A photograph of three male workers in a dark, rocky mine tunnel. They are wearing white hard hats with headlamps, safety glasses, and high-visibility orange and grey work jackets. The jackets have 'ERG VISION ZERO' and 'KAZCHROME' logos. They are gathered around a clipboard, looking at it intently. The background shows the curved, ribbed structure of the tunnel.

Creating.
Supporting.
Caring.

TNC Kazchrome JSC

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This report is produced in Kazakh, Russian and English. In the event of any inconsistencies, the Russian language version shall take precedence.



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STATEMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS



33

In the face of global instability in 2024, we managed to maintain high production figures and lay the foundation for the next stage of growth.

Dear Colleagues and Partners,

In the face of global instability in 2024, we managed to maintain high production figures and lay the foundation for the next stage of growth.

Our top priority is occupational health and safety of employees. This is the foundation of our corporate culture. 2024 has been declared the Year of Safety. We made every effort to achieve our goal of zero injuries and strengthen the safety culture in all divisions, but we did not succeed in achieving the desired results everywhere. We have again declared 2025 the Year of Safety and have significantly strengthened measures to prevent accidents at the workplace. Our main task is to ensure the safest possible working conditions, where every employee feels supported and confident in their safety.

To achieve this goal, we are implementing large-scale investment projects. The introduction of new technologies, process automation, and the modernization of equipment and infrastructure are all creating a more comfortable and safer environment for our employees.

In 2024, we commissioned a new facility that is strategically important for the entire Kazchrome – the Bolashak mine. This is one of the largest investment projects not only of the ERG Group, but also of the domestic mining and metallurgical industry. The company is investing more than one trillion tenge in the construction and commissioning of the mine to reach its design capacity. The commissioning of the new Bolashak mine will allow ERG to increase production volumes, consolidating its leading position in the global market.

In 2024, our revenue amounted to 1,002.5 billion tenge. We have set a new historical record: we have produced 1.864 million tons of products, which is 14% higher than the result of the previous year and is the highest in the entire history of the Company. These achievements were made possible thanks to our professional team, strategic investments, diversification of production facilities and a high production culture at all levels of the Company.

Today, our smelting furnaces and plants are controlled by complex algorithms, and artificial intelligence predicts equipment wear, optimizes furnace loading, and minimizes downtime. The implementation of the MES system opens up new horizons for us in management, cost reduction and productivity improvement.

As part of its consistent implementation of the ESG agenda, Kazchrome continued to invest heavily in the modernization and environmental transformation of its assets. In 2024, we have been constructed a new gas cleaning complex for Furnace 42 at the Aksu Ferroalloys Plant, began construction of an additional jigging complex for processing fine slag, replaced filters, and landscaped our own territories and hometowns.

Our number one priority is taking care of people. In 2024, as part of our housing program, more than 200 employees of the Company received their keys to new apartments. Increasingly, young professionals choose us not only for our high-tech production, but also for our values such as safety, responsibility, development, efficiency, unity, as well as for our corporate culture, which is based on respect for each individual. Dear Colleagues and Partners, I would like to thank you for your hard work, dedication and contribution to the common cause. I believe that new achievements and victories await us ahead!

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

STATEMENT OF THE GENERAL DIRECTOR



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For Kazchrome, 2024 is a story about resilience, team strength and the ability to find solutions where no one else can see them.

Dear Partners, Colleagues, Friends!

For Kazchrome, 2024 is a story about resilience, team strength and the ability to find solutions where no one else can see them. We have lived through this year in conditions where the global situation remains unstable: commodity markets continue to fluctuate, and the pressure of sanctions is being felt. Global challenges continue to intensify with increasing demands for environmental responsibility, digitalization, and energy efficiency.

But it is precisely in such circumstances that the true character of the company has been revealed. We have not only held our positions, we have progressed to a new stage, showing that we are ready to work in any conditions and find solutions even where it seems that there are none.

For the first time in Kazchrome's history, chromium ore production exceeded 6 million tons, which is 16% higher than in 2023; ferroalloy production also reached record levels. This success is the result of many years of systematic work, investment in technology, and, most importantly, the high level of commitment and professionalism of each employee.

Due to lower market prices for ferroalloys, in particular for high-carbon ferrochrome, we received a decrease in key financial indicators, but continued to implement our strategic projects. The 2024 projects are not just investments in equipment or construction. These are steps that are already changing the face of the industry, increasing Kazchrome's competitiveness, creating new jobs and forming the basis for a sustainable future.

We are continuing to upgrade our smelting furnaces, transforming them into modern, more powerful and environmentally friendly production complexes that can provide us with technological leadership and reduce our environmental impact. A striking example is the modernization of Furnace 12 at the Aktobe Ferroalloys Plant. Now it is a furnace equipped with two tap-hole units for the separate discharge of metal and slag. Such a solution is rare in the global metallurgical industry and represents important technological know-how that increases production efficiency, improves product quality, and makes the process safer.

In 2024, we commissioned an additional line for drying reducing agents at the Aktobe Ferroalloys Plant, which significantly expanded production capabilities. This reduced the increased load on the furnaces and ensured their stable and efficient operation.

Undoubtedly, the launch of the Bolashak mine at the Donskoy Ore Mining and Processing Plant in 2024, one of the deepest and most technologically advanced mining projects in the world, has given a powerful boost to the entire Company and the economy of the region. We have been waiting for this milestone for many years, and today, despite certain difficulties in bringing the mine into full operation, we are confident that this mine represents the future not only of Kazchrome, but of the entire mining and metallurgical industry in Kazakhstan. Bolashak mine will provide a stable raw material base for decades to come, create high-tech jobs and implement the latest safety standards, setting new benchmarks for the entire industry.

We understand that the future of the mining and metallurgical industry is impossible without a systematic approach to environmental issues, social responsibility and corporate governance. For this reason, in 2024, Kazchrome has continued to consistently implement green technologies that comply with the international ESG agenda. We are implementing projects aimed at reducing the negative impact on the environment, increasing resource efficiency and using natural resources responsibly. Key initiatives include pilot projects to reduce our carbon footprint, the introduction of new-generation emission treatment systems, and the recycling and reuse of industrial waste. A striking example is the construction of another jigging complex for processing fine slag at the Aksu Ferroalloys Plant. This is not only a significant contribution to the economy, but also a real reduction in the burden on the environment. The project demonstrates that environmental responsibility and economic efficiency can go in parallel, creating a new quality of industry in Kazakhstan.

Kazchrome's people are behind all the achievements. They are the Company's most valuable asset, and taking care of them is always a priority. In 2024 alone, approximately 9 billion tenge was allocated to social programs, including health insurance, improving working conditions, training and support for employees. The infrastructure of the cities where the Company's employees live was developed, and social facilities were built and renovated. More than 200 Kazchrome's employees received new apartments, built or purchased as part of the Housing Program. This contribution was also recognized at the international level: Kazchrome was awarded the title of 2024 Best Social Partner among Central Asian countries.

The year 2025 will not be easy for the Company as the situation on the ferroalloy market is unstable, and the difficulties raised during the commissioning of the Bolashak mine have become another challenge for us. However, we see new opportunities in this situation such as an opportunity to rethink our approaches, find new solutions, and strengthen the Company's sustainability. Key projects in 2025 will include bringing a new mine to full capacity, increasing chromium extraction at processing plants of the Donskoy Ore Mining and Processing Plant, developing the ERG Green project, prospecting and developing new deposits, and upgrading smelting furnaces at ferroalloys plants.

I would like to thank every employee, every partner, and every customer for their trust, collaboration, and belief in our common cause. Together we have proved that we can achieve outstanding results, and together we will take the next step into the future of Kazchrome.

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

ABOUT COMPANY

General description

Business model

Generating shared value

OVERVIEW

MANAGEMENT
STATEMENT

**ABOUT
COMPANY**

MARKET
OVERVIEW

STRATEGY
OVERVIEW

OVERVIEW OF OPERATING
RESULTS

FINANCIAL
OVERVIEW

RISK
MANAGEMENT

OVERVIEW OF SUSTAINABLE
DEVELOPMENT

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

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.

YEAR RESULTS

OPERATING PERFORMANCE

- 6 032 thousand tons Chromium ore mining
- 1 865 thousand tons Production of ferroalloys
- 1 676 thousand tons Sales volume of ferroalloys

FINANCIAL PERFORMANCE

- 320 billion tenge EBITDA
- 1 003 billion tenge Revenue
- 140 billion tenge CAPEX

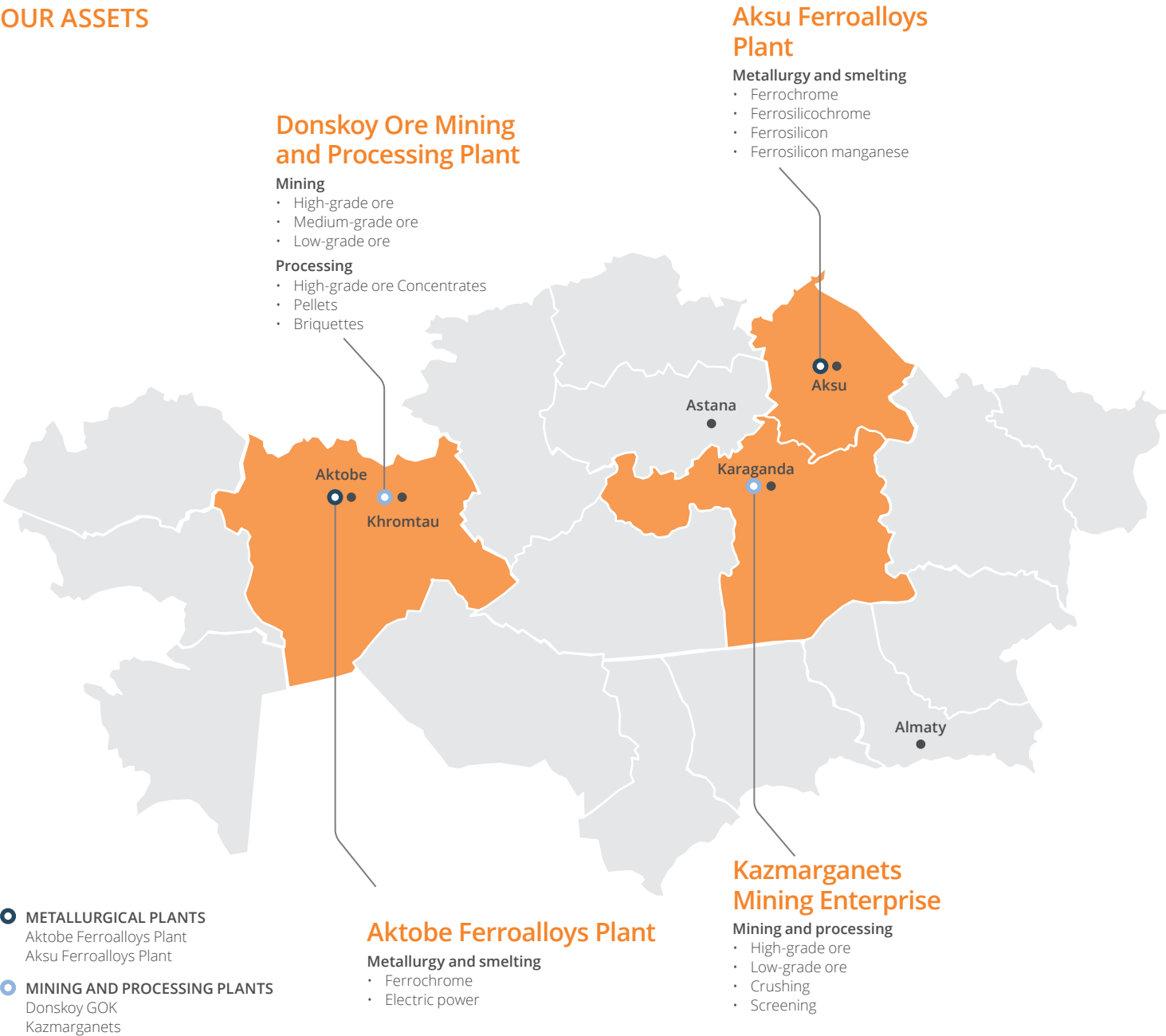
SUSTAINABLE DEVELOPMENT INDICATORS

- 8 452 thousand tons CO₂ emissions
- 11 871 ГВт.ч Энергопотребление
- 25 mln m³ Water consumption

For more information please visit www.kazchrome.com

GENERAL DESCRIPTION

OUR ASSETS



KAZCHROME RANKS 1-ST

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

KAZAKHSTAN IS THE WORLD'S 3-RD

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”). The major shareholder of TNC Kazchrome JSC is KCR Metals – FZCO, which owns 99.34% of the total number of outstanding shares.

