves internal documents defining the principles and approaches to the organization of the risk management and internal control system based on the objectives of this system.

The organization of effective risk management and internal control system in the Company is aimed at building a management system capable of ensuring an understanding of the reasonableness and acceptability of the risk level by employees, the Chairman and members of the Management Board, the Company's bodies when they make decisions, quickly respond to risks, exercise control over the main and auxiliary business processes and daily operations, as well as carry out immediate informing the management of the appropriate level about any significant shortcomings.

The principles and approaches to the organization of effective risk management and internal control system include:

- 1) defining the goals and objectives of the risk management and internal control system;
- 2) organizational structure of the risk management and internal control system covering all levels of decision-making and taking into account the role of the appropriate level in the process of developing, approving, applying and evaluating the risk management and internal control system;
- 3) basic requirements for organization of the risk management process (approaches to risk identification, the procedure for identifying and assessing risks, determining response methods, monitoring, and others);
- 4) requirements for organization of the internal control system and the conduct of control procedures (characteristics of the key areas and main components of the internal control system, the procedure for evaluating the effectiveness and reporting in the field of internal control, and others).

The Company's internal regulatory documents establish the responsibility of the Board of Directors and the Management Board for organizing and ensuring the effective functioning of the risk management and internal control system on a consolidated basis.

Each official of the Company ensures proper consideration of risks when making decisions.

The Management Board ensures the implementation of risk management procedures by employees with appropriate qualifications and experience.

Management Board:

- 1) ensures the development and implementation of internal documents approved by the Board of Directors in the field of risk management and internal control;
- 2) ensures the creation and effective functioning of the risk management and internal control system through the practical implementation and continuous implementation of the principles and procedures of risk management and internal control assigned to it;
- 3) is responsible for implementation of decisions of the Board of Directors and recommendations of the Audit Committee in the field of risk management and internal control system organization;
- 4) monitors the risk management and internal control system in accordance with the requirements of internal documents;
- 5) ensures the improvement of risk management and internal control processes and procedures, taking into account changes in the external and internal business environment.

In order to implement the principles of internal control and ensure the effectiveness of the risk management, the Management Board distributes powers,

responsibilities and responsibility for specific risk management and internal control procedures among the managers of the following level and/or heads of structural divisions.

The heads of structural divisions/owners of business processes, in accordance with their functional responsibilities, are responsible for the development, documentation, implementation, monitoring and development of a risk management and internal control system in the functional areas of the Company entrusted to them.

The organizational structure of the risk management and internal control system in the Company provides for the existence of a structural unit responsible for risk management and control issues, the tasks of which include:

- 1) overall coordination of risk management and control processes;
- 2) development of methodological documents in the field of risk management and control and provision of methodological support to business process owners and employees in the process of identifying, documenting risks, implementing, monitoring and improving control procedures, forming action plans to respond to risks and action plans to improve the risk management and internal control system, reports on their implementation;
- 3) methodological support for organization of training of employees in the field of risk management and control;
- 4) analysis of the risk portfolio and development of proposals for a response strategy and reallocation of resources in relation to the management of relevant risks;
- 5) formation of consolidated risk reporting;
- 6) implementation of operational control over the risk management process by structural divisions;
- 7) preparing and informing the Board of Directors and/or the Management Board about the status of the risk management system, existing threats and proposals for their prevention/leveling.

The manager in charge of the risk management and control function is not the owner of the risk, which ensures its independence and objectivity. It is impossible to combine risk management and control functions with functions related to corporate financing, investment decision-making. Combination with other functions is allowed if there is no significant conflict of interest.

The risk management and internal control system provides for identification, assessment and monitoring of all significant risks, as well as adoption of timely and adequate measures to reduce the level of risks.

Risk management procedures ensure rapid response to new risks, their clear identification and identification of risk owners. In case of any unforeseen changes in the competitive or economic environment of the Company, the risk map is reassessed and its compliance with risk appetite.

The Board of Directors approves the overall level of risk appetite and tolerance in relation to key risks, which are fixed by the Company's internal documents.

Tolerance levels for key risks are reviewed in the event of significant events. Limits are set that limit risks in daily activities.

For holistic and clear understanding of the inherent risks in the Company, risks are identified and assessed at least on an annual basis, which are reflected in the risk register, risk map, risk response plan (process improvement, minimization strategies) approved by the Board of Directors.

When reviewing the register and risk map, the Board of Directors ensures that risks that can really affect the implementation of strategic objectives are included in them, and when reviewing the risk response action plan, make sure that the measures are useful. The Board of Directors and the Management Board regularly receive information about key risks and their analysis in terms of their impact on the Company's Development Program and development plan.

