



CREATING VALUES FOR SUSTAINABLE DEVELOPMENT

TNC Kazchrome JSC

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This annual report is a translation into English from the original copy of the annual report, issued in Russian. In all cases of interpretation of information, views and opinions, the original annual report, issued in Russian, is prevailing over translation into English.

TNC Kazchrome JSC is a modern, vertically integrated company with a unique resource base and one of the largest producers of high-carbon ferrochrome in the world.

OUR VISION

An international, sustainable, socially responsible and efficient natural resources company.

OUR MISSION

To be the best at what we do.

To evolve with the world by staying true to our values.

To ensure the prosperity of those who rely on us through careful unlocking the potential of the Earth and humanity.

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OPERATING PERFORMANCE

5,194 thousand tons
Chromium ore mining

1,635 thousand tons
Production of ferroalloys

1,503 thousand tons
Sales volume of ferroalloys

FINANCIAL PERFORMANCE

380 billion tenge
EBITDA

1,068 billion tenge
Revenue

183 billion tenge
CAPEX

SUSTAINABLE DEVELOPMENT INDICATORS

8,452 thousand tons
CO₂ emissions

11,871 GWh
Energy consumption

21 mln m³
Water consumption

For more information please visit www.kazchrome.com

STATEMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Colleagues and Partners,

Summing up the results of 2023, I would like to note that despite the numerous challenges faced by virtually all large industrial export-oriented companies, Kazchrome has once again demonstrated the excellent potential of its team, flexibility and mobility of its management.



In an effort to maintain our leading position in the mining and metallurgical industry, we have launched a major transformation of the ERG Way Plus in 2023. It will significantly increase production volumes and reduce the cost of ferroalloy products. We are already experiencing the first success from the project's implementation. The chrome division has achieved better enrichment performance, and the volume of chrome raw materials production has increased. For the first time in the history of the 10th Anniversary of Kazakhstan's Independence mine, a historical maximum of 260 thousand tons of ore was reached in one of the months of 2023.



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A significant historical event for the ferroalloy industry in Kazakhstan was the commissioning of the ERG Green Slime Processing Plant at the Donskoy Ore Mining and Processing Plant in 2023.

In 2023, Kazchrome's ferroalloys plants also achieved an absolute record of 164.2 thousand tons of products at the end of October. In addition, Kazchrome continues to work systematically to reduce the cost of production. Measures to improve operational performance made it possible to achieve the best cost performance over the last five years.

According to the results of 2023, Kazchrome's assets mined over 5.2 million tons of chromium ore and produced 1,635 thousand tons of ferroalloys. The company's revenue amounted to KZT 1,067.7 billion. These figures are lower compared to 2022. However, we have set ourselves the goal of becoming a leader in the mining and metallurgical industry, so we have significantly increased capital and investment costs. We are confident that this investment will bring results in the near future. In 2024, we plan to launch the second stage of the 10th Anniversary of Kazakhstan's Independence mine. It will be one of the deepest mines in the world for extraction of ferrous metal ores 1.2 kilometers deep. The design capacity of the mine exceeds 6.5 million tons of ore per year. The investment is more than KZT877.6 billion. We will significantly reduce manual labor and increase labor safety and efficiency of each miner.

A significant historical event for the ferroalloy industry in Kazakhstan was the commissioning of the ERG Green Slime Processing Plant at the Donskoy Ore Mining and Processing Plant in 2023. For Kazchrome, this is a major step towards improving efficiency and reducing production costs. The commissioning of this state-of-the-art facility will enable the recycling of previously accumulated production waste. As the leader in the ferroalloy industry, Kazchrome is actively engaged in reducing its environmental impact in the regions of its presence.

Applying the best international practices in the field of ecology, Kazchrome invests a significant amount of funds in environmental protection activities. Thus, in 2023, the company continued to modernize the smelting shops of the Aktobe Ferroalloys Plant, which were built back in the 40-50s of the XX century. The most modern gas treatment centers were built, which minimize the emissions of the enterprise as much as possible. Moreover, the Aksu Ferroalloys Plant continues to upgrade the gas treatment facilities of the fourth smelting shop. In 2023, the plant's team continued the construction of a gas treatment system at furnace 42.

In addition to production projects, the company aims to foster eco-mindedness not only among its employees, but also among the younger generation of its home regions and local community members. In 2023, Kazchrome has organized training for environmental activists and concerned residents of Aktobe on environmental issues to encourage citizens of the region to become active. In addition, as part of a regular industrial tour of the Aktobe Ferroalloys Plant, any visitor can see the projects being implemented to reduce the environmental impact of the Company. Kazchrome regularly promotes the Green Office project, organizes 'Green School', 'Paket, Ket!' ('Package, Goodbye!'), which aims to reduce the use of plastic, 'swoop in, birds' and 'Clean Coast'.

Kazchrome's impressive sustainability performance has been recognized globally for the third year. This is the result of our ongoing commitment to environmental, social and corporate responsibility.

The team has worked hard to integrate sustainability into all aspects of our operations.

Our corporate values are safety, development, unity, efficiency and responsibility. A huge amount of work is performed to improve the living standards of the residents of our hometowns. In 2023, while continuing our own housing program, keys were handed over to 11 families of metallurgists in Aksu, and the agreement was signed in Aktobe on preferential housing loans for over 100 employees of the Aktobe Ferroalloys Plant. Construction of new residential buildings in Khromtau and Aksu is underway. In addition to allocating funds, the Company is paying close attention to the wishes of local residents and its employees by launching the Tugan Qala (Hometown) program in the single-industry towns of Aksu and Khromtau, where residents themselves choose the area and objects to be improved. This is one more step in our great mission to ensure the prosperity of those who depend on us.

Dear Colleagues and Partners! The year 2024 will continue to be challenging. We are still facing the same challenges, such as the geopolitical crisis and the growing pressure of sanctions, resulting in logistical constraints in Europe and Asia. The high pace of change, including increased competition and speed of innovation, the trend towards stronger environmental obligations, and the competition for qualified personnel are incentives that Kazchrome is ready to face. The team has set itself the goal of increasing production.

I would like to thank our partners and colleagues for their cooperation and contribution to the common cause.

Sincerely, S. K. Shakhazhanov
Chairman of the Board of Directors TNC Kazchrome JSC

STATEMENT OF THE GENERAL DIRECTOR



Dear Partners, Colleagues, Friends!

The year 2023 has once again become a challenge for the Kazchrome team. The geopolitical situation in the world, the instability of the economy, changes in logistics chains required us to maximize consolidation and cohesion in the fight to reduce costs and maintain the financial stability of the company. Kazchrome employees used every working day as an opportunity for development. We launched a transformation program and learned to see improvements in even the most routine processes. We reached historic highs in the production of sinking and ferroalloys, and implemented major investment projects.

Due to market instability, we suffered a decline in key production and financial indicators. Despite this, we focused on the development of the company and maintained our position as a leader in the ferroalloy industry, increasing investments in production by 18% compared to 2022. We did not deviate from our chosen course and continued to implement our strategic projects.

For example, the ERG Green Slime Processing Plant in Khromtau was commissioned in 2023. The highly automated, state-of-the-art facility is another important step taken by ERG and Kazchrome to minimize their environmental impact and will reduce the volume of accumulated waste from the Donskoy Ore Mining and Processing Plant.

In 2023, for the first time in the history of the 10th Anniversary of Kazakhstan's Independence mine, a new high-performance hoisting machine was replaced and put into operation in the shortest possible time, which generally improved the efficiency of the company's miners. The furnaces of the fourth shop at the Aktobe Ferroalloys Plant were brought up to the over-design capacity of 80 MW, and a multi-component batch preheater was put into operation at furnace 64 at the Aksu Ferroalloys Plant.



In 2023, for the first time in the history of the 10th Anniversary of Kazakhstan's Independence mine, a new high-performance hoisting machine was replaced and put into operation in the shortest possible time, which generally improved the efficiency of the company's miners.

Continuing the uninterrupted supply of raw materials, our ferroalloys plants have reached the finish line in the construction of the second stage of the 10th Anniversary of Kazakhstan's Independence mine, having passed a thousand meters on the assembly windway of the minus 480 meter horizon. This is one of the important stages in the construction of the mine, the first tons of ore from which we plan to receive in the near future.

Kazchrome is systematically developing the ERG ESG program based on the principles of sustainable development and values such as operational safety, reduction of environmental and climate impact, labor and human rights, anti-corruption, application of best practices in business ethics and corporate governance, etc.

An impressive step has been taken in the direction of greening production and transition to green economy, proper waste management, and decarbonization. In 2023, Kazchrome Aktobe Ferroalloys Plant completed the reconstruction of the gas treatment systems for two out of three smelting shops. This is a complete replacement of equipment, transition to full automation of the process, and the use of the most advanced technologies to solve an important environmental problem. Once the new system is in place, the company's environmental impact in the region will be reduced by 30%. During the year the sintering plant at the Aksu Ferroalloys Plant was overhauled. This is one of the key production units contributing to the zero-waste production strategy. We continue to work on projects for the construction of the first wind power plant in Khromtau and a recovery power plant in Aktobe using ferroalloy gas.

The basic principle of our company is the safety of people, their social well-being and satisfaction. These are the main tasks we have set for ourselves.

To my deep regret, four people lost their lives in our facilities in 2023. They were employees of contractors, but that in no way diminishes the pain of the loss and our responsibility. Our work with contractors is a separate area that we need to pay more attention to.

An important event in 2023 was the renewal of the collective bargaining agreement between TNC Kazchrome JSC and employee representatives. The previous agreement was already characterized by a wide range of guarantees and benefits, which allowed it to be recognized more than once as the best in the country. The new document has retained all the previous social and labor guarantees, but has also been supplemented with new relevant paragraphs.

The Company has fully implemented all of its social commitments during this challenging year. We continue to improve working conditions, professional development and social support for employees. The Company provides adequate remuneration, medical insurance and builds housing. In addition to the traditional housing program, which provides for the construction of housing at the Company's expense, a special preferential program for employees of the Aktobe Ferroalloys Plant was launched in 2023 for completed new buildings. More than a hundred families of Aktobe metallurgists will be able to take advantage of the program.

The year 2024 will also be challenging. We are focused on the implementation of equally exciting projects and initiatives that will increase our efficiency. Our companies and, most importantly, our team have proven their resilience and flexibility many times over. With such invaluable qualities, Kazchrome will continue to move forward and prove its leadership in the market time and again.



Sincerely, **S. L. Prokopyev**
General Director
TNC Kazchrome JSC

OUR VALUES



Security

- We put safe behavior first
- We provide a safe working environment for all our employees and contractors, and we continually work to prevent all types of injuries



Unity

- We work as one caring team and move together to achieve our goals
- We respect the cultural traditions in the regions of our presence



Efficiency

- We do work for results, not for the sake of work
- When we get results, we take care of our resources
- We give priority to the things that matter the most
- We minimize efforts that do not add value



Development

- We value our employees and create the conditions for them to grow and develop
- We rationally integrate new technologies and grow as an organization
- We ensure the sustainable development of the Company



Responsibility

- We fulfill our commitments to our employees, their families, customers, partners, shareholders and society
- We take a responsible attitude to the resources and environment entrusted to us
- We build a culture of mutual trust and respect within the Company, as well as with our partners and customers

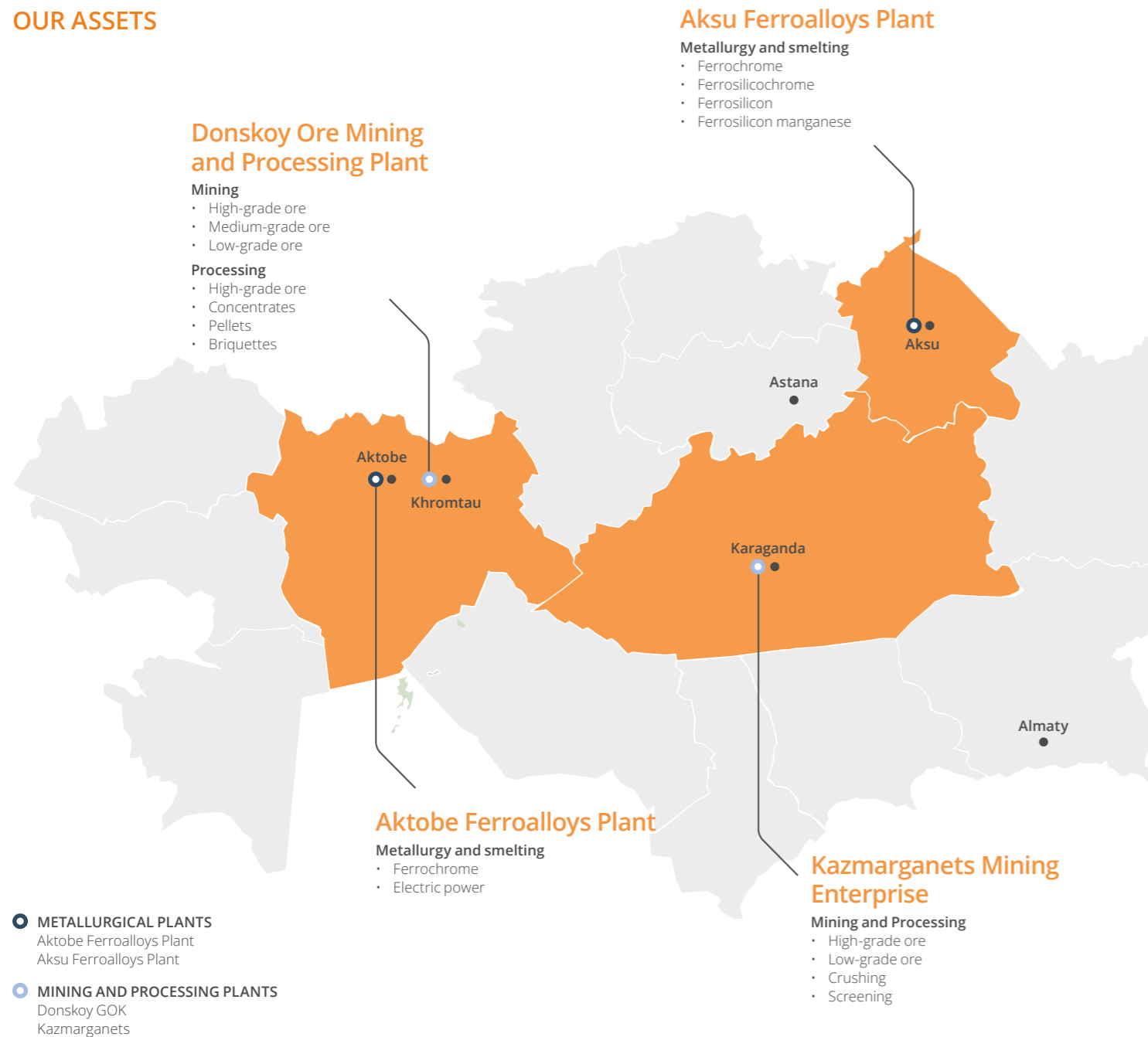


ABOUT COMPANY

GENERAL DESCRIPTION
BUSINESS MODEL | PERFORMANCE RESULTS
GENERATING SHARED VALUE

GENERAL DESCRIPTION

OUR ASSETS



KAZCHROME IS NO. 1

in the world in terms of chromium content in its products.

KAZAKHSTAN IS THE WORLD'S NO. 3

producer of chrome alloys in terms of production and supply.

Transnational Company Kazchrome JSC and its subsidiaries (hereinafter referred to as "Kazchrome" or the "Company") is a full-cycle mining and metallurgical cluster, ranging from subsoil exploration, mining and beneficiation of minerals to metallurgical production of high value-added products.

The Company was founded in 1995 and is now one of the world's largest producers of chromium ore and ferroalloys with a unique resource base and low unit costs.

Kazchrome's customer base is one of the most diversified of the major ferrochrome producers. Kazchrome is strategically located in close proximity to its major customers who are the world's leading stainless steel producers in China, Japan and South Korea. In addition, Kazchrome supplies its products to customers in the USA, Europe and the CIS.

Kazchrome is part of the Eurasian Resources Group ("ERG" or the "Group") together with its largest shareholder, KCR International B.V., which holds 99.99% of the Company's voting common shares. On December 26, 2023, the major shareholder of TNC Kazchrome JSC changed. As of this date, KCR Metals - FZCO, which owns 99.3441% of the total number of outstanding shares, is the controlling shareholder.

Kazchrome is highly rated by the independent rating agency EcoVadis and is among the top 10% of ferrous metallurgy companies in the world with the highest level of ESG development that participated in this rating.

OUR ADVANTAGES

- Ore grade
- Advantageous market position with a favorable growth outlook
- Continuous efforts to improve productivity and efficiency
- Broad diversification of the customer base

KEY INDICATORS

KZT380 billion
EBITDA
(2022: KZT670 billion)

1.01
Lost Time Injury
Frequency Rate
(2022: 1.50)

19,744
of which 23.1% are women
Headcount
(2022: 19,987, of which 23.8% are women)

BUSINESS MODEL | PERFORMANCE RESULTS

Kazchrome is the world's largest producer of ferroalloys and chromium ore and the world's leading producer of ferrochrome in terms of chromium content. The company has an integrated production chain from the mining and beneficiation of chromium and manganese ores to the production of chromium and silicon ferroalloys.

OUR ADVANTAGES



ORE GRADE

- Kazchrome is the world leader in the chrome market due to its unique ore deposits with high chromium content and with reserves for several decades at current production rates.



BROAD DIVERSIFICATION OF THE CUSTOMER BASE

has significantly mitigated the negative impact of sanctions restrictions on Russian companies.



STRONG MARKET POSITION WITH A FAVORABLE GROWTH PROSPECT

- The continued growth of the stainless steel market, driven primarily by the global megatrend of improving the quality of life of the world's population, provides opportunities for the development of ferroalloy production.
- Kazchrome's well-developed customer base allows it to hold leading positions in premium segments.



ONGOING EFFORTS TO IMPROVE PRODUCTIVITY AND EFFICIENCY

- The projects to expand production capacity and increase metal recovery at all stages of the value chain will allow Kazchrome to increase production volumes and take a leading position in terms of ferroalloy production and supply among global producers.
- Kazchrome's integration into ERG ensures a stable supply of materials, including energy resources and reducing agents for production, through its own infrastructure and logistics.

Kazchrome's main assets are located in Kazakhstan and are among the largest mining and metallurgical operations in the world. The company consists of four main divisions: Donskoy Ore Mining and Processing Plant (hereinafter - «DGOK»), Aktobe Ferroalloys Plant (hereinafter - Aktobe FP), Aksu Ferroalloys Plant (hereinafter - Aksu FP), and Kazmarganets Mining Enterprise (hereinafter - «Kazmarganets ME»).

The integrated nature of the Company's operations allows it to leverage synergies in its value chain and maintain a highly sustainable business. The Aktobe Ferroalloys Plant's own natural gas-fired power plant provides more than 30% of the plant's electricity needs, while ERG's subsidiaries provide the remaining electricity for the Aktobe Plant and all of the electricity for the Aksu Plant. Other ERG companies are responsible for, among other things, transportation of chrome products and manganese ore between Kazchrome's operating facilities, as well as maintenance and supply of coal and special coke to both plants. Special coke is used as a reducing agent in the production of ferroalloys.



OPERATING RESULTS

Thousand tons	2021	2022	2023
Mining and production			
Chromium ore mining	5,191	4,829	5,194
Production of ferroalloys	1,686	1,708	1,635
Sales volume			
High-carbon ferrochrome	1,288	1,264	1,268
Refined ferrochrome	57	52	53
Silicon alloys	152	173	182
Total ferroalloys	1,497	1,489	1,503

The increase in chromium ore production in 2023 by 7.6% is caused by reaching high production capacity of the reserves of the Dyubersay ore prospect, including additional volume of deposits No. 21, Pervomayskoye and a significant increase in ore production from the 10th Anniversary of Kazakhstan's Independence mine (Stage 1) after the successful modernization of the Skipovoy shaft hoisting machine.

FINANCIAL RESULTS

In 2023, the revenue indicator decreased by 221.6 billion tenge (17.2%) compared to 2022. The main reason for the decrease in revenue and in EBITDA by 289.7 billion tenge (43.2%) was the decline in market prices of ferroalloys, in particular high-carbon ferrochrome. The decrease in EBITDA was also affected by the increase in production costs due to the increase in the cost of basic raw materials.

In 2023, Kazchrome's capital expenditures for the development and maintenance of assets amounted to 182.6 billion tenge and were allocated to:

- Further expansion of the production capacity of the 10th Anniversary of Kazakhstan's Independence mine (Stage 1 and 2) of the DGOK,

Thousand tenge	2021	2022	2023
Revenue	1,059,418,450	1,289,288,331	1,067,716,640
EBITDA	593,515,553	669,984,941	380,245,594
Profit	434,582,096	485,912,630	197,043,171
CAPEX	123,328,409	154,095,759	182,622,434

- Further implementation of the projects Slimes-2. Improvement of Slime Tailings Beneficiation Technology at the DGOK – ERG Green; Construction of the Tailings Flotation Beneficiation Site at the DGOK; Flotation of BoFO Slime Tailings at the DGOK; Geofizicheskoe 7 Deposit at the DGOK; Expansion of the Power Supply System at the DGOK; Modernization of the Winder at the DGOK;

- Increase of Capacity of Furnace 64 at the Aksu FP; Reconstruction of Dry Scrubbing Systems of Furnace 42 at the Aksu FP; Introduction of Automated Control Systems for

Casting Machines at the Aksu FP; Capitalized Repairs; Purchase of New and Replacement of Unit Equipment.

- Construction of Additional Drying Line of Reducing Agent of Smelting Shop 4 at the Aktobe FP; Localization of Fugitive Dust and Gas Emissions from Smelting Shops 1 and 2 at the Aktobe FP; Reconstruction of Dust Exhausting Systems of DKS600 at the Aktobe FP; Reconstruction of the Furnaces of Smelting Shop 1 (furnaces 11 and 12) at the Aktobe FP.

CREATING VALUE FOR A WIDE RANGE OF STAKEHOLDERS

OUR RESOURCES

Operating resources

Donskoy Ore Mining and Processing Plant

- The 10th Anniversary of Kazakhstan's Independence mine
- Molodezhnaya mine
- Yuzhny, Geologicheskyy I, Geophysicheskyy VII open pit
- Crushing-and-Concentrating Plant
- Ore Concentration and Pelletizing Plant

Kazmarganets Mining Enterprise

- Transport unit
- Concentrating Complex of the Tur mine

Aktobe Ferroalloys Plant

- Three smelting shops (1, 2, 4)
- Slag processing shop
- Auxiliary shops
- Own power plant

Aksu Ferroalloys Plant

- Three smelting shops (1, 2, 4)
- Slag processing shop
- Sintering shop
- Auxiliary shops

Financial Capital

We strive to make effective use of financial resources obtained from external financing sources or as a result of production or investment activities.

Human Capital

We depend on the competency, well-being and motivation of our employees, contractors and service providers to create value.

Social Capital

We strive to develop and maintain constructive relationships with all our stakeholders based on mutual respect, transparency and trust.

Natural capital

Responsible management of natural resources in our operations is essential, given their non-renewable nature.

Production Capital

Significant investments in the acquisition, development and maintenance of assets, technology and digitalization enable us to create value over the long term.

Intellectual Capital

Our accumulated and evolving intellectual capital supports our strategic objectives and drives our business growth, competitiveness and innovation.

SPECIAL COKE/ COAL

Production figures for 2023

Donskoy Ore Mining and Processing Plant

5.19
million tons per year
Chromium ore mining

3.4
million tons per year
Production of chrome products

Aktobe Ferroalloys Plant

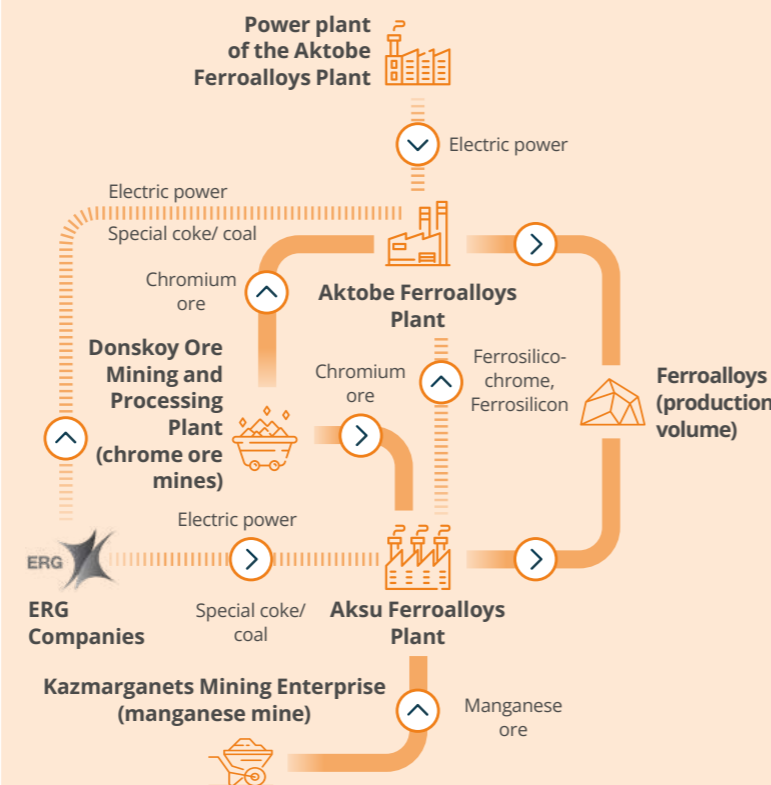
0.628
million tons per year
Production volume

Kazmarganets Mining Enterprise

0.3
million tons per year
Manganese concentrate production

Aksu Ferroalloys Plant

1.007
million tons per year
(including geomagnetism of 0.008)
Production volume



KEY PRODUCTS

High carbon ferrochrome (HC FeCr)

The end product of the use of high carbon ferrochrome is stainless steel, which is used in construction, transportation, mechanical engineering and production of industrial pipelines, as well as consumer goods.

Refined alloys (MC/LC FeCr)

Medium- and low-carbon ferrochrome is used in the production of stainless and alloy steel, which requires a limited carbon content. It is also used in the production of special alloy steel for ball bearings, tools and devices requiring high durability materials.

Ferrosilicochrome (FeSiCr)

Ferrosilicochrome is an intermediate product required for the production of medium and low carbon ferrochrome. It is used as a metal for the production of individual types of chromium steels.

Ferrosilicon manganese (FeSiMn)

It is used in the production of steel alloys (Hadfield steel) to improve their properties and structure. Areas of use include mining, construction and railroad industries.

Ferrosilicon (FeSi)

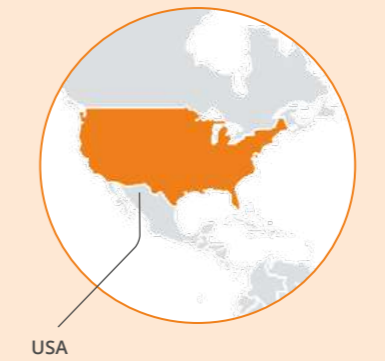
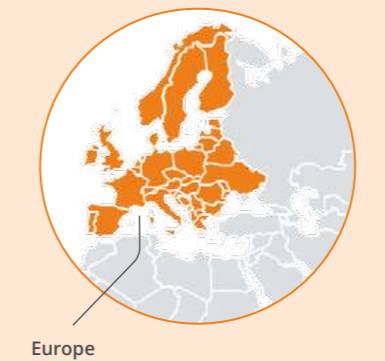
Ferrosilicon improves durability, elasticity, electrical conductivity and resistance to wearing, corrosion, acid and heat. Ferrosilicon is used in transformer and carbon steel, which are used in car manufacture.

Chromium ore (Cr Ore)

It is used for the production of chromium ferroalloys, chromium compounds and refractory materials.

KEY MARKETS

A long-term cooperation has been established with end users, which are the largest producers of stainless and alloy steel from China, Japan, South Korea, Europe and the USA.



KEY RESULTS

OPERATING PERFORMANCE

5,194 thousand tons
Chromium ore mining

1,635 thousand tons
Production of ferroalloys

1,503 thousand tons
Sales volume of ferroalloys

FINANCIAL PERFORMANCE

380 billion tenge
EBITDA

1,068 billion tenge
Revenue

183 billion tenge
CAPEX

SUSTAINABLE DEVELOPMENT INDICATORS

8,452 thousand tons
CO₂ emissions

11,871 GWh
Energy consumption

21 mln m³
Water consumption

MARKET OVERVIEW

MACROECONOMIC SITUATION
MARKET OVERVIEW OF SUPPLY
AND DEMAND, FERROCHROME PRICES

MACROECONOMIC SITUATION



Last year was a turbulent one for the global economy, with inflation, rising interest rates, labor market tensions and geopolitical turmoil clouding forecasts and increasing uncertainty. Central banks around the world raised interest rates in 2022 and 2023 to cool economic growth and curb inflation while trying to strike a balance and keep the economy out of recession. By the end of 2023, many central banks, including the European Central Bank, the U.S. Federal Reserve, and the Bank of England, paused rate hikes, signaling that the peak of the rate hike cycle had likely been reached. One of the indirect consequences of the rate hikes was the collapse of several

banks, including Silicon Valley Bank (SVB), Silvergate Bank, and Signature Bank. On March 10, 2023, SVB Bank filed for bankruptcy, becoming the third largest bankruptcy in U.S. history and the largest since the financial crisis of 2007-2008. In an effort to generate higher investment income from growing deposits, SVB Bank dramatically increased its holdings of long-term securities beginning in 2021 and accounted for them on a held-to-maturity basis. The market value of these bonds declined significantly in 2022 and 2023 as the U.S. Federal Reserve raised interest rates to curb rising inflation, resulting in unrealized losses on the portfolio and

ultimately serving as a catalyst for bankruptcy. This event, which was the third largest bank failure in U.S. history, raised concerns among customers and investors about the health of other institutions. This is one of the reasons why the Federal Reserve is trying to strike a balance and not tighten monetary conditions unnecessarily by raising interest rates.