OUR ADVANTAGES

- Ore grade
- Strong market position with a favorable growth prospect
- Ongoing efforts to improve productivity and efficiency
- Broad diversification of the customer base

KEY INDICATORS 2024

1,003 billion tenge
Revenue

1,865 thousand tons
Production of ferroalloys

1.13
LTIFR

BUSINESS MODEL

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.

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»), Kazmarganets Mining Enterprise (hereinafter - «Kazmarganets ME») and Power Plant (hereinafter - «PP»).

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 about 25% of the plant's electricity needs, while ERG's subsidiaries provide the remaining electricity for the Aktobe FP and all of the electricity for the Aksu FP. 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.

Financial results

Mln tenge	2022	2023	2024
Revenue	1,289,288	1,067,717	1,002,519
EBITDA	669,985	380,246	320,058
Profit	485,913	197,043	6,165
CAPEX	154,096	182,622	139,568

In 2024, revenue indicator decreased by 65.2 billion tenge (6.1%) compared to 2023. The main reason for the decrease in revenue and in EBITDA by 60.19 billion tenge (15.8%) 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 2024, Kazchrome's capital expenditures for the development and maintenance of assets amounted to 139.6 billion tenge and were allocated to further expansion of the production capacity of the 10th Anniversary of Kazakhstan's Independence mine; the Bolashak mine, further implementation of the ERG Green projects (major furnace repairs, etc.).



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.



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.



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.

OUR VALUES



Safety

- We put safety first
- We ensure safe labour conditions for all our employees and contractors, continuously working to prevent any injuries occurring in the workplace



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

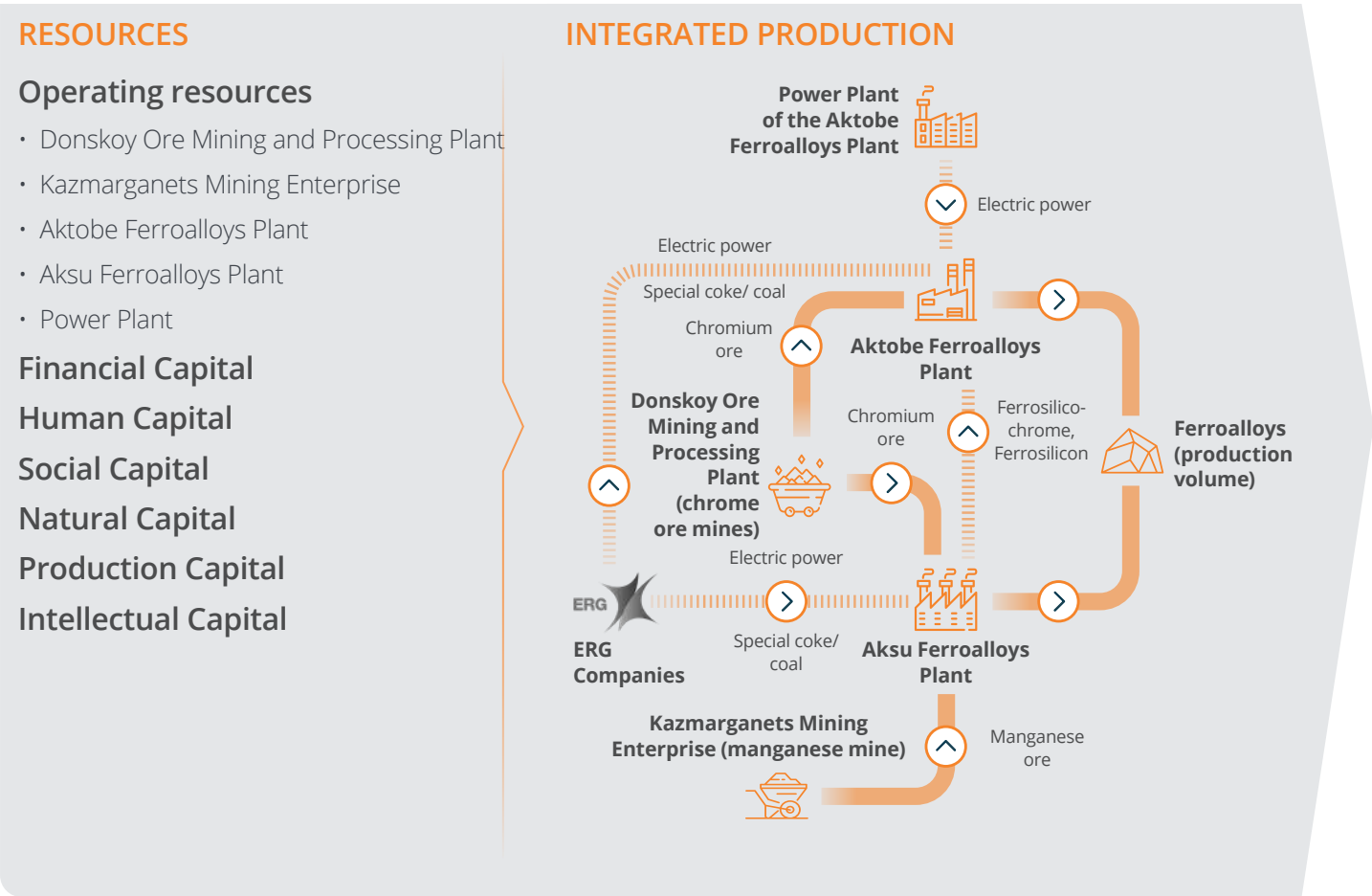
- We value our employees and create the conditions for them to grow and develop
- We rationally integrate new technologies and grow as an organization
- We ensure the sustainable development of the Company



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

GENERATING SHARED VALUE



PERFORMANCE INDICATORS		
320 billion tenge	1.13	3,983 thousand tons
Basic EBITDA	LTIFR	CO ₂ emissions
1,003 billion tenge	19,732	25 mln m ³
Revenue	Headcount	Water consumption

**KEY PRODUCTS AND THE SCOPE OF ITS USE
(DESCRIPTION NEXT TO THE PRODUCT IMAGE)**

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 also as a metal for the production of individual types of chromium steels.

Ferrosilicon manganese (FeSiMn)
It is used in the production of certain types of steels (Hadfield steel) to improve their properties and structure. Areas of use include mining, construction and railroad industries.

Ferrosilicon (FeSi)
Used as a deoxidiser in the production of ordinary steels. 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.

China

Japan

South Korea

Europe

USA

MARKET OVERVIEW

Macroeconomic situation

Market overview of supply and demand,
ferrochrome prices



MACROECONOMIC SITUATION

The past year 2024 turned out to be eventful and continued a series of turbulent years in the global economy. Despite the slowdown in inflation and the reversal in monetary policy by major central banks, global growth remained moderate, while geopolitical tensions, commodity market instability, and structural imbalances in a number of countries created a high degree of uncertainty.

After an aggressive cycle of interest rate increases in 2022-2023, central banks began a gradual transition to monetary policy easing in 2024. In the first half of the year, the US Federal Reserve kept the rate at its peak (in the range of 5.25–5.5%), but lowered them three times to 4.5% in the second half in an attempt to support the cooling economy amid declining inflation. The European Central Bank has also suspended its tightening cycle and moved to cut interest rates in mid-2024. This was made possible by a slowdown in inflation. By the end of the year, the overall consumer price index fell to 3.0% in the United States, and to 2.4 % in the eurozone.

China, the largest consumer of raw materials and one of the world’s key economies, showed moderately steady growth in 2024 amid ongoing structural challenges. The country’s GDP increased by 5.0%, which is a significant indicator in the context of the global slowdown and only slightly below the level of 2023 (5.2%). This growth was achieved against the background of continued pressure in the real estate sector, limited recovery in domestic demand and debt burden in certain industries. The real estate sector, which has remained under pressure since 2021, continued to hold back the economic recovery. Despite the easing of mortgage policy and increased support for developers, housing sales remained low and confidence among households and investors remained limited. At the same time, a positive factor was the increase in public investment in infrastructure, as well as measures to support high-tech industries, especially against the background of external pressure, including export restrictions on Chinese technologies from the United States. The Chinese authorities also continued to implement a broader package of stimulus measures, including lower interest rates and tax breaks to stabilize domestic demand and support priority industries.

Commodity markets in 2024 reflected mixed trends driven by both changes in global demand and regional factors. Industrial metal prices remained under moderate pressure amid weaker demand from China and stabilizing production activity in other countries. The Bloomberg Industrial Metals index showed a slight increase in the range of 2-4%, partially recouping the fall in 2023. There was more pronounced volatility in the energy sector, and the price of Brent crude oil remained in the range of US\$70 - 90/barrel during the year, which was facilitated by both production cuts from OPEC+ countries and increased production in the USA. In October 2024, US oil production reached 13.5 million barrels per day, remaining at a historically high level.

By the end of 2024, global GDP grew by 3.1% (according to the IMF and OECD), which corresponds to the level of 2023. The growth rate is expected to accelerate to 3.2% in 2025, subject to inflation stabilising and interest rates normalising. Despite the positive signals, risks to the global economy remain such as high debt burden, geopolitics, fragmentation of trade relations, and demographic challenges in key regions.



MARKET OVERVIEW OF SUPPLY AND DEMAND, FERROCHROME PRICES



While some ferrochrome producers, such as Kazchrome, Samancor, and Glencore-Merafe, will hold 10%, 9%, and 7% of the global ferrochrome market in chrome equivalent by 2024, respectively, and have their own chromium ore deposits, a significant portion of ferrochrome producers purchase chromium ore. In particular, China, which accounts for about 50% of global ferrochrome production in chrome equivalent, has virtually no chrome 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, 2024 was an exception and was characterized by significant price fluctuations in the ferrochrome market, especially in Europe and the US. In 2024, ferrochrome prices in Europe and the US, after record increases in 2022 and elevated levels in 2023, began to decline to more fundamental levels.

For example, in Europe, the average annual price levels for high-quality high-carbon ferrochrome (HC FeCr) and low-carbon ferrochrome (LC FeCr) in 2024 were ~ US\$1.72/lb chrome and ~US\$2.53/lb chrome, respectively, down 20.7% and 18.1% respectively, from the previous year, but up 47.0% and 18.8% respectively, from the average prices of the previous five years up to 2022.

The strong price environment in Europe and the US was driven by several key factors, mainly related to supply volumes and increased cost levels. In 2024, the European market for high-grade HC FeCr continued to face a severe supply shortage, and Yildirim Group continued to reduce production to 145 thousand tons, or 23.2% of its total production capacity (625,000 tons per year) against the backdrop of rising production costs and slowing demand in Europe. 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 and high production costs.

Ferrochrome prices in China were less volatile, with average annual HC FeCr prices of ~US\$0.96/lb chrome (-5.0% YoY). However, the introduction of new ferrochrome production facilities in China caused a local imbalance between supply and demand, which led to a sharp drop in prices at the end of 2024 to a five-year low. However, under current conditions, any significant decline in ferrochrome prices in China is unsustainable, as the strong chrome ore market keeps ferrochrome smelters' costs high and falling ferrochrome prices lead to negative margins for producers. Against the background of growing demand from stainless steel and high prices for chromium ore, we expect further recovery in ferrochrome prices.