Risk reports are submitted to meetings of the Board of Directors at least once a quarter and are discussed properly in full.

The Company has implemented transparent principles and approaches in the field of risk management and control, the practice of training employees and officials about the risk management system, as well as the process of documenting and timely bringing the necessary information to the attention of officials.

The Company's employees annually, as well as when applying for a job, undergo training/introductory instruction to familiarize themselves with the adopted risk management and internal control system. Based on the results of such training, knowledge testing is carried out.

As part of the risk management and control system, the Company ensures that the Board of Directors (Audit Committee) and the internal audit unit are informed of violations of the legislation of the Republic of Kazakhstan, internal procedures, and the Code of Business Conduct by any employee and official of the Company.

14.5 Internal audit

The Company has established an Internal Audit Service for a systematic independent assessment of the reliability and effectiveness of the risk management and internal control system and corporate governance practices.

In subsidiaries and affiliates, separate bodies may also be created that perform internal audit tasks in the form of an audit commission/auditor, functionally accountable to the Supervisory Board; at the same time, the goals, functions and tasks of the Audit Commission/Auditor, the procedure for their interaction with the bodies of the organization are established taking into account the principles applicable to the Internal Audit Service set forth in this Code.

The Internal Audit Service carries out its activities on the basis of risk-based (annual) audit work plan approved by the Board of Directors. The results of audit reports, key findings and relevant recommendations are submitted to the Board of Directors at least once a half-year.

The Head of the Internal Audit Service takes into account the risk management concept adopted by the Company, and also applies his/her own risk judgment formed after consultations with the Management Board and the Audit Committee.

In carrying out its activities, the Internal Audit Service evaluates the effectiveness of internal control, risk management and corporate governance systems using generally accepted standards of internal audit and corporate standards, in accordance with the methods approved by the Board of Directors.

Evaluation of the effectiveness of the internal control system includes:

- 1) conducting an analysis of the compliance of the goals of business processes, projects and structural units with the goals of the Company, checking the reliability and integrity of business processes (activities) and information systems, including the reliability of procedures for countering illegal actions, abuse and corruption;
- 2) verification of the reliability of accounting (financial), statistical, managerial and other reporting, identification of the results of business processes and structural units for compliance with the set goals;
- 3) determination of the adequacy of the criteria established by the Management Board for analyzing the degree of fulfillment (achievement) of the set goals;
- 4) identification of shortcomings of the internal control system that did not allow (do not allow) to achieve the set goals;
- 5) evaluation of the results of the implementation (implementation) of measures to eliminate violations, deficiencies and improve the internal control system implemented at all levels of management;
- 6) checking the effectiveness and expediency of the use of resources;
- 7) verification of the safety of the Company's assets;
- 8) verification of compliance with the requirements of the legislation of the Republic of Kazakhstan, the Charter and internal documents of the Company.

Assessment of the effectiveness of the risk management system includes:

- 1) verification of sufficiency and maturity of elements of the risk management system for effective risk management (goals and objectives, infrastructure, organization of processes, regulatory and methodological support, interaction of structural units within the risk management system, reporting);
- 2) verification of completeness of identification and correctness of risk assessment by the executive body at all levels of its management;

- 3) verification of the effectiveness of control procedures and other risk management measures, including the effectiveness of the use of resources allocated for these purposes;
- 4) analysis of information on realized risks (violations identified by the results of internal audits, facts of failure to achieve goals, facts of litigation).

Corporate governance assessment includes verification:

- 1) compliance with ethical principles and corporate values of the Company;
- 2) the procedure for setting goals, monitoring and controlling their achievement;
- 3) the level of regulatory support and procedures for information interaction (including on internal control and risk management) at all levels of management, including interaction with stakeholders;
- 4) ensuring the rights of the Sole Shareholder, and the effectiveness of relations with interested parties;
- 5) procedures for disclosure of information about the activities of the Company and its subsidiaries and affiliates.

The Company conducts an annual audit of financial statements by engaging an independent and qualified auditor who, as an outside party, provides an objective opinion to interested parties on the reliability of financial statements and their compliance with IFRS requirements. The norms regarding the annual audit are applied if the audit of the annual financial statements is provided for by the legislation of the Republic of Kazakhstan and/or internal documents of the Company.

The selection of an external auditor is carried out on the basis of a competition. An important role in the selection process is played by the Audit committee of the Board of Directors, which coordinates the qualification requirements and/or technical specifications developed for the purpose of the competition.