China, the world's largest consumer of commodities, experienced a 'volatile' economy in 2023. After beating expectations of 4.5% GDP growth in the first quarter of 2023 following three years of strict COVID-19 prevention policies, China's GDP grew by 6.3% in the second quarter, which, while high in absolute terms, was well below market expectations due to the low base effect of the second quarter of 2022, when China was still under significant quarantine restrictions. Despite the pessimism, China's GDP grew 4.9% in the third quarter, above expectations. In the fourth quarter, GDP growth was 5.2%. On a year-on-year basis, China's GDP grew 5.2%, above the target of 5.0%. However, the lack of positive signals from the distressed real estate sector, the mixed performance of the industrial sector, including relatively weak indicators such as the manufacturing PMI, and geopolitical tensions around China and Taiwan reduced market participants' confidence that the economy was on a stable recovery path. Market sentiment remained cautious throughout 2023, with no significant optimism in commodity markets.

Despite this strong performance, the Chinese economy faces significant challenges, including declining property investment, debt risk accumulation and weak consumption growth, which pose additional risks to China's near-term growth trajectory. Contrary to the decline in housing investment, the real estate sector has shown signs of recovery in 2023 due to more favorable policies. Beijing has eased mortgage policies and loosened requirements for first-time home buyers to boost buyer confidence.

Weak consumption growth was due to cyclical and structural problems exacerbated by the COVID-19 pandemic, which led to lower incomes and higher youth unemployment. The government has taken steps to improve the fiscal situation, but these have mainly targeted businesses, leaving households without direct support.

Commodities in general had a difficult year: the Bloomberg Industrial Metals Index ended the year down 13.3%, impacted by a number of factors including rising interest rates, recession fears and a disappointing pace of economic recovery in China. In addition to the global economic slowdown, lower production costs were the main driver of the price decline. Despite relatively strong global demand, the U.S. natural gas price fell nearly 44.0% to its lowest level in the past decade, largely due to record high production levels. According to the Energy Information Administration (EIA), the U.S. produced 104.9 billion cubic feet per day, a new one-month high. The country also became the world's largest exporter of liquefied natural gas (LNG) for the first time in history, shipping an unprecedented 91.2 million metric tons last year, surpassing leading suppliers Australia and Qatar. The United States also remains the world's largest oil producer. In October, the U.S. produced an astounding 13.3 million barrels per day, marking the fourth month in history that the country has met or exceeded the 13.0 million barrels per day average.

MARKET OVERVIEW OF SUPPLY AND DEMAND, FERROCHROME PRICES

While some ferrochrome producers, such as Kazchrome, Glencore-Merafe, and Samancor, will hold 13%, 9%, and 7% of the global ferrochrome market in chrome equivalent by 2023, respectively, and have their own chromium ore deposits, a significant portion of ferrochrome producers purchase chromium ore. In particular, China, which accounts for about 45% of global ferrochrome production in chrome equivalent, has virtually no chromium reserves of its own and has to import chromium ore from South Africa, Turkey, Zimbabwe and other countries.

Normally, global ferrochrome prices are influenced by the balance between the dynamics of stainless steel demand and the dynamics of chromium ore and ferrochrome production. However, 2023 was an exception and was characterized by significant price fluctuations in the ferrochrome market, especially in Europe and the US. In 2023, ferrochrome prices in Europe and the US began to decline to more fundamental levels after record increases in 2022. For example, in Europe, the average annual price levels for high-quality high-carbon ferrochrome («HC FeCr») and low-carbon ferrochrome («LC FeCr») in 2023 were ~ US\$2.17/lb chrome and ~ US\$3.09/lb chrome, respectively, down 17.5% and 40.0%, respectively, from the previous year, but up 38.2% and 11.0%, respectively, from the average prices of the previous five years.

The strong price environment in Europe and the US was driven by several key factors, mainly related to supply volumes. In 2023, the European market for high-grade HC FeCr continued to face a severe supply shortage, and Yildirim Group continued to reduce production to 240,000 tons, or 37.0% of its total production capacity (650,000 tons), against the backdrop of rising production costs. In early 2024, Yildirim Group announced a further reduction in production to 40.0% compared to 2023 levels. Similar trends were observed in the market for standard grade HC FeCr (charge chrome): Swiss trading and industrial company Glencore reduced ferrochrome production by 22.0% for the year due to the shutdown of some plants in South Africa amid rising prices and electricity demand; Finnish stainless steel and ferrochrome producer Outokumpu reduced ferrochrome production in 2023 by 9.3% due to the shutdown of one of its furnaces. Thus, despite the significant decline in average annual prices for HC FeCr and LC FeCr in 2023, prices remain above historical averages, and the main factor supporting prices was the reduction in supply.

Ferrochrome prices in China were less volatile, with average annual HC FeCr prices of ~US\$1.00/lb chrome (-2.0% YoY). For the Chinese market, the main issue limiting price growth in 2023 was weaker than expected demand. Despite the general and structural demand challenges in China, the stainless steel sector performed well with production volumes up 7.5% YoY to 35 million tons. However, HC FeCr prices were mainly supported by high production costs, in particular the cost of chromium ore. For example, the average annual price of South African UG2 (chromium ore concentrate) rose 24.0% YoY to US\$290/ton and was 48.6% higher than the average price over the past five years.

Such high prices for chromium ore can be attributed to continued severe logistical problems in South Africa, a key chromium ore exporting region. Logistical problems such as a shortage of wagons at Transnet (the country's main rail operator), theft of copper cables, constant power outages, lack of port capacity, and others have continually prevented the replenishment of inventories at the country's ports. As a result, inventories in 2023 reached historically low levels for the first time since 2017, both in absolute terms and in terms of weeks of consumption.





STRATEGY OVERVIEW

EFFICIENCY AND GROWTH INITIATIVES

EFFICIENCY AND GROWTH INITIATIVES

In 2023, Kazchrome continued to implement its Strategy, which is to maintain and strengthen its position as a global leader in the ferroalloy industry, supplying the global market with high-grade chrome in accordance with the principles of environmental and industrial safety, efficiency and sustainable development, while generating positive free cash flow throughout the entire cycle.

In pursuit of its strategic goals, Kazchrome has developed and implemented a number of initiatives to optimize and grow at various stages of the value chain.



Production Stage

Expansion of the 10th Anniversary of Kazakhstan's Independence Mine

The planned measures to increase production from the chromium ore deposit, which is being developed at the Donskoy Ore Mining and Processing Plant, continue to be implemented. For this purpose, the second stage of the 10th Anniversary of Kazakhstan's Independence mine (ShDNK-2) has begun. The development of the second stage will not only replace the retiring volumes of chromium ore extraction at the first stage of the 10th Anniversary of Kazakhstan's Independence and Molodezhnaya mines, but also ensure an increase in ore extraction to six million tons per year or more, and, as a result, increase the production at the Company's ferroalloys plants. A preliminary mining schedule was prepared in 2023, with production scheduled to start in the second half of 2024.

Geological exploration at promising areas, based on the results of which:

- Ore mining is in progress at the 20 years of KazSSR deposit and the Yuzhny open pit using open-pit method and Geologicheskoe I deposit using underground mining method.
- In 2024, it is planned to start mining operations at the Geofizicheskoe VII and No. 39 deposits using underground mining method.

Ore Beneficiation Stage

The Slimes-2 Project Programme

As part of the Slimes-2 Project, the ERG Green Slime Tailings Processing Plant was completed at the Donskoy GOK.

The Slimes-2: Gravity, the first project of the Program, was launched in 2023. The remaining projects are planned to be commissioned in future periods. The flotation beneficiation was started to be designed under the Slimes-2 Programme.

The complex includes gravity concentration, flotation, thickening and filtration departments, and will use new technologies for processing chrome-containing waste.

The new concentrator is designed to produce saleable concentrate from mature and current tailings, resulting in a significant reduction in the amount of accumulated slime tailings. As a result, chrome concentrate production will be increased with comparable mining volumes, which will have a positive impact on the environment and the Company's production costs.

Beneficiation of jigging tailings (2-10 mm)

The project for beneficiation of the jigging tailings (2-10 mm) from the ore concentration and pelletizing plant provides the extraction of additional concentrate volumes from the accumulated and current tailings.

Slime tailings beneficiation at the independent BoFO-2 line

The project aims to recycle slime tailings to obtain additional production of saleable concentrate at low production costs.

Smelting Stage

Further capacity expansion of Shop 4 of the Aktobe Ferroalloys Plant

In 2023, the DC furnaces in Shop 4 of the Aktobe Ferroalloys Plant were brought up to design capacity. Prior to this, the shop's production equipment, including the conveyor system, furnaces, gas treatment system, and thickeners, was modernized. Following the completion of these measures, the focus was on optimizing the shop's operating parameters.

In order to reduce the cost of ferrochrome from Smelting Shop 4, the project of the 3rd reducing agent drying line was implemented, which allowed the Group to switch to 100% utilization of the Group's own reducing agent (special coke produced by Shubarkol Komir JSC).

At present, a program for further expansion of the plant's capacity is being developed in order to achieve a 10-20% increase over the design capacity.

Modernization of furnaces of Smelting Shop 1 of the Aktobe Ferroalloys Plant

Modernization repairs of furnaces of Smelting Shop 1 are in progress. In 2023, furnace 12 was modernized and put into operation. Previously, furnace 11 was modernized.

Modernization of furnaces at the Aksu Ferroalloys Plant

The Aksu Ferroalloys Plant continues to study options for the optimal development of its capacity taking into account the expected growth of ore production at ShDNK-2. Various options for upgrading the existing furnaces are being considered.

Furnace 64 has been overhauled with the replacement of the lining and the technology of operation with a multi-component batch preheater is being developed, which will significantly reduce the power consumption per ton of alloy. Measures are being developed to increase the capacity of the sintering shop, which will allow more fine ore to be fed into the AC furnaces.



OVERVIEW OF OPERATING RESULTS

PRODUCTS, SALES, MARKETING
AND CUSTOMERS
RESERVES AND RESOURCES

PRODUCTS, SALES, MARKETING AND CUSTOMERS

Kazchrome manufactures high quality ferroalloy products. Kazchrome's strategic customers are the world's leading companies. Its end users include many of the largest stainless and alloy steel producers in China, Japan, South Korea, Europe and the USA.

Products

Kazchrome's main products are high-carbon and low impurity refined ferrochrome. Ferrochrome products are used in the production of various types of corrosion resistant steel, ranging from ordinary stainless steel to alloy and structural steel.

The Company's process capabilities allow it to vary the carbon content of its ferrochrome products based on customer technical specifications and market conditions. As a result, Kazchrome is able to optimize its product range to diversify its end customer base and maximize profits.

In 2023, approximately 1,268 thousand tons of high-carbon ferrochrome and approximately 235 thousand tons of other ferroalloys were sold, for a total of 1,503 thousand tons of ferroalloys.

Sales, Markets and Customers

Kazchrome's marketing strategy is focused on end users and markets, where the main requirements are high product quality and reliable supply. Since 2015, the Company has been working with a long-distance distributor, which has enabled the Company to establish long-term cooperation with end users of its products. Long-term contracts help to mitigate potential risks related to sales volumes.

Sales to neighboring countries and within Kazakhstan are made through direct contracts with customers.

Kazchrome has easy access to western and central China through the Dostyk-Alashankou border crossing due to the developed railway connection. In addition, shipments to the port of Lianyungang, which provides transit for the Company's cargoes to the markets of Japan, South Korea and Southeast Asia, are also transported through this crossing. Eastern ports in Russia provide access to the eastern part of China.

SALES STRUCTURE IN 2023

Indicators	Tonnage, thousand tons	Amount, thousand tenge
High-carbon ferrochrome	1,268	874,316,186
Refined ferrochrome	53	94,477,916
Silicon alloys	182	78,706,857

Note. The sales amount does not include other income.

Kazchrome has no cases of non-compliance of products with legal requirements regarding health and safety effects. Products are supplied in accordance with regulatory documents.

The products sold have not been the subject of public discussion, including advertising and promotion.



RESERVES AND RESOURCES

Kazchrome's chromium deposits are located in the southern part of the Ural Mountains, in the Kempirsay Massif, the main ophiolitic belt with a total area of about 1,000 km². All industrial deposits are located in the southeastern part of the Kempirsay Massif and are grouped into the Main (South Kempirsay) ore field. The deposits are the largest and have a high content of a useful component, chromium oxide, in the ore. The meridional ore-bearing zones of the DGOK deposits - West and East - extend over a distance of 24 km with a width of 7 km.

The 10th Anniversary of Kazakhstan's Independence mine has been explored to a depth of 1.2 thousand meters and has the potential to increase reserves and resources to extend its mine life.

In addition, Kazchrome has currently started the operational exploration of the mine reserves of the Geofizicheskoe VII deposit and the No. 21 deposit of the Mirny open pit, as well as the operational exploration of the Pervomayskoe deposit from the minus 80 meter horizon of the 10th Anniversary of Kazakhstan's Independence mine.

During the exploration of the South Kempirsay ore field, in the immediate vicinity of the Geofizicheskoye-6 open pit, ores of the Geofizicheskoye VI deposit with rich chromium ore reserves were discovered in the northern part. An extensive geological and economic assessment of the possible development of the deposit was conducted, as a result of which the reserves will be entered into the State Reserve Register.



SUBSURFACE USE AGREEMENTS AND LICENSES

Agreements	Location	Agreement commencement date	Agreement expiration date	Mine(s)	Division
Chromium ore mining Agreement No. 110 dated March 03, 1997.	Khromtau district, Aktobe region	1997	2041	The 10th Anniversary of Kazakhstan's Independence and Molodezhnaya mines, the Donskoy open pit	Donskoy Ore Mining and Processing Plant
Chromium ore mining License No.43-ML dated July 20, 2022, 47-ML, 48-ML dated September 23, 2022.	Khromtau district, Aktobe region	2022	2025	The Donskoy Open Pit	Donskoy Ore Mining and Processing Plant
Manganese ore mining Agreement No. 380 dated November 24, 1999.	Nurinsky district, Karaganda region	1999	2025	The Tur mine	Kazmarganets Mining Enterprise
Prospecting for chromite-containing ore Agreement No. 4690 dated September 29, 2015	Khromtau district, Aktobe region	2015	2026	The South Kempirsay ore field	Donskoy Ore Mining and Processing Plant
Prospecting for chromite ore Agreement No. 5464 dated January 16, 2019.	Aytekebi and Khromtau districts, Aktobe region	2019	2025	The Bilge ore occurrence	Donskoy Ore Mining and Processing Plant
Prospecting for chromite ore Agreement No. 5647 dated October 30, 2019.	Mugalzhar, Bayganin and Shalkar districts, Aktobe region	2019	2024	The Daulsko-Kokpektinskaya area	Donskoy Ore Mining and Processing Plant
Prospecting for polymetallic ore License No. 267-EL dated 14 August 2019.	Aytekebi district, Aktobe region	2019	2025	The Karakuduk ore occurrence	Donskoy Ore Mining and Processing Plant
Prospecting for copper, gold, silver, lead and zinc License №2048-EL dated June 22, 2023	Aktogay district, Karaganda region	2023	2029	The Adylbay site	Donskoy Ore Mining and Processing Plant

Within the framework of the exploration contract for the South Kempirsay ore field, the Geofizicheskoe deposit VII of chromium ore was also explored, and the resource reserves were transferred to the State Reserve Committee and entered into the State Reserve Register.

Review of Subsurface Use Agreements

Review of Subsurface Use Agreements and Licenses

The land and its subsoil, water resources, flora and fauna, and other natural resources belong to the people. The government exercises the right of ownership on behalf of the people. Kazchrome has signed Subsurface Use Agreements and Licenses with the Government of the Republic of Kazakhstan.

The terms of these agreements and licenses vary from deposit to deposit. The Subsurface Use Agreements expire in 2041. The agreements are generally extended until the end of the life of the respective deposits.

The Company is legally obligated to complete the reclamation of tailings generated during mining operations and to decommission its mining properties upon closure.

RESERVES AND RESOURCES (continued)

Statement of Resources and Reserves¹

Kazchrome's largest resource base in the industry includes 301.4 million tons of balance reserves of chromium ore of unique quality with an average chromium content of 51.5% and low impurities.

This volume of balance reserves is capable of supporting the mine for several decades at current production levels, with significant potential for further expansion.



1. Based on Reports on extracted solid minerals with approved reserves according to the classification of the State Committee for Mineral Reserves for the reporting period 2023 (Form 1 TPI)
2. Category B, C₁ means confirmed reserves, category C₂ means pre-estimated reserves

CHROMIUM ORE BALANCE RESERVES OF THE DONSKOY ORE MINING AND PROCESSING PLANT

Deposit	Category ²	Tonnage, million tons	Average content of Cr ₂ O ₃ ore, %	Content of Cr ₂ O ₃ , million tons
The 10th Anniversary of Kazakhstan's Independence mine	B,C ₁	207.7	52.0	108.0
	C ₂	90.15	50.9	45.8
	Total mineral reserves	297.8	51.6	151.1
Molodezhnaya mine	B,C ₁	0.178	49.4	0.008
	C ₂	0.812	46.3	-
	Total mineral reserves	0.991	46.85	0.048
Yuzhny open pit	B,C ₁	0.025	52.8	0.001
	C ₂	-	-	-
	Total mineral reserves	0.025	52.8	0.001
Geofizicheskoe VII	B,C ₁	2.165	40.0	0.086
	C ₂	-	-	-
	Total mineral reserves	2.165	40.0	0.086
Geologicheskoe I	B,C ₁	0.312	54.9	0.017
	C ₂	-	-	-
	Total mineral reserves	0.312	54.9	0.017
39	B,C ₁	0.171	43.1	0.007
	C ₂	-	-	-
	Total mineral reserves	0.171	43.1	0.007
Total: Donskoy Ore Mining and Processing Plant	B,C ₁	210.5	51.8	109.4
	C ₂	90.9	50.9	46.3
		301.4	51.5	155.3

FINANCIAL OVERVIEW

REPORTING PRINCIPLES
STATEMENT OF PROFIT OR LOSS
CURRENT DEBT OBLIGATIONS

STATEMENT OF PROFIT OR LOSS

Reporting principles

This overview of financial condition and results of operations is intended to provide an understanding, evaluate trends and significant changes relating to Kazchrome's operations and financial position.

This overview is based on the audited consolidated financial statements of Kazchrome. The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting policies applied in the preparation of the consolidated financial statements for the years ended December 31, 2021, 2022, and 2023.

The functional currency of Kazchrome is the national currency of the Republic of Kazakhstan, the Kazakhstan tenge.

PricewaterhouseCoopers LLP is the independent auditor of Kazchrome. The audited consolidated financial statements and the independent auditor's report are set out in the «Financial Statements» section.

The table below summarizes the financial data relating to Kazchrome's consolidated results for 2021-2023.

Statement of profit or loss

Kazchrome concluded 2023 with a net profit of KZT197 billion, representing a 59% decline compared to the previous year. The decline in global market prices for ferroalloys had a considerable negative effect on this outcome. The rise in cost items also had an adverse effect on the bottom line. General and administrative expenses decreased by KZT27.5 billion (40.68%) due to a reduction in sponsorship and charitable assistance, as well as management, consulting, and other professional services.

Thousand tenge	2021	2022	2023
Revenue	1,059,418,450	1,289,288,331	1,067,716,640
Cost of sales	(458,741,785)	(589,254,987)	(694,071,364)
Gross profit	600,676,665	700,033,344	373,645,276
Distribution expenses	(8,178,147)	(11,424,974)	(10,980,447)
General and administrative expenses	(39,950,114)	(67,644,911)	(40,120,236)
Research, business development and exploration expenses	(6,674,905)	(9,936,937)	(6,802,749)
Other operating income (expenses)	(2,228,065)	5,277,197	(6,274,468)
Operating profit	543,645,434	616,303,719	309,467,376
Share in the results of associated enterprises	-	-	8,972,314
Financial income	37,906,793	105,906,503	42,119,174
Financial expenses	(64,800,781)	(132,875,635)	(116,410,410)
Before-tax income	516,751,446	589,334,587	244,148,454
Income tax expenses	(82,169,350)	(103,421,957)	(47,105,283)
Profit for the year	434,582,096	485,912,630	197,043,171

The decrease in financial income by KZT63.8 billion is attributable to income derived from the restructuring of loans received in 2023 and income generated from the early termination of loans issued. The reduction in financial expenses was KZT16.5 billion, due to a decrease in losses on initial recognition of loans issued, amortization of financial instruments, and losses on modifications of loans issued.

Revenue

In 2023, revenue decreased by KZT221.6 billion (17.2%) compared to 2022. This was due to lower ferroalloys prices, with the depreciation of the tenge against the US dollar acting as an additional factor.

DATA ON FERROALLOY PRODUCTION, SALES AND REVENUE

	2021	2022	2023
Ferroalloy production volume, thousand tons			
High-carbon FeCr	1,432	1,389	1,311
Refined FeCr	59	60	57
Silicon alloys	195	259	267
Total ferroalloy production volume	1,686	1,708	1,635
Ferroalloys sales, thousand tons			
High-carbon FeCr	1,288	1,264	1,268
Refined FeCr	57	52	53
Silicon alloys	154	173	182
Total sales of ferroalloys	1,498	1,489	1,503
Average selling price of ferroalloys, USD per ton of alloy			
High-carbon FeCr	1,589	1,687	1,512
Refined FeCr	3,248	6,979	3,908
Silicon alloys	1,608	1,725	945
Revenue, thousand tenge			
High-carbon FeCr	871,917,412	981,406,656	874,316,186
Silicon alloys	105,456,805	137,302,159	78,706,857
Refined FeCr	78,843,399	167,007,793	94,477,916
Others	3,200,834	3,571,723	20,215,681
Total revenue	1,059,418,450	1,289,288,331	1,067,716,640

Note: The following exchange rates were used to calculate the average selling price of ferroalloys: 2021 – KZT425.91 per USD 1, 2022 – KZT460.17 per USD 1, 2023 – KZT456.17 per USD 1.

STATEMENT OF PROFIT OR LOSS (continued)

Cost of Sales

In 2023, the cost of sales increased by KZT105 billion (17.8%) compared to the previous year. The following factors contributed to this growth:

- An increase in salaries and headcount raised staff costs by KZT33.1 billion (30.6%);
- An increase in tariffs affected the growth of electricity costs by KZT15.2 billion (18.5%);
- Depreciation increased by KZT7.6 billion (14.4%) due to the commissioning of new facilities acquired under investment plans;
- The other expenses increased by 70.4 billion KZT (155%) due to the growth in the cost of services for processing of raw materials and other services;
- The mineral production tax increased by KZT11.2 billion (71.5%) due to a decrease in production volume and changes in the calculation methodology for small deposits;
- The reduction in production volumes resulted in a decline in expenditure on raw materials and components by KZT32.7 billion (11.5%).

Current debt obligations

In 2023, the Company did not take on any new loans and did not change the terms of its existing loan commitments.

Thousand tenge	2021	2022	2023
Raw materials, supplies and components	205,659,314	284,444,069	251,688,477
Salaries and related expenses	76,581,326	108,190,378	141,291,793
Energy costs	76,648,940	82,440,963	97,673,863
Depreciation of fixed assets and amortization of intangible assets	48,206,583	53,256,408	60,905,169
Mineral production tax	17,373,301	15,596,918	26,750,330
Others	34,272,321	45,326,251	115,761,732
Cost of sales	458,741,785	589,254,987	694,071,364

General and Administrative Expenses

In 2023, general and administrative expenses decreased by KZT27.5 billion (40.7%), primarily due to a notable decline in sponsorship and charitable assistance by KZT17.8 billion (over 70%), a reduction in depreciation and amortization by KZT0.4 billion (41.2%), and a decrease in management and consulting services by KZT6.5 billion (23.3%).

Thousand tenge	2021	2022	2023
Management, consulting and other professional services	19,045,325	28,066,404	21,522,755
Sponsorship and charitable assistance	9,965,023	25,290,125	7,480,802
Salaries and related expenses	4,300,733	5,351,459	4,118,489
Depreciation of fixed assets and amortization of intangible assets	895,053	910,345	535,484
Others	5,743,980	8,026,578	6,462,706
General and administrative expenses	39,950,114	67,644,911	40,120,236





RISK MANAGEMENT

RISK MANAGEMENT SYSTEM
KEY RISKS AND ITS MANAGEMENT

RISK MANAGEMENT SYSTEM

The Company's risk management system provides a high level of assurance that strategic and operational objectives will be achieved. The risk management process encompasses key areas, including strategic management, budgeting, investment activities, and ESG, and is integrated into all levels of the Company's operations.

Key risks and its management

The financial performance, operations, project strategy, and reputation of the Company may be negatively impacted by the occurrence of one or more of the key risks described below. To mitigate risk, we continuously monitor and assess potential threats, implement risk mitigation actions, and develop contingency plans to ensure business continuity.

We are committed to continuously improving our methods and approaches for environmental protection and risk management. We allocate the necessary resources for environmental protection.

KEY RISKS

Regulatory and Legal Risks
There are a number of factors that can affect the regulatory environment, including the adoption of new (or changes to existing) laws and regulations.

Price risks
The volatility of finished product prices has a significant impact on the Company's operations, including financial performance and liquidity.

Production and Operational Risks
The Company's operations are subject to the risk of equipment failure, uncertainty of geological formations and mineralization, and the risk of man-made and natural accidents.

RISK MANAGEMENT APPROACH

- Monitor potential changes in the legal and regulatory environment
- Represent the Company's interests through professional organizations/associations
- Monitor compliance with obligations under licenses and permits obtained
- Regularly review and forecast key market indicators in the short and medium term (consumption, supply, availability, etc.)
- Enter into long-term sales contracts that link raw material prices to benchmarks
- Develop alternative sales channels
- Plan for reliability and maintenance based on risk assessment
- Perform independent technical diagnostics of machinery and equipment
- Control the quality of raw materials
- Implement business continuity management processes
- Control production processes to ensure compliance with technical regulations
- Insure against the risk of property damage and production downtime

KEY RISKS

Supply Chains and Logistics Risks
The Company sells its finished products and purchases inventory, raw materials and equipment necessary for its operations from various vendors, including foreign vendors.
The Company may be exposed to the risks of supply disruptions, changes in prices for purchased and sold goods, and shortages of transportation capacity.

Risks of Failure to Deliver Capital Projects
Failure to deliver major capital projects in accordance with planned schedules, budgets and quality criteria could have a long-term adverse effect on our profitability and reputation (including our ability to attract future funding).

Financial Risks
The Company is exposed to a variety of financial risks, including liquidity risk, i.e., inability to meet existing financial obligations, covenant default risk, currency risk, tax risk, credit risk and interest rate risk.

RISK MANAGEMENT APPROACH

- Continually seek opportunities to reduce logistics leverage in certain supply chains
- Improve the efficiency of third-party logistics
- Maintain our own fleet of rail wagons in one of the ERG Group companies (Transcom)
- Establish and maintain additional inventories of critical raw materials, supplies and equipment (including personal protective equipment)
- Control the quality of goods supplied
- Apply a systematic and transparent phased project delivery process
- Improve peer review and independent project analysis processes and mine planning
- Apply project management tools and international practices in the early stages
- Monitor/ control project schedule, budget, and other parameters
- Develop contingency plans based on the results of quantitative analysis of risks to project schedule and cost
- Insure against construction risks and risks associated with delayed commissioning of critical capital projects
- Maintain strong relationships with existing lenders, expand the pool of funds available to us, work to improve our debt portfolio, credit terms and opportunities
- Regularly update our cash flow plan and monitor liquidity levels
- Regularly monitor the compliance with covenants
- Periodically monitor the open foreign exchange position
- Periodically monitor changes in tax laws and compliance with their requirements
- Analyze the creditworthiness of the counterparty

RISK MANAGEMENT SYSTEM

(continued)

KEY RISKS	RISK MANAGEMENT APPROACH	KEY RISKS	RISK MANAGEMENT APPROACH
<p>Social Risks</p> <p>The Company's operations may have a negative impact on local communities living near production facilities. As a result, there may be a risk of social tension in the community.</p>	<ul style="list-style-type: none"> • Make social investments in local communities, including through memoranda of mutual cooperation with local authorities aimed at contributing to the social and economic development of the region • Implement employee housing programs and improve the local urban environment • Monitor public opinion and grievance mechanisms for local community members • Provide social assistance to employees in accordance with the collective bargaining agreement • Provide social insurance • Provide corporate philanthropy • Provide social benefits to the Company's employees, who are an important part of the local community, as part of the overall approach to human resources management 	<p>Environmental and Climate Change Risks</p> <p>The Company's operations may have an impact on the environment. There is a risk that the maximum permissible limits for air emissions, water discharges and waste disposal may be exceeded.</p> <p>Given the significant amount of greenhouse gas emissions produced, the Company faces direct and indirect risks related to future regulatory attempts to limit the organization's permissible emissions.</p> <p>The Environmental Code of the Republic of Kazakhstan requires the remediation of the consequences of the operation of production facilities that have a negative impact on the environment after their operation has ceased. Remediation depends on the nature of the facilities involved and the potential environmental impact.</p>	<ul style="list-style-type: none"> • Adopt management systems that are certified and/or comply with ISO 1400 • Implement an energy management system certified to ISO 5000 • Implement renewable energy development projects • Assess a carbon footprint • Implement ERG's environmental strategy, including the phased introduction of advanced air and filtration technologies at key business units • Implement a Group-level risk monitoring process for major waste storage facilities • Consider the impact of greenhouse gas emissions when making long-term investment decisions to reduce emissions where economically viable • Assess the physical climate risks affecting the regions in which the company operates and consider incorporating recommendations for managing these risks into the Group's long-term strategy • Evaluate the nature of the Company's manufacturing facilities and their potential environmental impacts • Monitor changes in environmental legislation
<p>Human Resources Risks</p> <p>When operating in remote regions, the Company faces risks related to its ability to attract personnel with the skills and experience required for our operations, as well as the loss of qualified personnel.</p>	<ul style="list-style-type: none"> • Maintain competitive employee salaries • Train and develop employee to maintain the required skills • Develop a talent pool system and internal staff rotation • Implement an effective system of motivation • Develop a system to attract young professionals through interaction with colleges and universities • Recruit staff from the external market for rare and scarce specialities • Continually monitor employee satisfaction and engagement 		
<p>Occupational Health and Safety Risks</p> <p>The Company's operations involve hazardous activities, the performance of which may adversely affect the physical condition and health of the Company's employees and contractors.</p>	<ul style="list-style-type: none"> • Apply safety management systems that are certified and/or comply with ISO 45001 • Implement a zero-harm principle for major occupational health and safety risks • Conduct health and safety system audits • Integrate safety objectives into managers' KPIs • Assess risks using hazard identification methods (HAZID¹) 		

1. HAZID means a hazard identification

RISK MANAGEMENT SYSTEM (continued)

KEY RISKS

Compliance Risks

The Group has undertaken a number of internal and external compliance obligations applicable to Kazchrome, including obligations relating to compliance with international sanctions, data protection requirements, human rights, anti-money laundering and anti-terrorist financing requirements, and anti-bribery and corruption requirements.