STRATEGY OVERVIEW

Efficiency and growth initiatives

EFFICIENCY AND GROWTH INITIATIVES

In 2024, 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 ferrochrome 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

In 2024, the new Bolashak mine was put into operation at the Donskoy Ore Mining and Processing Plant¹, with a design capacity of 7.5 million tons of chromium ore per year. In March, and during the period from May to July 2025, mining and construction activities at the mine were temporarily suspended following to spontaneous hydrogen ignitions. To eliminate the causes and prevent similar incidents, a set of technical and organizational measures was implemented with the involvement of research institutes; work resumed in August after obtaining permits from government authorities.

The mine includes the development of two deposits – Millionnoye and Almaz-Zhemchuzhina. Mining operations here will take place along five underground horizons at a depth of 800 to 1,200 meters. It is one of the deepest mines in the world. In addition, it has the deepest mine shaft in Kazakhstan for ferrous metal mining, more than 1,000 meters underground.

The new mine uses advanced technologies and modern equipment, including an intelligent drilling rig with automatic drilling mode, remote control from the surface, and a fully automated hoisting machine. All this is designed to ensure high efficiency, safety and minimal impact on the environment. In 2024, 64 thousand tons of the first ore were extracted from the Bolashak mine.

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

- Ore was mined at the Yuzhny open pit and the Geologicheskoe I underground mine.
- In 2025, it is planned to start mining operations at the 39 deposit using underground mining method.

Ore Beneficiation Stage

In 2023, Kazchrome launched a new ERG Green processing plant, which specializes in processing accumulated tailings. This is one of the key projects within the environmental program for the disposal of 14.5 million tons of waste. The plant is expected to process up to 1.7 million tons of both historical (previously accumulated) slimes and current waste annually.

Slime tails are beneficiation waste consisting mainly of waste rock, i.e., they have a minimal content of useful components. A distinctive feature of production is the use of a gravity method to extract chromium oxide that is unique in global practice. The concentrate produced at ERG Green contains at least 48.5% chromium oxide, which makes it a valuable raw material for ERG ferroalloy plants.

Thus, slime processing solves two important issues at once: it will reduce the volume of accumulated slime tailings, which means it will improve the environmental well-being of the region and support the provision of concentrate to ERG ferroalloy plants.

According to the results of 2024, the plant produced 143 thousand tons of concentrate.

In addition, ERG Green will implement a project to build a flotation beneficiation plant for the finest grade of slimes by the end of 2025. Together with the already established plant, the project will maximize the extraction of chromium from mature slimes.

Smelting Stage

Aktobe Ferroalloys Plant

In 2024, 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 cost and increase productivity of ferrochrome from Smelting Shop 4, the project of the 3rd reducing agent drying line was implemented, which allowed ERG Group to switch to 100% utilization of the Group’s own reducing agent (special coke produced by Shubarkol Komir JSC).

In 2024, an EPC contract was signed for the construction of the Recovery Power Plant using Ferroalloy Off-Gas of Smelting Shop 4 of the Aktobe Ferroalloys Plant.

The project involves the introduction of the best available technologies for the utilization of ferroalloy gas, which is currently burned in open flares in the amount of more than 600 million cubic meters annually. Instead, the gas will be used to generate 80 MW of electric power, which will provide the company with its own environmentally friendly energy source and reduce emissions into the atmosphere.

Construction of the new power plant is scheduled to begin by the end of 2025.

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. It is planned to further implement the modernization program for Smelting Shops 1 and 2 to improve working conditions and the environment (increasing the efficiency of waste gas treatment, introducing an automatic emission monitoring system at sources).



¹ Previously, the second stage of the 10th Anniversary of Kazakhstan’s Independence Mine.

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.

Результаты операционной деятельности

Thousand tons	2022	2023	2024
Mining and production			
Chromium ore mining	4,829	5,194	6,032
Production of ferroalloys	1,708	1,635	1,865

The 16% increase in chromium ore production in 2024 is due to the modernization of equipment at the 10th Anniversary of Kazakhstan Independence Mine (Stage 1), the start of mining operations at the Bolashak mine, and an increase in open-pit mining operations on the eastern side of the Yuzhny open pit, in accordance with the approved Mining Plan.

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 Structure

By product

Thousand tons	2022	2023	2024
Объем продаж			
High carbon ferrochrome	1,264	1,268	1,446
Refined ferrochrome	52	53	68
Silicon alloys	173	182	162
Total ferroalloys		1,503	1,676

By market

Mln tenga	2022	2023	2024
Domestic market	6,530	10,453	16,463
Foreign market	1,282,758	1,057,263	986,055

Sales to neighboring countries and within Kazakhstan are made through direct contracts with customers. In addition, ferrosilicon manganese with reduced quality in terms of the main component content (Mn) is sold under direct contracts with Chinese buyers for the period 2023-2024.

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.

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 were not 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 is currently conducting the operational exploration of the mine reserves the Geofizicheskoe VII deposit, while the operational exploration of the Pervomaiskoye deposit continues from the minus 80 meter horizon, as well as the Almaz-Zhemchuzhina deposit from the minus 160 meter horizon at the 10th Anniversary of Kazakhstan's Independence Mine, and from the minus 480 meter horizon at the Bolashak Mine. As part of the exploration contract for the South Kempirsay ore field, the reserves of the Geofizicheskoe XII chromium ore deposit are being further explored.

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.



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 2024 (Form 1 TPI).
2 Category B, C1 means confirmed reserves, category C2 means pre-estimated reserves.

SUBSURFACE USE AGREEMENTS AND LICENSES

Agreements	Location	Agreement commencement date	Agreement expiration date	Mine(s)	Division
Chromium ore mining	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	Khromtau district, Aktobe region	2022	2025	The Donskoy Open Pit	Donskoy Ore Mining and Processing Plant
Manganese ore mining	Nurinsky district, Karaganda region	1999	2025	The Tur mine	Kazmarganets Mining Enterprise
Prospecting for chromite-containing ore	Khromtau district, Aktobe region	2015	2026	The South Kempirsay ore field	Donskoy Ore Mining and Processing Plant
Prospecting for chromite ore	Aytekebi and Khromtau districts, Aktobe region	2019	2025	The Bilge ore occurrence	Donskoy Ore Mining and Processing Plant
Prospecting for copper, gold, silver, lead and zinc	Aktogay district, Karaganda region	2023	2029	The Adylbay site	Donskoy Ore Mining and Processing Plant
Prospecting for chromite ore	Aytekebi and Khromtau districts, Aktobe region	2024	2030	The Bilge ore occurrence	Donskoy Ore Mining and Processing Plant
Prospecting for chromite ore	Mugalzhar, Bayganin and Shalkar districts, Aktobe region	2024	2029	The Daulsko-Kokpektinskaya area	Donskoy Ore Mining and Processing Plant

Resources and Reserves¹

Kazchrome's largest resource base in the industry includes 298.1 million tons of balance reserves of chromium ore of unique quality with an average chromium content of 51.7% 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.

BALANCE RESERVES OF CHROMIUM ORE 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	204.13	52.0	106,148
	C ₂	90.16	50.9	45,891
	Total mineral reserves	294.29	51.7	152,039
Molodezhnaya Mine	B,C ₁	0.082	49.4	0,041
	C ₂	0.812	49.4	0,401
	Total mineral reserves	0.894	49.4	0,442
Geofizicheskoe VII	B,C ₁	2.0	52.8	1,056
	C ₂	-	-	-
	Total mineral reserves	2.0	52.8	1,056
39	B,C ₁	0.171	43.1	0,074
	C ₂	-	-	-
	Total mineral reserves	0.171	43.1	0,074
Total: Donskoy Ore Mining and Processing Plant	B,C ₁	206.38	52.0	107,319
	C ₂	90.97	50.89	46,296
	Total mineral reserves	297.36	51.66	153,615

FINANCIAL OVERVIEW



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, 2023 and 2024.

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 2023-2024.

Statement of profit or loss

Million tenge	2022	2023	2024
Revenue	1,289,288	1,067,716	1,002,519
Cost of sales	(589,255)	(694,071)	(704,802)
Gross profit	700,033	373,645	297,717
Distribution expenses	(11,425)	(10,980)	(12,339)
General and administrative expenses	(67,644)	(40,120)	(42,016)
Research, business development and exploration expenses	(9,937)	(6,803)	(5,327)
Other operating income (expenses)	5,277	(6,275)	10,760
Share in the results of associated enterprises	-	8,972	14,061
Financial income	105,907	42,119	32,735
Financial expenses	(132,876)	(116,410)	(281,981)
Before-tax income	589,335	224,148	13,610
Income tax expenses	(103,422)	(47,105)	(7,445)
Profit for the year	485,913	197,043	6,165

Kazchrome concluded 2024 with a net profit of KZT6.17 billion, representing a 96.6% decline compared to the previous year. This result was significantly impacted by a KZT165.57 billion increase in financial expenses due to the effect of exchange rate differences in financial activities and an increase in the loss from initial recognition of loans granted (the effect of modification).

Further details are disclosed in the notes to the Company's audited consolidated financial statements for 2024 (section 11).

Revenue

In 2024, revenue remained almost at the level of 2023 (54.4 billion tenge or 0.05% decrease), despite an 11.5% increase in sales. This was due to lower ferroalloys prices, with the depreciation of the tenge against the US dollar acting as an additional factor.

Cost of sales

The cost of sales increased slightly in 2024 compared to the previous year (by 10.7 billion tenge or 1.5%). The increase in salaries by 19 billion tenge (13.5%) and energy costs by 18.4 billion tenge (18.9%) due to the increase in tariffs was offset by a decrease in raw materials costs by 12.6 billion tenge (5,0%), as well as other expenses by 23.8 billion tenge (20.6%).

General and Administrative Expenses

In 2024, a significant increase in sponsorship and charitable assistance by 6.2 billion tenge or 82.2% was partially offset by a decrease in management and consulting services by 3 billion tenge (13.7%) and a decrease in other expenses by 1.2 billion tenge or 19.2%.

Million tenge	2022	2023	2024
High Carbon FeCr	981,407	874,316	825,236
Refined FeCr	137,302	94,478	89,194
Silicon alloys	167,008	78,707	78,185
Others	3,571	20,215	9,904
Total revenue	1,289,288	1,067,716	1,002,519

Million tenge	2022	2023	2024
Raw materials, supplies and components	284,444	251,688	236,111
Salaries and related expenses	108,190	141,292	160,340
Energy costs	82,441	97,674	116,113
Depreciation of fixed assets and amortisation of intangible assets	53,257	60,905	71,491
Mineral production tax	15,597	26,750	25,822
Others	45,326	115,762	94,925
Cost of sales	589,255	694,071	704,802

Million tenge	2022	2023	2024
Management, consulting and other professional services	28,066	21,523	18,570
Sponsorship and charitable assistance	25,290	7,481	13,634
Salaries and related expenses	5,352	4,118	4,047
Depreciation of fixed assets and amortisation of intangible assets	910	535	541
Others	8,026	6,463	5,224
General and Administrative Expenses	67,644	40,120	42,016



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 (strategic management, budgeting, investment activities, ESG and others) and covers 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.

Ключевые риски	Risk Management Approach
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.	<ul style="list-style-type: none">• Monitor potential changes in the legal and regulatory environment• Represent the Company's interests through professional organisations/ associations• Monitor compliance with obligations under licences and permits obtained
Price Risks The volatility of finished product prices has a significant impact on the Company's operations, including financial performance and liquidity.	<ul style="list-style-type: none">• 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
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.	<ul style="list-style-type: none">• 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
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.	<ul style="list-style-type: none">• 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

KEY RISKS AND ITS MANAGEMENT

Ключевые риски	Risk Management Approach
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).	<ul style="list-style-type: none">• 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
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.	<ul style="list-style-type: none">• Maintain strong relationships with existing lenders, expand the pool of funds available to us, work to improve our debt portfolio, lending 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
Social Risks 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.	<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
Human Resources Risks 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.	<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 specialties• Continually monitor employee satisfaction and engagement
Occupational Health and Safety Risks 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.	<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 key occupational health and safety risks• Conduct health and safety system audit• Integrate safety objectives into managers' KPIs• Assess risks using hazard identification methodologies (HAZID)¹.