The external auditor involved should not provide consulting services to the Company that may threaten the independence of the external auditor. If a person participating in the mandatory audit of the Company as an employee of an external auditor or participating in the mandatory audit of the Company as an employee of an external auditor is expected to be appointed (elected) to the position of a member of the Management Board, managing director or chief accountant of the Company within two years preceding the date of his appointment (election) to the Company, in order to avoid a conflict of interest, it is required to obtain the preliminary approval of the Audit Committee of the Board of Directors for the proposed candidate for further consideration of his appointment (election).

Interested parties should be confident in the reliability of the Company's financial statements by engaging an external auditor who meets the following criteria: high level of qualification of the audit organization's specialists; significant work experience and positive reputation (both on the Kazakh market and on the

international market (if necessary); experience in the industry; compliance by the audit organization with international auditing standards, the legislation of the Republic of Kazakhstan in the field of auditing, the Code of Ethics of Professional Accountants of the International Federation of Accountants; efficiency of work on identifying shortcomings and providing recommendations for improving internal controls on the process of preparing financial statements.

The Company should approve documents regulating the procedure for conducting an audit and relations with an external auditor, including the process of selecting an external auditor, the powers and functions of the competition commission, the provision of consulting services by an audit organization that are not related to the audit of financial statements and other information, the rotation of audit organizations and senior personnel of an audit organization, recruitment issues former employees of the audit organization.

The rotation of partners and senior staff of the audit organization responsible for the audit of financial statements is carried out at least once every five years, if the audit organization provides audit services to the Company for more than 5 consecutive years.

The audit of the financial statements for 2022 was conducted by MAK Russell Bedford A+ Partners LLP.

14.6 Regulation of corporate conflicts

Members of the Board of Directors and the Management Board, employees of the Company, perform their professional functions in good faith and reasonably in the interests of the Company, avoiding conflicts.

In the event of corporate conflicts, the participants seek ways to resolve them through negotiations in order to ensure effective protection of the interests of the Company and interested parties. At the same time, the Company's officials promptly inform the Corporate Secretary and/or the Ombudsman about the presence (occurrence) of a conflict.

The effectiveness of work on the prevention and settlement of corporate conflicts presupposes the full and early identification of such conflicts and coordination of actions of all organs of the Company.

Corporate conflicts with the assistance of the Corporate Secretary and/or the Ombudsman are considered by the Chairman of the Board of Directors. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are considered by the Committee on Appointments, Remuneration and Social Issues.

The sole shareholder, in order to prevent interference by state bodies in the Company's operational activities, as well as to increase the responsibility of the Board of Directors for the decisions taken, should avoid electing an excessive number of members of the Board of Directors who are representatives of state bodies.

In order to ensure an objective assessment of the corporate conflict and create conditions for its effective settlement, persons whose interests are affected by the conflict or may be affected do not participate in its settlement.

If it is impossible to resolve corporate conflicts through negotiations, they are resolved strictly in accordance with the legislation of the Republic of Kazakhstan.

The Board of Directors approves and periodically reviews the policy and rules for resolving corporate conflicts, in which their resolution will meet the interests of the Company and the Sole Shareholder.

The Board of Directors settles corporate conflicts on issues within its competence. In this case, the Corporate Secretary and/or the Ombudsman are charged with ensuring that the Board of Directors is informed as much as possible about the essence of the corporate conflict and the role of an intermediary in resolving the corporate conflict.

The Chairman of the Management Board, on behalf of the Company, settles corporate conflicts on all issues, decision-making on which is not within the competence of the Board of Directors of the Company, and also independently determines the procedure for resolving corporate conflicts.

The Board of Directors considers individual corporate conflicts within the competence of the Management Board (for example, if the subject of the conflict is the actions (inaction) of that body).

14.7 Conflict of interest regulation

A conflict of interest is defined as a situation in which the personal interest of an employee of the Company affects or may affect the impartial performance of official duties.

Serious violations related to a conflict of interests may damage the reputation of the Company and undermine the trust in it on the part of the Sole Shareholder and other interested parties. The personal interests of an official or employee should not influence the impartial performance of their official, functional duties.

The Company's employees do not allow a situation in which a conflict of interests may arise, either in relation to themselves (or related persons), or in relation to others.

In order to avoid conflicts of interest that prevent the Board of Directors from fulfilling its duties objectively and to limit political interference in the processes of the Board of Directors, the Company implements mechanisms to prevent and regulate them.

The basic principles of conflict of interest prevention, methods of their identification, assessment and resolution are fixed in the Company's Code of Business Conduct approved by the Board of Directors.

14.8 Corporate Governance Code

The Company's corporate governance is based on the principles of fairness, responsibility, transparency and competence. The corporate governance system includes the management, control and responsibility of the management bodies as a whole for the group of companies from the first to the last level.