Failure to comply with these obligations may result in financial and non-financial sanctions and damage to the Group's reputation.

Information Technology (IT) and Information Security Risks

The Company recognizes that its digitalization and information technology activities expose it to potential risks related to loss of access to IT infrastructure, business process failures, internal and/or external fraud, data leakage and breach of confidentiality, non-compliance with information security requirements, and violation of software license agreements.

RISK MANAGEMENT APPROACH

- Implement the Compliance Program for the Kazakhstan region, including the company, including training and monitoring of compliance with policies and guidelines (ERG Code of Corporate Conduct, ERG Supplier Code of Conduct, etc.)
- Implementation of updated due diligence processes for counterparties and supply chain participants, including consideration of human rights compliance and the OECD Due Diligence Guidelines¹
- Implement a sanctions compliance program, including the termination of transactions with certain counterparties due to sanctions restrictions
- Implement a privacy program to protect personal information
- Support a whistleblowing system, including an anonymous and confidential 24/7 ERG hotline operated by an independent operator

- Establish a reliable cybersecurity system
- Respond quickly to IT service disruptions and cybersecurity incidents
- Implement continuity plans for key IT processes
- Monitor software license agreement compliance
- Provide user training
- Review backups and disaster recovery for all critical systems



Additional risks and other scenarios not currently known to the Company may arise that are not currently considered material and could have a material adverse effect on the Company's operations and financial results.

1. OECD (Organization for Economic Cooperation and Development) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Regions.

OVERVIEW OF SUSTAINABLE DEVELOPMENT

INDUSTRIAL HEALTH AND SAFETY
HUMAN RESOURCES MANAGEMENT
GOOD ENVIRONMENTAL GOVERNANCE
LOCAL COMMUNITY DEVELOPMENT
AND WELFARE
ETHICS AND COMPLIANCE

Management Approach

Kazchrome is a member of ERG and operates in accordance with the principles and approaches to sustainable development adopted by the Group. This includes responsible management of environmental impacts, social development and corporate governance, as well as the implementation of measures that support the company's ability to create long-term value, deliver benefits to stakeholders and contribute to the global energy transition.

In 2023, the Kazakhstan Perimeter ESG Committee was established and ESG leadership was established within the Strategy Unit, which continued the work started in 2021 to develop long-term ESG targets and action plans, including targets to increase the share of renewable energy and reduce greenhouse gas emissions at the Perimeter level, and monitor their achievement.

In Kazakhstan, ERG is implementing a number of strategic initiatives for sustainable development. These include:

- Implementing an Environmental Strategy that incorporates international best practices and ensures the Group's compliance with the requirements of the new Environmental Code,

- Implementing initiatives to reduce greenhouse gas emissions from power generation. In particular, it is planned to implement a project to build a wind power plant with a capacity of more than 150 MW (Khromtau-1) in the area of the Donskoy Ore Mining and Processing Plant. Construction is planned to start in 2024 with the possibility of commissioning in 2025. The commissioning of the wind power facilities will allow to replace part of the electricity currently generated by coal-fired power plants. In addition, the Group is considering other sites in Kazakhstan where additional large-scale wind and solar power generation projects could be implemented over the next 5-10 years.

- Implementing a three-year regional development program in cooperation with regional executive authorities.



3D модель планируемой ветряной электростанции Хромтау-1

In addition, ERG is a member of the UN Global Compact and supports the UN Sustainable Development Goals.

More detailed information on ERG's sustainability activities can be found in the ERG Sustainability Report, available on the website www.eurasianresources.lu.



For Kazchrome, as for other ERG companies, sustainable development means:

- Environmental, social and ethical efficiency by integrating the principles of sustainable development into an integrated management system,
- Achieving the sustainability of the business as a whole by ensuring its readiness for future change and its ability to create value over the long term,
- Sustainable growth that delivers long-term benefits to stakeholders, including shareholders, customers, business partners, governments, employees and local communities.

Kazchrome has been assessed annually for several years by the independent rating agency EcoVadis and, based on the results of 2023, is in the top 10% of global ferrous metallurgy companies in terms of ESG practices among the companies that participated in this rating.

The high level of development of ESG practices is also confirmed by the International Chromium Development Association (ICDA), which has again awarded Kazchrome the 'Responsible Chromium' Label in 2023. This allows our customers to be assured that Kazchrome uses responsible and sustainable production methods.

More detailed information on specific areas of Kazchrome's sustainable development can be found in the thematic sections below.

THE COMPANY'S SUSTAINABLE DEVELOPMENT AWARDS

Responsible Chromium Label,
International Chromium Development Association (ICDA)



OCCUPATIONAL HEALTH AND SAFETY

Management Approach

One of Kazchrome's top priorities is to ensure the safety and well-being of its employees. This includes, but is not limited to, providing safe working conditions, improving employee health, and promoting healthy lifestyles.

According to the Company's Values, occupational health and safety (OHS) is a top priority for the company. Kazchrome strives to provide a safe, productive and stable working environment for all employees and contractors. To this end, measures are implemented on an ongoing basis to continuously improve OHS indicators and achieve zero workplace injuries.

Occupational Health and Safety Management System (OHSMS) is operated in all divisions of Kazchrome. In 2023, the international certification body TÜV confirmed the certificate of compliance of the Company's management system with ISO 45001 - Occupational Health and Safety Management System. At the same time, Kazchrome complies with national OHS standards and continuously monitors the implementation of OHS measures in its divisions. This includes initiatives to prevent injuries, occupational diseases, improve incident records, provide OHS training for employees and contractors at the Company's sites, and others.

All Kazchrome divisions apply uniform requirements for accident registration and investigation based on the requirements of the legislation of the Republic of Kazakhstan. The process of registering and reporting accidents (including fires) is automated, which allows the relevant employees to be informed of an incident as soon as possible. Investigation and reporting are carried out in accordance with uniform requirements established in the Company.

Regular meetings are held with contractors' employees to improve communication and involvement of contractors' employees in health and safety issues.

Key Issues and Initiatives

Ensuring the Safety of Employees

In order to improve the level of occupational safety in Kazchrome's divisions in 2023, measures have been implemented in the following areas:

Ensuring Safe Work at Heights

As part of the implementation of the corporate program to ensure safe work at heights, 2,660 employees of the Company were trained at the Unified Training Center. Employees who had completed theoretical training in the classroom were able to practice their skills in using fall protection equipment on the training grounds. All employees who perform work at heights were trained, as well as engineers and technicians who supervise this type of work and specialists who develop relevant documentation.

At the Donskoy Ore Mining and Processing Plant, as a result of the audit of work at heights carried out by a qualified organization in the areas where rail wagons are unloaded, «Olkha» safety systems for work at heights were delivered and installed in 2023 in the areas where wagons are unloaded.

The following measures have been taken to improve occupational health and safety:

- An ambulance car was purchased for Aksu FP to provide emergency medical assistance and timely transportation of injured and sick people to the nearest medical facilities.
- "GPS-600" Medium Expansion Foam Generator was installed in furnaces 41, 42, 46, 47 of Smelting Shop 4 of Aksu FP. The fire alarm system and automatic fire extinguishing system were installed in nine facilities.
- Five CAT-772 dump trucks with engine compartment fire extinguishing system were purchased at DGOK.
- Video recorders were purchased for use in high-risk operations at all of the Company's plants.
- In order to prevent collisions between trains and vehicles at the five busiest level crossings with heavy traffic and high collision risk, DGOK installed the RP-APS-RWD automatic level crossing signaling system.
- HSE Service, together with the BTS team, successfully implemented the electronic system for issuing job cards based on the ERG MES platform at the Aktobe FP and the Aksu FP. Today, the system continues to be implemented at the DGOK divisions.

- At DGOK, as part of the modernization of the APCS of Pelletizing Section 2, stationary gas analyzers were installed at the induration furnace to measure and detect natural gas and carbon monoxide leaks.

Transportation Safety

In 2023, the SKOUT Safe Driving project continued. This project makes it possible to significantly reduce the risk of accidents, ensure control over drivers' actions, and increase the efficiency of vehicle use.

In accordance with the contract concluded with Proizvodstvennaya Sreda LLP in 2023, the software for analyzing violations of safety requirements by drivers in traffic was put into operation.

Also in 2023, Business & Technology Services LLP and TNC Kazchrome JSC concluded a contract for service and maintenance of equipment and technical support for Satellite Control, Analytics and Transportation Management (SCOUT) for 228 units.

In 2023, 369 drivers were trained in safe driving, including DGOK - 180 drivers, Aktobe FP - 131 drivers, Aksu FP - 28 drivers and Kazmarganets - 30 drivers.

Risk Assessment

The risk assessment of workplaces was carried out according to the HAZID methodology. The study was conducted in 14 production units of Kazchrome. As a result, 5 unacceptable risks were identified and 18 measures to minimize them were implemented.

In 2024 the risk assessment will be continued using the HAZID method.

Mechanization of manual labor

Additional tools, fixtures and equipment were purchased to reduce the cost of manual labor and to mechanize labor-intensive operations and individual processes.

The People's Control Project

The People's Control Video Monitoring System Project has been completely implemented and is in full operation at the Aktobe and Aksu Ferroalloys plants and at the Donskoy Ore Mining and Processing Plant. The project allows to strengthen the supervision of occupational safety and health. The main feature of the project is that the supervisors are former employees of the Company who are unable to work at the production facilities due to health reasons, as well as people with disabilities living in the region. Each of them remotely monitors the Company's compliance with all safety standards using video cameras. The monitoring is carried out 24 hours a day using stationary video cameras at the Aktobe and Aksu Ferroalloys Plants and personal video recorders at the Donskoy Ore Mining and Processing Plant.



1. СКАУТ - Спутниковая система контроля, аналитики и управления транспортом.

OCCUPATIONAL HEALTH AND SAFETY

(continued)



Health Protection

Some types of work, if not managed proactively, can pose hidden health risks to our employees (e.g. potential exposure to dust particles, noise, vibration and heat). In this regard, comprehensive occupational disease prevention and wellness programs are implemented for all of our employees.

These include the following:

- Mandatory annual medical examinations,
- Pre-shift medical examinations for specific groups of employees,
- Assessment of health risks at the workplace,
- Providing appropriate medical care.

In order to dynamically monitor the health of Kazchrome employees, to detect general somatic diseases, the first signs of occupational diseases and intoxications, all employees are subject to mandatory periodic medical examinations. Preventive and rehabilitative measures for general and occupational diseases are carried out annually for the Company's employees in inpatient and outpatient conditions of the medical center. If necessary, employees injured at work are sent for rehabilitation to the appropriate medical institutions in the Republic of Kazakhstan and abroad.

In 2023, TNC Kazchrome JSC continued its efforts to prevent occupational diseases and improve the health of the Company's employees. Within the framework of obligatory periodic medical examinations, employees are additionally examined in order to determine their health status and decide on the necessity of additional diagnostic and treatment measures; health improvement programs are formed for employees who work in conditions with harmful production factors, depending on their nature.

In addition, the above-mentioned health improvement programs continued to be implemented in 2023. 8,724 employees of Kazchrome underwent health improvement at the medical center.

For early detection of oncological diseases, 10,012 employees underwent oncological screening. Initial signs of oncological diseases were detected in 6 employees, all of whom were taken to the dispensary for observation and treatment.

A pilot project on automation of pre-shift examinations was successfully implemented at the Aktobe Ferroalloys Plant. Automation was continued at the Donskoy Ore Mining and Processing Plant. 16 ASMO (Automatic medical support system) machines were installed at the Aktobe Ferroalloys Plant and 17 machines at the Donskoy Ore Mining and Processing Plant. More than 4,000 people undergo pre-shift medical examinations in automatic mode. The main goal of this project is to ensure that employees work only in a healthy condition, thus preventing occupational accidents. It is planned to continue the process of automating medical services.

In addition, Kazchrome implements measures to monitor and regulate harmful and physical factors in accordance with the program of measurement of harmful and physical factors. In accordance with this program, the noise level at the workplace is measured once a year by an accredited laboratory. If necessary, measurements can be made more frequently. In order to prevent and combat the effects of noise in the production areas, employees are equipped with noise protection earplugs (ear muffs) or

hearing protectors (provided by the regulations on the free provision of personal protective equipment). If the maximum permissible concentrations for dust emissions are exceeded, measures are developed to reduce the dust and gas contamination of the air in the work area and the heads of the departments are informed accordingly. Workplace certification is performed every five years.

Fire Safety

Kazchrome's facilities are equipped with fire extinguishers, fire alarms and automatic fire extinguishing systems in accordance with the fire hazard category of the facility and the requirements of the fire safety legislation of the Republic of Kazakhstan. All branches of Kazchrome are serviced by the Republican Central Headquarters of Professional Militarized Emergency Rescue Services LLP, which is equipped with professional emergency rescue equipment, tools and devices.

In 2023, 26 fire incidents were registered, one case was associated with potentially high severity of consequences. In order to prepare for and respond promptly to emergencies, 851 emergency drills and 20 fire drills were conducted in 2023.

In order to prevent and avoid fires on the territory of the Company, the Fire Safety Program was developed, within the framework of which a long-term project was prepared to retrofit the facilities of the branches with automatic fire extinguishing systems, fire alarm systems and automatic fire extinguishing systems for heavy machinery in accordance with the new requirements of the legislation of the Republic of Kazakhstan. In 2023, a technical audit of the existing automatic fire extinguishing systems was conducted at the Aksu FP's facilities, as a result of which a budget is being prepared for equipping the furnace transformer rooms with modular fire extinguishing systems in 2024. It is also planned to install new fire warning and extinguishing systems for the Aktobe FP.

OCCUPATIONAL HEALTH AND SAFETY

(continued)

Performance Indicators

Fatal Accidents

The Company is deeply saddened by the deaths of two employees of the contracting organization at the Aktobe Ferroalloys Plant and one employee of the contracting organization at the Donskoy Ore Mining and Processing Plant in 2023 (2022: one employee of the contracting organization at the Donskoy Ore Mining and Processing Plant and one employee at the Aksu Ferroalloys Plant). We express our sincere condolences to all those affected by these tragic events. Fatal accidents are unacceptable and we continue to work to further reduce their frequency with the aim of achieving zero injuries.

All contractor fatalities have been thoroughly investigated to develop preventative measures and reduce the risk of recurrence. As a result of the investigations, the following actions have been taken:

- Tightening control over the condition of used machinery and equipment,
- Improving Occupational Health and Safety Instructions,
- Introducing mandatory visits by OHS officers to work sites at heights prior to the start of work to monitor the process of work at heights.

- Revising the project on work performance, in particular, completing the requirements for safe performance of work during delivery of materials to the shaft, as well as revising the list of high-risk work, including the identification of persons responsible for the organization and performance of high-risk work,
- Implementing controls over the return of excessive amounts of explosives by employees of contractors,
- Implementing control over the correct use of safety harnesses when working at heights with briefing and registration in the briefing logbook,
- Safety seasons have been announced with a division for each quarter focusing on high risk work, transportation safety, work at heights with total control of these works,
- A requirement for the use of personal video recorders and safety vests was established among the employees of contracting organizations.

Lost Time Injuries

In 2023, 41 Lost Time Injuries (LTI¹) were recorded (2022: 64), resulting in a Lost Time Injury Frequency Rate (LTIFR²) of 1.01 (2022: 1.50).³

KEY OCCUPATIONAL SAFETY INDICATORS

Indicator	2022	2023
Fatal accidents (employees and contractors)	2	3
Lost Time Injuries (employees and contractors)	64	41
Lost Time Injury Frequency Rate (LTIFR)	1.50	1.01
Accident severity rate	82.24	88.46
Fatal Accident Rate (FAR)	4.55	6.87



1. LTI means Lost-time Injuries
 2. LTIFR means Lost-time Injury Frequency Rate
 3. Employees only, including fatal accidents

HUMAN RESOURCES MANAGEMENT

Management Approach

Employees are Kazchrome's most valuable asset and our equal partners in achieving strategic goals. The priority of the Company is the well-being of all employees, creating decent working conditions and a favorable environment for their growth and development.

A key component of our approach to labor relations at Kazchrome is constructive interaction with employee associations on various issues such as wages, social benefits and occupational safety. We respect the right of all employees to join trade unions and freely participate in the collective bargaining agreement. As of December 31, 2023, almost all of our employees were members of the collective bargaining agreement.

We strictly adhere to the principle of equal employment opportunity and provide fair working conditions without discrimination. This includes coverage of recruitment costs by the Company, safe and healthy working conditions for employees, fair evaluation of their contributions to the Company, assistance in developing their professional skills, open and constructive discussion of the quality and effectiveness of their work, and equal opportunities for career development.

We treat our employees fairly, equally and without prejudice, regardless of origin, social, official and property status, gender, race, nationality, language, attitude to religion, beliefs, place of residence, age, disability or sexual orientation, as well as membership in public associations. Kazchrome values the experience and opinion of each employee and does not allow any discrimination.

We prioritize the implementation of innovative practices at all levels of our organization. In line with our values and strategic priorities, we emphasize the development of strategic skills and competencies of our employees, as well as building a talent pool and developing leadership potential. We take an integrated and forward-looking approach to talent management to ensure that we meet the current and future talent needs of our business. This is increasingly important given the shortage of young talent in the mining industry, the ongoing transformation of our business and the impact of technological change on the profile of industry occupations.

Our approach to labor relations is driven by the close relationship and interaction between our employees and local communities. We pay special attention to the social needs of our employees and their families in the regions where we operate.

Through the ERG Center for Medicine, Sports and Healthy Lifestyles, Kazchrome pays special attention to the more active involvement of employees in sports and healthy lifestyles.

Number and Structure of Employees

At the end of 2023, the Company's headcount totaled 19,744 employees, of which 76.9% were men and 23.1% were women. The majority of employees are between the ages of 31 and 50, accounting for 54.2% of the workforce. The proportion of young people under 30 years of age was 23.9%, and the number of employees between 50 and 61 years of age was 19.1% of the total number of employees. 2.8% were employees over the age of 61. The ethnic composition of the Company's employees is represented by Kazakhs, Russians, Ukrainians, Germans, Tatars, Uzbeks and other nationalities. Kazakhs make up 73.4% and other nationalities 26.6% of the total number of employees.

THE HEADCOUNT AS OF DECEMBER 31, 2023, PERSON

Region	Men	Women
Aktobe region	9,865	3,084
Pavlodar region	4,997	1,420
Karaganda region	315	63
Total	15,177	4,567

EMPLOYEE STRUCTURE AT DECEMBER 31, 2023, PERSONS

Category	Managers		Specialists, office workers		Workers	
	Men	Women	Men	Women	Men	Women
Up to 30 years old	223	13	335	183	3,368	596
31 to 50 years old	876	120	729	589	6,376	2,020
51 to 60 years old	204	54	136	146	2,392	839
Over 61 years old	51	4	31	2	456	1
Total	1,354	191	1,231	920	12,592	3,456

ETHNIC COMPOSITION OF EMPLOYEES AS OF DECEMBER 31, 2023, %

Ethnic groups	Managers, specialists, office workers		Workers	
	Men	Women	Men	Women
Kazakhs	9.5	3.0	51.1	9.7
Russians	2.3	1.8	8.0	5.1
Ukrainians	0.6	0.5	2.1	1.2
Other	0.7	0.4	2.5	1.4

The number of jobs created in 2023 is 531, or 2.7% of the total number of employees. The average staff turnover rate for 2023 is 5.72%, including managers, specialists and employees is 5.47%, workers is 5.78%.

PROFILE OF KAZCHROME EMPLOYEES

19,744 people
Headcount at the end of 2023

39.8 years
Average age of employees

531
New jobs were created in 2023

9.3%
Percentage of employees hired in the year under review

5.72%
Average employee turnover rate in 2023

10.7 years
Average length of service of employees

23.1%
Of employees are women

12%
Percentage of women in management positions (excluding the Board of Directors)

1.1%
Of the workforce are employees with special needs

HUMAN RESOURCES MANAGEMENT (continued)

Key Issues and Initiatives

Remuneration and Motivation of Employees

The level of remuneration of Kazchrome employees is competitive in the labor market. The Company also takes into account the opinion of trade union organizations when developing compensation regulations.

The existing compensation system of the Company provides:

- An appropriate level of remuneration, which is in line with the level of large companies in Kazakhstan,
- A two-component system of remuneration, consisting of a fixed and a variable (bonus) part,

- Indexation of salaries of employees of production divisions on the basis of the inflation rate in Kazakhstan.

In determining the amount of the fixed component, the Company is guided by salary benchmarks both in Kazakhstan and in neighboring Russia. Over the past three years, the average salary of Kazchrome employees has increased by 84.1%.

The variable part depends on the employee's performance in a given period and the Company's production performance. Remuneration of engineering staff is based on annual performance reviews. In 2023, 100% of the engineering staff underwent formal performance reviews, which amounted to 18.2% of Kazchrome's employees, including:

By category	
Managers	43%
Specialists	57%
By gender	
Women	73%
Men	27%



THE RATIO OF THE AVERAGE SALARY OF WOMEN TO THE AVERAGE SALARY OF MEN AS OF DECEMBER 31, 2023, %

Category	Aktobe region	Pavlodar region	Karaganda region
Managers, specialists, office workers	69.8	69.2	64.5
Workers	63.7	79.1	65.9

Note: The salary level for an identical position is the same for employees with the same qualifications. The gap refers to the proportion of men/women in the category and is not gender-specific.

Employee Competency Development

19% is the percentage of the Company's employees who have undergone regular performance and career development reviews

74% of the Company's employees have received professional training

The competency development system consists of competency assessment, the Company's personnel training and development plan, intra-group corporate training events, and the building and development of the talent pool for key positions.

The directions of the personnel training program include:

- Training required by the legislation of the Republic of Kazakhstan,
- Training based on the Company's corporate standards such as compliance¹, information security, corporate security standards,
- Training aimed at the development of professional competency,
- Corporate training programs aimed at supporting and introducing unified approaches to the Company's business processes, development and training of the Company's talent pool.

The structural departments of Kazchrome, including specialists from the Corporate University of ERG Service Center LLP, provide training for employees in their professions, retraining, advanced training, second profession training, as well as training for managers and specialists. The need for development of employees' competencies is formed on the basis of the analysis of the strategic development plan, changes in Kazchrome's business processes, and an assessment of our employees' competencies. Based on the needs, an annual plan of professional training of personnel is prepared with a breakdown by types of training. Theoretical and practical training is provided both by external organizations and by qualified Kazchrome employees.

All new employees undergo an introductory training, which includes:

- The issues of labor legislation of the Republic of Kazakhstan, rights and obligations of the employee and the employer in the area of occupational safety and health,
- The requirements of occupational safety, fire safety, industrial hygiene and other occupational safety issues,
- The risks and hazards existing in the Company, including IT, and appropriate control measures, as well as first aid rules,

- The process for investigating incidents and analyzing lessons learned.

All new workers admitted to the branches as apprentices of working professions shall undergo vocational training in the scope of requirements of qualification characteristics under the programs approved in the structural divisions. The period of training of new employees is determined according to the qualification and complexity of work in a given profession.

All branches of Kazchrome have training and computer classrooms equipped in accordance with modern requirements.

The Company continuously searches for candidates for inclusion in talent pools as part of the annual employee competency assessment program, as well as during large-scale events such as the League of Professionals and other leadership development programs. Team leaders, foremen, shop supervisors, section supervisors, and project management personnel (157 people) participated in the League of Professionals in 2023. Senior managers (six people) participated in the Strategic Leadership Program.

1. See Ethics and Compliance for more details

HUMAN RESOURCES MANAGEMENT

(continued)

Labor Relations

A holistic approach to labor relations means that Kazchrom gives priority to creating comfortable working conditions and meeting the social needs of employees and their families. Priorities in this area include:

- Continuously improving and standardizing working conditions for employees, as well as improving the package of social benefits provided,
- Improving the standard of living of employees and their families.

The Company maintains a direct dialogue with employees to ensure that their opinions on a wide range of issues, including working conditions, are always taken into account. Thus, since 2018, Kazchrom has been conducting sociological surveys of employee satisfaction and engagement.

Approximately four thousand employees participated in the largest survey of the year, the employee satisfaction survey conducted in June 2023. The survey determines not only the level of employees' job satisfaction in general, but also for various components of work activity (the level of remuneration, opportunities for professional and career development, relations with management, safety of working conditions, etc.).

In 2023, surveys with a total coverage of 4,345 people were conducted twice at the Company's enterprises as part of psychological support for employees. In addition, a personalized survey was conducted at the Aksu FP in October 2023 with a total coverage of 743 people.

At present, the measures for psychological support of Kazchrome employees are still being implemented:

- The reception of psychologists was organized in the clinics of the medical center in Aktobe, Aksu and Khromtau,
- Psychologists hold meetings with employees in the shops to conduct conversations and trainings regarding psychological health,
- A channel was created in Qollab, where all employees of the Company can receive information on the psychological health, learn about stress management techniques and get answers to frequently asked questions,
- Online sessions with psychologists and psychotherapists, etc.

Ensuring Comfortable Working Conditions

The Company provides its employees with a guaranteed social package aimed at improving the living conditions of employees and their families, as stipulated in the collective bargaining agreement and internal regulatory documents of the Company. Over the past three years, Kazchrome has allocated KZT22.07 billion for the social protection of its employees, the main directions of which include medical care and medical examinations of all employees, transportation of employees to their workplaces, social support for employees and their families, childcare allowances, etc. In addition, the collective bargaining agreement provides for compensation for overtime, weekend and holiday work.

The Company's employees are granted additional paid vacation days for length of service in the metallurgical and mining industry. Additional paid leave days are granted to women prior to maternity leave and to women with two or more children under the age of 12.

The support programs for employees who have completed their work as a result of retirement or termination of employment are set forth in the collective bargaining agreement and also include allowances, compensation, bonuses, as well as guarantees of employment, retraining in a new profession at the expense of Kazchrome in the event of staff reductions.

In addition, social guarantees are in place for temporary and part-time employees. In addition, Kazchrome maintains social facilities that are available both to its employees and to the population of the regions in which it operates.

The minimum period for informing employees about significant changes related to Kazchrome's operations is regulated by the Labor Code. In the case of changes in working conditions, the company must notify the employee in writing at least thirty calendar days in advance.

Any employee of our Company who has a concern or suspicion that another employee or business partner has violated the provisions of the ERG Code of Corporate Conduct may report the matter either to his or her immediate supervisor, a more senior manager, the Compliance Officer or the

Company's General Counsel, or by contacting the ERG Hotline (including anonymously). The ERG Hotline is available 24 hours a day, seven days a week and is a completely confidential communication channel operated by an independent operator.

In addition, employees may discuss HR-related issues with their local human resources department.



HUMAN RESOURCES MANAGEMENT (continued)



Improving the Standard of Living for Employees

The Company invests in the social infrastructure in the regions where it operates, including medical centers, sports, cultural and recreational facilities, and a wide range of training programs to promote the social and economic development of the region and the employment prospects of local residents, including the children of employees.

Maintaining a Healthy Lifestyle for Employees

In 2023, Kazchrome continued to adhere to a holistic approach to supporting the healthy lifestyles of its employees. This approach emphasizes the involvement of our employees in sports and lifestyle improvement.

The Company offers its employees the opportunity to attend a number of fitness centers free of charge or at a substantial discount. The Company has implemented programs designed to foster a culture of healthy living. These include training sessions with psychologists and nutritionists, as well as competitions with incentives for achieving specific physical goals. To encourage and recognize employee achievement, Kazchrome provides financial support for participation in local, national, and international competitions in various disciplines.

During 2023, the Company hosted several sports events and competitions, including the Kazchrome Sports Games and events timed to coincide with holidays, organized in collaboration with the trade union committee (Trade Union Committee Cup in cross-country skiing, Trade Union Committee Cup in mini-football and basketball).

Additionally, employees engaged in the following sporting activities:

- Kazchrome Duathlon 2023 is an urban sports competition held in Aktobe in honor of the Day of Metallurgists. All funds raised and contributions from the competition were donated to charity.
- Almaty Marathon 2023
- ERG Run Fest is a running festival of the Eurasian Group in the cities of Khromtau and Pavlodar.
- Various city-based competitions.

Performance Indicators

~100% of the Company's employees are parties to the Collective bargaining agreement

~100% of the Company's employees have officially elected representatives

- In 2023, the Company did not identify any cases of discrimination or infringement of employees' rights to freedom of membership in associations and collective bargaining agreements.

Furthermore, there were no appeals with confirmed cases of labor relations violations in 2023.

PERSONNEL TRAINING DATA FOR 2023

Indicator	All employees	By employee category		By gender group	
		Managers, specialists and office workers	Workers	Men	Women
Average training hours	12.4	20.4	10.0	12.3	12.5

In 2023, 74.3% of employees received training, with a total of 167,530 training hours completed.

During the reporting year, the Company allocated **over KZT8,513 million** for the social protection of its employees.

As of the end of 2023, the total number of employees on parental leave until the age of three was 515, including seven male employees.

GOOD ENVIRONMENTAL GOVERNANCE

Management Approach

Kazchrome is dedicated to the preservation and maintenance of a healthy natural environment through the implementation of practices that support sustainable development in the regions where it operates. This entails the responsible management of natural resources and environmental issues, including impacts on climate change and waste management.

The core business activity of Kazchrome's divisions is the production of ferroalloys and the development of ferroalloy technology, as well as chromium and manganese ore mining. The operations are characterized by a wide range of activities and a significant list of potential and ongoing environmental impacts.

The most significant of these were identified as follows:

- Air pollutant emissions and wastewater discharges,
- Land use and soil contamination,
- Waste generation and disposal,
- Use of natural resources (water, fuel, energy) and raw materials.

Environmental factors that have a significant impact on the environment are necessarily taken into account when setting strategic goals and planning measures to manage the environmental aspects of the Company.

Prior to implementing any major project or operational change, Kazchrome conducts a comprehensive Environmental Impact Assessment and public hearings according to the requirements of the legislation of the Republic of Kazakhstan and applicable international standards. All modernization and expansion projects implemented by the Company have successfully passed the mandatory State Environmental Expert Review.

Kazchrome has an Environmental Policy that meets the expectations and requirements of the Company and its stakeholders and ensures that the environmental management system meets the requirements of international standards and best international practices. In addition, the Policy ensures that the Company complies with the requirements of the new Environmental Code of the Republic of Kazakhstan, which entered into force in July 2021.