1 HAZID means a hazard identification.

RISK MANAGEMENT SYSTEM

(continued)

KEY RISKS AND ITS MANAGEMENT

Ключевые риски	Risk Management Approach
Environmental and Climate Change Risks 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. 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. The Environmental Code of the Republic of Kazakhstan adopted in 2021 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.	<ul style="list-style-type: none">• Adopt management systems that are certified and/or comply with ISO 14001• Implement an energy management system certified to ISO 50001• 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
Compliance Risks ERG Group has undertaken a number of internal and external compliance obligations applicable to the Company, 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.	<ul style="list-style-type: none">• Implement the Compliance Program for the Kazakhstan Perimeter, including the company, including training and monitoring of compliance with policies and guidelines (ERG Code of Corporate Conduct, ERG Supplier Code of Conduct, etc.)• Implement updated processes for disclosure and resolution of conflicts of interest, counterparty due diligence, including supply chain participants, which also focuses on human rights compliance and the OECD Due Diligence Guidelines¹,• Implement ERG sanctions compliance program• Implement ERG privacy program to protect personal information in order to ensure compliance with the EU General Data Protection Regulation (GDPR) and national legislation• Support a whistleblowing system, including ERG hotline operated by an independent operator
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.	<ul style="list-style-type: none">• 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 (Organisation for Economic Co-operation and Development) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

OVERVIEW OF SUSTAINABLE DEVELOPMENT

Occupational 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 2024, the Kazakhstan Perimeter ESG Committee continued its work on developing long-term ESG targets and action plans, including targets to increase the share of renewable energy and reduce greenhouse gas emissions at the Kazakhstan Perimeter level, and monitor their achievement.

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

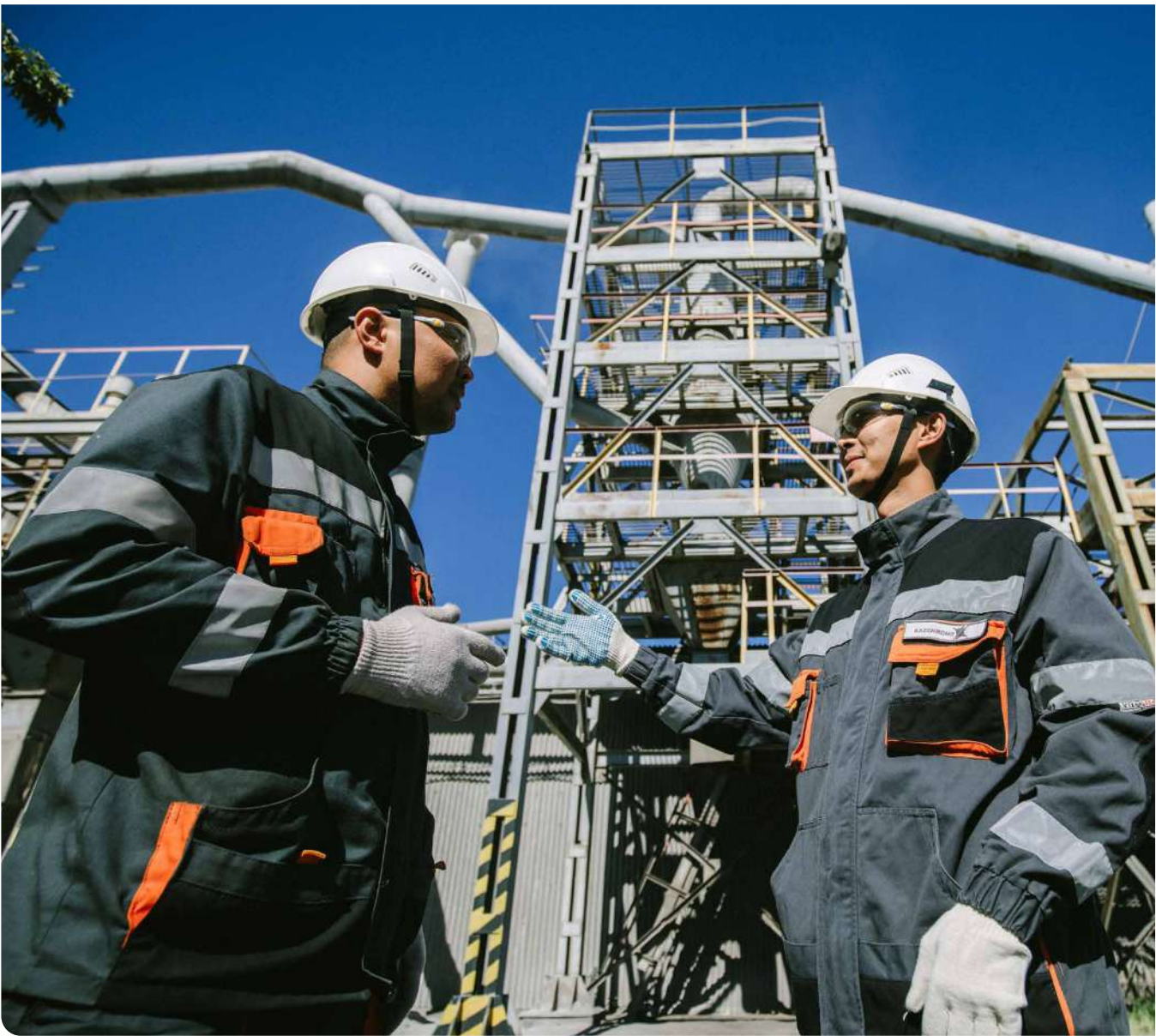
- Implementing an Environmental Strategy that incorporates international best practices and ensures the Group's compliance with the requirements of the new Environmental Code,
- Implementing initiatives to reduce greenhouse gas emissions from power generation. In particular, they include the construction of Khromtau wind power plant with a capacity of more than 150 MW in the area of the Donskoy Ore Mining and Processing Plant. In 2024, the commissioning of the first stage of the plant began. 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.

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.

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



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 2024, 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 2024, measures have been implemented in the following areas:

Ensuring Safety When Working in a Confined Space

A training ground has been built at the Aksu FP to practice the skills of working in a confined space. A training matrix has been developed with the definition of a list of professions engaged in working in confined spaces.

Ensuring Safe Work at Heights

As part of the implementation of the corporate program to ensure safe work at heights, 3,632 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.

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

- Primary fire extinguishing equipment in the amount of nearly KZT 2 million was purchased at the Aksu FP. Fire alarms and automatic fire extinguishing systems for amount of KZT 11 million were installed at nine facilities. 28 foam generators were installed in Smelting Shop 1. A foam extinguishing pipeline has been laid in Smelting Shop 2. Automatic Fire Alarm Systems were installed in the control rooms of Smelting Shops 1 and 6, repair shops of the Road Transport Shop, the shift meeting room of the Heat and Power Shop, the parking box of the Road Transport Shop, Smelting Shop 6, the tractor machinery garage of the Power Shop, the Office Building of the Sinter Shop, and the Sintering Department of the Sinter Shop. CO gas analyzers were installed in gas-hazardous areas of Smelting Shop 6 for the amount of more than KZT 25 million. 400 Shar-AFO self-activating fire extinguishers were purchased.

- The Aksu FP has conducted driver training as part of a centralized Defensive Driving project, where company drivers acquire special skills that enable them to minimize traffic accidents despite the actions of other road users and adverse road and weather conditions.
- At the Aktobe FP, Tungus automatic powder fire extinguishing systems were installed in the transformer rooms of Smelting Shop 1, Smelting Shop 2, Railroad Shop and Maintenance and Repair Shop for fire protection.
- At the Aktobe FP, two overpasses were built to test the braking systems of vehicles.
- A training ground for Loading and unloading machines and underground self-propelled machines drivers has been built at the Donskoy Ore Mining and Processing Plant, as well as for drivers of heavy-duty dump trucks and drivers of Shakhman dump trucks.
- Nine fire extinguishing systems have been installed in the engine compartment of underground machinery at the Donskoy Ore Mining and Processing Plant.
- Safety stand-downs have been organized in all enterprise divisions with the participation of top management. Particular attention is paid to workplaces, conversations with employees, discussion of challenging issues, etc.

Transportation Safety

In 2024-2025, the SCOUT¹ Safe Driving Project continued. In the first half of the year, SCOUT is planned to be replaced with the updated ANTISON System at DGOK for 54 vehicles. This project includes additional options to prevent drivers from falling asleep at the wheel: smart surveillance cameras and violation detection systems, which significantly reduce the risk of accidents, monitor drivers' actions, fatigue, and drowsiness, and improve vehicle efficiency.

In 2024-2025, Business & Technology Services LLP and Kazchrome JSC will continue to provide technical maintenance services for equipment and information and technical support for SCOUT for 175 vehicles for a total amount of 181 billion tenge.

In 2025, systematic driver training in safe driving continues, and it is planned to supplement the career driving training program with 386 people, including: DGOK – 237 drivers, Aktobe FP – 65 drivers, Aksu FP – 54 drivers and Kazmarganets – 30 drivers.

In 2025, it is planned to equip and launch a training ground for the development of safe driving skills by drivers of the Road Transport Shops of Aktobe FP and Aksu FP. The training ground will consist of a concrete area equipped with a railroad crossing, road signs, and markings.

Two overpasses are being built to test the braking systems of vehicles. In 2025-2026, it is planned to install the RED KILL ZONE system on 23 vehicles at the Company's branches. It is planned to install a speed limitation system for 170 dump trucks.

In 2024, 364 drivers were trained in safe driving, including: DGOK – 195 drivers, Aktobe FP – 106 drivers, Aksu FP – 51 drivers and Kazmarganets – 12 drivers.

Risk Assessment

The risk assessment of workplaces was carried out according to the HAZID methodology. The study was conducted in 16 production units of Kazchrome. As a result, 3 unacceptable risks were identified and 28 measures to minimize them were implemented.

In 2025, the risk assessment will be continued using the HAZID method.

1 SCOUT – a satellite control, analytics and transport management system.

OCCUPATIONAL HEALTH AND SAFETY

(continued)

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.

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 in accordance with the requirements of current legislation and internal regulations of the Company: pre-shift and post-shift examinations and annual periodic medical examinations.

In 2024, 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 that employees undergo in the clinics of the Group's own medical center. 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 2024. 7,994 Kazchrome's employees underwent rehabilitation at the medical center.

For early detection of oncological diseases, 5,587 employees underwent oncological screening. No oncological diseases were detected as a result of the screening.

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. 19 ASMO (Automatic Medical Support System) machines were installed at the Aktobe Ferroalloys Plant and 34 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 2024, the Company launched a Psychological Safety program. In 2024, more than 200 specialists, mostly foremen and section managers, completed training in psychological safety. This training aims to increase employees' knowledge of the role of psychological well-being in reducing the risk of occupational injuries and techniques for forming psychologically safe teams.

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 may 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 2024, 28 fire incidents were registered. In order to prepare for and respond promptly to emergencies, 1,811 emergency drills and 30 fire drills were conducted in 2024.

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. In 2024, automatic fire extinguishing systems were installed in transformer rooms at the facilities of the Aksu FP and Aktobe FP.

OCCUPATIONAL HEALTH AND SAFETY

(continued)

Performance Indicators

Fatal Accidents

The Company is deeply saddened by the death of one employee of the Aksu Ferroalloys Plant and 2 employees of the Donskoy Ore Mining and Processing Plant in 2024 (2023: one employee of the Donskoy Ore Mining and Processing Plant's contractor and two employees of the Aktobe Ferroalloys Plant's contractor). 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 fatalities of the Company's employees 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:

- Regulatory documents on occupational health and safety, technological processes, etc. have been updated.

- A data sheet has been developed for loading/unloading materials onto dump trucks on the surface and in the quarries, with safe methods for loading and transporting materials in accordance with the legislation of the Republic of Kazakhstan. Further, the loaded vehicle shall be weighed.
- Prohibition to transport materials to the quarries using vehicles not intended for this purpose.
- Video surveillance has been installed on special overpasses before entering the quarries.
- The defensive driving program has been revised. A course on safe methods of driving vehicles in quarries has been introduced.
- A data sheet has been developed for a special overpass for checking the braking system before entering quarries.
- A procedure for weighing vehicles delivering materials to quarries has been introduced.
- A regulatory document has been developed regarding the verification of vehicle logbooks with a frequency of inspection.
- Radio communication has been established between the process personnel of the furnace, casting machines, and crane operators.
- If moisture or water (groundwater, rainwater, process water, etc.) is present in the casting bays, metal casting operations shall be suspended until the moisture is eliminated.
- The work is underway to install thermal insulation for electric bridge crane cabins.
- An operation of electric bridge cranes is prohibited without inspection and admission by the personnel of the mechanic and electrical service.
- When developing PEPs related to earthworks, measures to eliminate groundwater are included.
- A procedure for the admission of metallurgical crane operators to work after a break has been established.