According to paragraph 3 of Article 182 of the Law of the Republic of Kazakhstan "On State Property", state-controlled joint-stock companies, with the exception of the National Welfare Fund, approve corporate governance codes in accordance with the model code of corporate governance in state-controlled joint-stock companies.

The Model Code of Corporate Governance in state-Controlled joint-stock Companies, with the exception of the National Welfare Fund (hereinafter referred to as the "Model Code"), was approved on 05.10.2018 by order of the Minister of National Economy of the Republic of Kazakhstan.

In accordance with the Model Code, the Company's Corporate Governance Code (hereinafter referred to as the Code) was developed and approved by Decision No. 18/1 of the Sole Shareholder dated 20.12.2019.

The Code is aimed at improving corporate governance in the Company, ensuring transparency and management efficiency.

In order to comply with the requirements of the Code, the following internal regulatory documents have been developed and approved:

1. Policy on the settlement of corporate conflicts and conflicts of interests of SEC Almaty JSC, decision of the Board of Directors dated 14.02.2020, Minutes No. 1;
2. The Regulation on the Board of Directors of SEC Almaty JSC in the new edition, the decision of the Sole shareholder No. 29 dated 18.09.2020;
3. The Regulation on the Corporate Secretary of SEC Almaty JSC in the new edition, the decision of the Board of Directors of 13.11.2020, Minutes No. 10;
4. Rules for evaluating the activities and remuneration of senior employees of SEC Almaty JSC, decision of the Board of Directors of 13.11.2020, Minutes No. 10;

5. Regulation on the interaction of SEC Almaty JSC with subsidiaries, decision of the Board of Directors of 13.11.2020, Minutes No. 10;
6. Rules for evaluating the activities of employees of SEC Almaty JSC, decision of the Board of 30.12.2020, Minutes No. 82;
7. The dividend policy of SEC Almaty JSC and its subsidiaries, the decision of the Sole Shareholder No. 35 dated 07.12.2020.

Appendix 1

Data of the audited consolidated financial statements of 17 SECs of Kazakhstan for 2022

Source: <https://opi.dfo.kz/>

SEC	Region	Authorized capital, billion tenge	Book value of assets, billion tenge	Profit for the year, million tenge
Kokshe	Akmola region	5.9	6.4	49
Zhetysu	Almaty region	70.9	37.5	-27
Aktobe	Aktobe region	8.6	16.1	30.2
Atyrau	Atyrau region	21.6	24	9
Yertis	East Kazakhstan region	47.3	55.4	-583
Akzhayik	West Kazakhstan region	15.2	16	-34
Saryarka	Karaganda region	66	39.3	106
Tobol	Kostanay region	31.6	41.5	168
Baikonur	Kyzylorda region	16.7	13.2	2
Caspian Sea	Mangystau region	33.3	28.7	253
Pavlodar	Pavlodar region	12.5	16	63
Soltustik	North Kazakhstan region	67.6	70	1297
Shymkent	city of Shymkent	31.8	44.9	2177
Almaty	city of Almaty	168.3	208.4	-8580
Astana	city of Astana	225.5	112.3	-1750
Turkestan	City of Turkestan	11.7	15.4	273
Taraz	Zhambyl	8.6	23.3	61
Total		843.1	768.4	-6485.8

Data of the audited consolidated financial statements of 17 SECs of Kazakhstan for 2021

Source: <https://opi.dfo.kz/>

SEC	Region	Authorized capital, billion tenge	Book value of assets, billion tenge	Profit for the year
Kokshe	Akmola region	6	5.1	47
Zhetysu	Almaty region	68.3	37.9	313
Aktobe	Aktobe region	8.5	7.5	-2046
Atyrau	Atyrau region	19.6	19.9	-1373
Yertis	East Kazakhstan region	32.3	39.9	-587
Akzhayik	West Kazakhstan region	6.7	7.3	-800
Saryarka	Karaganda region	54.7	27.4	45
Tobol	Kostanay region	30.7	40	285
Baikonur	Kyzylorda region	16.7	9.6	-1198
Caspian Sea	Mangystau region	33.1	21.4	-353
Pavlodar	Pavlodar region	11.4	15.9	-110
Soltustik	North Kazakhstan region	37.6	37.5	269
Shymkent	city of Shymkent	31.7	41.7	2984
Almaty	city of Almaty	108.2	168.3	215
Astana	city of Astana	221.3	345.3	553.6

Turkestan	City of Turkestan	11.6	14.1	53
Taraz	Zhambyl	7.9	16	63
Total		677.2	854.8	2022

Appendix 2

Consolidated Financial Statements for the year ended December 31, 2022