In order to monitor the environmental impact of its operations, the Company's branches perform industrial environmental control, which involves quarterly environmental monitoring of emission sources (emissions, discharges, waste). Monitoring during 2023 was carried out on the basis of industrial environmental control programs by specialists of the accredited environmental protection laboratory of the divisions and experts of specialized organizations under contracts. Reports on the implementation of the industrial environmental control program were quarterly posted on the Ecogov.kzportal in accordance with the legislation.

The primary areas of focus for environmental protection management include:

- Reduction of emissions and discharges,
- Conservation of water resources,
- Restoration of disturbed lands,
- Waste management,
- Biodiversity conservation,
- Improving the efficiency of environmental monitoring.

The Company's environmental management system complies with ISO14001:2015 – Environmental Management System (confirmed by the international certification body TÜV in 2022).

In general, all new equipment installed in the Company's divisions fully meets the requirements of environmental legislation.

Environmental risks are managed and decisions are made in accordance with the findings of an appropriate assessment. Based on the results of the assessment, we develop and implement measures to minimize the identified risks. In 2023, environmental risk assessments were conducted in 29 departments of the Aksu plant, 19 departments of the Aktobe plant, 27 departments of

the Donskoy Ore Mining and Processing Plant, and three departments of the Kazmarganets Mining Enterprise.

As part of our commitment to continuous improvement in production, we provide regular training for our employees in environmental protection. In 2023, four employees of the company's environmental protection service underwent training on the following topics:

- The Environmental Code. Practical course on the completion of project documentation. Implementation of waste classification. Development of a Waste Data Sheet. Waste Management Program (WMP). State regulation of greenhouse gas emissions and removals,

- New approaches to environmental legislation under the new Environmental Code.

Air and Water Exposure Management

Key control measures to identify, prevent and/or reduce pollutant emissions to local water supplies and air include the following:

- Treating air pollutant emissions (exhaust gas treatment, advanced gas cleaning systems for metallurgical operations, dust collection systems and tree planting),
- Wastewater treatment and water reuse (wastewater monitoring, wastewater treatment processes, including quarry and mine water for environmental protection),
- Waste management (ferroalloy slag recycling, sorting, waste reuse, waste segregation, extended producer responsibility mechanisms, waste management programs),
- Engineering controls for pollution risk reduction,
- Continuous air and water quality monitoring.



GOOD ENVIRONMENTAL GOVERNANCE (continued)

Key Issues and Initiatives

In 2023, as part of ERG's environmental strategy in Kazakhstan, measures were implemented at Kazchrome's facilities to mitigate negative environmental impacts. These included the following:

Improving Air Quality

- In the Aksu Ferroalloys Plant, the construction of a new dry gas scrubber for Furnace 42, Smelting Shop 4 based on the equipment of ZVVZ-Enven Engineering A.S. is underway as part of the reconstruction of the existing gas treatment equipment. The project provides for the increase of filtration and installation of modern equipment with a higher degree of scrubbing and improved performance characteristics, this project is planned to be completed in 2024.
- Replacement of the existing dust collection system in the dosing sections of Smelting Shop 1 with a new two-stage dust collection system using bag filters will increase the cleaning efficiency of the new dust exhaust system to up to 99.0% and halve the emissions from the Smelting Shop 1 equipment, which is scheduled for completion in 2024.

- Measures are planned to replace the dust exhaust systems in the dosing sections of Smelting Shop 2, followed by modernizing the gas cleaning systems in Smelting Shop 2.
- Compared with the planned volume of 940,000.0 tons per year, the Aksu FP processed 1,405,945.95 tons of high-carbon ferrochrome slag in 2023.
- At the Aksu FP, 6,437.91 tons of ferroalloy production dust was used in the sintering shop in 2023, which exceeds the planned volume of 5,200 tons per year.
- In 2023, the project for Localization of Fugitive Dust and Gas Emissions from Smelting Shops 1 and 2 and Modernization of Electrostatic Precipitators of Smelting Shop 2 was completed at the Aktobe Ferroalloys Plant to reduce pollutant emissions. Commissioning and start-up works will be carried out in 2024.
- As part of the dust control and tree planting activities in 2023, also in accordance with the Environmental Tree Planting Strategy, Kazchrome units planted:
 - 911 saplings at the Aktobe Ferroalloys Plant in the Altyn Orda district of Aktobe City and 7,301 saplings in the sanitary protection zone of the Aktobe Ferroalloys Plant,

- 9,155 saplings at the Donskoy Ore Mining and Processing Plant,
- According to the planned planting works in 2023, 500 saplings were planted to form a protective strip between the plant and the city of Aksu, compensatory planting of 2,729 saplings was carried out to replace the saplings planted in 2022 that did not take root. In addition, 1,000 saplings were scheduled to be planted in the sanitary protection zone of the Aksu Ferroalloys Plant in 2024.

- The annual activities on dust suppression and surface stabilization of the slag dump were successfully completed.
- In accordance with the legislation of the Republic of Kazakhstan, all branches of Kazchrome have developed an industrial environmental control program, based on which quarterly inspections are carried out at emission sources equipped with air purification units.

Improving the Water Use Efficiency

- At the Donskoy Ore Mining and Processing Plant, to prevent excessive discharges and due to outdated treatment facilities, the Company continued to replace

treatment facilities for rainwater and domestic wastewater at the industrial site of the 10th Anniversary of Kazakhstan's Independence mine. Once installed, they will improve the efficiency of wastewater treatment, resulting in minimal environmental impact. Furthermore, measures to recycle mine water for use in production were continued in order to completely eliminate discharges to the environment.

- At the Aktobe Ferroalloys Plant, the rainwater runoff separation and reuse project has been completed.

Performance Indicators

In 2023, the Company did not receive any significant environmental regulatory complaints against the Company.

In 2023, Kazchrome did not encounter any unusual circumstances that resulted in a notable increase in environmental pollution. Furthermore, there were no instances of emergency or irregular discharges of pollutants.



GOOD ENVIRONMENTAL GOVERNANCE (continued)

INVESTMENTS IN ENVIRONMENTAL PROTECTION, THOUSAND TENGE

Indicators	2022	2023
Waste Management	14,030,610	23,760,481
Overhaul of environmental protection fixed assets	1,155,493	1,439,567
Air protection	10,495,592	20,938,677
Protection of water resources	4,694,655	6,563,079
Land reclamation	54,675	52,490
Total	30,431,025	52,754,294

The increase in investments in air pollution control is related to the expenses for construction and installation works under the project for modernization of gas scrubbers in Smelting Shops 1 and 2 of the Aktobe Ferroalloys Plant.

WATER CONSUMPTION, M³

Indicator	2022	2023
Total fresh water consumption, including:	24,392,379	20,680,453
Surface waters	10,393,533	10,006,505
Ground water	13,998,846	10,673,948
Wastewater volume	5,921,848	7,345,887

The decrease in freshwater use is primarily due to a decrease in groundwater use, particularly well water use, due to well closures and decreased inflow in 2023.

AMOUNT OF POLLUTANTS DISCHARGED INTO THE ENVIRONMENT, TONS

Division	2022	2023
Kazmarganets Mining Enterprise	3,339	4,120
Donskoy Ore Mining and Processing Plant	1,979	2,377

In 2023, the volume of discharges into water bodies and the content of pollutants in them did not exceed the established limits. The decrease in the volume of pollutant discharges as compared to the previous period is due to the decrease in the total volume of water discharges as a result of the project for the Construction of the Water Supply System for the Donskoy Ore Mining and Processing Plant, Khromtau, Start-up Complex I implemented at the Donskoy Ore Mining and Processing Plant. At the same time, the concentration of pollutants remained at the previous year's level.

Kazchrome does not discharge into open waters and has no impact on water bodies and their associated habitats.

Treated water from the Donskoy Ore Mining and Processing Plant and the Kazmarganets Mining Enterprise is discharged into the ground.

The Aktobe and Aksu Ferroalloys Plants do not discharge into the environment.

Waste Management

The Company manages production waste in accordance with the existing environmental management systems and the requirements of the Environmental Code of the Republic of Kazakhstan.

In accordance with the provisions of the Environmental Code, waste generated by Kazchrome's branches is categorized into hazardous and non-hazardous waste. In this regard, the Company has revised the names and codes of waste and prepared hazardous waste data sheets.

Like any mining and metallurgical company, Kazchrome generates waste from the development of metal-bearing minerals as a result of its operations, such as ash residue, boiler slag and ash dust, unprocessed slag, and solid waste from gas scrubbing containing hazardous substances. Other industrial wastes such as ferrous metals, non-ferrous metals, wood and others are also generated.

Hazardous waste is collected, transported, treated and/or disposed of by independent, specialized companies. Contractors are screened to ensure that they have the necessary production facilities, equipment, transportation, qualified personnel and environmental permits. In addition, the procedure for recycling, disposal, utilization or burial of waste by contractors is established.

Accidents that result in unplanned waste types or unplanned increases in the limited waste types can be caused by both natural and anthropogenic factors. The divisions have developed response plans for any accidents that may occur at a particular production facility. Kazchrome also has an action plan for adverse weather conditions in accordance with design solutions.

ERG Recycling

ERG Recycling supports the Group's other companies in Kazakhstan with recycling, reuse and commercial recovery activities. Its activities reduce the companies' environmental liabilities and maximize the value of their assets, in line with the concept of a circular economy.

At the Aktobe Ferroalloys Plant, waste recycling, reuse, and commercial utilization activities are carried out, where the processing of mature slag and fine slag continues with the production of chromium concentrate, which is reused in production, as well as inert materials, which can be used in the production of building materials and road construction. A new concrete batch plant was also put into operation. It produces high-grade concrete and concrete-based products using as raw materials inert materials generated in the result of the mature slag processing.

The Donskoy Ore Mining and Processing Plant continued to recover sub-standard and 'lost' ore from overburden dumps, contributing to increased production of ferrochrome and chromium ore. Construction of a new Slime Tailings Processing Plant was also completed as part of the ERG Green project. This facility uses innovative technology to significantly increase the enrichment of slime tailings, recovering up to 55% of the chromium oxide they contain. The next phase of the project, which includes the development of a flotation section, is also in progress. Completion of the ERG Green project and full commissioning of the processing plant is planned for the second half of 2026. The plant will eventually produce more than 500 thousand tons of chromium concentrate per year, and its operation will reduce the environmental impact of the plant's slime tailings.

In 2023, the separate waste collection project was continued to facilitate further specialized waste management.

GOOD ENVIRONMENTAL GOVERNANCE (continued)

Performance Indicators

TOTAL WASTE MASS FOR 2023, THOUSAND TONS

Indicator	Hazardous	Non-hazardous	Non-hazardous waste from the mining and quarries	Total
The amount of waste generated	220	2,296	15,167	17,683
The amount of waste transferred to entities engaged in collecting, transporting, using, recycling, and disposing of the waste	0.5	43	0	43.5
The amount of waste recycled by the waste owner at the industrial site	98.11	2,432.62	11,831.01	14,361.74
The amount of disposed (buried) waste	135.77	161.13	3,335.61	3,632.51

Energy and Climate Change

The Company's management system is certified according to ISO 50001 requirements. More than 30% of the Aktobe Ferroalloys Plant's electricity is supplied by its own natural gas-fired power plant. The remainder of its energy needs are met by purchasing electricity from the grid¹.

Kazchrome pays close attention to climate change issues and implements initiatives aimed at reducing greenhouse gas emissions, including improving energy efficiency in production and developing its own renewable energy generation capacity (more details below).

In 2023, the Group's ESG Committee has continued to develop long-term ESG targets and action plans, including targets to increase the use of renewable energy and reduce greenhouse gas emissions.

In addition, physical risks related to climate change were assessed at the Group level.

In early 2023, a Climate Change Impact and Adaptation Management Policy was approved for Group companies in Kazakhstan, including Kazchrome.

In addition, the ERG Decarbonization Think Tank, established in 2021, serves as a center of excellence in this area. The Center leads initiatives to reduce the carbon intensity of our operations, engages with external stakeholders, and participates in a number of government initiatives to decarbonize Kazakhstan's economy.

In 2022, efforts will begin to calculate the carbon footprint of Kazchrome products. This will provide our customers with a clearer understanding of the issue and identify potential opportunities to reduce the carbon footprint of our products. As part of this process, we request information from our suppliers on the carbon footprint of the most carbon-intensive products they supply. For example, the standard contract requirements for suppliers will be revised in 2023 to require them to provide information on the greenhouse gas emissions of the products they manufacture that are used in our production process.

In addition, ferroalloys play an important role in producing specialty steels that are essential for developing gas, wind and nuclear energy infrastructure in various countries.

Key Issues and Initiatives

Energy Efficiency Improvement

In 2023, energy efficiency targets for Kazchrome and other ERG companies in Kazakhstan have been agreed by the Government of the Republic of Kazakhstan.

Examples of strategic projects that have the potential to significantly improve the energy efficiency of Kazchrome include the following:

- Potential heat recovery projects at the Aksu and Aktobe Ferroalloys Plants,
- Possible replacement of compressor systems with more efficient equipment at the Aksu and Aktobe Ferroalloys Plants.

In 2023, the plan to organize production through the use of ferroalloy gas also continued. This is a by-product of ferroalloy production and reduces primary energy consumption. As part of this initiative, the first design phase has been completed and the installed electrical capacity of the Recovery Power Plant has been adjusted to 80 MW. The general contractor for the EPC contract is currently pre-selected.

Renewable Energy Sources

Kazchrome continues to develop renewable energy projects as part of its efforts to contribute to Kazakhstan's national renewable energy generation targets.

Initiatives for the development of a portfolio of renewable energy projects are in progress. This includes a project to build a 150MW+ Wind Power Plant (Project: Khromtau-1 Wind Power Plant) near the Donskoy Ore Mining and Processing Plant. The design of the facility is currently ongoing. Construction is scheduled to begin in the first half of 2024. The facility is expected to be operational in the fourth quarter of 2025. At the same time, there is an opportunity to increase wind generation capacity in the area by building an additional power plant with an installed capacity of up to 155 MW.



1. Unified Electric Power System of the Republic of Kazakhstan

GOOD ENVIRONMENTAL GOVERNANCE (continued)

Performance Indicators

ENERGY CONSUMPTION, MWH

Type of use	Energy source	2022	2023
Direct	Coal	731,667	704,445
	Natural gas	3,434,169	3,481,114
	Diesel fuel	256,111	290,834
	Fuel oil	74,167	89,445
	Petroleum	10,556	9,722
	Total	4,506,670	4,575,559
Indirect	Electric power	7,681,117	7,251,950
	Thermal energy	24,167	25,556
	Steam	14,167	18,333
	Total	7,719,451	7,295,839
Total		12,181,676	11,871,398

In 2023, the energy intensity indicator was 7.296 MWh per ton of ferroalloy produced (2022: 7.158 MWh).

In 2023, Kazchrome enterprises continued the implementation of the energy efficiency improvement program. The program resulted in savings of approximately 16 thousand MWh, or 59.32 TJ.

GREENHOUSE GAS EMISSIONS INTO THE ATMOSPHERE, TONS OF CO₂ (EQ.)

Indicator	2022	2023
Direct emissions (Scope 1) ¹	3,976,739.4	3,827,931.0
Indirect emissions (Scope 2) ²	4,875,023.7	4,621,808.1
Total emissions	8,851,763.2	8,449,739.0

In 2023, 173 employees of Kazchrome were trained in energy management:

- IMS Manager/Internal Auditor on ISO 9001, ISO 14001, ISO 45001, ISO 50001 (20 persons),
- Updating and training of IMS (Integrated Management System) internal auditors on ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 with review of ISO 31000:2019 requirements (25 persons),

- Authorized Person for the Management System on IMS based on ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2018 with a review of the requirements of ISO 31000:2018 (50 persons),
- Continuous improvement of the Integrated Management System for Health, Safety, Environment, Energy and Quality based on ISO 9001, ISO 14001, ISO 50001 and ISO 45001 (28 persons),

- Continuous improvement of the management system according to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 (25 persons),
- Internal auditor of the Integrated Management System according to ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO 45001:2019 (25 persons).

1. Scope 1 means greenhouse gas emissions resulting from the consumption of fuels, raw materials and materials in processes, as well as mining, production and transportation activities controlled by Kazchrome and include CO₂, CH₄ and N₂O. The factors used to calculate greenhouse gas emissions are based on data on the quality of fuels, raw materials, and materials used. The calculation methodology is consistent with Tier 2 of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories for Stationary and Mobile Sources. According to legal requirements and national methods, the inventory of greenhouse gas emissions is also being carried out at Kazakhstan's quota-bound companies. The results are certified with reasonable assurance by an independent accredited body.

2. Scope 2 means greenhouse gas emissions resulting from the consumption of electricity and heat from both plants owned by ERG Kazakhstan and indirect sources not owned and controlled by Kazchrome (energy purchased from third parties). This is based on the data from the operational control of the facilities. Calculation factors for purchased electricity and purchased heat and steam energy in Kazakhstan are calculated on the basis of the Fuel and Energy Balance of the Republic of Kazakhstan for 2022 (in the format of the International Energy Agency, published on August 01, 2023, Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan).



Biodiversity

Biodiversity is essential to the well-being of the environment. Therefore, the management of biodiversity issues is based on the following principles:

- Environmental impact identification and assessment,
- Implementation of preventive and precautionary measures,
- Continuous improvement of the environmental management system.

Kazchrome's production facilities are located in the Karaganda, Aktobe and Pavlodar regions. They are far from major surface water bodies (with the exception of the Aktobe Ferroalloys Plant). There are no nature reserves, specially protected natural areas, or sites of cultural heritage in the vicinity of the Kazchrome production facilities.

No unique, rare and valuable animal communities requiring protection have been recorded in the area of the fields of the Karaganda region. About 20 rare, endemic and relict animal species are listed in the Red Book of Kazakhstan. They live on the territory of the Aktobe region, away from Kazchrome's operations. The fauna of the adjacent territory in the Pavlodar region has adapted to living in open landscape conditions, as a result of which a certain community of animals and birds has developed. Therefore, no additional impact on the composition of species, abundance of fauna, habitat, breeding conditions has been detected.

When working in the field, all employees are warned of the need to preserve rare species of wildlife. Hunting animals and trapping birds is prohibited.

In 2023 (for the eighth consecutive year), Kazchrome continued to implement the Ilek stocking project together with fishery inspectors. For this purpose, the Company allocates approximately KZT5 million annually.

The impact of Kazchrome's operations on flora and fauna can be considered acceptable.

LOCAL COMMUNITY DEVELOPMENT AND WELFARE

Respect for human rights is essential to the sustainable development of the Company and local communities in the regions where it operates.

One of Kazchrome's priorities is to promote the social and economic development and welfare of local communities in the region where it operates. This includes, but is not limited to, continuous engagement with local communities and adherence to international environmental standards, improving the living conditions and welfare of the population, and supporting entrepreneurship and developing the business environment.

When engaging with local communities, the Company respects human rights, cultural heritage and traditions of local communities, works with them to assess the potential impacts of its activities, with particular attention to risks, impacts, mitigation and monitoring, and incorporates feedback received into project planning and social investments.

Local Community Impacts

Environmental management systems that comply with international standards are used to manage impacts on local communities. They are primarily focused on identifying, preventing and/or minimizing harmful emissions to local water bodies and the atmosphere.

Prior to implementing any major project or operational change, Kazchrome conducts a comprehensive Environmental Impact Assessment and public hearings according to the requirements of the legislation of the Republic of Kazakhstan and applicable international standards. All modernization and expansion projects implemented by the Company have successfully passed the mandatory State Environmental Expert Review.

In 2023, public hearings were held in connection with the following operational changes:

- Construction of a container yard to the south of MV11 of Smelting Shop 4 of the Aktobe Ferroalloys Plant, a branch of TNC Kazchrome JSC,
- Draft emission standards for the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC,
- Draft emission standards for the Geofizicheskoe-XI chromium deposit, the Donskoy open pit, the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC,
- Draft emission standards for the Iyunskeye chromium deposit, the Donskoy open pit, the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC,
- Reconstruction of the briquetting section of the fine briquetting DOF-1, DGOK, Khromtau branch of TNC Kazchrome JSC,
- Construction of the Khromtau Wind Power Plant (WPP). Wind Turbine Generator (WTG).

Furthermore, local community representatives can also file complaints via the publicly accessible ERG hotline (<https://erg.integrityline.org/>).

Moreover, the Donskoy Ore Mining and Processing Plant does not build housing in areas adjacent to its production territory. The Aksu plant is located outside the city limits. There are no residential buildings in the vicinity of the plant. There are also no construction works in the area of the Aktobe plant.

Kazchrome regularly conducts large-scale surveys among representatives of local communities, which helps the Company to identify stakeholder priorities and target areas of its regional development program. Thus, in May 2023, an eco-tour was held at the Aktobe Ferroalloys Plant, attended by environmental activists, the Department of Ecology, and the media of Aktobe City.

Public activists visited the production sites of the enterprise such as Modernization of Gas Treatment Systems of Smelting Shop 1 and 2, Smelting Shop 1 and 4, BREX Production Shop.

As part of the Zhasyl Kazchrome corporate movement, employees plant trees every year. In 2023, about 20 thousand saplings were planted in Aktobe, Aksu and Khromtau, including compensatory planting.

The humane stray animal reduction project, which started in 2019, was continued in 2023.

Social investments

In 2023, the implementation of the Regional Development Program continued to support long-term social and economic development in the region of operations. The program is implemented in partnership with government authorities at the national and regional levels, including through regional Memoranda of Mutual Cooperation.

The program is based on the results of the analysis of the development needs of the region, which are identified through annual sociological surveys.

Priority areas include the following:

- Improvement of living standards (including housing and communal infrastructure, public transportation and improvement of backyard areas),
- Implementation of educational projects ERG Mektepke and ERG for Colleges, support of educational institutions (e.g. Aksu College of Ferrous Metallurgy, Khromtau Mining and Technical College, Aktobe College of Transport, Communications and New Technologies, K. Zhubanov Aktobe Regional University NJSC and others),
- Support for sports and a healthy lifestyle.

SOCIAL INVESTMENTS, MILLION TENGE

Type of investment	2021	2022	2023
Direct investments	5,399	21,238	3,889
Memoranda of mutual cooperation	5,186	3,689	4,975

In 2023, Kazchrome allocated funds for the construction of cultural and leisure facilities: modernization of the Oner Ortalygy center in Aktobe, construction of a 400-seat cultural center building in Khromtau.

In addition, Kazchrome continued implementation of the Tugan Qala (Hometown) program in the city of Khromtau. Under this program, the local population is involved in the distribution of funds allocated by the Company under memoranda with local administrations by submitting their ideas for social projects on the online portal tugan-qala.kz. These projects are aimed at improving the urban environment, including arrangement of public parks, children's and sports grounds, organization of street lighting and landscaping.

As part of the project, residents not only submit ideas for improving social infrastructure, but also vote for the most interesting projects and monitor their implementation. The initial evaluation of submitted ideas is conducted by a panel of experts representing a wide range of stakeholders. The final selection of the winning projects is based on the results of online voting among local residents. In 2023, more than 30 projects to improve the territory of yards and streets, purchase and installation of universal sports fields, children's playgrounds, landscaping of streets, etc. have been selected for the implementation of the Tugan Qala project in Khromtau city.



ETHICS AND COMPLIANCE

One of the fundamental obligations of ERG is to adhere to the highest standards of business ethics and professionalism. These standards are reflected in the ERG Code of Corporate Conduct and are the basis of what we do. The Code of Corporate Conduct sets out our standards and policies on key legal, moral and ethical issues, including anti-corruption, human rights, equality, conflict of interest management, protection of confidential information and personal data. We go beyond strict compliance to ensure that our policies are better aligned with new regulatory requirements and rapidly evolving Environmental, Social, and Governance (ESG) standards and principles, including relevant human rights standards.

ERG's Compliance Management System includes managing the following key compliance risks:

- Anti-bribery and corruption violations,
- Failure to comply with anti-money laundering/counter-terrorist financing requirements,
- Human rights violations,
- Data protection violations,
- Failure to comply with sanctions.

In support of the ERG Code of Corporate Conduct and in order to effectively manage compliance risks, ERG has adopted appropriate compliance policies and procedures, which are implemented as part of a comprehensive compliance management system. The year 2023 is characterized by rapid changes in the external environment, namely increased requirements in the area of international sanctions, requirements for responsible sourcing, including respect for human rights, and legislation on personal data protection.

In response to these challenges, we not only strictly adhere to the adopted risk-oriented approach in the field of compliance, but also continue to work on its continuous improvement. Thus, in 2023, the updated existing ERG Anti-Money Laundering, Data Protection and Human Rights Policies were reviewed and implemented to ensure their effectiveness and compliance with external requirements. These and other compliance policies and procedures have also been approved by Kazchrome¹.

Our compliance policies are implemented through ERG's risk-based Compliance Management System, which covers anti-money laundering, anti-bribery and corruption, sanctions compliance, respect for human rights and personal data protection. Key elements of this system include the identification and management of compliance risks, counterparty due diligence, training, monitoring and reporting.

Thus, the Company has adopted the Data Protection Policy and the ERG Data Protection Compliance Program. Changes in regulatory requirements are monitored on an ongoing basis to ensure timely response and mitigation of potential risks. For example, the consent to collect and process personal data required upon recruitment of each employee is updated in accordance with ERG policies and applicable legal requirements. In addition, the templates for contracts with third parties have up-to-date provisions on personal data. The ERG Procurement Portal also includes a consent form for the collection and processing of personal data of potential suppliers, including during the attestation process.

We continue to develop the Group's Third Party Risk Management (TPRM) Program, which incorporates ERG's Counterparty Due Diligence (CDD) process and will enable to:

- Introduce a life-cycle contract support approach that is more general and comprehensive,
- Prepare for and respond to changes and enhancements to ESG regulations.

Proper identification and assessment of all counterparties (third parties) for each transaction in order to identify and manage potential compliance risks in a timely manner is one of ERG's core ethical principles. To this end, ERG has implemented the Counterparty Due Diligence (CDD) procedure, which has also been introduced in



Kazchrome and which includes the following elements:

- A risk-based approach to the management of interactions with all of the ERG's counterparties, which allows for the design of an effective control framework to mitigate risks as they are identified; and
- A clear and transparent set of criteria for identifying, categorizing, evaluating and monitoring counterparties; and
- Systems and controls designed to counter corruption and other financial crimes, including money laundering and terrorist financing, and human rights abuses; and
- Systems and controls to ensure compliance with international sanctions regimes when dealing with third parties.

This process covers all Group entities, including Kazchrome, and allows for the assignment of risk categories to each transaction and counterparty and the identification of measures required to mitigate the relevant risks.

ERG implements an effective compliance training and awareness program to ensure that the Group's business partners, directors and employees have a thorough understanding of the Group's ethical standards. This program includes management briefings on compliance issues, online training modules, face-to-face training for employees and a variety of communication formats. The launch of online training for third parties on the ERG Supplier Code of Conduct in February 2023 should also be noted.

1. List of approved codes, policies, programs and procedures:

- ERG Code of Corporate Conduct.
- ERG Supplier Code of Conduct.
- Related Party Contracts Policy.
- Data Protection Policy.
- Conflict of Interest Policy.
- Anti-Trust and Competition Law Compliance Policy.
- Agents Compliance Policy.
- International Economic Sanctions Compliance Policy.
- Gifts and Entertainment Policy.
- CSR Projects and Sponsorship Policy.
- Anti-Bribery and Corruption Policy.
- Anti-Fraud Policy.
- Anti-Money Laundering Policy.
- Human Rights Policy.
- Business Ethics and Corporate Whistleblowing Policy.
- ERG Data Protection Compliance Program: Key Components.
- ERG Sanctions Compliance Program: Basic Principles.
- Procedure for Identifying and Assessing ERG Conflict-Affected and High Risk Areas (CAHRA).

ETHICS AND COMPLIANCE (continued)

NOTE THAT IN 2023

2,843 Kazchrome employees completed an online training course on the updated ERG Code of Corporate Conduct as well as the ERG Values and Standards of Business Conduct

2,777 Kazchrome employees took the online course Respecting Human Rights in Business to learn about aspects of fair employment practices, human rights protection and competition

1,804 Kazchrome employees took the online Personal Data Protection course to raise awareness of managing the risk of non-compliance with personal data protection requirements

908 Kazchrome employees completed the mandatory online course Conflict of Interest to raise awareness on managing the risk of conflict of interest

147 Kazchrome target employees attended specialized sessions on third party risks, including sanctions compliance and CCP issues, where the risks of bribery and corruption were discussed

910 ERG counterparties took part in e-learning on the ERG Supplier Code of Conduct, as part of our efforts to raise awareness of the ERG's ethical principles among our business partners

In addition, for ERG employees, including Kazchrome, and third parties in 2023:

- Compliance sessions on the personal data protection were held for security officers of companies in the region,
- An online meeting ESG - Transformation as a Vector of Sustainable Development was held with key suppliers, organized by the Commercial Centre jointly with the ESG team and the Compliance Directorate, to discuss ERG's ethical principles, ESG strategic directions and sustainable procurement practices,
- A series of electronic guidance messages (three) were sent regarding the principles of an open communication culture, potential compliance risks in relation to the giving and/or receiving of business

gifts, the principles of the protection of personal data, the CCP rules and objectives; 19 clarifications on new requirements in the area of international economic sanctions were sent,

- Two articles on compliance risks in open communication culture and the principles of the ERG Hotline were published in the ERG Vestnik, the Group's corporate newspaper.

ERG continues to promote and improve the effectiveness of a culture of open communication that allows all employees of all Group entities (including Kazchrome) and business partners to freely raise questions and report concerns or suspicions regarding violations of the principles of the ERG Code of Conduct, the ERG Supplier Code of Conduct or other ERG policies and procedures, including through the ERG Hotline channels. The ERG

Hotline is available 24 hours a day, seven days a week and is a completely confidential communication channel operated by an independent operator. The contact details of the ERG Hotline are publicly available, including on the ERG website (<https://www.erg.kz/ru/ethical-principles>) and on the website of TNC Kazchrome JSC (https://www.kazchrome.com/ru/ethical_principles/).

In accordance with the Internal Audit and Forensic Regulations, the Group's Internal Audit Service performs the following functions:

- Audit processes, significant projects and initiatives to provide the Group's management with an independent, objective and reliable assessment of the effectiveness of the Group's internal control over risk management,
- A set of measures to prevent, detect and suppress suspected, attempted and committed acts of fraud and abuse,
- Prompt, objective and qualified investigation of violations.