Lost Time Injuries

In 2024, 44 Lost Time Injuries (LTI) were recorded (2023: 41), resulting in a Lost Time Injury Frequency Rate (LTIFR) of 1.13 (2023: 1.01).

Key Occupational Safety Indicators

Indicator	2023	2024
Fatal accidents (employees and contractors)	3	3
Lost Time Injuries (employees and contractors)	41	44
Lost Time Injury Frequency Rate (LTIFR)	1.01	1.13
Accident severity rate	88.46	95.98
Fatal Accident Rate (FAR)	6.87	7.22



HUMAN RESOURCES MANAGEMENT

Management Approach

Employees are Kazchrome’s most valuable asset and our equal partners in achieving strategic goals. The Company’s priority is the well-being of all employees, the creation of 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 salaries, 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, 2024, almost all of our employees were members of the collective 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 meeting 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 2024, the Company’s headcount totaled 19,732, of which 77.9% were men and 22.1% were women. The majority of employees are between the ages of 31 and 50, accounting for 56.3%. The proportion of young people under 30 years of age was 24.2%, and the number of employees between 50 and 61 years of age was 17.4% of the total number of employees. 2.2% 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 75.1% and other nationalities 24.9% of the total number of employees.

The number of jobs created in 2024 is 840, or 4.3% of the total number of employees. The average staff turnover rate for 2024 was 6.51%, including 6.07% managers, specialists and employees and 6.43% workers turnover rate.

The Headcount as of December 31, 2024, pers.

Region	Men	Women
Aktobe region	10,255	2,935
Pavlodar region	4,971	1,368
Karaganda region	148	55
Total	15	4,358

Employee Structure as of December 31, 2024, pers.

Category	Managers		Specialists, office workers		Workers	
	Men	Women	Men	Women	Men	Women
Up to 30 years old	222	12	317	157	3,529	535
31 to 50 years old	943	118	695	597	6,755	1,989
51 to 60 years old	194	48	139	134	2,151	763
Over 61 years old	31	2	30	2	368	1
Total	1,390	180	1,181	890	12,803	3,288

Ethnic Composition of Employees as of December 31, 2024, %

Ethnic groups	Managers, specialists, office workers		Workers	
	Men	Women	Men	Women
Kazakhs	9.7	3.3	53.0	9.5
Russians	2.2	1.7	7.6	4.8
Ukrainians	0.5	0.4	1.9	1.1
Other	0.7	0.3	2.5	1.3

PROFILE OF KAZCHROME EMPLOYEES

19,732 people
Is the headcount at the end of 2024

39 years
Is the average age of employees

840
New jobs were created in 2024

13.9%
Is the share of employees hired in the reporting year

6.51%
Is an average employee turnover rate in 2024

13.4 years
Is the average length of service of employees

22.1%
Of employees are women

11.5%
Percentage of women in management positions (excluding the Board of Directors)

0.8%
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 2024, 100% of the engineering staff underwent formal performance reviews, which amounted to 18.2% of Kazchrome's employees, including:

By category	
Managers	34%
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, 2024, %

Category	Aktobe region	Pavlodar region	Karaganda region
Managers, specialists, office workers	69.2	67.7	78.9
Workers	61.7	80.8	67.4

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

In 2024, 100% of Kazchrome employees received salaries above the subsistence rate.

We commit to:

- Continuously support and review salary levels to ensure they meet current decent salary standards, taking into account economic changes and regional characteristics.
- Implement and improve internal monitoring and control procedures to ensure salaries comply with decent salary principles.

- Maintain transparency and openness on salary issues by informing employees and stakeholders about our policies and achievements in this area.
- Continue to cooperate with stakeholders and experts to improve working conditions and raise salaries.

In addition, the Company commits to ensure 100% coverage of all employees whose salaries are above the subsistence rate in the region where the country operates.

EMPLOYEE COMPETENCY DEVELOPMENT

19%

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

67.3%

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 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 (133 people) participated in the League of Professionals in 2024.

In 2024, a program for the development of shop supervisors was launched. 47 people have been trained under this program.

¹ See Ethics and Compliance for more details.

HUMAN RESOURCES MANAGEMENT

(continued)

Labor Relations

A holistic approach to labor relations means that Kazchrome 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, Kazchrome has been conducting sociological surveys of employee satisfaction and engagement.

Over 11,000 employees participated in the largest survey of the year, the employee satisfaction survey conducted from April 1 to May 6, 2024. 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.).

June 17 to July 12, 2024, a personalized survey was conducted at the Donskoy Ore Mining and Processing Plant with a total coverage of 920 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 KZT26.8 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.

Moreover, 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.

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.



HUMAN RESOURCES MANAGEMENT

(continued)

Maintaining a Healthy Lifestyle for Employees

In 2024, Kazchrome continued to take a holistic approach to supporting the healthy lifestyle 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 2024, the Company hosted several sports events and competitions, including the Summer/ Winter Health Festival, as well as public holiday competitions organized jointly with the Trade Union Committee.

Additionally, employees engaged in the following sporting activities:

- Kazchrome – Duathlon 2024 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.
- ERG Batyry is a corporate tournament in national sports held in Astana as part of the World Nomad Games.
- ERG Run Fest is a running festival of the Eurasian Group in the cities of Khromtau and Aksu.
- Trade Union Sports Competition in Aksu in September 2024 with the participation of three teams representing branches of TNC Kazchrome JSC at the Aksu FP Sports Complex.
- Various city-based, regional and national 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 2024, 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 2024.

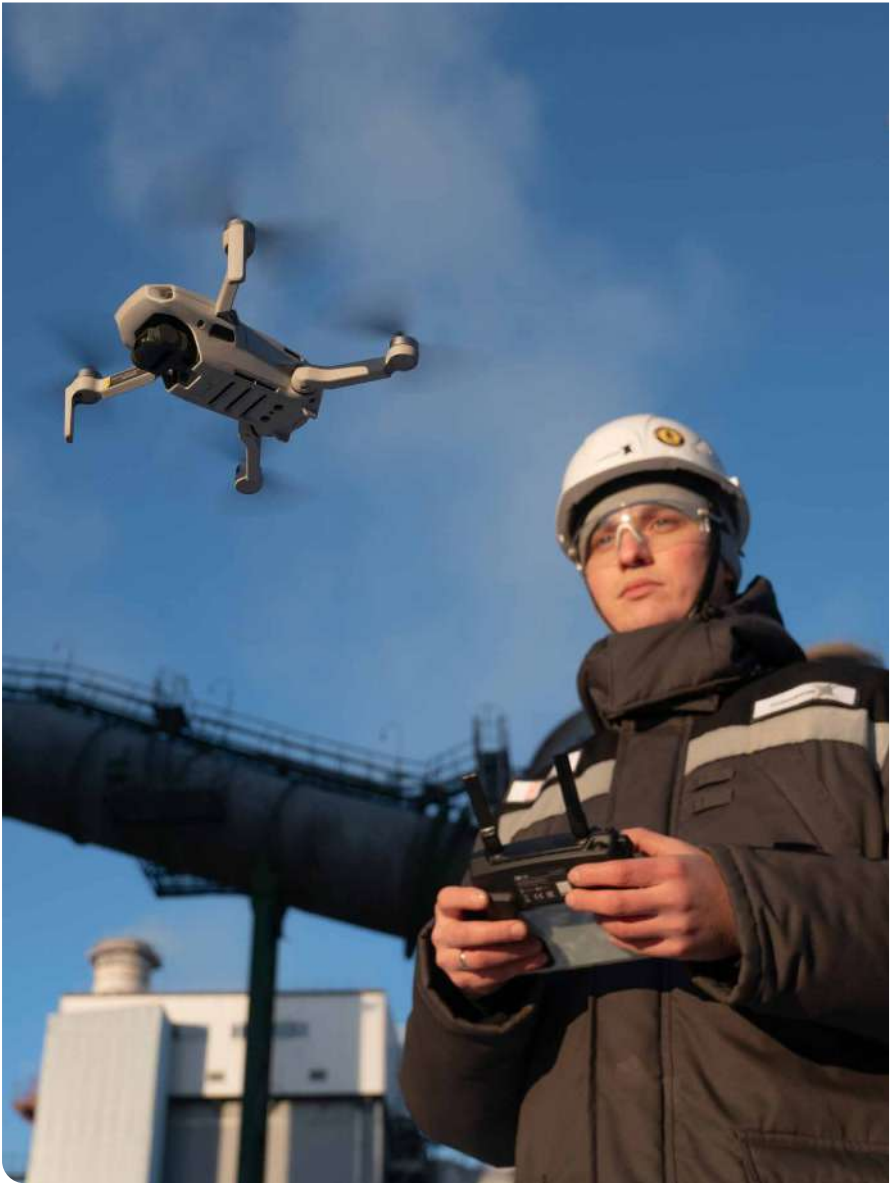
Personnel training data for 2024

Indicator	All employees	By employee category		By gender group	
		Managers, specialists and office workers	Workers	Men	Women
Average training hours	11.6	11.9	11.6	21.5	25.3

In 2024, 67.3% of employees received training, with a total of 139,243 training hours completed.

During the reporting year, the Company allocated over KZT 10,582 million for the social protection of its employees.

As of the end of 2024, the total number of employees on parental leave until the age of three was 477, including 12 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 among them 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 2024 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 <https://ndbecology.gov.kz> portal 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 TÜV international certification body in 2024). In addition, the Company confirmed its compliance with ISO 50001:2018 requirements during the second surveillance audit conducted by the TÜV international certification body in 2024.

In 2024, at the initiative of the Company, an independent international environmental audit was launched at the Aktobe Ferroalloys Plant by SGS, an international leader in inspection services, certification, and environmental expertise. The main objective of the environmental audit is to assess the compliance of the Aktobe Ferroalloys Plant's activities with the requirements of the environmental legislation of the Republic of Kazakhstan, as well as with the environmental standards of the European Parliament and the Council of the EU in the field of industrial emissions and best available technologies (BAT).

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. During 2024, an environmental risk assessments were conducted in 29 departments of the Aksu Plant, 17 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 2024, the employees of the company's environmental protection service underwent training on the following topics:

- Training and retraining of internal auditors of management systems according to ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018.

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 2024, 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, based on the equipment of ZVVZ-Enven Engineering A.S., the construction of a new dry gas scrubber for Furnace 42, Smelting Shop 4 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. Commissioning has been completed, and work is underway on acceptance of As-Built Technical Documentation (ABTD) from the contractor.
- The replacement of the existing dust collection system in the dosing sections of Smelting Shop 1 at Aksu FP with a new two-stage dust collection system using bag filters has been completed and has reduced dust emissions into atmospheric air by 121 tons in 2024.
- Replacement of bag filters on seven dry gas scrubbers of Aksu FP’s ferroalloy furnaces.
- Annual measures have been carried out to suppress dust and fix the surface of the slag dump.

- As part of the dust control and tree planting activities in 2024, also in accordance with the Environmental Tree Planting Strategy, Kazchrome units planted:
 - 3,072 saplings in the Altyn Orda district of Aktobe City by the Aktobe Ferroalloys Plant,
 - 2,325 saplings by the Donskoy Ore Mining and Processing Plant,
- According to the planned planting works in 2024, 866 saplings were planted by the Aksu Ferroalloys Plant to form a protective strip between the plant and the city of Aksu to replace the saplings planted in 2023 that did not take root. Moreover, as part of the memorandum of mutual cooperation signed between Eurasian Group LLP and the Akimat of Pavlodar region, Eurasian Group LLP allocated 260 million tenge for large-scale greening of the Pavlodar region. The Department of Subsoil Use used the allocated funds to purchase planting materials and equipment, and 1,582,809 saplings were planted.
- 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.