In 2023, a number of audits were carried out based on requests to the hotline and appropriate action was taken to resolve the issues.

The company has established a process for managing and controlling Information Security. In 2023, online courses on IT security and threat awareness were completed by 97% (4,407 out of 4,541 PC users). Online courses include:

- IT security training for new employees,
- Annual mandatory information security training,
- Information security newsletters,
- Awareness testing using a phishing service,

- Publishing IS materials (posters, memos) in ERG Vestnik, on the internal website and on information stands in buildings,
- Specialized training courses for specific departments to raise awareness.

Kazchrome's compliance with antimonopoly and competition laws is ensured by the adopted Policy on Compliance with Antimonopoly and Competition Laws. This policy regulates, among other things, the monitoring of the effectiveness of systems for the control of anti-competitive practices.

Procedures are also in place at the regional level, including in Kazakhstan, to prevent anti-competitive agreements and collusion, and to prevent potential monopolists from violating the antimonopoly legislation of the Republic of Kazakhstan. In 2023, there were no inspections by state authorities related to obstruction of competition and violation of antimonopoly legislation.



ETHICS AND COMPLIANCE (continued)



Supplier Interaction

ERG is committed to conducting its business in accordance with the highest ethical standards and requires its business partners to adhere to the same principles. ERG has adopted the ERG Supplier Code of Conduct, which reflects our expectations of suppliers to ensure responsible and ethical supply chain management.

This Code has also been approved by Kazchrome and is mandatory for suppliers to comply with when engaging with Group companies. Standard clauses in all contracts with suppliers include commitments to the highest standards of ethical business conduct.

The ERG Supplier Code of Conduct is consistent with relevant international conventions, including the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the UN Convention against Corruption, supports ERG's participation in the UN Global Compact and complements responsible supply chain management practices. Adherence to these principles is a prerequisite for working with the ERG. In addition, suppliers are required to ensure that their subcontractors comply with the Code.

Key requirements of the ERG Supplier Code of Conduct:

- Provide employees with a safe and healthy working environment that meets the requirements of relevant ERG policies and procedures and applicable national or international standards, whichever are applicable;
- Show zero tolerance for bribery and corruption;
- Do not use forced, bonded or child labour;
- Comply with the ERG Human Rights Policy, the UN Guiding Principles on Business and Human Rights, the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidelines for Responsible Minerals Supply Chain Management and the Voluntary Principles on Security and Human Rights;
- Co-operate with the ERG on requests for information during the due diligence process for supplies of ores and minerals.

As part of the implementation of the ERG Supplier Code of Conduct:

- The Code has been distributed to the key suppliers of Kazchrome,
- The requirements of the Code have been incorporated into our contracts,
- The requirements of the Code have been included in the due diligence process of counterparties prior to entering into contracts.

To raise awareness of suppliers, including Kazchrome, online training on the ERG Supplier Code of Conduct was launched in February 2023. Kazchrome's responsible supply chain management practices are complemented by the ERG Supplier Code of Conduct. The requirements include pre-assessment of suppliers and contractors for legal status, financial viability and compliance with legal requirements, as well as passing the CDD.

In addition, contracts with companies that provide services at production sites include health, safety and environmental clauses (clauses) that go beyond the legal requirements in a number of respects, ranging from the companies' possession of the necessary certificates to the removal and disposal of waste. Such contractors are subject to a pre-assessment of their compliance with safety requirements and are subject to fixed fines for non-compliance. Additional monitoring and control measures are applied to contracts with contractors performing high-risk work.

Contracts contain compliance clauses that reflect a set of compliance requirements to mitigate compliance risks in contractual relationships with third parties.

Cooperation with local suppliers is being further developed by Kazchrome. In 2023, the share of purchases from local suppliers was 56%.

Since 2021, the annual ERG Supplier Award competition for suppliers of goods, works and services to ERG companies has included a Sustainability Award category, which assesses a supplier's compliance with best practices in sustainable development, including human rights, environmental protection and anti-corruption.

CORPORATE GOVERNANCE

SHARE CAPITAL AND SHAREHOLDERS
SUBSIDIARIES AND AFFILIATES
THE STRUCTURE OF THE GOVERNING BODIES
A TEAM OF KEY MANAGERS
STATEMENT OF DATA RELIABILITY

FUNDAMENTAL PRINCIPLES OF CORPORATE GOVERNANCE

At Kazchrome corporate governance is underpinned by fairness, honesty, responsibility, transparency, professionalism and competency. An effective corporate governance structure implies respect for the rights and interests of all parties involved in the Company's activities and contributes to its successful operations, including the growth of the Company's market value and upholding its financial stability and profitability.

The principles of corporate governance at Kazchrome are focused on creating confidence in the relations arising from the Company's managing and serve as the foundation for all the rules and recommendations set forth in the Corporate Governance Code, which was approved by the General Meeting of Shareholders on March 13, 2017.

Fundamental Principles of Corporate Governance:

1. The Principles of Shareholders Rights and Interests Protection.

Kazchrome ensures the enforcement of fundamental shareholder rights defined by the Law of the Republic of Kazakhstan On Joint Stock Companies and effective participation of the shareholders in making crucial decisions of corporate governance issues.

2. The Principles of Efficient Company Governance by the Board of Directors and the Executive Body.

The Board of Directors is committed to upholding the principle of maximum observance of shareholders' interests, general administration of the Company, and a focus on increasing the Company's market value.

The Board of Directors ensures the effective operation of the risk management system, oversees and regulates conflicts of a corporate nature. The Management Board's operations are guided by the principle of maximum respect for the shareholders' interests and are entirely accountable to the General Meeting of Shareholders and the Board of Directors of Kazchrome.

3. The Principles of Transparency and Objective Disclosure of the Information on the Company's Operations.

Kazchrome timely discloses the information on the key outcomes, plans and prospects of its activities, which may have a material impact on the property and other rights of shareholders and investors, as well as timely and provides exhaustive responses to the inquiries by the shareholders within the timeframes defined in the Charter of Kazchrome.

4. The Principles of Legality and Ethics.

Kazchrome operates in strict compliance with the laws of the Republic of Kazakhstan, generally accepted principles (customs) of business ethics and internal documents of the Company. The Company's internal documents are developed in compliance with the legal requirements and norms of corporate and business ethics.

5. The Principles of Efficient Dividend Policy.

The dividend policy of Kazchrome is implemented in strict compliance with the current legislation of the Republic of Kazakhstan and the Regulation on Dividend Policy approved by the General Meeting of Shareholders of Kazchrome in 2021.

6. The Principles of Effective HR Policy.

Kazchrome's corporate governance is centered on the protection of the employees' rights as stipulated in the Collective Bargaining Agreement, as well as in the labor legislation of the Republic of Kazakhstan, being aimed at developing partnership relations between Kazchrome and its employees, while addressing social issues and regulating working conditions.

7. The Principles of Environment Protection.

In the course of its operations, Kazchrome ensures that the environment is treated with care and sustainability.

8. The Principles of Corporate Conflicts Resolution.

In case of corporate conflicts, their participants seek for their resolution through the negotiations in order to ensure effective protection of both shareholder's rights and Kazchrome's business reputation. If corporate conflict cannot be resolved through negotiations, such conflict shall be resolved in strict compliance with the laws of the Republic of Kazakhstan.

Kazchrome operates in accordance with various regulatory requirements and norms in all of its jurisdictions, including subsoil use rights and natural monopolies issues.

EQUITY AND SHAREHOLDERS

The List of Shareholders, Possessing Five and More Percent of Shares in the Company as of December 31, 2023

Shareholder	Total shareholding	Shares Type	Ratio of the shares hold and total outstanding stock, %
KCR METALS - FZCO	99,940,708	Ordinary	90.978
	9,189,460	Preferential	8.365

Shares Issued as of December 31, 2023

Securities	Total units	Ordinary shares, units	Preferential shares, units
Authorized shares	158,069,700	142,949,700	15,120,000
Outstanding shares	109,850,711	99,953,939	9,896,772
Repurchased shares	3,921	493	3,428

SUBSIDIARIES AND ASSOCIATED COMPANIES

Name, address	The main type of activity	Director	Share of participation
Akzhar-chrome LLP Orleu Business Center, Leonid Shilovsky Street, building 11B, Khromtau city, postal code 031100, Khromtau district, Aktobe region, Kazakhstan	Processing of man-made mineral formations (slime tailings)	Gaidukova Elena Alexandrovna	100%
Donskaya Neftebaza JSC 12 Okraina Street, Khromtau city, postal code 031100, Khromtau district, Aktobe region, Kazakhstan	Production and distribution of goods, including petroleum products, consumer goods	Bogdantseva Alyona Viktorovna	95.53%
Business & Technology Services Limited Liability Partnership Saraishyk street, 11, entrance 5, Yesil district, Astana city, postal code 010000, Kazakhstan	Development and implementation of Business IT	Skakov Magauiya Kyzaibayevich	37.99%
ERG Komek Corporate Fund Kabanbai Batyr Avenue, building 30, Yesil district, Astana city, postal code 010000, Kazakhstan	Non-profit Charitable Organization	Orazov Bolat Taneshovich	-
Eurasian Digital Ventures I Limited Partnership Z05M6H9, Kabanbai Batyr Ave., building 15/1, A6-1	Venture Capital Investment	Akhmetov Galymzhan Ibrayevich	60% TNC Kazchrome JSC is a limited partner
ENRC Credit Credit Partnership LLP Mangilik El Avenue, building 43, Yesil district, Astana city, zip code Z05T0A7, Kazakhstan	Cash transactions, loan transactions (granting loans in cash on terms of payment, urgency and repayment), opening and maintaining bank accounts of members of the Credit Partnership, etc.	Isimbayeva Alma Turashevna	49.9%

GOVERNANCE STRUCTURE

Supreme Body

General Meeting of Shareholders

Governing Body

Board of Directors

Executive Body

General Director

General Shareholders Meeting

The General Meeting of Shareholders is the supreme body of the Company, making decisions on all critical matters of the Company's operations and development, and having a crucial role in the shareholders' rights safeguarding processes.

The arrangement and procedure for holding the General Meeting of Shareholders are defined by the Company's Articles of Association and comply with the following requirements:

- Fair and equal treatment of all shareholders,
- Access to participation in the General Meeting for all Shareholders,
- Provision of maximum organizational and reporting information,
- Clarity and transparency of the General Meeting process.

The minority shareholders' rights as well as the system of interaction with minority shareholders is compliant with the Law of the Republic of Kazakhstan On Joint Stock Companies, the Company's Articles of Association and internal documents. Minority shareholders participate in the Company Governance in accordance with the procedures, determined by the laws of the Republic of Kazakhstan and

the Company's Articles of Association.

The Company held eleven General Meetings of Shareholders in 2023.

Board of Directors

The General Meeting of Shareholders elects the members of the Company's Board of Directors applying the procedure, which should be transparent and clear for all shareholders. The opinions and the interests of all shareholders including the ones holding minority shares in the Company's equity, are taken into account in the election process of the Board of Directors' members. The nominees and the members of the Board of Directors should have positive business achievements and reputation. At least 30% of the Company's Board of Directors members should be independent directors. The members of the Board of Directors shall perform their professional functions in good faith and reasonably, with due care and prudence in the interests of the Company and shareholders, avoiding conflicts of interest. They ensure that their activities fully comply not only with legal requirements and the principles of the Company's Corporate Governance Code, but also with ethical standards and generally accepted norms of business ethics.

The Company's Board of Directors is responsible for overseeing and, where possible, eliminating potential conflicts of interest at the officer and shareholder levels. This includes monitoring the misuse of the Company's property and related-party transactions. The Board of Directors approves the company's strategy and key policies and oversees the efficiency of the Company's corporate governance practices.

During discussions on matters presented by the Board of Directors, each member offers their input and makes decisions independently, considering their professional experience and knowledge in relevant fields.

In accordance with Article 53 of the Law of the Republic of Kazakhstan «On Joint Stock Companies,» the Board of Directors conducts a preliminary review and approves the annual financial statements of the Company. These statements reflect the financial position, results of operations, and cash flows of the Company for the reporting period and are presented for approval by the General Meeting of Shareholders. In advance of each Board of Directors meeting, members receive comprehensive materials on each agenda item, containing accurate and reliable information.

In 2023, the Board of Directors held 98 meetings to address a number of key issues, including:

- On entering into arm's length transactions,
- On entering into transactions that increases the Company's liabilities by an amount equal to ten percent or more of its equity capital,
- On convening the General Meetings of Shareholders and setting their agendas,
- On preliminary approval of the Company's Financial Statements,
- On dividends for the year 2022, the amount of a dividend per an ordinary share in the Company,
- On approval of the changes and amendments in the Dividend Policy Regulation.

COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2023

Full name, year of birth	Positions held over the past three years and currently in chronological order (including part-time)
Serik Karimzhanovich Shakhzhanov , 1977. Chairman of the Board of Directors	<ul style="list-style-type: none"> • Since February, 2023, Eurasian Group LLP, General Director • July 2017-February 2023, Eurasian Group LLP, Management Board Chair
Daniyar Ravshanovich Rakhmatullayev , 1985. Member of the Board of Directors	<ul style="list-style-type: none"> • Since February, 2023, Eurasian Group LLP, Deputy General Director • October 2018-February 2023, Eurasian Group LLP, Management Board Deputy Chair
Sergey Leonidovich Prokopyev , 1984. Member of the Board of Directors	<ul style="list-style-type: none"> • Since February, 2023, TNC Kazchrome JSC, General Director • September 2022-February 2023, TNC Kazchrome JSC, President • April 2021-September 2022, TNC Kazchrome JSC, Vice-President (Operations) • August 2014-April 2021, Aksu Ferro-Alloy Plant, subsidiary of TNC Kazchrome JSC, Director
Beibit Toleulov , 1958. Member of the Board of Directors, an Independent Director	<ul style="list-style-type: none"> • Since February 2021, Mining Engineer-Surveyor, Temirtau Electric Metallurgy Plant (TEMP) JSC • 2013-February 2021, Fincraft Resources JSC, Senior Geologist, Managing Director (subsoil use)
Rakishiev Bulat Mamythanovich , Born in 1947. Member of the Board of Directors – Independent Director	<ul style="list-style-type: none"> • Since 2012, Laboratory group of K.I. Satpayev Geoscience Institute, Chief

THE COMPOSITION OF THE SOLE EXECUTIVE BODY AS OF DECEMBER 31, 2023 – THE GENERAL DIRECTOR

Full name, year of birth	Positions held over the past three years and currently in chronological order (including part-time)
Sergey Leonidovich Prokopyev 1984 r.p.	<ul style="list-style-type: none"> • Since February, 2023, TNC Kazchrome JSC, General Director • September 2022-February 2023, TNC Kazchrome JSC, President • April 2021-September 2022, TNC Kazchrome JSC, Vice-President (Operations) • August 2014-April 2021, Aksu Ferroalloy Plant, a subsidiary of TNC Kazchrome JSC, Director

None of the members of the Board of Directors and Sole Executive Body has a participation interest (share) in the Company's or its subsidiaries' or affiliates' authorized (share) capital.

GOVERNANCE STRUCTURE

(continued)

A Book value of an ordinary or preference share has been calculated in accordance with Appendix 2 to the Listing Rules of Kazakh Stock Exchange.

DIVIDENDS

Indicator (in tenge)	December 31, 2022	December 31, 2023
Book value of an ordinary share	2,009	3,978
Book value of a preference share	927	867

Indicator (in tenge)	2022	2023
Basic and diluted earnings per an ordinary share from continuing operations	4,424	1,794

DIVIDENDS PAID FROM 2022 TO 2023

The period following which dividends are paid	Dividend amount per an ordinary share, in tenge	Dividend amount per a preference share, in tenge	Grounds
After the 3rd quarter of year 2021	691.79	691.79	Company's Articles of Association, Minutes of the Extraordinary Meeting of Shareholders dated March 09, 2022
Year 2021	794.06	794.06	Company's Articles of Association, Minutes of the Annual General Meeting of Shareholders dated May 30, 2022
The first half-year of 2022	1,066.57	1,066.57	Company's Articles of Association, Minutes of Extraordinary General Meeting of Shareholders dated November 10, 2022
3rd quarter of 2022	4,952.35	4,952.35	Company's Articles of Association, Minutes of Extraordinary General Meeting of Shareholders dated December 05, 2022

Information Policy and Disclosure of Information on Operations

Information on Kazchrome's activities is provided in accordance with the legislation of the Republic of Kazakhstan and the Company's articles of association. In disclosing information, Kazchrome adheres to the principles of completeness, reliability, and timeliness.

Kazchrome promptly discloses information regarding the primary outcomes, plans, and future prospects of its operations, which may have a significant impact on the property and other rights of shareholders and investors. Additionally, it responds to shareholders' inquiries in a timely and comprehensive manner, in accordance with the terms specified in the Company's Articles of Association. The company discloses information on corporate events on public internet resources, including the depository of financial statements and the Kazakhstan Stock Exchange. Until November 15, 2023, this information was disclosed on the information platform of the international financial center «Astana», known as «AIX.»

Kazchrome responds to all incoming inquiries from shareholders and other stakeholders in a timely and complete manner, in accordance with the legal and regulatory requirements of the Republic of Kazakhstan and the Company's Articles of Association.

Stakeholder Engagement

The stakeholder's engagement is regulated by the following documents approved and in force in the Company:

- Risk and Opportunities Assessment Procedure Methodological Guidelines as internal document defines the procedures for identification and assessment of the Company's risks and opportunities in its interactions with the stakeholders.

- Related Party Contracts Policy is the Policy applicable to the review and approval of related party contracts as defined therein.

Total Salaries and All Types of Incentives

In 2023 the amount of the Group key management remuneration totaled KZT1.166 million (including income tax), and KZT1.317 million (including income tax) in 2022.

The Company's Statement on Compliance with Corporate Governance Code

In its activities, the Company is guided by the Corporate Governance Code approved by the decision of the General Meeting of Shareholders as of March 13, 2017.

The following internal documents have been approved by the authorized bodies and are complied with in the Company:

- Regulations on the Board of Directors
- ERG Code of Corporate Conduct
- Supplier Code of Conduct
- Anti-Money Laundering Policy
- Agents Compliance Policy
- Anti-Bribery and Corruption Policy
- Anti-Fraud Policy
- Anti-Trust and Competition Law Compliance Policy
- Conflict of Interest Policy
- Data Protection Policy
- Information Security Policy
- Gifts and Entertainment Policy

- Related Party Contracts Policy
- International Economic Sanctions Compliance Policy
- Information Classification Policy
- Human Rights Policy
- Corporate Social Reporting and Sponsorship Projects Policy
- ERG Sanctions Compliance Program: Basic Principles
- ERG Data Protection Compliance Program: Key Components
- Business Ethics and Corporate Whistleblowing Policy

The Company's bodies did not make a decision on joining the Corporate Governance Code of the Republic of Kazakhstan, approved by the decision of the Presidium of the Atamken National Chamber of Entrepreneurs of the Republic of Kazakhstan dated April 27, 2021 No. 4.

KEY MANAGEMENT TEAM



Sergey Prokopyev

*General Director,
TNC Kazchrome JSC*

Over 20 years of experience in ferroalloy production in various positions.

Sergey Prokopyev started his career in 2002 as a Blast Furnace Operator of ferroalloy furnace at ferroalloy shop of the Aksu Plant. Since 2006, after graduating from the Innovative Eurasian University, he has held the positions of a Master in the hot works area, Senior Master, and the Head of the ferroalloy shop. In 2013 Mr. Prokopyev was appointed as the Head of Operations Department, in 2014 he was promoted to the position of Deputy Technical Director for Operations and further to the position of a Director of the Aksu Ferroalloy Plant.

During his employment at the plant Sergey Prokopyev made a significant contribution to the development of the enterprise. He initiated and supervised a number of innovative proposals, which allowed to increase the production of marketable products. In particular, this is a project to cover the jigging facility in order to increase marketable products and metal concentrate output in the winter period, change the technology in terms of using metal concentrate as a backfill, change the slag processing diagram, implementation of a pilot project to automate the caster, etc.

In April 2021, Mr. Prokopyev joined the management team of TNC Kazchrome JSC, becoming a Vice President for Operations. In September 2022, Sergey Prokopyev was appointed as a President and in February 2023 as a General Director of TNC Kazchrome JSC. His priorities include the introduction of advanced ferroalloy production technologies, adoption of advanced mining and rock support technologies and advanced methods of increasing the productivity of operations.

Sergey Prokopyev graduated from the Innovative University of Eurasia with a degree in Ferrous and Non-Ferrous Metals Metallurgy and from the Russian Presidential Academy of National Economy and Public Administration with a degree in Ferrous and Non-Ferrous Metals Metallurgy and got a qualification of the Master of Business Administration. He also completed a course on Finance for Non-Financial Managers I: Accounting, Analysis, Budgeting at the EY Academy of Business in Moscow.



Konstantin Semerenko

*Director, Maintenance and Repair,
TNC Kazchrome JSC*

Over 20 years of experience in equipment maintenance and repair at various positions at the Aksu Ferroalloy Plant.

After graduating from Pavlodar State University in 2000, Konstantin Semerenko joined the Aksu Ferroalloy Plant as a Repair Mechanic of Smelting Shop 4. Since 2007, Konstantin Semerenko held the positions of Master for Lifting Mechanisms Repair, Senior Master for Mechanical Equipment Repair and Maintenance and Assistant Shop Manager for Mechanical Equipment, where he dealt with the organization and management of the mechanical equipment maintenance and repair system at Smelting Shop 4.

In 2013, Konstantin Semerenko was invited to participate in a project to implement an ERP system as a business analyst. During 2014, he led the Repairs area of this project.

Upon the completion of the project in 2014, Mr. Semerenko returned to the position of the Chief Mechanical Engineer at the Aksu Ferroalloy Plant. In 2018, he was invited to the position of the Reliability and Technical Diagnostics Directorate Head in the Management Office of TNC Kazchrome JSC.

In December 2020, Mr. Semerenko joined the management team of TNK Kazchrome JSC, becoming a Vice President for Maintenance and Repairs, and in 2023 he was appointed a Director for Maintenance and Repairs. His priorities include the introduction of advanced repair technologies, integrated maintenance systems ensuring timely setup and repair of equipment, providing proper technical conditions, stable operations, and minimizing equipment downtime.

KEY MANAGEMENT TEAM (continued)



Marat Kudekov

*Director, Economy and Controlling,
TNC Kazchrome JSC*

Over 15 years of experience in financial management.

In 2001, Marat Kudekov graduated from Kazakh State Academy of Management at Almaty and got a degree in International Economic Relations. In 2009, Mr. Kudekov received a Master's degree in Finance from Cass Business School, and in 2016 he received an MBA from London Business School. In the period between the graduation and before joining ERG, Mr. Kudekov worked at Kazakhstani and international microfinance organizations.

Marat Kudekov joined Eurasian Group team in 2006. He started as a specialist in the Department of Ecology, Standardization and Certification at the holding company, in its office at Kazakhstan. Then Mr. Kudekov moved to the finance unit, where he worked in various positions in ERG's Kazakhstan and European offices.

In 2013, Mr. Kudekov was appointed as a Deputy Director of the Group's Strategic Planning and Investment Analysis Department. His tasks included managing long-term planning processes and building a system for financial evaluation of capital projects and investment decision-making system at the Group level.

From 2015 to 2017, Marat Kudekov moved to work as a consultant at Bryanston Resources, an international consulting agency in London, and was involved in strategic planning processes with a focus on ERG's assets in Africa.

From 2018 to 2020, Mr. Kudekov served as Director of Long-Term Planning and Analysis at ERG, where he was responsible for long-term financial planning for all of the Group's assets.

Since January 2021 Mr. Kudekov joined the top management team of TNC Kazchrome JSC as a Vice President for Finance and Economics. In 2023, he was appointed as a Director for Economics and Controlling. His responsibilities include organizing the company's activities in all areas of finance and business operations, support to the relationships with business partners and government officials.

He also carries out continuous monitoring and analysis of the company's development strategy, taking into account the changes in the market trends. He is involved in the development of the company's business development plan and budgets, and their fulfillment control.



Mrs. Nurgul Nurgaliyeva

*Personnel and Culture Director,
TNC Kazchrome JSC*

20+ years of experience in human resource management in various positions. Key operational competencies are Compensation & Benefits, organizational design and resource planning, personnel evaluation and development, process automation and centralization.

Nurgul Nurgaliyeva started her career in 2001 in the National Company Kazakhstan Temir Zholy JSC, where she worked her way up from an engineer-economist of design and construction bureau to the director of the branch.

In 2018, she joined ERG as Compensation & Benefits Expert. Later she held the positions of HR Business Partner, Director of Total Compensation and Social Projects of Eurasian Group. In 2021, she was promoted to the position of HR Director of Business & Technology Services LLP (ERG's IT division), and in 2022, Compensation & Benefits Director of ERG.

In 2023, Nurgul Nurgaliyeva joined the management block of TNC Kazchrome JSC, having been promoted to the position of a Personnel and Culture Director. Her tasks include improving HR policy, motivation system, ensuring productivity growth, development and recruitment strategy, as well as promoting corporate culture and performance management.

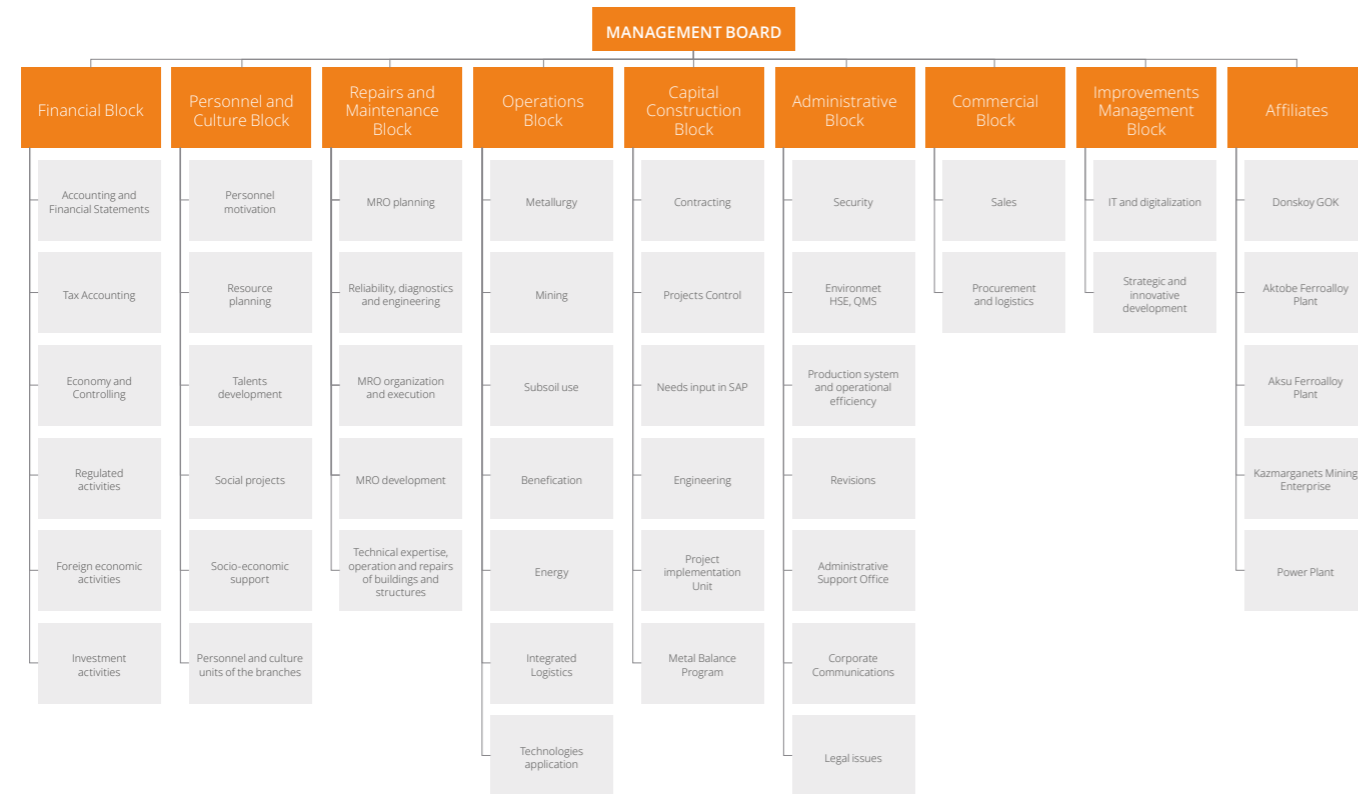
Nurgul Nurgaliyeva graduated from L.N. Gumilev Eurasian National University with a degree in Economics and holds a Master's degree in Economics.



Data accuracy statement

In accordance with the Company's Corporate Governance Code, the Board of Directors and the Management Board are responsible for the accuracy of Kazchrome's annual report and financial statements.

APPENDIX 1: THE COMPANY ORGANIZATION CHART



ALL OF KAZCHROME'S OPERATING ASSETS ARE LOCATED IN THE REPUBLIC OF KAZAKHSTAN, INCLUDING:

Branch or Subsidiary	Full name of the Director
Donskoy Ore Mining and Processing Plant	Bektybaev Azamat Adylgazynovich
Aktobe Ferroalloys Plant	Abdulabekov Yerzhan Edgarovich
Aksu Ferroalloys Plant	Makashev Musabek Zhamansarovich
Kazmarganets Mining Enterprise	Nurlanov Abai Zhaksylykovich
Power Plant of the Aktobe FP	Mergaliyev Duisen Armeshevich
Akzhar-chrome LLP	Gaidukova Elena Aleksandrovna
Donskaya Neftebaza JSC	Bogdantseva Alyona Viktorovna

Branch or Subsidiary	The average number of employees in 2023	By gender	
		Females	Males
Management staff	560	323	237
Donskoy Ore Mining and Processing Plant	7,463	2,069	5,394
Aktobe Ferroalloys Plant	4,206	764	3,442
Aksu Ferroalloys Plant	6,460	1,434	5,026
Power Plant	90	13	77
Kazmarganets Mining Enterprise	444	72	372
Subsidiaries-1. Donskaya Neftebaza JSC	30	22	8
TOTAL:	19,695	4,707	14,988

APPENDIX 2: GLOSSARY

Units of measurement

- km – kilometer
- km² – square kilometer
- m³ – cubic meter
- mln – million
- bln – billion

Terms and Definitions

Dividend means a part of the company's net profit distributed among shareholders.