Protection of Land Resources

- In 2024, Aksu FP processed 1,313,628.94 tons of high-carbon ferrochrome slag, with a planned volume of 940,000.0 tons per year. This type of waste is the main one in terms of volume, with approximately one million tons generated per year, and the volume of processing exceeds the volume of generation.
- In 2024, Aksu FP used 6,799.3 tons of ferroalloy production dust in the Sintering Shop, with a planned volume of 5,200 tons per year.
- In 2024, Aktobe FP recycled 723,936.9 tons of current slag from high-carbon ferrochrome production, with a planned volume of 602,505 tons.
- The Aktobe FP recycled the dust of bag filters for gas treatment equipment by adding it in the process of the production of refractory bricks. According to the planned targets, a 400-ton reduction in waste disposal was planned for 2024, while the actual reduction in dust storage amounted to 112.287 tons.
- The Aktobe FP processed 350,000 tons of mature slag from the production of refined ferrochrome.

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. In 2024, rainwater and domestic wastewater treatment facilities were built at the industrial site of the 10th Anniversary of Independence of Kazakhstan mine. However, due to the revealed inefficiency of the wastewater treatment process, these facilities were not taken onto the books of the Donskoy Ore Mining and Processing Plant. The work is currently underway to eliminate the revealed inconsistencies in the treatment process. The wastewater treatment facilities can be transferred to the city’s balance sheet after stable wastewater treatment efficiency indicators have been achieved. The measures to return mine water to production are also continued to eliminate discharge into the environment completely.

GOOD ENVIRONMENTAL GOVERNANCE

(continued)

Performance Indicators

In 2024, the Company did not receive any significant environmental regulatory complaints against the Company.

In 2024, 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.

Investments in Environmental Protection, thous. tenge

Indicators	2022	2023	2024
Waste management	14,030,610	23,760,481	23,333,662
Overhaul of environmental protection fixed assets	1,155,493	1,439,567	493,942
Air protection	9,506,396	20,938,677	5,499,394
Protection of water resources	4,694,655	6,563,079	5,927,958
Land reclamation	54,675	52,490	-
Total	29,441,829	52,754,294	35,707,999

The decrease in investments in air pollution control is related to the project completion 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	2024
Total fresh water consumption, including:	24,392,379	20,680,453	25,108,025
Surface waters	10,393,533	10,006,505	10,757,838
Ground water	13,998,846	10,673,948	14,350,187
Wastewater volume	5,921,848	7,345,887	5,811,602

The increase in fresh water consumption use is primarily due to an increase in groundwater use at the Aktobe FP.

Amount of pollutants discharged into the environment, tons

Division	2022	2023	2024
Kazmarganets Mining Enterprise	3,339	4,120	3,483
Donskoy Ore Mining and Processing Plant	1,979	2,377	1,504

In 2024, the volume of discharges and the content of pollutants in them did not exceed the established limits. The decrease in actual discharge volumes at the Donskoy Ore Mining and Processing Plant compared to the previous year is due to the elimination of water outlets 4, 13, 5, 6, 7, 8, 10, 12. 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.



GOOD ENVIRONMENTAL GOVERNANCE

(continued)

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.

Key Issues and Initiatives

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 complex 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 2024, the separate waste collection project was continued to facilitate further specialized waste management.

Performance Indicators

Total waste mass for 2024, thous. tons

Indicator	Hazardous	Non-hazardous	Non-hazardous waste from the mining and quarries	Total
The amount of waste generated	208.244	2,498.451	8,094.374	10,801.069
The amount of waste transferred to entities engaged in collecting, transporting, using, recycling, and disposing of the waste	13.092	45.925	0.00	59.017
The amount of recycled, disposed of waste by the waste owner himself at the industrial site	81.443	2,495.992	6,745.740	9,323.175
The amount of waste disposed (buried)	132.429	199.070	1,348.620	1,680.119



GOOD ENVIRONMENTAL GOVERNANCE

(continued)

Energy and Climate Change

The Company's management system is certified according to ISO 50001 requirements. Its own natural gas-fired power plant provides about 25% of the electricity needs of the Aktobe Ferroalloys 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 2024, the Kazakhstan perimeter'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 2024, a Decorbanization Strategy was approved for the Group's enterprises in Kazakhstan, including Kazchrome. The Strategy is based on the following objectives:

- Reduce the carbon footprint of our main products (ferrochrome, aluminum and iron ore pellets) by 30% by 2035,
- Achieve carbon neutrality by 2050.

The introduction of the Strategy is an important step in actively preparing for significant changes in the regulatory framework and market conditions expected in the context of decarbonisation in Kazakhstan and in key markets for ERG products. To this end, initiatives are being implemented in the field of renewable energy, the use of natural gas, modernization and electrification of production facilities, energy efficiency improvement and utilization of waste process gases generated by the production of ferroalloys to generate electric power.

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 2024, the plan to organize production using ferroalloy gas also continued to be implemented. 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. In early 2025, an EPC contract was signed for the construction of the Recovery Power Plant using Ferroalloy Off-Gas at the Aktobe Ferroalloys Plant, in order to provide energy from alternative sources.

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 Khromtaunear the Donskoy Ore Mining and Processing Plant. TNC Kazchrome JSC will become the main consumer of the generated green energy. The design of the facility is currently ongoing. Construction started in 2024, and the commissioning of the entire facility is scheduled for Q3 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.

Performance Indicators

Energy consumption, mWh

Type of use	Energy source	2023	2024
Direct	Coal	704,445	793,890
	Natural gas	3,481,114	2,985,002
	Diesel fuel	290,834	280,556
	Fuel oil	89,445	41,667
	Petroleum	9,722	8,333
	Total	4,575,559	4,109,448
Indirect	Electric power	7,251,950	7,740,840
	Thermal energy	25,556	41,389
	Steam	18,333	36,389
	Total	7,295,839	7,818,617
Total		11,871,398	11,928,065

In 2024, the energy intensity indicator was 6.395 MWh per ton of ferroalloy produced (2023: 7.296 MWh).

In 2024, Kazchrome enterprises continued the implementation of the energy efficiency improvement program. The program resulted in savings of approximately 71 thousand MWh, or 2 TJ.

In 2024, Kazchrome's renewable energy consumption amounted to 682,008 MWh, or 7.01% of the total electricity consumption. Renewable energy was purchased from a single buyer and produced at wind and solar power plants in Kazakhstan. The Companys commits to the principles of reducing its carbon footprint and developing sustainable production.

Greenhouse gas emissions into the atmosphere, tons of CO₂ (eq.)

Indicator	2023	2024
Direct emissions (Scope 1) ²	3,795,169	3,983,897
Indirect emissions (Scope 2) ³	4,937,188	5,348,307
Indirect emissions (Scope 3) ⁴	721,364	811,287
Total emissions	9,453,721	10,143,491

In 2024, 43 employees of Kazchrome were trained in energy management: Training and Re-training of IMS Internal Auditors for ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018.

1 Unified Electric Power System of the Republic of Kazakhstan.
2 Scope 1 - includes technological emissions related to the production of ferroalloys, emissions resulting from the generation of electricity and thermal energy directly at Kazchrome, as well as emissions from transportation activities at Kazchrome. In accordance with legislative requirements and national methodologies, enterprises in Kazakhstan subject to quota regulation also conduct an inventory of greenhouse gas emissions. The results are certified by an independent accredited body with reasonable assurance.

3 Scope 2 - includes greenhouse gas emissions resulting from the consumption of electricity and thermal energy purchased from third-party suppliers not owned or controlled by Kazchrome. Calculation coefficients for the purchased electricity and thermal energy are based on the Fuel and Energy Balance of the Republic of Kazakhstan (in the format of the International Energy Agency, publication date: 01.08.2023, Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan). The 2023 emission data were restated to reflect updated volumes of electricity purchased on the market.
4 Scope 3 accounts for all indirect greenhouse gas emissions associated with the mining, production and transportation of raw materials and materials consumed by Kazchrome in the production of ferroalloys.

GOOD ENVIRONMENTAL GOVERNANCE

(continued)

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 2024 (for the ninth consecutive year), Kazchrome continued to implement the Ilel 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 2024, public hearings were held related to the following operational changes:

- A report for the potential environmental impact of the project Construction of Leisure Cottages at the Fakel Resort for the Aksu Ferroalloys Plant, a branch of TNC Kazchrome JSC,
- A draft action plan to eliminate the consequences of chromium ore mining at the 40 Years of the Kazakh SSR – Molodezhnoe deposit (Molodezhnaya Mine) of the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC. Environmental Protection Section; 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,

- A draft action plan to eliminate the consequences of chromium ore mining at the Geofizicheskoe IX deposit in the Khromtau district, Aktobe region, the Donskoy open pit, the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC, with the Environmental Protection section.
- A draft action plan to eliminate the consequences of chromium ore mining at the Geofizicheskoe XI deposit in the Khromtau district, Aktobe region, the Donskoy open pit, the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC, with the Environmental Protection section.
- A draft action plan to eliminate the consequences of chromium ore mining at the Junskeye deposit in the Khromtau district, Aktobe region, the Donskoy open pit, the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC, with the Environmental Protection section.
- Environmental documentation (Permissible Emission Standards, Industrial Environmental Control Program, Draft Waste Management Program, Environmental Protection Plan, Environmental Protection Section) as part of the Project for the Reclamation of Land Disturbed as a Result of Geological Exploration at Sites of the Geofizicheskoe 7, Geofizicheskoe 9, Geofizicheskoe 11, Geofizicheskoe 2, and Junskeye Deposits in the Aktobe Region.

- Project for the Reclamation of Land Disturbed of the Geologicheskoe 1 Deposit in the Khromtau District, the Aktobe region, the Donskoy open pit, the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC, with the Environmental Protection section.
- Draft emission standards for the Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC, Waste Management Program, Industrial Environmental Control Program, Environmental Protection Action Plan and other project materials within the framework of obtaining a comprehensive environmental permit for Donskoy Ore Mining and Processing Plant, a branch of TNC Kazchrome JSC.
- Draft emission standards for the Aktobe Ferroalloys Plant, a branch of TNC Kazchrome JSC for 2025-2034.

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.

We ensure that appropriate mechanisms and procedures for handling complaints are in place at all our enterprises. In Kazakhstan, these include comprehensive impact assessments, as well as public hearings, when implementing major projects or in the event of significant operational changes. In 2024, 20 public hearings were held in Kazakhstan (2023: 23).

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. No significant complaints were filed during the hearings, as well as through other available communication channels, including large-scale annual surveys.

As part of the Zhasyl Kazchrome corporate movement, employees plant trees annually.

The humane stray animal reduction project, which started in 2019, was continued in 2024.



LOCAL COMMUNITY DEVELOPMENT AND WELFARE (continued)

Social Investments

In 2024, 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	2022	2023	2024
Direct investments	21,238	3,889	9,467
Memoranda of mutual cooperation	3,689	4,975	6,203

In 2024, Kazchrome allocated funds for the construction of a 400-seat cultural center building in Khromtau. In addition, Kazchrome continued to implement 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 2024, 14 projects have been selected for the implementation of the Tugan Qala project in Khromtau city to improve the territory of yards and streets, purchase and installation of universal sports fields, children's playgrounds, creation of murals, holding of sporting events, etc.



ETHICS AND COMPLIANCE

The fundamental principle that ERG adheres to in conducting its business is to ensure that all of its activities comply with all applicable laws and regulations, as well as the highest ethical standards of business conduct. These standards include combating bribery and corruption, money laundering and terrorist financing, ensuring industrial safety, occupational health and safety, and environmental protection, complying with applicable sanctions and competition laws, transparency in interactions with counterparties, protection of personal data and confidential information, as well as issues of integrity, fair employment practices and respect for human rights, including the prohibition of forced and child labor, prevention of all forms of discrimination and harassment, etc., are enshrined in the ERG Code of Conduct and form the basis of what we do.

In support of ERG's Code of Corporate Conduct and for effective compliance risk management, relevant compliance policies and procedures are in place, which are approved by Kazchrome¹ and implemented through a risk-based compliance management system. The key elements of the compliance management system include the identification and management of compliance risks, counterparty due diligence, training, monitoring and reporting. The compliance function ensures the internal application of ERG's compliance policies and procedures, the implementation of the annual compliance program, and provides guarantees exceeding legal requirements.

The third-party risk management process is based on the ERG (including Kazchrome) counterparty due diligence process and ensures the implementation of a more general and integrated approach to contract support at all stages, from the beginning of business relationships with third parties and up to their completion. Compliance specialists conduct counterparty due diligence using reliable external sources of information and databases in the field of compliance. This ensures that risks are identified, including those related to sanctions violations, money laundering, CAHRA² zones and human rights violations in supply chains, as well as bribery and corruption. This process allows to assign risk categories to each transaction and counterparty, as well as determine the measures necessary to reduce the corresponding risks.

The year 2024 was marked by the development of international sanctions programs, as well as the strengthening of national legislation in the field of personal data protection. In response to these challenges, we continue to develop and improve our risk-based approach to ethics and compliance, which is not limited to fulfilling our obligations strictly defined by law, and we continue to work to ensure that our policies comply with rapidly changing legal requirements, as well as standards and principles in the field of sustainable development, including human rights issues. ERG implements a comprehensive risk-based compliance training and awareness program to ensure that its business partners, management, and employees have a thorough understanding of the Group's ethical standards. This programme includes management briefings on compliance issues, online training modules, face-to-face training for employees and a variety of communication formats. Thus, as of the end of 2024, 77% of Kazchrome employees had received an online course on the ERG Code of Corporate Conduct, as well as the Company's core values and standards of business conduct (training continued in 2025).

IN 2024, IN ADDITION TO THE TRAINING PROVIDED IN PREVIOUS YEARS:

574 Kazchrome employees studied key aspects of fair employment practices and human rights protection within the framework of the Respecting Human Rights in Business online course, thus, the number of trained employees in this module amounted to 89% as of the end of 2024

2,623 Kazchrome employees completed the mandatory Conflict of Interest online course to raise awareness on managing the risk of conflict of interest, thus, the number of trained employees in this module amounted to 80% as of the end of 2024

A series of explanatory compliance communications were sent to employees, covering the principles of open communication, potential compliance risks when providing and receiving business gifts, personal data protection rules, compliance with applicable sanctions, rules and principles for counterparty due diligence, disclosure and resolution of conflicts of interest, etc.

1,336 Kazchrome employees improved their knowledge in managing the risk of non-compliance with personal data protection requirements by completing the Personal Data Protection online course, thus the number of trained employees in this module amounted to 81% as of the end of 2024

137 Kazchrome target employees attended 5 specialized sessions on third party risks, including sanctions compliance and counterparty due diligence issues

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 Group's conceptual requirements for the Due Diligence process.
- 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).

2 Conflict-Affected and High-Risk Areas (in the context of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas).

ETHICS AND COMPLIANCE

(continued)

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 compliance policies and procedures, including through the ERG Hotline channels (<https://erg.integrityline.org>). The ERG hotline is operated by an independent operator and allows you to send requests anonymously. The ERG Hotline contacts are also publicly available, including the ERG website (<https://www.erg.kz/ru/ethical-principles>). The ERG Code of Corporate Conduct prohibits the prosecution of individuals who report violations in good faith. The company has established a process for managing and controlling Information Security. In 2024, 98 inspections of information and production systems were carried out during commissioning. In addition, four quarterly process checks were conducted to assess the Company's security status.

In 2024, online courses on IT security and threat awareness were completed by 97% (3,736 out of 4,141 PC users). Online courses include:

- IT security training for new employees,
- Annual mandatory information security training,
- Specialised training courses for specific departments to raise awareness.

As part of awareness-raising efforts, the following actions were taken:

- Information security newsletters were sent out more than five times;
- Awareness checks were conducted using a phishing service – four times a year;
- Information security materials (posters, memos, articles) were published on the corporate website – more than ten times.

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 2024, there were no inspections by state authorities related to obstruction of competition and violation of antimonopoly legislation.

Supplier Interaction

ERG adheres to high ethical business standards and expects the same from its business partners. To this end, the ERG (i.e. in Kazakhstan) has adopted an ERG Supplier Code of Conduct which reflects our expectations from suppliers for responsible supply chain management in accordance with ethical principles, including in the following areas:

- Compliance with applicable legislation, internal rules and regulations;
- Good faith and intolerance to bribery and corruption, violations of competition and antitrust laws, export control rules and applicable sanctions;
- Fair employment practices and the avoidance of forced, compulsory and child labour, as well as any form of discrimination and harassment in employment;
- Industrial safety, health and the environment;
- Respect for human rights in doing business;
- Responsible production and supply chains for ore and mineral products;
- Confidentiality and protection of personal data.

In order to raise our business partners' awareness of the Company's ethical principles, online training on the ERG Supplier Code of Conduct continued in 2024. Thus, in 2024 48 ERG counterparties received the above training; by the end of 2024, 31% of ERG counterparties had received such training. In addition, the ERG Supplier Awards held a conference on «Ethical business: principles and benefits» for key suppliers, during which ERG's ethical principles, strategic directions of ESG, sustainable procurement practices were discussed.

The provisions of the ERG Code of Conduct are included in contracts with suppliers and are taken into account when conducting comprehensive pre-contract vetting of suppliers in all regions where the Group is present. They apply to all suppliers with whom ERG cooperates. In addition, suppliers are required to ensure that subcontractors comply with similar requirements.

In addition, contracts with on-site service providers provide for conditions (clauses) in the area of occupational safety and environment that exceed the requirements of legislation in a number of respects, From the availability of required certificates to the removal and disposal of waste. Such contractors undergo a preliminary assessment of their compliance with security requirements, for which fines are levied. Contracts with high-risk contractors include additional oversight and control measures.

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 preassessment 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 highrisk 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. The share of purchases from local suppliers rose from 56% in 2023 to 59.5% in 2024. At the same time, the total share of purchases of goods, works and services from local suppliers (including intra-group purchases) increased from 71% to 73%. In 2022, the proportion of purchases from local suppliers was 56%.

Since 2021, in the framework of the annual competition «ERG Supplier Award» among suppliers of goods, works and services for ERG enterprises, suppliers are evaluated in the category «Sustainability Award». This category evaluates the supplier's compliance with best practices in the field of sustainable development, including human rights issues, environmental protection, anti-corruption. In 2024, in recognition of its commitment to sustainable development, it was awarded the «Sustainability Award» by the LLP «Epirock Central Asia» <https://www.erg.kz/ru/news/show/3477>.

CORPORATE GOVERNANCE

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EQUITY AND SHAREHOLDERS

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 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 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 amended and restated on June 01, 2023 and September 16, 2024.

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, 2024

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, 2024

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

GOVERNANCE STRUCTURE

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%
BTS LLP Saraishyk street, 11, entrance 5, Yesil district, Astana city, postal code 010000, Kazakhstan	Development and Implementation of Business IT Solutions	Skakov Magaiiya Kyzaibayevich	37.99%
ERG Komek Corporate Fund Kabanbai Batyr Avenue, building 30, Yesil district, Astana city, postal code 010000, Kazakhstan	Non-profit Charitable Organization	Ismailov Madi Amangeldovich	-
Eurasian Digital Ventures I Limited Partnership 55/17 Mangilik El Ave., office 145, Astana, 010000	Venture Capital Investment	Dastan Aspan	59.79% TNC Kazchrome JSC is a limited partner
Credit Partnership ENRC Credit LLP Mangilik El ave., building 43, Yesil district, Z05T0A7, Astana	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.	Issimbayeva Alma Turashevna	49.9%
KhromtauTransEnergо LLP Perezdnaya Street, building 15, Khromtau, postal code 031100, Khromtau district, Aktobe region, Kazakhstan	Transmission, distribution and (or) supply of thermal energy. Water supply and/or water disposal services	Bikiyev Mirkhan Tyulyukbayevich	100%

GOVERNANCE STRUCTURE

Supreme Body General Meeting of Shareholders

Governing Body
Board of Directors

Executive Body
General Director

General Meeting of Shareholders

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 eight General Meetings of Shareholders in 2024.

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 2024, the Board of Directors held 76 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.

GOVERNANCE STRUCTURE

(continued)

COMPOSITION OF THE BOARD OF DIRECTORS AS OF DECEMBER 31, 2024

Full name, year of birth	Positions held over the past three years and currently in chronological order (including part-time)
Serik Karimzhanovich Shakhazhanov , 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 Ferroalloys Plant, a branch 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)
Bulat Mamythanovich Rakishev , 1947. Member of the Board of Directors, an 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, 2024 – 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.	<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 Ferroalloys Plant, a branch 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.

Information on dividends

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.

Indicator (in tenge)	31.12.2022	31.12.2023	31.12.2024
Book value of an ordinary share	2,099	3,978	4,011
Book value of a preference share	927	867	961
Basic and diluted earnings per an ordinary share from continuing operations	4,424	1,794	56

Dividends paid from 2023 to 2024

The period following which dividends are paid	Dividend amount per an ordinary share, in tenge	Dividend amount per a preference share, in tenge	Grounds
Year 2023	Not accrued or paid	100.00	Company's Articles of Association, Minutes of the Annual Meeting of Shareholders dated August 12, 2024
After the 3rd quarter of year 2023	4.03	4.03	Company's Articles of Association, Minutes of the Extraordinary General Meeting of Shareholders dated May 21, 2024



GOVERNANCE STRUCTURE

(continued)



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.

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:

- Risks 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.

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
- ERG 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 Atameken 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 Ferroalloys 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 Ferroalloys 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 jiggling 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 Ferroalloys Plant.

After graduating from Pavlodar State University in 2000, Konstantin Semerenko joined the Aksu Ferroalloys 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 Ferroalloys 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 TNC 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)



Dinara Dzhandossova
*Director, Economy and Controlling,
TNC Kazchrome JSC*

18+ years in the financial management.

In 2006, Dinara Dzhandossova graduated from the Kazakh-British Technical University with a degree in World Economics in Almaty. In 2022, she graduated from St. Petersburg State University with a Master of Business Administration (MBA) degree in Challenges of the Digital World.

She started her professional career as an economist at the Aktobe Ferroalloys Plant. In 2013, she moved to the position of Head of the Economics and Controlling Department at the plant. During this period, the company went through a complex process of implementing the integration of SAP software into the business processes of the organization to optimize and automate various operations. Dinara Dzhandossova was at the forefront of the system implementation and took an active part in the integration of software and business processes.

In 2017, she was appointed the Head of Economics and Controlling. Her tasks include: Organizing planning and economic work at the Company's branches and its systematic improvement in order to increase production efficiency and improve the quality of products; Organizing and conducting a comprehensive economic analysis of the Company's activities in order to ensure the best use of material, labor and financial resources, increase efficiency and profitability of production; Ensuring timely payments to the budget, suppliers, banks and other parties to fulfill the Company's obligations.

In February 2024, she was appointed the Director of Economics and Controlling at TNC Kazchrome JSC. Her responsibilities include: Organizing the company's activities in all areas of financial and economic activity; Maintaining relationships with business partners and government officials. Dinara constantly monitors and analyzes the company's development strategy, taking into account changing market trends. In addition, she participates in the development of the Company's business plan and budgets, and monitors their implementation.



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. Gumilyov 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.



FINANCIAL STATEMENTS

Independent auditor's audit report

Balance Sheet

Profit and Loss Statement

Cash Flow Statement

Statement of changes in equity

Explanatory Note to the Special Purpose
Consolidated Financial Statements

The information in this section is a translation from the original Russian version.
In case of any discrepancies between this translation and the original, the original Russian version shall prevail.

INDEPENDENT AUDITOR'S AUDIT REPORT



Independent Auditor’s Report

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

Our opinion

In our opinion, the consolidated special purpose financial information of TNC Kazchrome JSC (“the Company”) and its subsidiaries (together - “the Group”) for the year ended December 31, 2024 has been prepared in all material respects in accordance with Order No. 404 of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017.