Dividend policy means a set of principles and methods for determining the proportions between the capitalized part of the company's profit and the part of the company's profit paid out as dividends, as well as a system of relations and principles for determining the order and timing of dividend payments and establishing the company's liability for failure to fulfill its obligation to pay dividends.

Subsidiaries, companies, enterprises mean legal entities in which the company has a certain percentage of voting shares and either by virtue of its predominant participation in the charter capital, or in accordance with a concluded agreement, or otherwise has the ability to determine the decisions made by such legal entities.

Mine means a mining enterprise for the extraction of minerals (mainly ore) by underground or open pit mining.

Indirect energy use is the consumption of energy produced outside the organization and used by it within its own boundaries in intermediate forms of energy.

Listing Rules mean the rules that an issuer of securities must comply with as a condition of listing on a particular stock exchange.

Smelting means a process of melting ores or concentrates to separate metal from impurities.

Refined Ferrochrome means medium/ low carbon ferrochrome.

Open pit means a set of mine workings formed during the extraction of a mineral by an open pit method (open pit); a mining enterprise for the extraction of minerals by open pit method.

Special coke means a solid carbon reducing agent for electrometallurgical production with 5-25 mm coarseness and ash content not exceeding 10%.

Alloy is a mixture of two or more chemical elements, including at least one metal.

A worker in a steel mill pouring molten metal from a ladle. The scene is dimly lit, with the primary light source being the bright orange glow of the molten metal being poured. The worker is wearing a dark protective suit and a helmet. The background shows industrial structures and other workers in the distance.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT
CONSOLIDATED BALANCE SHEET
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER AGGREGATE INCOME
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONSOLIDATED CASH FLOW STATEMENT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report

To the Shareholders and the Board of Directors of TNC Kazchrome JSC:

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2023;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Independence

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

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INDEPENDENT AUDITOR'S REPORT (Continued)

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Our audit approach

Overview

	<ul style="list-style-type: none"> Overall Group materiality: 22,363,000 thousand of Kazakhstani Tenge, which was calculated as 5% of the last three-year average profit before tax and represents approximately 9% of the current year profit before tax.
	<ul style="list-style-type: none"> We conducted audit work at the Company in the Republic of Kazakhstan. The Group engagement team visited the following locations - cities of Aktobe, Khromtau and Aksu where the Company's divisions are located. Our audit scope addressed 99.9% of the Group's total assets, 99.9% of total revenue and 99% of the Group's profit before tax.
	<ul style="list-style-type: none"> Compliance with debt covenants Revenue recognition

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

Materiality

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

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

INDEPENDENT AUDITOR'S REPORT (continued)



INDEPENDENT AUDITOR'S REPORT (Continued)

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Overall Group materiality	22,363,000 thousand of Kazakhstani Tenge
How we determined it	approximately 5% of the last three-year average profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We use the last three-year average profit before tax to adjust materiality for the recent significant commodity price volatility. We chose 5% which is consistent with the quantitative materiality threshold used for profit-oriented companies in this sector and corresponds to approximately 9% of the current year profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
------------------	----------------------------------------------

Compliance with debt covenants

Refer to Note 2 to the consolidated financial statements.

The Group is a subsidiary of Eurasian Resources Group S.à.r.l. ("ERG"). During preceding and current periods ERG and its subsidiaries have attracted a number of debt facilities to finance its various activities. The Group is a party to those arrangements and in addition to the loans it carries on its balance sheet, it is also a guarantor on the loan a company under common control has attracted (Note 18).

As indicated in Note 2, ERG, including the Group, complied with applicable covenants at 31 December 2023.

Compliance with debt covenants is considered highly important as it impacts classification of the Group's borrowings and measurement of financial guarantees as well as overall liquidity position of the Group. We considered this matter to be a key audit matter due to its high importance to the Group and to the consolidated financial statements.

Our audit procedures included assessment of the ERG and Group's compliance with the debt covenants.

We focused on the following:

- review of the terms associated with the borrowings and the amount of the facility available for drawdown and required to be repaid;
- checking that the Group is in compliance with each financial and non-financial covenant of the borrowings including waivers received, if any;
- confirming with the ERG Group audit team the overall ERG Group and its subsidiaries compliance with debt covenants;
- verification of the appropriateness of classification of the borrowings and measurement of the financial guarantees.



INDEPENDENT AUDITOR'S REPORT (Continued)

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Key audit matter	How our audit addressed the key audit matter
------------------	----------------------------------------------

Revenue recognition

Refer to Note 20, Note 28 and Note 29 to the consolidated financial statements.

The ferroalloys delivered to the customers are provisionally priced at the date revenue is recognised. Revenue may be subject to adjustments as a result of changes in the selling price when the goods are delivered to their destination. In such cases, after initial recognition, revenue is adjusted to reflect changes in the estimate of the expected price at the time of delivery. Such adjustments to revenue fall under the scope of IFRS 9 'Financial Instruments' rather than IFRS 15 'Revenue from Contracts with Customers' and therefore represent revenue from sources other than contracts with customers.

As discussed in Note 20, revenue for 2023 includes Tenge 35,014,013 thousand revenue from sources other than contracts with customers (2022: Tenge 62,535,791 thousand). As indicated in Note 28, a ten percent decrease in ferroalloys market prices would decrease profit before tax by Tenge 11,685,528 thousand (2022: Tenge 12,162,335 thousand). Therefore, there is a risk of revenue from sources other than from contracts with customers being misstated as a result of inaccurate determination of fair value of the accounts receivable and incorrect calculations of the change in the fair value at the year-end, which impacts the revenue recognition.

There is also a risk that revenue may be overstated due to management override of controls through manipulation of the estimates involved and premature revenue recognition resulting from the pressure management may feel to achieve performance targets.

We considered this matter to be a key audit matter due to a significant effect on our overall audit strategy and allocation of resources in planning and completing our audit as significant effort was required in evaluating the appropriateness of the revenue recognition.

Our audit procedures included, among others, obtaining an understanding of, evaluating the design and testing the operating effectiveness of controls over the Group's revenue recognition process, which includes, but not limited to, contract authorisation, approvals of price addendums, determination of the timing of revenue recorded and adjustments based on the most recent provisional prices.

We also evaluated the design and tested the operating effectiveness of automated controls over revenue recognition assisted by our IT professionals.

We evaluated management's accounting policies and the methodology used by management to determine the provisional prices. In addition, our audit procedures included testing of all reconciliations between the data records from the system generated sales reports to the general ledger to ensure accurate calculation of the adjustments posted to reflect the most recent provisional prices and final prices.

In order to assess the accuracy of the provisional prices determined at the year-end, on a sample basis, we tested the benchmark price forecasts against the external analysts' data. On a sample basis, we:

- reviewed contracts and price addendums;
- recalculated revenue recognised based on the provisional prices available at the date of transaction; and
- tested shipping documents focusing on the period shortly before year-end.

We circularised the main customer to test whether the volumes shipped during the year were accurate. We also assessed the adequacy of the disclosures in the Group's consolidated financial statements in respect of revenue and the corresponding accounting policies on revenue recognition.

INDEPENDENT AUDITOR'S REPORT

(continued)



INDEPENDENT AUDITOR'S REPORT (Continued)

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How we tailored our Group audit scope

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

The assets and operations of the Group are spread amongst the Company and its two subsidiaries (components). Out of these, we have identified the Company as the only material component where we performed full-scope audit procedures. We have identified other companies of the Group as not material components, for which we carried out audit procedures for the most material line items of the financial information and general analytical procedures. Overall, the scope of our audit covered 99.9% of total assets, 99.9% of total revenue and 99% of the absolute value of net profit of the Group. The procedures performed have enabled us to obtain sufficient appropriate audit evidence in relation to the consolidated financial statements of the Group and provide a basis for our audit opinion on it.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



INDEPENDENT AUDITOR'S REPORT (Continued)

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Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT (continued)



INDEPENDENT AUDITOR'S REPORT (Continued)

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Baurzhan Burkhanbekov.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:



Azamat Konratbaev
PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan №00000005 dated 21 October 1999)

Signed by:



Baurzhan Burkhanbekov
Auditor in charge
(Qualified Auditor's Certificate №0000586 dated 30 October 2006)

21 June 2024

Almaty, Kazakhstan

CONSOLIDATED BALANCE SHEET

In thousands of Kazakhstani Tenge	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	5	816,287,588	670,993,734
Intangible assets		575,843	647,570
Investments accounted at fair value	6	10,136,464	12,621,999
Investments in associates	7	101,442,756	-
Loans receivable	4, 11	190,753,127	262,943,774
Deferred income tax asset	26	3,025,807	-
Other non-current assets	8	39,392,181	55,859,687
Total		1,161,613,766	1,003,066,764
Current assets			
Inventories	9	193,718,297	206,325,643
Trade and other receivables	10	255,680,064	248,005,910
Loans receivable	4, 11	25,315,318	2,752,955
Current income tax prepaid		62,061	27,261
Cash and cash equivalents	12	62,854,322	77,769,037
Other current assets		59,482	81,260
Total		537,689,544	534,962,066
TOTAL ASSETS		1,699,303,310	1,538,028,830
EQUITY			
Share capital	13	106,505,027	106,505,027
Treasury shares		(184,411)	(184,411)
Other reserves		(471,131)	(177,226)
Retained earnings		294,931,942	97,887,558
Equity attributable to the Company's equity holders		400,781,427	204,030,948
Non-controlling interest		49,768	51,839
TOTAL EQUITY		400,831,195	204,082,787
LIABILITIES			
Non-current liabilities			
Borrowings	14	993,183,913	1,062,811,911
Lease liability	14	2,009,707	1,998,579
Provisions for assets retirement obligations	16	16,773,488	13,901,244
Preference shares	14	5,910,660	6,501,553
Deferred income tax liabilities	26	-	2,490,384
Employee benefit obligations	17	7,276,789	6,407,147
Financial guarantees	18	11,570,867	14,469,223
Total		1,036,725,424	1,108,580,041

In thousands of Kazakhstani Tenge	Note	31 December 2023	31 December 2022
Current liabilities			
Borrowings	14	117,919,220	797,136
Lease liability	14	1,235,900	885,395
Trade and other payables	15	120,571,490	161,109,257
Financial guarantees	18	2,906,280	2,906,280
Current income tax payable		152,754	45,311,408
Provision for assets retirement obligations	16	1,450,957	801,726
Employee benefit obligations	17	801,283	710,473
Other taxes payable		16,708,807	12,844,327
Total		261,746,691	225,366,002
TOTAL LIABILITIES		1,298,472,115	1,333,946,043
TOTAL LIABILITIES AND EQUITY		1,699,303,310	1,538,028,830

The accompanying notes on pages 115 to 154 are an integral part of these consolidated financial statements.
Signed on 21 June 2024 for approval of the annual general meeting of shareholders.

Prokopyev S.L.
General director



Jandossova D.A.
Economics and controlling director



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In thousands of Kazakhstani Tenge	Note	2023	2022
Revenue	20	1,067,716,640	1,289,288,331
Cost of sales	21	(694,071,364)	(589,254,987)
Gross profit		373,645,276	700,033,344
Distribution costs		(10,980,447)	(11,424,974)
General and administrative expenses	22	(40,120,236)	(67,644,911)
Research, business development and exploration costs		(6,802,749)	(9,936,937)
Other operating expense	23	(12,394,124)	(17,803,052)
Other operating income	23	6,119,656	23,080,249
Operating profit		309,467,376	616,303,719
Share in results of associates	7	8,972,314	-
Finance income	24	42,119,174	105,906,503
Finance costs	25	(116,410,410)	(132,875,635)
Profit before tax		244,148,454	589,334,587
Income tax expense	26	(47,105,283)	(103,421,957)
Profit for the year		197,043,171	485,912,630
Other comprehensive (expense)/ income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-employment benefit obligations	17	(367,381)	(620,042)
Income tax recorded directly in other comprehensive income	26	73,476	124,005
Other comprehensive expense		(293,905)	(496,037)
Comprehensive income for the year		196,749,266	485,416,593
Profit/ (loss) for the year attributable to:			
Company's equity holders		197,044,384	485,910,983
Non-controlling interest		(1,213)	1,647
Profit for the year		197,043,171	485,912,630
Comprehensive income for the year attributable to:			
Company's equity holders		196,750,479	485,414,946
Non-controlling interest		(1,213)	1,647
Comprehensive income for the year		196,749,266	485,416,593
Basic and diluted earnings per ordinary share (in Tenge)	19	1,794	4,424

The accompanying notes on pages 115 to 154 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of Kazakhstani Tenge	Note	Attributable to the Company's shareholders						
		Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 January 2022		106,505,027	(184,411)	318,811	435,362,135	542,001,562	51,050	542,052,612
Profit for the year		-	-	-	485,910,983	485,910,983	1,647	485,912,630
Other comprehensive expense		-	-	(496,037)	-	(496,037)	-	(496,037)
Comprehensive (expense)/ income for the year		-	-	(496,037)	485,910,983	485,414,946	1,647	485,416,593
Dividends	13	-	-	-	(823,385,560)	(823,385,560)	(858)	(823,386,418)
Balance at 31 December 2022		106,505,027	(184,411)	(177,226)	97,887,558	204,030,948	51,839	204,082,787
Balance at 1 January 2023		106,505,027	(184,411)	(177,226)	97,887,558	204,030,948	51,839	204,082,787
Profit/ (loss) for the year		-	-	-	197,044,384	197,044,384	(1,213)	197,043,171
Other comprehensive expense		-	-	(293,905)	-	(293,905)	-	(293,905)
Comprehensive (expense)/ income for the year		-	-	(293,905)	197,044,384	196,750,479	(1,213)	196,749,266
Dividends	13	-	-	-	-	-	(858)	(858)
Balance at 31 December 2023		106,505,027	(184,411)	(471,131)	294,931,942	400,781,427	49,768	400,831,195

The accompanying notes on pages 115 to 154 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In thousands of Kazakhstani Tenge	Note	2023	2022
Cash flows from operating activities:			
Profit before income tax		244,148,454	589,334,587
Adjustments for:			
Depreciation of property, plant and equipment		61,827,132	55,339,499
Amortisation of intangible assets		248,357	384,647
Employees benefits		866,328	593,424
Income on financial guarantees		(2,898,421)	(3,615,164)
Provisions for assets retirement obligations		(196,902)	(63,270)
Provisions for obsolete and slow-moving inventories		1,834,049	158,136
Loss allowance on trade and other receivables		639,019	2,763,671
Foreign exchange		7,625,532	(17,555,787)
Share in results of associates		(8,972,314)	-
Income from sales of investments		(508,039)	-
Finance income		(39,020,004)	(102,291,339)
Finance costs		116,410,410	144,650,641
Provision for legal claims		(2,633,306)	5,752,801
(Impairment reversal)/impairment of property, plant and equipment		(384,478)	2,409,309
Other		(448,134)	78,692
Cash flows from operating activities before changes in working capital:		378,537,683	677,939,847
Change in inventories		13,788,861	(40,405,690)
Change in trade and other receivables		(25,470,331)	(40,055,722)
Change in restricted cash		7,809,396	-
Change in trade and other payables		(30,498,055)	27,097,449
Change in provisions for asset retirement obligations		(32,198)	(118,007)
Change in other taxes payable		(2,614,658)	(190,977)
Cash flows from operating activities:		341,520,698	624,266,900
Income taxes paid		(92,716,577)	(93,474,142)
Interest received		5,802,721	31,840,776
Interest paid	14	(1,584,185)	(157,158)
Net cash received from operating activities		253,022,657	562,476,376

In thousands of Kazakhstani Tenge	Note	2023	2022
Cash flows from investing activities:			
Purchases of property, plant and equipment and intangible assets		(184,440,923)	(156,625,905)
Loans issued	11	(188,632,936)	(385,023,648)
Repayment of loans issued	11	240,172,750	640,285,386
Term deposits placed		(20,965)	(16,181)
Term deposits withdrawn		22,679	25,323
Purchase of investments	7,29	(138,602,976)	(10,686,883)
Proceeds from sale of investments	7	4,398,140	-
Dividends received		2,537,534	262,478
Net cash received (used in)/ from investing activities		(264,566,697)	88,220,570
Cash flows from financing activities			
Proceeds from borrowings	14	-	19,767,038
Repayment of borrowings	14	(788,042)	(178,727)
Commission on modification of borrowings	14	(40,127)	-
Dividends paid	13	(480,803)	(822,526,759)
Lease liabilities paid	14	(1,086,390)	(1,120,105)
Net cash used in financing activities		(2,395,362)	(804,058,553)
Effect of exchange rate changes on cash and cash equivalents		(975,313)	13,314,072
Net change in cash and cash equivalents		(14,914,715)	(140,047,535)
Cash and cash equivalents at the beginning of the year	12	77,769,037	217,816,572
Cash and cash equivalents at the end of the year	12	62,854,322	77,769,037

The accompanying notes on pages 115 to 154 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023

1. The Company and its Operations

TNC Kazchrome JSC (the “Company”) was incorporated on 20 October 1995. The Company is a joint-stock company and operates in accordance with the legislation of the Republic of Kazakhstan. The consolidated financial statements for the year ended 31 December 2023 have been prepared for the Company and its subsidiaries (the “Group”).

In December 2023, KCR METALS-FZCO acquired a 99.3441% production interest from KCR International B.V. The immediate parent company of TNC Kazchrome JSC is KCR METALS-FZCO incorporated in the Dubai Integrated Economic Zones Authority. The ultimate parent company is Eurasian Resources Group S.à r.l. (“ERG”) incorporated in the Grand Duchy of Luxembourg. As of 31 December 2022, the immediate parent company was KCR International B.V., which is under the common control of ERG.

The principal activity of the Group includes the extraction of chrome and manganese ores, sale of chrome ore, and production and sale of ferroalloys. The Group’s production assets are located in the Republic of Kazakhstan.

The Company’s registered address and domicile: 030008, Republic of Kazakhstan, Aktobe city, 4A M. Mametova Street.

2. Basis of Preparation of Consolidated Financial Statements and Material Accounting Policies

Basis of preparation. These consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards.

The accounting policies used in preparation of the consolidated financial statements are described below and are based on IFRS. These standards are subject to interpretations issued from time to time by the International Financial Reporting Standards Interpretation Committee.

These consolidated financial statements are also prepared under the historical cost convention, except for the initial recognition of the financial instruments at fair value and revaluation of the financial instruments categorised at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise their judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Going concern basis.

The Board of Managers of ERG reviewed the liquidity available for the period until 30 June 2025. Throughout the period under review the ERG Group forecasts to generate cash flow to maintain a sufficient cash position and debt servicing requirements.

The ERG Group continuously monitors its financial position to ensure adequate liquidity headroom is in place to support its business needs and to ensure compliance with loan covenants. At 31 December 2023, the ERG Group, including the Group, complied with applicable covenants.

The ERG Group successfully completed restructuring of its credit facility agreements with Sberbank of Russia and

VTB Bank (PJSC) and expects to perform its payment obligations under existing financing arrangements in compliance with all applicable laws and regulations.

The ERG Group appreciates the dependence of liquidity on commodity prices in its key markets, the exposure to foreign exchange volatility, and ability to raise additional funding when required. To ensure adequate liquidity is available to meet contractual obligations, the ERG Group ensures continuing focus on operational efficiency, working capital improvements and allocation and spending of capital expenditures budget.

To maintain sufficient liquidity during the period under review, certain improvements could be achieved, if required, through management interventions, the realisation of which was assessed by management as highly probable. These interventions include in total up to approximately US dollar 400 million (Tenge 182 billion) to reduce operating costs and to implement capital expenditure reduction initiatives, which could be forecasted within the ERG Group’s control. The ERG Group also has opportunities to raise additional funding, if required, totaling up to approximately US dollar 680 million (Tenge 309 billion), based on various term-sheets or late-stage discussions with parties providing financing

The Managers of ERG consider that the ERG Group can access adequate resources to continue its business operations for the foreseeable future, and therefore, management of the Group consider that the Group can access adequate resources to continue its business operations for the foreseeable future and that the preparation of these consolidated financial statements under the going concern basis is appropriate.

New accounting pronouncements.

The amendments to standards and interpretation enacted from 1 January 2023 did not have a significant impact on the Group. The Group has not early adopted any standard, interpretation or amendment that have been issued, but are not yet effective. In these consolidated financial statements, the Group has made appropriate changes in the disclosure of required information about its accounting policies in accordance with the effective requirements of IAS 1 and IFRS Practice Statement. The amendments to standards enacted from 1 January 2024 are not expected to have a significant impact on the Group. The Group assesses the potential impact of other new standards, amendments to standards, and interpretations.

Functional and presentation currency.

All amounts in these consolidated financial statements are presented in thousands of Kazakhstani Tenge (“Tenge”), unless otherwise stated. The functional currency of the Company and its subsidiaries is Tenge.

Foreign currency transactions.

Monetary assets and liabilities of the Group denominated in foreign currency at the reporting date are translated into Tenge at the official exchange rate of the Kazakhstan Stock Exchange (“KASE”) at that date. On initial recognition, foreign currency transactions are accounted for at the exchange rate of the KASE prevailing at the date of the transaction. Subsequently, assets and liabilities of the Group denominated in foreign currency are restated on a monthly basis at KASE rate as at the month end. Gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognised in the statement of profit or loss.

At 31 December 2023 the official exchange rate used for translating foreign currency balances was

US Dollar (US\$) 1 = Tenge 454.56 (31 December 2022: US\$1 = Tenge 462.65). Currency control rules apply to converting Tenge into other currencies. Tenge is not freely convertible outside of the Republic of Kazakhstan.

Subsidiaries	Country of registration	Principal activity	Ownership, %
Donskaya Neftebaza JSC	Kazakhstan	Warehousing services and sales of combustive and lubricating materials	95.53
Akzhar Chrome LLP	Kazakhstan	Water production on major pipelines	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

Consolidated financial statements.

The Consolidated financial statements of the Group include the consolidation of the financial statements of the Company and its subsidiaries drawn up to 31 December 2023.

Segment reporting. Group's operations are highly integrated and defined by Group's chief operating decision maker as a single reportable segment. Ferroalloy production includes production of chrome ore and sale of ferrochromium and other ferroalloys.

The Group's chief operating decision maker (CODM) is the person or group of persons who allocates resources and assesses the performance for the Group's operating segments. The CODM identified an operating business unit based on the reports used for strategic decision making. When making decisions, management evaluates the segment's performance based on operating profit and profit before tax.

Information about revenue structure by geographic regions is disclosed in Note 20.

Property, plant and equipment.

Property, plant and equipment is stated at cost less accumulated depreciation and impairment provision. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overhead costs.

The individual significant parts of an item of property, plant and equipment (components), whose useful lives are different from the useful life of the given asset as a whole are depreciated individually, applying depreciation rates reflecting their anticipated useful lives. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired. Gains or losses on replaced parts' write-off are recognised in the statement of profit or loss.

Mining assets are carried at cost less accumulated depreciation and less any accumulated impairment losses. Expenditures, including evaluation costs, incurred to establish or expand production capacity, as well as to conduct works for mining-construction, and mine preparation during the period of establishing project capacity or during mine reconstruction, are capitalised to mining assets as part of buildings and constructions.

Depreciation. Land is not depreciated. The cost of each item of property, plant and equipment is depreciated over its useful life to residual value. Each item's estimated useful life has due regard to both its own physical life limitations and/or the present assessment of economically recoverable reserves of the mine property at which the item is located.

Mining assets are depreciated using the units-of-production method based on the estimated economically recoverable proved and probable reserves to which they relate. If the estimated useful life of a particular asset is less than the corresponding useful life of the mine, then for such mining assets depreciation is calculated using the straight-line method or units of production method depending on the asset's production characteristics. Depreciation is charged to profit or loss.

Changes in estimates, which affect unit-of-production calculations, are accounted for prospectively. The expected useful lives are as presented in the table below.

The liquidation value of an asset is close to zero if the Group expects to use the asset until the end of its physical service life. The assets' residual values and useful lives are reviewed and adjusted, if necessary, at the end of each reporting period.

Construction in progress is recognised at historical cost. When construction in progress is completed, the assets are transferred to property, plant and equipment at their carrying amounts. Construction in progress is not depreciated until the asset is ready for its intended use.

Stripping costs. Stripping (i.e. overburden and other waste removal) costs as the result of development of mines and open pits before production commences are capitalised as part of the cost of mining asset, and subsequently amortised using units of production method over the useful life of the mines or open pits. The stripping costs incurred subsequently during the production stage are included in cost of inventory to the extent that the benefit from the stripping activity is realised in the form of inventory produced.

In case if the benefit improves the access to the ore body in future, then the Group recognises the subsequent costs as a non-current asset - "stripping activity asset".

The Group recognises stripping activity asset where the following criteria are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Group;
- The Group can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

The Group accounts for a stripping activity asset as an addition to, or as an enhancement of, an existing asset to which it relates. A stripping activity asset is initially measured at cost, which includes accumulated costs which are directly related to stripping activities that improve access to identifiable component of the ore body, plus allocation of costs that are directly related to overheads. Subsequently a stripping activity asset is carried at cost less depreciation or amortisation and impairment losses just as the existing asset of which it forms an integral part. A stripping activity asset is amortised using the units of production method in proportion to ore mined.

	Useful life in years
Buildings and constructions	10 - 60
Machinery and equipment	5 - 30
Other equipment and motor vehicles	3 - 30
Mining assets – open pits and mines infrastructure	2 - 30
Mining assets – other	Unit-of-production method

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

Classification and subsequent measurement of financial assets.

Financial assets carried at amortised cost include loans receivable, trade receivables, excluding provisionally priced trade receivables, cash and cash equivalents and other financial assets held to collect the contractual cash flows.

Trade and other receivables.

Trade and other receivables (other than provisionally priced trade receivables carried at fair value through profit or loss) are recognised initially at fair value and are subsequently carried at amortised cost less provision for impairment.

Prepayments. Prepayment is recognised in the financial statements at cost less provision for impairment. Prepayments paid to suppliers for future deliveries of property, plant and equipment are recognised within other non-current assets. Prepayments for future deliveries of inventories are recognised within other current assets.

Foreign currency denominated prepayments for goods and services represent non-monetary items and, therefore, are measured at market exchange rate at the date of prepayment, and are not subject to remeasurement at the end of reporting period. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly, and a corresponding impairment loss is charged to profit or loss.

Impairment of trade receivables.

The Group applies the simplified approach to measuring ECL based on a provision matrix, which uses a lifetime expected loss allowance for trade receivables. The provision matrix is based on historical credit losses, adjusted to reflect forward-looking information on macroeconomic factors and updated at each reporting date. Trade receivables are grouped based on the days past due, and ECL are determined on the basis of historical analysis of default rates. Changes in ECL allowance are recorded in general and administrative expenses in the statement of profit or loss.

Inventories. Cost of inventory is determined on a weighted average cost basis. Chrome, manganese and other extracted minerals are recognised as raw materials when extracted and valued at the average cost of extraction. The cost of finished goods and work in progress comprises the cost of raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less any further costs expected to be incurred to completion and sale.

Cash and cash equivalents. Cash and cash equivalents include balances in bank accounts, cash in hand, deposits held at call with banks or having original maturities within three months, and other short-term highly liquid investments with original maturity of less than three months.

Cash placed in banks for a period over three months, unless it is restricted, and is available and intended for early withdrawal, is also included into cash and cash equivalents.

However, cash placed in banks for a period over three months in order to generate investment income, not intended for early withdrawal, is included into other current or non-current assets. Cash restricted for more than three months are included in other current or non-current assets depending on the maturity.

Share capital. Preference shares are compound financial instruments that contain both an equity component and a liability. The liability is initially recognised at its fair value by applying a market interest rate to the amount of mandatory annual dividends using a net present value formula for the period equal to the useful life of the mines.

The useful life of mines is used rather than a perpetuity since the Group will not generate cash flows or profits beyond the useful life of the mines.

Subsequently, the liability is measured at amortised cost. Effects of changes in cash flow estimates on carrying amounts are charged to the financial results. At initial recognition, the equity component is the residual, i.e. it is the proceeds received from the issuance of the preference shares less the fair value of the liability.

The equity component is not subsequently re-measured.

Dividends. Dividends, except for the mandatory annual dividends on preference shares, are recognised as a liability and deducted from equity at the end reporting date only if they are declared before or on the reporting date. Mandatory annual dividends on preference shares are recognised as finance cost in the statement of profit or loss.

Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements are authorised for issue.

Provisions for liquidation and restoration of assets and obligation to eliminate the consequences of the operation of facilities that have a negative impact on the environment.

Assets retirement obligations are recognised when it is highly probable to incur the costs and those costs can be measured reliably.

Asset retirement obligations and obligation to eliminate the consequences of the operation of facilities that have a negative impact on the environment include the costs of rehabilitation and costs of liquidation (demolition of buildings, constructions and infrastructure, dismantling of machinery and equipment, transportation of the residual materials, environmental clean-up, monitoring of wastes and land restoration).

Provisions for the estimated costs of liquidation, rehabilitation and restoration are established and charged to the cost of property, plant and equipment in the reporting period when an obligation arises from the respective land disturbance in the course of mine development or environment pollution, based on the discounted value of estimated future costs.

Provisions for asset retirement obligations and obligation to eliminate the consequences of the operation of facilities that have a negative impact on the environment do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure and restoration plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

The cost estimates are calculated annually during the course of the operations to reflect known developments,

e.g. updated cost estimates and revised term estimated lives of operations, and are subject to formal reviews on a regular basis.

The Group estimates its costs based on feasibility and engineering studies using current restoration standards and techniques for conducting restoration and retirement works.

The amortisation or “unwinding” of the discount applied in establishing the net present value of provisions is charged to the financial results in each reporting period. The amortisation of the discount is disclosed as finance cost.

Other movements in the provisions for assets retirement obligations, arising from new cases of disturbance as a result of mine development, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate using the depreciation methods applied to those assets.

Movements in the provisions for asset retirement obligations that relate to disturbance caused by the production phase are charged to the statement of profit or loss.

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost.

Where a loan is obtained at interest rates different from market rates, the loan is measured at origination at its fair value, being future interest payments and principal repayments discounted at market interest rates for similar loans.

The difference between the fair value of the loan at origination, net of transaction costs and net proceeds from

the loan, represents an origination gain/loss. The origination/loss gain is recognised in the consolidated statement of profit or loss and other comprehensive income within finance income/expenses.

Subsequently, the carrying amount of the borrowings is adjusted for amortisation charged at the amount of profit or loss at initial recognition of borrowings, with the amount of amortisation reflected as financial costs or income on borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of reporting period.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditures on qualifying assets. Capitalised borrowing costs are calculated on the basis of the Group's average funding cost (the weighted average interest cost is applied to capital expenditures on qualifying assets), except to the extent that funds have been borrowed to prepare a qualifying asset for use. When this occurs, actual borrowing costs incurred on specific borrowings during the period are capitalised, net of any investment income earned on the temporary investment of those borrowings.

The capitalisation commences when (a) the Group incurs the costs on a qualifying asset; (b) it incurs the borrowing costs; and (c) it takes steps to prepare the asset for use. Capitalisation of borrowing costs is suspended when construction and preparation of the qualifying asset for use is interrupted over an extended period of time. Capitalisation of borrowing costs continues until the date when substantially all the work required to prepare the asset for use or sale is completed.

Financial guarantees. Financial guarantees are recognised when a premium is paid or in case of a premium-free guarantees (intra group guarantees) when the borrower receives the money from the financing entity.

When the Group issues a premium-free guarantee or a guarantee at a premium different from market premium, fair value is determined using valuation techniques (e.g. market prices of similar instruments, interest rate differentials, etc.).

Убытки при первоначальном Losses at initial recognition of a financial guarantee liability are recognised in profit or loss within other finance cost. Financial guarantee liabilities are amortised on a straight-line basis over the life of the guarantees with respective income presented within other finance income. The procedure for determining the amount of the estimated loss allowance on financial guarantees is similar to that for impairment of loans receivable.

Trade and other payables. Trade and other payables are accrued when the counterparty performed its contractual obligations. The Group recognises trade payables at fair value. Subsequently, trade payables are carried at amortised cost.

Income taxes.

Income taxes are recognised and measured in the consolidated financial statements in accordance with the legislation of the Republic of Kazakhstan effective at the reporting date. The income tax charge comprises current income tax (corporate income tax) and deferred income tax. The income tax charge is recognised in the statement of profit or loss, except for where it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Revenue recognition.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised in the amount of transaction price, net of VAT and discounts.

Revenues from the sale of certain goods may be subject to adjustment as a result of commodity price changes at the time the goods are delivered to the point of destination, as well as a result of the customers' checking the quantity and quality of the products. In such cases, revenues are initially recognised at fair value at the time the goods are shipped. The prices are generally finalised within 3 months. Such adjustments to revenue are dealt with under IFRS 9 'Financial Instruments' and therefore the IFRS 15 'Revenue from Contracts with Customers' rules on variable consideration do not apply. Such adjustments therefore represent revenue from sources other than contracts with customers.

Revenue from the sale of ferroalloys and other products is recognised at a point in time.

3. Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Group makes estimates and judgements that affect the reported amounts of assets and liabilities within the next financial period. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying

the accounting policies. Judgements that have the most significant effect on the amounts recognised in

the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial period include:

Subsurface use contracts. The major contract of the Group on subsurface use for the extraction of chromium ore expires in 2041. Management of the Group expects that this contract will be extended at nominal cost until the end of the useful life of the mine which is expected to be in 2074.

In these consolidated financial statements, the depreciation charge and the carrying amounts of property, plant and equipment were recorded on the assumption that the subsurface use contracts will be extended until the end of the useful life of the mine.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

Estimated useful life of mining assets and mineral reserves. The mining assets, classified within property, plant and equipment, are depreciated over the respective life of the mine using the unit-of-production (UOP) method based on proved and probable mineral reserves.

Estimates of ore reserves can differ from period to period. This can affect the Group's financial results.

Such changes in reserves can affect the depreciation charge, carrying amount of assets and provisions for asset retirement liabilities.

The Group's ore reserves are based on the best available estimates of volumes of product which can be technically and economically justified, and, based on legal rights, obtained from the corresponding mining asset. The estimates are based on a range of factors, including the volume and grade of ore, production technologies and norms for extraction, forecasted commodity prices and production cost.

Ore reserves are estimated mainly on the basis of the Methodology for Balancing Mineral Reserves by the State Commission on Reserves of the Geology Committee of the Ministry of Industry and Construction of the Republic of Kazakhstan, which requires the use of substantiated assumptions, including:

- Estimation of future production, including proved and estimated reserves, estimation of reserves and liabilities for expansion;
- Expected future commodity prices based on the current market price, forward prices, and the Group's estimate of the long-term average price; and
- Future cash expenses for production, capital expenditures and asset restoration obligations.

Provisions for assets retirement obligations. In accordance with the environmental legislation and the subsurface use contracts, the Group has a legal obligation to remediate damage caused to the environment from its operations and to decommission its mining assets and waste polygons and restore a landfill site after its closure.

Provisions are made, based on the net present values, for site restoration and rehabilitation costs as soon as the obligation arises from past mining activities.

The provisions for assets retirement obligation are estimated based on the Group's interpretation of current environmental legislation in the Republic of Kazakhstan and the Group's related program for liquidation of subsurface use consequences on the contracted territory and other operations supported by the feasibility study and engineering researches in accordance with the existing restoration and retirement standards and techniques.

Provisions for asset retirement obligations are subject to potential changes in environmental regulatory requirements and the interpretation of the legislation.

Provisions for assets retirement obligations are recognised when there is a certainty of incurring such liabilities and when it is possible to measure the amounts reliably.

Provision for elimination of the consequences of operation of facilities. In 2021, the New Environmental Code of the Republic of Kazakhstan (the «Code») was adopted, requiring elimination of the consequences of operation of production facilities that have a negative impact on the environment upon ceasing their operation. Elimination of the consequences of operation will depend on the nature of the assets involved and the potential impact on the environment.

Due to the fact that the requirements of the Code are relatively new, there are uncertainties in the interpretation and application of its provisions. The Group recognized an obligation to eliminate the consequences of operation of facilities as at 31 December 2022 (Note 16) for the first time based on the current interpretation of the Code and changes in accounting estimates as a result of a technical analysis.

The Group has applied significant judgment in measuring the liability. Any future changes to the Code, its interpretation and practice may affect the Group's judgments and estimates and, therefore, may potentially result in a revision of the respective obligation to eliminate the consequences of the operation of the facilities. Significant judgments in making such estimates include estimates of inflation and discount rates and the discount period. In determining the discount period, management has applied the judgment that the actions to eliminate the consequences of the operation of the facilities will be carried out after the full development of the deposits, which is expected in the 2074 year. Key assumptions used in the estimates are presented in Note 16.

Based on the Group's analysis of applicable law, management concluded that certain items of property, plant and equipment should be excluded from obligation to eliminate the consequences of the operation of facilities as at 31 December 2022 and at 31 December 2023 because:

- Such assets do not have a significant negative impact on the environment;
- Production processes at these facilities do not lead to consequences that require dismantling and reclamation work to reduce the negative impact on the environment;

- For individual facilities, such as technological machinery and equipment, there is the possibility of recovering the cost of liquidation from their disposal and/ or the possibility of re-profiling, as a result of which the negative impact on the environment will be significantly reduced and there will be no need to dismantle them.

The sensitivity analysis of obligation to eliminate the consequences of operation of facilities to significant assumptions as at 31 December 2023 is as follows:

In thousands of Kazakhstani Tenge	Changes in assumptions	(Decrease)/ increase in the obligation to eliminate the consequences of the operation of facilities
Inflation rate	(1%)/ 1%	(499,141)/ 802,717
Discount rate	(1%)/ 1%	751,575/ (472,154)
Liquidation period	(10 лет)/ 10 лет	1,105,648/ (596,312)

Impairment of non-financial assets. At the end of each reporting period the Group is analysing assets (cash generating units) to identify impairment indicators. On the basis of internal and external factor review, management concluded that there were no impairment indicators at the end of the reporting period.

Impairment of loans receivable. The evaluation of ECL requires the use of significant assumptions including the probability of default, collection and timing of the expected recovery of future cash flows on loans. Changes in such assumptions may affect the recoverable amount or the allowance for such assets. Management regularly reviews assumptions. ECL on loans receivable were calculated based on the credit risk of companies with comparable rating. As of 31 December 2023 the loans receivable were classified in the Stage 1. Such management's judgment is based on the going concern assessment of ERG.

Measurement of financial guarantees. The Group applies the credit swap method to determine the fair value of financial guarantees. The fair value of the financial guarantee liability is calculated by reference to the guaranteed borrowing amount, interest rate and risk indicators. For borrowing facility agreements where the Group is liable jointly and severally with other guarantors, the market commission determined with reference to credit default swaps of companies with a similar credit rating and distributed among guarantors. This represents management's best estimate of the Group's exposure to credit risk associated with the issued guarantees. Such management's judgment is based on the going concern assessment of ERG Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

Cost of guarantees is allocated between co-guarantors based on fair value of co-guarantors net assets.

Management concluded that it is unlikely that the Group will be required to settle the guaranteed obligations.

Tax and transfer pricing legislation. Kazakhstan tax and transfer pricing legislation is subject to varying interpretations.

Investments at fair value. The Group does not have control or significant influence in relation to the entities since the Group cannot make decisions regarding financing and operating activities of these entities (Note 6).

Recognition of revenue under a «bill-and-hold arrangement». As of 31 December 2023, revenue amounting to Tenge 12,719,769 thousand was recognised based on an additional agreement that met the criteria for revenue recognition under a «bill-and-hold arrangement» in accordance with IFRS 15 «Revenue from Contracts with Customers.» The Group applied significant judgment concerning the recognition of revenue, considering the following factors:

- Full completion of the obligation as of the reporting date including the transfer of significant risks and rewards associated with ownership of the assets to the customer;
- Meeting the criterion that the products have been separately identified as belonging to the customer;
- Meeting the criterion that the reason for entering into the «bill-and-hold arrangement» was substantial.

4. Balances and Transactions with Related Parties

Parent company: Information is disclosed in Note 1.

Entities under common control: entities under control of ERG.

Entities under control of Class B Managers: Class B Managers and all entities under their control are related parties of the Group as a result of Class B Managers' indirect interests in the ordinary shares of ERG. Class B Managers are members of the Board of Managers of ERG.

Government related entities: The Republic of Kazakhstan and related legal entities. The Republic of Kazakhstan is the Group's related party based on significant influence on ERG.

Key management: persons with direct or indirect authority and responsibility for planning, coordination and control of the Group's operations.

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



In thousands of Kazakhstani Tenge	Parent Company	Entities under common control	Entities under control of Class B Managers	Government related entities	Key management
Assets:					
Investments accounted at fair value	-	10,136,464	-	-	-
Investments in Associates	-	101,442,756	-	-	-
Loans receivable*	-	215,895,316	-	173,129	-
Other non-current assets	-	1,392,797	2,955,818	4,638,050	-
Trade and other receivables	-	28,805,238	29,667	8,442,348	-
Cash and cash equivalents	-	-	62,823,669	26,482	-
Other current assets	-	-	59,482	-	-
Liabilities:					
Borrowings	-	-	-	18,546,488	-
Lease liability	-	5,580	-	284,519	-
Preference shares	5,871,892	-	-	-	-
Employee benefit obligations	-	-	-	-	111,348
Financial guarantees	-	14,390,374	-	-	-
Trade and other payables	1,837,892	25,285,032	362,941	4,290,863	-

* ECL allowance on loans receivable is disclosed in Note 11.

As of 31 December 2023 the Group has had an undrawn commitment to invest capital of up to US\$38 million (Tenge 17,273,280 thousand) to Eurasian Digital Ventures 1 Limited Partnership, a subsidiary undertaking of ERG S.à r.l., during the period up the year of 2025, subject to certain conditions being satisfied (2022: US\$43 million (Tenge 19,893,950 thousand)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

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

In thousands of Kazakhstani Tenge	Parent Company	Entities under common control	Entities under control of Class B Managers	Government related entities	Key management
Assets:					
Investments accounted at fair value	-	12,621,999	-	-	-
Loans receivable*	21,921,895	243,774,834	-	-	-
Other non-current assets	-	2,406,316	3,078,691	3,975,304	-
Trade and other receivables	-	22,972,660	145,887	988,811	-
Cash and cash equivalents	-	-	64,049,327	42,282	-
Other current assets	-	-	81,261	-	-
Liabilities:					
Borrowings	-	-	-	19,652,888	-
Lease liability	-	6,996	-	298,289	-
Preference shares	5,294,012	-	-	-	-
Employee benefit obligations	-	-	-	-	54,715
Financial guarantees	17,282,712	-	-	-	-
Trade and other payables	918,946	26,204,273	336,351	2,059,891	-

* ECL allowance on loans receivable is disclosed in Note 11.



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

In thousands of Kazakhstani Tenge	Parent Company	Entities under common control	Entities under control of Class B Managers	Government related entities	Key management
Revenue	-	2,223,932	7,399	3,290,125	-
Cost of sales	-	(144,749,453)	(12,731,622)	(41,759,275)	-
Other operating income	-	3,999,797	13,083	18,761	-
Other operating expense	-	(1,422,140)	(323,465)	(665,422)	-
Distribution costs	-	(406,156)	(8,685)	(523,880)	-
Research, business development and exploration costs	-	(5,181,885)	(1,709)	(3,774)	-
General and administrative expenses	-	(24,958,166)	(532,704)	(296,719)	(1,166,405)
Share in results of associates	-	8,972,314	-	-	-
Finance income	4,052,768	12,985,720	1,358,778	908,784	-
Finance costs*	(103,653)	(48,667,027)	(13,847)	(822,036)	-

* The composition of finance costs on entities under common control mainly reflects revaluation of investments at fair value for the amount of Tenge 44,565,154 thousand.

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

In thousands of Kazakhstani Tenge	Parent Company	Entities under common control	Entities under control of Class B Managers	Government related entities	Key management
Revenue	-	1,957,796	9,086	387,944	-
Cost of sales	-	(138,335,962)	(11,501,378)	(27,686,236)	-
Other operating income	-	3,266,103	11,073	31,417	-
Other operating expenses	-	(641,187)	(1,229,019)	(108,783)	-
Distribution costs	-	(664,215)	(11,305)	(503,510)	-
Research, business development and exploration costs	-	(4,580,817)	(777)	(89,686)	-
General and administrative expenses	-	(50,290,575)	(495,408)	(221,268)	(1,316,631)
Finance income	43,966,727	29,214,075	1,180,251	23,950	-
Finance costs*	42,661,525	(59,996,309)	11,874,672	(97,389)	-

* Finance cost includes recovery of ECL allowance on loans receivables from Parent company in the amount of Tenge 6,644,378 thousand and also foreign exchange gain related to loans receivable and deposits.

Key management compensation of Group is presented below:

In thousands of Kazakhstani Tenge	2023	2022
Wages, salaries and other bonuses	951,901	850,844
Post-employment and other long-term benefits	214,504	465,787
Total key management compensation	1,166,405	1,316,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)



Parent Company.

Balances and transactions with the Parent Company comprise mainly loans receivable, financial guarantees, finance income and finance expenses related to loans.

Entities under common control.

During 2023 and 2022, the Group mainly sold ferroalloys. Prices for ferroalloys depends on the global markets. The Group purchased materials, electricity and management services and provided sponsorship aid.

Entities under control of Class B Managers.

Balances and transactions with entities under control of class B Managers comprise mainly treasury operations carried out through a bank under control of Class B Managers, and insurance services.

Government related entities.

The Group performs transactions on purchase and sale of goods and services with government related entities. Such transactions are usually carried out on market conditions or on the basis of tariffs

established for all market participants. The Group procured natural gas supply and transportation services, railway services, and electricity transportation services.

In addition, the Group has an Agreement on opening a credit line in US dollars on target terms use. Detailed information on tranches received under this Agreement is disclosed in Note 14.

5. Property, Plant and Equipment

In thousands of Kazakhstani Tenge	Land	Buildings and constructions	Machinery and equipment	Other	Construction in progress	Total
Cost at 31 December 2021	5,259,754	246,245,694	396,649,030	32,775,974	223,613,859	904,544,311
Accumulated depreciation	(58,499)	(106,180,691)	(238,160,475)	(16,682,777)	-	(361,082,442)
Carrying amount at 31 December 2021	5,201,255	140,065,003	158,488,555	16,093,197	223,613,859	543,461,869
Additions	466,197	5,183,884	14,783,939	2,998,997	159,352,803	182,785,820
Changes in estimates of assets retirement obligations	-	7,819,788	(5,807)	-	-	7,813,981
Transfers	-	36,564,073	22,782,236	2,186,508	(61,532,817)	-
Transfers (to)/from inventories	-	-	-	-	(2,486,483)	(2,486,483)
Depreciation charge	(35,334)	(17,999,172)	(36,793,998)	(2,862,655)	-	(57,691,159)
Disposals	-	(273,681)	(59,695)	-	(147,611)	(480,987)
Impairment	-	(264,523)	(448,325)	-	(1,696,459)	(2,409,307)
Cost at 31 December 2022	5,725,952	294,990,020	429,224,677	37,297,724	317,103,292	1,084,341,665
Accumulated depreciation	(93,834)	(123,894,648)	(270,477,772)	(18,881,677)	-	(413,347,931)
Carrying amount at 31 December 2022	5,632,118	171,095,372	158,746,905	18,416,047	317,103,292	670,993,734
Additions	32,532	979,325	21,198,045	5,751,307	186,071,249	214,032,458
Changes in estimates of assets retirement obligations	-	1,473,251	80,840	8	-	1,554,099
Transfers	-	35,683,444	33,542,843	1,141,940	(70,368,227)	-
Transfers (to)/from inventories	-	-	-	-	(3,135,912)	(3,135,912)
Depreciation charge	(34,100)	(23,067,514)	(40,013,595)	(3,513,541)	-	(66,628,750)
Disposals	(2,374)	(206,971)	(389,691)	(35,662)	(277,821)	(912,519)
Impairment reversal	-	-	384,478	-	-	384,478
Cost at 31 December 2023	5,756,109	331,955,678	480,088,694	43,555,864	429,392,581	1,290,748,926
Accumulated depreciation	(127,933)	(145,998,771)	(306,538,869)	(21,795,765)	-	(474,461,338)
Carrying amount at 31 December 2023	5,628,176	185,956,907	173,549,825	21,760,099	429,392,581	816,287,588

Additions to construction in progress include capitalised borrowing costs Tenge 15,915,615 thousand (2022: Tenge 10,951,222 thousand). Capitalization rate was 7.92% (2022: 7.67%).

As at 31 December 2023, the carrying amount of right-of-use assets was Tenge 3,957,630 thousand (2022: Tenge 3,331,552 thousand).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

6. Investments Accounted at Fair Value

Company name	Registration country	Operations	2023		2022	
			Thousands Tenge	Share, %	Thousands Tenge	Share, %
TOO «Business and Technology Services»	Kazakhstan	Adaption and support of ERP-systems	5,364,899	37.99	5,364,899	37.99
Eurasian Digital Ventures 1 Limited Partnership	Kazakhstan (AIFC)	Venture investment	4,771,565	60.00	7,253,881	71.52
Credit Partnership ENRC Credit LLP	Kazakhstan	Financing	-	-	3,219	0.0016
Total investments accounted at fair value			10,136,464		12,621,999	

The table below presents changes in the carrying amount of the Group's investments at fair value:

In thousands of Kazakhstani Tenge	Note	
Carrying amount at 31 December 2022		12,621,999
Investments at Credit Partnership ENRC Credit LLP	7	136,239,000
Other investments		2,201,162
Revaluation of investments at fair value	25	(44,565,154)
Disposal	7	(3,890,101)
Reclassification	7	(92,470,442)
Carrying amount at 31 December 2023		10,136,464

7. Investments in Associates

The Group's interests in its principal associates were as follows:

Company name	Registration country	Operations	2023		2022	
			Thousands Tenge	Share, %	Thousands Tenge	Share, %
Credit Partnership ENRC Credit LLP	Kazakhstan	Financing	101,442,756	49.9	-	-
Total investments in associates			101,442,756		-	

On 30 June 2023 based on the decision of the general meeting of shareholders of Credit Partnership ENRC Credit LLP the Group made a payment in the amount of Tenge 136,239,000 thousand to increase the share in the capital of Credit Partnership ENRC Credit LLP to 52.15%. In July 2023, the share in the Partnership was registered with the authorized body.

During the period from the payment date to the date of registration the Group did not have control over the acquired share. During this period, this equity instrument was accounted for at fair value through profit or loss.

On 9 October 2023, the Group's share in the authorized capital of Credit Partnership ENRC Credit LLP was reduced to 49.9%.

From the date control was obtained until the date the interest was reduced, the investment was accounted for as an asset held for sale, after which the investment was classified as an investment in an associate.

The table below presents the changes in the carrying amount of the Group's investments in associates:

In thousands of Kazakhstani Tenge	Note	
Carrying amount at 1 January 2023		-
Reclassification	6	92,470,442
Share of profit of associated enterprises		8,972,314
Carrying amount at 31 December 2023		101,442,756

The summary financial information of the associate as at 31 December 2023 is set out in the table below:

In thousands of Kazakhstani Tenge	Credit Partnership ENRC Credit LLP
Current assets	25,780,657
Non-current assets	291,309,337
Current liabilities	34,768,697
Non-current liabilities	79,033,647
Net assets	203,287,650
The Group's share in the associate's net assets	101,442,756
Income from core activities*	33,217,987
Profit for the period*	17,980,590
Group's share in the associate's net assets	8,972,314

* Summarised financial information of Credit Partnership ENRC Credit LLP is presented for the period starting from the date of the classification as associate. Operating income consists of financing income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

8. Other Non-current Assets

Other non-current assets are represented mainly by long-term advances paid for property, plant and equipment and related services in amount of Tenge 35,364,692 thousand (2022: Tenge 52,553,678 thousand).

9. Inventories

In thousands of Kazakhstani Tenge	2023	2022
Purchased raw materials	105,351,714	104,815,253
Work in progress	47,578,672	55,891,260
Produced raw materials	30,737,285	22,973,450
Finished goods	24,191,902	35,124,433
Other	133,541	105,425
Less: provision for obsolete and slow-moving inventories	(14,274,817)	(12,584,178)
Total inventories	193,718,297	206,325,643

10. Trade and Other Receivables

In thousands of Kazakhstani Tenge	2023	2022
Trade receivables provisionally priced	135,810,113	136,234,604
Trade receivables	20,860,666	17,799,301
Letter of credit	-	7,518,873
Other	1,454,186	5,463,139
Less: ECL allowance	(3,664,326)	(3,111,319)
Total financial assets	154,460,639	163,904,598
VAT recoverable and other taxes	66,360,066	40,760,227
Prepayments	37,140,528	45,582,882
Other	44,686	138,252
Less: impairment provision	(2,325,855)	(2,380,049)
Total non-financial assets	101,219,425	84,101,312
Total trade and other receivables	255,680,064	248,005,910

Analysis of ECL for trade receivables carried at amortised cost is presented below.

In thousands of Kazakhstani Tenge	31 December 2023			31 December 2022		
	Gross carrying amount	ECL	Net amount	Gross carrying amount	ECL	Net amount
Current	10,576,283	(457,925)	10,118,358	7,399,757	(122,779)	7,276,978
Less than 3 months overdue	5,510,145	(315,669)	5,194,476	5,475,478	(262,022)	5,213,456
3 to 6 months overdue	454,899	(79,119)	375,780	1,427,762	(279,718)	1,148,044
6 to 12 months overdue	1,905,176	(852,810)	1,052,366	1,788,555	(774,133)	1,014,422
More than 12 months overdue	870,158	(414,798)	455,360	163,744	(128,662)	35,082
Total past due	8,740,378	(1,662,396)	7,077,982	8,855,539	(1,444,535)	7,411,004
Current and past due	19,316,661	(2,120,321)	17,196,340	16,255,296	(1,567,314)	14,687,982
Total individually impaired	1,544,005	(1,544,005)	-	1,544,005	(1,544,005)	-
Total current and past due	20,860,666	(3,664,326)	17,196,340	17,799,301	(3,111,319)	14,687,982

11. Loans Receivable

In thousands of Kazakhstani Tenge	2023	2022
ECL allowance at 1 January	4,983,701	7,054,164
Loans issued	3,721,604	3,676,869
Loans repaid	(3,145,731)	(602,355)
Changes to ECL measurement assumptions and modification of contract terms	(234,951)	(5,144,977)
ECL allowance at 31 December	5,324,623	4,983,701

During 2023, under the existing agreement, the Group issued a tranche to the company under the general control of ERG in the amount of 7,950,000 thousand tenge.

In March 2023, the Group issued a loan to Damu Entrepreneurship Development Fund JSC in the amount of Tenge 500,000 thousand.

During 2023, under the existing syndicated credit facility, the Group provided a loan to a company under the common control of ERG in the amount of US\$217.5 million (Tenge 97,932,621 thousand).

In March 2023, the Group signed a new syndicated line of credit with companies under common control of ERG in the amount of up to US\$200 million (Tenge 89,610,000 thousand). In 2023, under this agreement, a loan was issued in the amount of US\$77.7 million (Tenge 36,487,315 thousand).

In June 2023, entities under common control of ERG made early repayment of loans in the aggregate of US\$ 429 million (Tenge 194,409,750 thousand).

In August 2023, the Group signed a loan agreement with companies under the common control of ERG in the amount of to US\$1,400,000 million (Tenge 646,394,000 thousand). In 2023, no tranches were issued under this agreement.

During 2023, under the existing syndicated loan facility, the Group issued a tranche to the Parent in the amount of US\$100,000 thousand (Tenge 45,763,000 thousand) which was repaid ahead of schedule.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

In January 2022, the Group signed an amendment to the existing syndicated credit line agreement with the entities under common control of ERG to increase the loan amount up to US\$2,000 million (or an equivalent amount in Euro and/or Tenge) (Tenge 924,980,000 thousand) and during 2022 Group provided tranche to the entities under common control of ERG and subsidiaries of ERG in the amount of US\$167 million (Tenge 80,302,243 thousand).

In January 2022, the Group signed an agreement to open a new syndicated credit line in the amount of US\$1,100 million (or an equivalent amount in Euro and/or Tenge) (Tenge 508,739,000 thousand) with the entities under common control of ERG and provided tranche to the entities under common control of ERG and subsidiaries of ERG in the amount of US\$453 million (Tenge 213,969,085 thousand). Agreement duration period – 31 December 2023. The interest rate for US\$ – 5.125 – 5.15%, for EUR – 5.125 – 10% per annum, for Tenge - 7 – 14 % per annum.

12. Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Term deposits	61,340,162	52,127,940
Cash in bank accounts and on hands	929,148	23,886,337
Cash in transit	585,012	1,582,243
Cash in broker account	-	172,517
Total cash and cash equivalents	62,854,322	77,769,037

In July 2022, under this existing syndicated credit line the Group signed the amendment to change the interest rate for Tenge to 7-13%. Also the interest must be paid annually, otherwise it will be capitalized and added to the principal amount. In October 2022, under syndicated credit lines, the Group signed an amendment to extend the term of the agreement until 2026. In December 2022 under the existing syndicated credit line the Group signed the amendment about the annual revision of interest rate.

In January 2022, the Group also signed an agreement with the entity under common control of ERG to open a revolving credit line in the amount of Tenge 4,500,000 thousand with maturity date as 31 December 2023. The interest rate is 1% per annum. During 2022, the Group provided tranche in the amount of Tenge 4,500,000 thousand.

In February 2022, the Group provided a tranche to the Parent in the amount of US\$88 million

(Tenge 37,757,320 thousand) with a maturity in 2025 with interest rate 5.15%. In June 2022, The Group signed an amendment with the Parent to increase the loans amount up to US\$550 million (Tenge 233,541,000 thousand). In December 2022 the Parent made early repayment of principal in the amount of US\$1,215 million

(Tenge 575,278,122 thousand) (Note 24).

In November 2022, the Group signed an agreement to open a revolving credit line with the entity under common control of ERG in the amount of Tenge 60,000,000 thousand with an interest rate of 0.5% and with the maturity date of December 31, 2026. Under the revolving credit line agreement the Group provided tranche in the amount of Tenge 48,945,000 thousand. The tranche was early repaid (Note 24 and 25).

13. Share Capital

In thousands of Kazakhstani Tenge	31 December 2022 and 2023	
	Quantity	Amount
Ordinary shares	99,953,939	100,058,381
Preference shares	9,896,772	2,664,662
Total nominal issued share capital		102,723,043
Ordinary shares		(104,442)
Preference shares		(556,462)
Total unpaid charter capital		(660,904)
Share capital indexation for hyperinflation		4,442,888
Total share capital		106,505,027

No dividends were accrued on common and preferred shares, except for the guaranteed amount of Tenge 100 per preferred share (2022: Tenge: 7,505 and 7,405 in excess of the guaranteed amount of Tenge 100 per share, respectively).

The par value of ordinary shares is Tenge 1,000 per share (2022: Tenge 1,000 per share). Each ordinary share carries one vote. In 2023 and 2022 the Group did not issue ordinary shares.

The par value of preference shares is Tenge 1,000 per share (2022: Tenge 1,000 per share).

The preference shares do not envisage the obligatory redemption by the company (issuer) and participate in any dividend distribution. The preference shares owners rank ahead of the owners of ordinary shares to receive dividends

in a predetermined guaranteed amount established by the charter, and a portion of the property upon liquidation of the Group. Prior to the full payment of dividends on the Group's preference shares, payment of dividends on its ordinary shares should not be made.

The dividends on the preference shares in excess of the guaranteed amount are not contractual and not subject to payment since such distributions can be avoided if dividends on ordinary shares are not distributed. Therefore, the preference share represents a compound instrument which consists of equity and liability components.

The preference shares do not provide their holder with the right to participate in Company's governance, excluding the cases, when:

- General meeting of shareholders of the Company considers a matter, the decision on which may restrict the rights of a shareholder owning preferred shares;
- The General Meeting of Shareholders of the Company considers the issue of approving changes in the methodology for determining the value of preferred shares when they are redeemed by the Company on an unorganized market;
- The General Meeting of Shareholders of the Company considers the issue of reorganization or liquidation of the Company;
- The dividend on the preference share has not been paid in full within three months from the expiration of the period established for its payment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

Dividends declared and paid during the year were as follows:

In thousands of Kazakhstani Tenge	2023			2022		
	Preference shares			Preference shares		
	Ordinary shares	Equity	Liability	Ordinary shares	Equity	Liability
Dividends payable at 1 January	399,655	5,899,018	989,334	387,933	5,051,081	989,334
Dividends declared	-	858	989,334	750,127,623	73,258,795	989,334
Dividends paid	(897)	(479,906)	-	(750,115,901)	(72,410,858)	(989,334)
Dividends payable at 31 December	398,758	5,419,970	1,978,668	399,655	5,899,018	989,334

14. Borrowings

In January 2022, RCB Bank Limited and CQUR Bank LLC, lenders of the Group assigned the aggregate of US\$1,800 million (Tenge 786,450,000 thousand) borrowings to VTB Bank (PJSC) (Note 24).

In March 2022, the Group signed a waiver with VTB Bank (PJSC) to defer payment of principal, where applicable, and payments of interest on all tranches from 2022-2023 to a later period.

In December 2022, the Group signed a credit line agreement with JSC Development Bank of Kazakhstan in the amount of up to US\$77.5 million (Tenge 35,802,675 thousand) with maturity of 7 years and at an interest rate within the existing range in the Group's debt portfolio. In December 2022, the Group received a tranche in the amount of US\$42.86 million (Tenge 19,767,038 thousand).

In thousands of Kazakhstani Tenge	2023					2022				
	Borrowings	Dividends	Lease liability	Preference shares	Total	Borrowings	Dividends	Lease liability	Preference shares	Total
Financial liabilities at 1 January 2022	944,803,863	5,439,014	3,105,115	7,590,053	960,938,045					
Cash movements	19,588,311	(822,526,759)	(1,277,263)	(989,334)	(805,205,045)					
Foreign exchange adjustments	66,090,522	-	155,360	-	66,245,882					
Other non-cash movements	33,126,351	823,386,418	900,762	890,168	858,303,699					
Financial liabilities at 31 December 2022	1,063,609,047	6,298,673	2,883,974	7,490,887	1,080,282,581					
Cash movements	(2,251,032)	(480,803)	(1,247,712)	-	(3,979,547)					
Foreign exchange adjustments	(18,912,692)	-	133,050	-	(18,779,642)					
Other non-cash movements	68,657,810	858	1,476,295	398,441	70,533,404					
Financial liabilities at 31 December 2023	1,111,103,133	5,818,728	3,245,607	7,889,328	1,128,056,796					

Other non-cash movements include primarily interest expense, unwinding of discount, gain/loss on modification (Note 24 and Note 25) and dividends accrued.

15. Trade and Other Payables

In thousands of Kazakhstani Tenge	2023	2022
Trade payables	90,962,729	124,006,177
Dividends payable	5,818,728	6,298,673
Other	8,464,494	16,339,594
Total financial liabilities	105,245,951	146,644,444
Payables to employees	10,516,444	11,840,647
Contract liabilities	318,465	253,258
Other	4,490,630	2,370,908
Total non-financial liabilities	15,325,539	14,464,813
Total trade and other payables	120,571,490	161,109,257

16. Provisions for Assets Retirement Obligations

In thousands of Kazakhstani Tenge	2023				2022			
	Mining assets	Landfill waste	Obligation to eliminate the consequences of the operation of facilities	Total	Mining assets	Landfill waste	Obligation to eliminate the consequences of the operation of facilities	Total
Long-term portion	12,028,613	3,450,422	1,294,453	16,773,488	7,548,121	3,030,034	3,323,089	13,901,244
Short-term portion	1,184,017	266,940	-	1,450,957	608,542	193,184	-	801,726
Total	13,212,630	3,717,362	1,294,453	18,224,445	8,156,663	3,223,218	3,323,089	14,702,970

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

16. Provisions for Assets Retirement Obligations (continued)

In thousands of Kazakhstani Tenge	Mining assets		Landfill waste		Obligation to eliminate the consequences of the operation of facilities	Total
	Decommissioning costs	Landfill site restoration	Decommissioning costs	Landfill site restoration		
Carrying amount at 31 December 2021	2,233,516	1,295,052	52,040	2,833,105	-	6,413,713
Utilised during the year	-	(71,789)	-	(45,713)	-	(117,502)
Change in estimates	4,288,131	56,695	-	87,877	3,323,089	7,755,792
Unwinding of the present value discount	247,369	107,689	-	295,909	-	650,967
Carrying amount at 31 December 2022	6,769,016	1,387,647	52,040	3,171,178	3,323,089	14,702,970
Utilised during the year	(60,399)	(37,514)	-	-	-	(97,913)
Change in estimates	3,915,256	206,932	-	102,169	(2,836,193)	1,388,164
Unwinding of the present value discount	849,417	182,275	-	391,975	807,557	2,231,224
Carrying amount at 31 December 2023	11,473,290	1,739,340	52,040	3,665,322	1,294,453	18,224,445

Retirement obligations for mining assets should be settled at the end of the useful life of the mine of the main major contract on subsurface use for the extraction of chromium ore which expires in 2041. Retirement obligations for waste polygons should be settled at the end of useful life of each polygon between 2024 and 2066. The obligation to eliminate the consequences of the operation of the facilities is payable after the full development of the deposits, which is expected in 2074.

Changes in estimates of reserves for obligations for liquidation and restoration of other assets in the amount of Tenge 165,935 thousand led to a decrease in the cost of sales (2022: Tenge 63,271 thousand).

Principal assumptions made in calculations of assets retirement obligations are presented below:

In percent	2023	2022
Liquidation period	2024-2074 rr.	2024-2074 rr.
Discount rate	11.90-14.47	10.05-15.85
Inflation rate	4.90-9.10	4.00-9.10

17. Employee Benefits

Changes in benefit obligations related to established pension payments liabilities and other long-term payments liabilities to employees presented below:

In thousands of Kazakhstani Tenge	2023	2022
Present value of defined benefit obligations in the beginning of the year	7,117,620	6,084,602
Unwinding of the present value discount	761,257	633,725
Benefits paid	(1,045,169)	(814,173)
Current service cost	312,984	281,239
Remeasurements	931,380	932,227
Present value of defined benefit obligations in the end of the year	8,078,072	7,117,620

The remeasurements of the post-employment benefits include the following:

In thousands of Kazakhstani Tenge	2023	2022
Loss from change in financial assumptions	(208,273)	168,836
Loss from change in demographic assumptions	(101,821)	(125,045)
Experience adjustments	677,475	576,251
Total remeasurements of post-employment benefit obligations	367,381	620,042

Principal actuarial assumptions at the reporting date are as follows:

In thousands of Kazakhstani Tenge	2023	2022
Discount rate	11.37	10.57
Salary growth rate	6.17	6.20
Average staff turnover	8.50	7.61

The sensitivity analysis for the post-employment employee benefits obligations at 31 December 2023 for changes in key assumptions is presented in the table below:

In thousands of Kazakhstani Tenge	Increase/ (decrease) in the defined benefit obligations
Discount rate	
Increase by 3 percent	(716,365)
Decrease by 3 percent	699,875
Future salary growth rates and minimum calculation index	
Increase by 3 percent	564,724
Decrease by 3 percent	(595,201)
Average staff turnover rate	
Increase by 3 percent	(401,859)
Decrease by 3 percent	477,091

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18. Financial Guarantees

Entity	Guaranteed obligations		Period of the guarantee
	31 December 2023	31 December 2022	
Parent Company (Note 1)	-	572,529,375	2028 r.
Entities under common control	536,744,975	-	2028 r.
Third parties	1,787,143	1,912,408	2036-2039 r.
Total	538,532,118	574,441,783	

The carrying amount of financial guarantees represents unamortised amount accounted for at initial recognition.

19. Earnings per Share and Book Value per Share

In thousands of Kazakhstani Tenge	2023	2022
Profit for the year	197,044,384	485,910,983
Profit attributable to preference shares	(17,746,790)	(43,763,541)
Net profit attributable to ordinary shareholders	179,297,594	442,147,442
Weighted average number of ordinary shares in issue	99,953,446	99,953,446
Basic and diluted earnings per ordinary share (Tenge)	1,794	4,424
Book value per one ordinary share		
In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Assets	1,699,303,310	1,538,028,830
Intangible assets	(575,843)	(647,570)
Liabilities	(1,298,472,115)	(1,333,946,043)
Share capital, preference shares	(2,664,662)	(2,664,662)
Net assets for ordinary shares	397,590,690	200,770,555
Number of ordinary shares	99,953,446	99,953,446
Book value per 1 ordinary share (Tenge)	3,978	2,009
Book value per one preference share		
In thousands of Kazakhstani Tenge	31 December 2023	31 December 2022
Share capital, preference shares	2,664,662	2,664,662
Capital attributable to preference shareholders	2,664,662	2,664,662
Debt component of the first-group preference shares charged to liabilities	5,910,660	6,501,553
Total	8,575,322	9,166,215
Number of preference shares	9,893,344	9,893,344
Book value per 1 preference share (Tenge)	867	927

Book values of ordinary and preference shares are calculated in line with Annex 2 of the Listing Rules of Kazakhstan Stock Exchange.

20. Revenue

The table below provides the revenue by geographical location. Revenue by geographical location is allocated based upon geographical domicile of customers, and eventual destination of products sold could be in alternative geographical locations.

In thousands of Kazakhstani Tenge	2023	2022
Europe	1,014,256,897	1,209,065,355
Eurasia	43,006,448	73,692,530
Kazakhstan	10,453,295	6,530,446
Total revenue	1,067,716,640	1,289,288,331

The table below provides revenue by product:

In thousands of Kazakhstani Tenge	2023	2022
High-carbon ferrochrome	874,316,186	981,406,656
Refined ferrochrome	94,477,916	167,007,793
Silicon alloys	78,706,857	137,302,159
Other	20,215,681	3,571,723
Total revenue	1,067,716,640	1,289,288,331

Revenue from one customer amounted to Tenge 1,000,277,237 thousand (2022: Tenge 1,209,930,530 thousand). Revenue for 2023 includes Tenge 35,014,013 thousand revenue from sources other than contracts with customers, representing adjustments to revenue accounted for in accordance with IFRS 9 (2022: Tenge 62,535,791 thousand revenue).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

21. Cost of Sales

In thousands of Kazakhstani Tenge	2023	2022
Materials and components used	251,688,477	284,444,069
Staff costs	141,291,793	108,190,378
Power and energy	97,673,863	82,440,963
Depreciation and amortisation	60,905,169	53,256,408
Other professional services	29,300,276	16,739,740
Mineral extraction tax	26,750,330	15,596,918
Mining services	25,317,006	12,014,456
Repair and technical maintenance	13,978,235	12,340,486
Changes in inventories	11,477,109	(36,236,111)
Insurance	9,351,985	8,675,308
Agency and commission fees	8,523,882	13,804,184
Information technologies	5,561,477	5,143,183
Other	12,251,762	12,845,005
Total cost of sales	694,071,364	589,254,987

22. General and Administrative Expenses

In thousands of Kazakhstani Tenge	2023	2022
Management fees, professional and other services*	21,522,755	28,066,404
Sponsorship and charity	7,480,802	25,290,125
Staff costs	4,118,489	5,351,459
Depreciation and amortisation	535,484	910,345
Other taxes, except for income tax	465,559	828,728
Other	5,997,147	7,197,850
Total general and administrative expenses	40,120,236	67,644,911

* During the year ended 31 December 2023, expenses for audit fees of PricewaterhouseCoopers LLP amounted to Tenge 263,844 thousand (2022: Tenge 200,331 thousand), for non-audit services - Tenge 0 (2022: Tenge 0).

Contributions to a number of various one-off individual infrastructure social development projects at the national level in Kazakhstan for the twelve months ended 31 December 2023 amounted to Tenge 2,225,899 thousand (31 December 2022: Tenge 22,102,533 thousand).

23. Other Operating Income and Expenses

In thousands of Kazakhstani Tenge	2023	2022
Income from sales of materials	4,264,166	3,955,732
Income from disposal of fixed assets	628,194	366,381
Income from accrued fines and penalties as a result of violations of the terms of contracts	255,462	9,969,799
Income from write-offs of trade payables	17,716	1,820,639
Foreign exchange income	-	5,779,251
Other	954,118	1,188,447
Total other operating income	6,119,656	23,080,249

Other operating income is presented below:

In thousands of Kazakhstani Tenge	2023	2022
Net foreign exchange loss	7,826,246	-
Staff costs	1,240,276	1,063,538
Depreciation	326,843	1,064,139
Other taxes and duties	130,117	375,990
Other	2,870,642	15,299,385
Total other operating expenses	12,394,124	17,803,052

24. Finance Income

In thousands of Kazakhstani Tenge	2023	2022
Net foreign exchange gain	17,849,665	-
Interest income	13,988,082	30,655,277
Gain on derecognition of loans receivable	3,190,898	33,476,489
Gain on restructuring of borrowings	-	31,277,248
Other	7,090,529	10,497,489
Total finance income	42,119,174	105,906,503

Gain on modification of borrowings resulted from assignment and revision of certain credit facility agreements (Note 14).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

25. Finance Costs

In thousands of Kazakhstani Tenge	2023	2022
Interest expense	48,802,239	48,449,559
Revaluation of investments at fair value	44,565,154	23,565,597
Amortization of discount on financial instruments	9,469,436	15,403,225
Loss on initial recognition of loans receivables	3,979,818	24,317,607
Accrual/ (reversal) of ECL allowance on loans receivables	340,920	(2,070,463)
Loss on modification of loans receivable	-	14,691,634
Other	9,252,843	8,518,476
Total finance costs	116,410,410	132,875,635

26. Income Taxes

In thousands of Kazakhstani Tenge	2023	2022
Current income tax expense	52,557,889	104,851,763
Current income tax benefit – prior periods	(9,891)	(5,220,791)
Total current income tax expense	52,547,998	99,630,972
Deferred income tax (benefit)/ expense	(5,442,715)	3,790,985
Total deferred income tax (benefit)/ expense	(5,442,715)	3,790,985
Income tax expense for the year	47,105,283	103,421,957

Reconciliation between the theoretical and the actual taxation charge is provided below:

In thousands of Kazakhstani Tenge	2023	2022
Profit before tax	244,148,454	589,334,587
Tax charge at statutory rate of 20%	48,829,691	117,866,917
Tax effect of non-deductible or non-taxable items:		
• Non-taxable income and non-deductible expense under investment contract	(9,130,778)	(20,983,770)
• Income tax – prior periods	(9,891)	(5,220,793)
• Revaluation of investments	9,117,216	4,713,120
• Share in results of the investments in associates	(1,794,463)	-
• Deferred income tax for previous periods	667,519	1,307,145
• Impairment provision for advances paid and trade receivables	(316,229)	1,281,267
• Provision for lawsuits	(526,661)	1,150,637
• Other	268,879	3,307,434
Income tax expense for the year	47,105,283	103,421,957

In thousands of Kazakhstani Tenge	1 January 2023	Charged to profit or loss	Charged to other comprehensive income	31 December 2023
Tax effect				
Of deductible/(taxable) temporary differences				
Property, plant and equipment	(3,950,017)	4,490,538	-	540,521
Borrowings	(13,752,106)	1,691,445	-	(12,060,661)
Inventories	2,516,836	338,154	-	2,854,990
Loans receivable and other receivables	1,548,815	(29,503)	-	1,519,312
Employee benefits	1,291,431	168,115	73,476	1,533,022
Taxes accrued but not paid	940,722	751,871	-	1,692,593
Vacation provision	1,259,382	(545,715)	-	713,667
Provision for asset retirement obligations	2,080,239	670,985	-	2,751,224
Fair value of trade receivables	2,727,318	(2,727,318)	-	-
Other	2,846,996	634,143	-	3,481,139
Net deferred income tax position	(2,490,384)	5,442,715	73,476	3,025,807
Presented as:				
Recognised deferred income tax asset	-	-	-	3,025,807
Recognised deferred income tax liability	(2,490,384)	-	-	-

In thousands of Kazakhstani Tenge	1 January 2022	Charged to profit or loss	Charged to other comprehensive income	31 December 2022
Tax effect				
Of deductible/(taxable) temporary differences				
Property, plant and equipment	(1,133,871)	(2,816,146)	-	(3,950,017)
Borrowings	(9,127,027)	(4,625,079)	-	(13,752,106)
Inventories	2,555,060	(38,224)	-	2,516,836
Loans receivable and other receivables	1,628,663	(79,848)	-	1,548,815
Employee benefits	1,119,090	48,336	124,005	1,291,431
Taxes accrued but not paid	1,347,600	(406,878)	-	940,722
Vacation provision	943,782	315,600	-	1,259,382
Provision for asset retirement obligations	518,291	1,561,948	-	2,080,239
Fair value of provisionally priced trade receivables	-	2,727,318	-	2,727,318
Other	3,325,008	(478,012)	-	2,846,996
Net deferred income tax position	1,176,596	(3,790,985)	124,005	(2,490,384)
Presented as:				
Recognised deferred income tax asset	1,176,596	-	-	-
Recognised deferred income tax liability	-	-	-	(2,490,384)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

27. Contingencies, Commitments and Operating Risks

Tax legislation and transfer pricing legislation. Kazakhstani tax legislation and practice is in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may have retroactive impact. Therefore, the interpretation of tax legislation by the tax authorities in relation to the Group's transactions and operations, may differ from management's interpretation. In this regard, the tax position of the Group in respect of certain transactions may be challenged by the tax authorities, and this may lead to charging of additional tax liabilities, penalties and fines. Audited tax periods remain open for retrospective review by the Kazakhstan tax authorities before the expiration of the applicable statute of limitations. Whilst there is a risk that the Kazakhstan tax authorities may challenge the policies applied by the Group, including those related to transfer pricing, management believes that it will be able to successfully defend its position in case of disputes, and also notes that the amount of a potential claim by the tax authorities is not subject to reasonable assessment. Accordingly, at 31 December 2023 the financial statements have no provision for potential tax liabilities (2022: no provision recorded).

Contractual capital expenditure commitments.

As at 31 December 2023, the Group has contractual capital expenditure commitments in respect of acquisition of property, plant and equipment totalling Tenge 43,790,394 thousand (2022: Tenge 115,767,108 thousand).

Legal proceedings.

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice, Management of the Group is of the opinion that no material losses will be incurred in respect of these claims.

Environmental Commitment.

In 2021, a new Environmental Code came into force. According to the Code, operators of production facilities that have a negative impact on the environment, in addition to the obligation to eliminate the consequences of the operation of facilities in accordance with the requirements of the legislation of the Republic of Kazakhstan, also have an obligation to provide the state with financial security until July 2024. The Group is currently discussing possible amendments to the Environmental Code, including the method and timing of financing liabilities.

28. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, the risk of interest rate risk affecting fair value and cash flows and price risk), credit risk and liquidity risk. The Group's risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments for hedging certain risks.

(a) Market risk

Currency risk. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, in particular in relation to US\$, Euro and the Russian Rouble. The Group exports ferroalloys abroad and attracts the significant amount of long-term borrowings in foreign currency. The Group does not use derivative financial instruments in order to decrease currency risk, and is thus exposed to foreign exchange risk. The ERG management monitors foreign exchange risk exposure by currency and in total based on the ERG consolidated position.

The table below summarizes the Group's exposure to currency risk at the end of the reporting period:

In thousands of Kazakhstani Tenge	US\$	Euro	Russian Rouble	Other	Total
As of 31 December 2023					
Assets	406,628,475	867,942	2,762,881		410,259,298
Liabilities	(1,115,670,853)	(8,579,348)	(14,379,016)	(139,609)	(1,138,768,826)
Net exposure to currency risk	(709,042,378)	(7,711,406)	(11,616,135)	(139,609)	(728,509,528)
As of 31 December 2022					
Assets	449,044,571	52	7,128,116	-	456,172,739
Liabilities	(1,073,185,101)	(9,169,035)	(14,564,063)	(3,321,700)	(1,100,239,899)
Net exposure to currency risk	(624,140,530)	(9,168,983)	(7,435,947)	(3,321,700)	(644,067,160)

The following table presents sensitivities of profit or loss and equity to reasonably possible changes in exchange rates applied at the end of the reporting period relative to the functional currency of the respective Group entities, with all other variables held constant:

In thousands of Kazakhstani Tenge	Effect on profit/ (loss) and equity	
	31 December 2023	31 December 2022
US\$ strengthening/ weakening by 20%	(113,446,780)/ 113,446,780	(99,862,485)/ 99,862,485
Euro strengthening/ weakening by 20%	(1,858,582)/ 1,858,582	(1,467,037)/ 1,467,037
Russian Rouble strengthening/ weakening by 20%	(1,233,825)/ 1,233,825	(1,189,752)/ 1,189,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

28. Financial Risk Management (continued)

Price risk. The Group sells its products to third parties. The Group is exposed to price risk, since the selling prices for finished products depend on general and market specific fluctuations.

The Group is exposed to price risk, since the selling prices for the Group's ferroalloys depend on changes in prices in prevailing market commodity prices, which in turn depend on general and specific market fluctuations. The Group does not use derivative financial instruments to hedge its exposure to commodity price risk because as per management's forecasts there is a tendency of historically high prices for ferroalloys, observed during the period before financial crisis, to be recovered.

A ten percent increase in commodity market prices for ferroalloys would increase profit before tax by Tenge 11,685,528 thousand (2022: Tenge 12,162,335 thousand increase), and a ten percent decrease in prices would increase profit before tax by Tenge 11,685,528 thousand (2022: Tenge 12,162,335 thousand decrease), with no additional impact on equity. This analysis assumes that all other variables remain constant.

Fluctuations of metal commodity prices affect the fair value assessment of provisionally priced trade receivables.

The Group is exposed to price risk in respect of investments owned by the Group and stated in consolidated balance sheet as investments at fair value. These investments represent investments in ERG companies that are not publicly traded, and ERG controls the expected cash flows associated with these investments.

Interest rate risk. Changes in interest rates affect mainly the borrowings and loans issued by changing either their fair value (debt liabilities with a fixed interest rate) or their future cash flows from it (debt with a variable interest rate). When attracting or issuing new loans, management decides on what kind of interest rate – fixed or variable – will be more favorable to the Group over the expected period until maturity, based on its judgement.

Change in market interest rate during the reporting period would not affect profit or loss, due to the fact that all raised borrowings or loans issued were obtained at fixed interest rates. As at the reporting date there was no significant influence of interest rate risk on financial assets of the Group.

Assets and liabilities with fixed interest rates expose the Group to the risk of changes in fair value of such assets and liabilities.

(b) Credit risk

Credit risk mainly arises from cash and cash equivalents, term deposits, loans receivable issued to related parties, financial guarantees as well as credit exposures to customers, including outstanding receivables and confirmed transactions.

As at 31 December 2023, the Group placed cash and deposits to financial institutions with credit ratings ranging from Baa2 to Baa3 in the amount of Tenge 65,760,260 thousand (2022: Tenge 21,061,673 thousand) and from Baa1+ to B2 in the amount none (2022: Tenge 67,207,540 thousand), respectively. Also the Group placed cash in financial institutions without credit rating in the amount of Tenge 3,325 thousand (2022: Tenge 4,007 thousand).

The Group has policies in place to ensure that sales of products and services are made to customers with good financial position and credit history. The majority sales of ferroalloys products are made to third parties. Customers, which do not match Group's credit solvency requirements, can carry out transactions with the Group only on prepayment terms. The carrying amount of cash and cash equivalents, short-term bank deposits with maturity of more than 3 months, loans receivable and accounts receivables (including receivables from related parties), net of ECL allowances, guaranteed commitments under financial guarantees, capital and loan commitments represents the maximum amount exposed to credit risk.

At 31 December 2023 the Group had only 4 main trade customers. The total trade receivables for main products from four customer are Tenge 138,656,230 thousand (2022: four main debtors of Tenge 143,884,804 thousand) or 88.50% of the total trade and other receivables (2022: 93.41%). These receivables are short-term with a maturity period from 1 to 3 months, which is in compliance with the contract payment terms. The major part of loans receivable is due from related parties. In respect of other balances there is no history of significant default of counterparties.

Although collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond ECL allowances already recognised for receivables.

(c) Liquidity risk

Liquidity risk is defined as the risk of not meeting financial liabilities when they become due. Prudent liquidity risk management implies maintaining the sufficient cash and marketable securities, availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Further details on the Group's going concern principle are discussed in Note 2.

Below is the information on contractual terms of financial liabilities settlement, including interest payments. Amounts in the table below represent the contractual undiscounted cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

28. Financial Risk Management (continued)

The table below represents information for 2023:

In thousands of Kazakhstani Tenge	Carrying value	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Liabilities								
Borrowings	1,111,103,133	1,545,683,215	175,550,035	58,229,804	58,002,264	57,774,724	111,553,945	1,084,572,443
Leases	3,245,607	3,575,787	1,235,441	988,722	358,586	358,410	261,001	373,627
Preference shares liabilities	5,910,660	16,818,683	-	989,334	989,334	989,334	989,334	12,861,347
Trade and other payables	105,245,951	105,245,951	105,245,951	-	-	-	-	-
Total	1,225,505,351	1,671,323,636	282,031,427	60,207,860	59,350,184	59,122,468	112,804,280	1,097,807,417
Assets								
Loans receivable	216,068,445	262,015,153	36,190,343	24,006,309	160,884,434	2,570,123	35,437,825	2,926,119
Trade and other receivables	154,460,639	154,460,639	154,460,639	-	-	-	-	-
Cash and cash equivalents	62,854,322	62,854,322	62,854,322	-	-	-	-	-
Other financial assets	14,416,154	15,800,398	144,079	435,786	1,017,287	305,916	540,265	13,357,065
Total	447,799,560	495,130,512	253,649,383	24,442,095	161,901,721	2,876,039	35,978,090	6,283,184

The table below represents information for 2022:

In thousands of Kazakhstani Tenge	Carrying value	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Liabilities								
Borrowings	1,063,609,047	1,575,329,112	2,224,470	178,674,136	59,266,145	59,034,555	58,802,965	1,217,326,841
Leases	2,883,974	3,390,060	1,045,214	921,263	792,014	148,463	142,614	340,492
Preference shares liabilities	6,501,553	17,808,012	-	989,334	989,334	989,334	989,334	13,850,676
Trade and other payables	146,644,444	146,644,444	146,644,444	-	-	-	-	-
Total	1,219,639,018	1,743,171,628	149,914,128	180,584,733	61,047,493	60,172,352	59,934,913	1,231,518,009
Assets								
Loans receivable	265,696,729	324,564,410	6,943,990	36,712,207	17,217,756	263,690,457	-	-
Trade and other receivables	163,904,598	163,904,598	163,904,598	-	-	-	-	-
Cash and cash equivalents	77,769,037	77,769,037	77,769,037	-	-	-	-	-
Other financial assets	16,631,588	17,911,847	81,260	271,123	526,670	787,949	416,063	15,828,782
Total	524,001,952	584,149,892	248,698,885	36,983,330	17,744,426	264,478,406	416,063	15,828,782

The Group guaranteed obligations of ERG's subsidiaries (Note 18).

Capital risk management. Decisions in relation to the Group's activity on funding (through own or borrowed funds) are made at the level of the ERG's management. The ERG's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return on capital of shareholders or sell assets to reduce debt.

The Group considers the following amounts under capital management:

In thousands of Kazakhstani Tenge	2023	2022
Borrowings	1,111,103,133	1,063,609,047
Equity attributable to the Company's shareholders	400,781,427	204,030,948
Total capital	1,511,884,560	1,267,639,995

29. Fair Value of Financial Instruments

Fair value of financial instruments carried at amortised cost is based on the expected future cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Fair value of loans receivable and borrowings, carried at amortised cost, represents Level 2 of the fair value hierarchy. As at 31 December 2023 the fair value of loans receivable amounted to Tenge 209,402,689 thousand (31 December 2022: Tenge 256,250,030 thousand).

As of 31 December 2023 the fair value of borrowings amounted to Tenge 1,016,542,021 thousand (31 December 2022: Tenge 1,050,582,408 thousand).

Fair values of other financial assets and liabilities carried at amortised cost approximate their carrying amounts



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2023 (continued)

Fair value of provisionally priced trade receivables of Level 2 fair value hierarchy is derived from the forecasted quoted commodity prices, taking into account credit risk of counterparty and equals to Tenge 135,810,113 thousand (31 December 2022: Tenge 136,234,604 thousand). Trade and other receivables decreased primarily due to decreased revenue and decreased overdue payment period.

The fair value of the investments in Eurasian Digital Ventures 1 Limited Partnership accounted at fair value represents Level 3 of the fair value hierarchy and has been determined as a share in the net assets based on the data extracted from the financial statements of Eurasian Digital Ventures 1 Limited Partnership. The fair value of the investment equals to Tenge 4,771,565 thousand (31 December 2022: Tenge 7,253,881 thousand). During the year the Group invested Tenge 2,363,976 thousand, as at the reporting date the unpaid notices and the fair value decrease are equal to Tenge 167,097 thousand and Tenge 4,683,477 thousand, respectively.

The fair value of the investment in Business and Technology Services LLP was Tenge 5,364,899 thousand (31 December 2022: Tenge 5,364,899 thousand).

The fair value of other investments at fair value represents Level 3 of the fair value hierarchy and has been determined based on the discounted cash flow model. Significant unobservable inputs are revenue and its expected annual growth rate. Despite the assumptions being subjective estimate, management believes that potential alternatives related to this assumption do not have significant impact on overall assessment of the instrument.

30. Events after the Balance Sheet Date

In January 2024, the Novation Agreement between KCR International B.V. and the Group came into force and amendments to the credit facility were signed. As a result of these events, KCR International B.V. assigned to the Group the loan with VTB Bank (PJSC) in the amount of US\$1,316,001 thousand (including the principal amount of US\$1,180,801 thousand and accrued interest of US\$135,200 thousand) in exchange for the same amount of monetary compensation paid to the Group. Immediately thereafter, the Group transferred these obligations to KCR METALS-FZCO in exchange for an

equivalent amount of monetary compensation.

In February 2024, the Group changed the currency of certain tranches within credit facility with VTB Bank (PJSC) in the aggregate amount of US\$669 million (Tenge 306,204,353 thousand) from US dollars to Chinese yuan.

For the period from February 2024 to June 2024, the Group, under a new syndicated credit facility, provided a loan to the Parent company and companies under the common control of ERG in the amount of US\$83.7 million (Tenge 37,631,971 thousand).

In February and April 2024, the Group received tranches from Development Bank of Kazakhstan under the existing credit facility in the amount of US\$14.2 million (Tenge 6,362,472 thousand) was received.

In June 2024, the Group acquired 100% of the participatory share of KhromtauTransEnergO LLP.