What we have audited

The Group’s consolidated special purpose financial information comprise:

- Form No. 1-B (balance sheet) — balance sheet as of December 31, 2024;
- Form No. 2-OPU — profit and loss statement for the year ending on the specified date;
- Form No. 4-DDS-K - cash flow statement (indirect method) for the year ended on the specified date;
- Form No. 5-IK - statement of changes in equity for the year ended on the specified date; and
- the notes to the consolidated special purpose financial information, 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 special purpose financial information.

PricewaterhouseCoopers LLP

34 Al-Farabi Ave., Building A, 4th floor, 050059, Almaty, Kazakhstan T: +7 (727) 330 3200, F: +7 (727) 244 6868, www.pwc.com/kz



Independent auditor's report (continued)

Significant circumstances - Basis for preparing special purpose consolidated financial information

We draw attention to Note 2 to the special purpose consolidated financial information, which describes the basis for preparing the special purpose consolidated financial information. The consolidated special purpose financial information is intended solely for the purposes of complying with the requirements of the Accounting and Financial Reporting Act of the Republic of Kazakhstan and for filing with the depository of financial statements. Consequently, this consolidated special purpose financial information may not be suitable for any other purpose. We do not express a modified opinion in connection with this circumstance.

Other information

The Group has prepared consolidated financial statements for the year ended December 31, 2024, in accordance with IFRS accounting standards, on which we have issued a separate audit report by an independent auditor, addressed to the shareholders and the Board of Directors of the Group and dated June 24, 2025.

Responsibilities of management and those charged with governance for the consolidated special purpose financial information

Management is responsible for the preparation of the consolidated special purpose financial information in accordance with with Order of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017 No. 404, and for such internal control as management determines is necessary to enable the preparation of consolidated special purpose financial information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated special purpose financial information, 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 preparation of the Group's special purpose consolidated financial information.

INDEPENDENT AUDITOR'S AUDIT REPORT

(continued)



Independent auditor's report (continued)

Auditor's responsibility for the audit of consolidated special purpose financial information

Our objectives are to obtain reasonable assurance about whether the consolidated special purpose financial information is 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 special purpose financial information.

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 special purpose financial information, 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 special purpose financial information 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;
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence relating to the financial information of the organizations or business entities within the Group in order to express an opinion on the consolidated special purpose financial information. We are responsible for the direction, supervision and review of the audit work performed for the Group audit purposes. We remain fully responsible for our audit opinion.

Independent auditor's report (continued)

We communicate with those charged with governance, informing them, among other things, of the planned scope and timing of the audit, as well as significant observations arising from the audit, including significant deficiencies in internal control that we identify during the audit.

Signature
On behalf of PricewaterhouseCoopers LLP
Approved:

Signed by
Jason Edward Wardell
Audit partner
(Texas State Board of Public
Accountancy, License ID #087642 dated
August 08, 2006)

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

Signed by

Signature:

Salavat Kalibekov
Auditor in charge
(Qualified Auditor's Certificate №0000153
dated August 8, 2013)

July 30, 2025
Almaty, Kazakhstan

BALANCE SHEET

Submitted to: the financial reporting repository in electronic format using software

Administrative data form index: No. 1 - B (balance sheet)

Frequency: annual

Report type: consolidated

Persons submitting information: public interest entities based on the results of the financial year

Deadline for submitting the administrative data form: annually, no later than August 31 of the year following the reporting year

Note: instructions for completing the report are provided in the appendix to the form intended for the collection of administrative data “Balance Sheet”

Company name: JSC TNC Kazchrome

As of December 31, 2024

In thousands of Kazakhstani Tenge			
Title of the item	Line code	As at the end of reporting period	As of the beginning of the reporting period
ASSETS			
I. Current assets:			
Cash and cash equivalents	010	90,586,912	62,854,322
Financial assets measured at amortized cost	011	17,751,410	25,376,531
Financial assets measured at fair value through other comprehensive income	012	-	-
Financial assets measured at fair value through profit or loss	013	-	-
Derivative financial instruments	014	-	-
Other financial instruments	015	271,453	146,224
Trade and other receivables	016	84,884,378	153,936,717
Lease receivables	017	504,621	244,049
Assets under contracts with customers	018	-	-
Current income tax	019	1,411,532	62,061
Inventories	020	185,038,272	193,718,297
Biological assets	021	-	-
Other current assets	022	96,063,263	101,351,343
Total current assets (sum of lines 010 to 022)	100	476,511,841	537,689,544
Assets (or disposal groups) held for sale	101	-	-

In thousands of Kazakhstani Tenge			
Title of the item	Line code	As at the end of reporting period	As of the beginning of the reporting period
II. Non-current assets			
Financial assets measured at amortized cost	110	322,495,107	190,758,334
Financial assets measured at fair value through other comprehensive income	111	-	-
Financial assets at fair value through profit or loss	112	5,364,899	10,136,464
Derivative financial instruments	113	-	-
Investments accounted for at cost	114	-	-
Investments in associates	115	115,504,058	101,442,756
Other financial assets	116	3,165,908	2,773,077
Trade and other receivables	117	191,137	269,664
Lease receivables	118	980,058	1,172,259
Assets under contracts with customers	119	-	-
Investment property	120	-	-
Property, plant and equipment	121	441,866,713	382,937,376
Right-of-use asset	122	4,024,652	3,957,631
Biological asset	123	-	-
Exploration and appraisal assets	124	-	-
Intangible assets	125	296,521	575,843
Deferred tax assets	126	16,330,133	3,025,807
Other non-current assets	127	533,791,266	464,564,555
Total non-current assets (sum of lines 110 to 127)	200	1,444,010,452	1,161,613,766
Balance (line 100 + line 101 + line 200)		1,920,522,293	1,699,303,310
Liabilities and equity			
III. Current liabilities			
Financial liabilities measured at amortized cost	210	110,527,791	119,897,888
Financial liabilities measured at fair value through profit or loss	211	-	-
Derivative financial instruments	212	-	-
Other financial liabilities	213	9,924,906	2,906,280
Trade and other payables	214	142,777,179	91,189,557
Estimated liabilities	215	1,712,225	7,630,148
Current income tax payable	216	-	152,754
Employee benefit	217	13,654,504	11,316,145
Lease liabilities	218	1,768,319	1,242,097
Liabilities under contracts with customers	219	1,565,146	328,428
Government subsidies	220	-	-
Dividend payable	221	5,792,744	5,818,728
Other current liabilities	222	21,110,709	21,264,666
Total current liabilities (sum of lines 210 to 222)	300	308,833,523	261,746,691
Liabilities of disposal groups held for sale	301	-	-

BALANCE SHEET
(continued)

In thousands of Kazakhstani Tenge			
Title of the item	Line code	As at the end of reporting period	As of the beginning of the reporting period
IV. Non-current liabilities			
Financial liabilities measured at amortized cost	310	1,132,246,745	999,094,573
Financial liabilities measured at fair value through profit or loss	311	-	-
Derivative financial instruments	312	-	-
Other financial liabilities	313	49,696,341	11,570,867
Trade and other payables	314	1,143,554	-
Estimated liabilities	315	12,833,784	16,773,488
Deferred tax liabilities	316	-	-
Employee benefit	317	10,293,745	7,276,789
Lease liabilities	318	1,587,640	2,009,707
Liabilities under contracts with buyers	319	-	-
Government subsidies	320	-	-
Other non-current liabilities	321	-	-
Total non-current liabilities (sum of lines 310 to 321)	400	1,207,801,809	1,036,725,424
V. Equity			
Share capital	410	106,505,027	106,505,027
Share premium reserve	411	-	-
Treasury shares	412	(184,411)	(184,411)
Components of other comprehensive income	413	(3,137,148)	(471,131)
Retained earnings	414	300,659,436	294,931,942
Other equity	415	-	-
Equity attributable to the Company's equity holders (sum of lines 410 to 415)	420	403,842,904	400,781,427
Non-controlling interest	421	44,057	49,768
Total equity (line 420 +/- line 421)	500	403,886,961	400,831,195
Balance (line 300+line 301+line 400 + line 500)		1,920,522,293	1,699,303,310

July 30, 2025



Prokopyev S.L.
General director

Kozbagarova B.B.
Chief accountant

PROFIT AND LOSS STATEMENT

Submitted to: the financial reporting repository in electronic format using software

Administrative data form index: No. 2 – ОПУ

Frequency: annual

Report type: consolidated

Persons submitting information: public interest entities based on the results of the financial year

Deadline for submitting the administrative data form: annually, no later than August 31 of the year following the reporting year

Note: instructions for completing the report are provided in the appendix to the form intended for the collection of administrative data “Profit and Loss Statement”

Company name: JSC TNC Kazchrome

For the year ending December 31, 2024

In thousands of Kazakhstani Tenge			
Indicator name	Line code	In the accounting period	In the prior period
Revenue	010	1,002,518,630	1,067,716,640
Cost of sales	011	704,801,922	694,071,364
Gross profit (line 010 – line 011)	012	297,716,708	373,645,276
Distribution costs	013	12,339,375	10,980,447
Administrative expenses	014	42,015,544	40,120,236
Total operating profit (loss) (+/- lines 012 to 014)	020	243,361,789	322,544,593
Finance income	021	32,734,676	42,119,174
Finance costs	022	281,980,736	116,410,410
Share in results of associates	023	14,061,302	8,972,314
Other income	024	21,081,569	6,119,656
Other costs	025	15,648,107	19,196,873
Profit (loss) before tax (+/- lines 020 to 025)	100	13,610,493	244,148,454
Income tax expense (-) (income (+))	101	(7,445,169)	(47,105,283)
Profit (loss) after tax from continuing operations (line 100 + line 101)	200	6,165,324	197,043,171
Profit (loss) after tax from discontinued operations	201	-	-
Profit for the year (line 200 + line 201) attributable to:	300	6,165,324	197,043,171
Company's equity holders		6,170,177	197,044,384
Non-controlling interest		(4,853)	(1,213)
Other comprehensive income (sum 420 and 440):	400	(2,666,017)	(293,905)
Including:			
Revaluation of debt financial instruments measured at fair value through other comprehensive income	410	-	-
Share in other comprehensive income (loss) of associates and joint operations accounted for using the equity method	411	-	-
Effect of changes in income tax rates on deferred tax	412	-	-

PROFIT AND LOSS STATEMENT (continued)

In thousands of Kazakhstani Tenge			
Indicator name	Line code	In the accounting period	In the prior period
Cash flow hedge	413	-	-
Exchange rate differences on investments in foreign organizations	414	-	-
Hedging net investments in foreign operations	415	-	-
Other components of other comprehensive income	416	-	-
Adjustment upon reclassification as part of profit (loss)	417	-	-
Tax effect of components of other comprehensive income	418	-	-
Total other comprehensive income subject to reclassification to income or expense in subsequent periods (net of income tax) (sum of lines 410 to 418)	420	-	-
Revaluation of property, plant and equipment and intangible assets	431	-	-
Share in other comprehensive income (loss) of associates and joint operations accounted for using the equity method	432	-	-
Actuarial gains (losses) on pension obligations	433	(3,332,521)	(367,381)
Tax effect of components of other comprehensive income	434	666,504	73,476
Revaluation of equity instruments measured at fair value through other comprehensive income	435	-	-
Total other comprehensive income not subject to reclassification to income or expense in subsequent periods (net of income tax) (sum of lines 431 to 435)	440	(2,666,017)	(293,905)
Comprehensive income (line 300 + line 400)	500	3,499,307	196,749,266
Comprehensive income attributable to:			
Company's equity holders		3,504,160	196,750,479
Non-controlling interest		(4,853)	(1,213)
Earning per share:	600	56	1,794
Including:			
Basic earnings per share:			
From continuing operations		56	1,794
From discontinued operations			
Diluted earnings per share:			
From continuing operations			
From discontinued operations			



Prokopyev S.L.
General director

Kozbagarova B.B.
Chief accountant

CASH FLOW STATEMENT (INDIRECT METHOD)

Submitted to: the financial reporting repository in electronic format using software

Administrative data form index: № 4 - ДДС-К

Frequency: annual

Report type: consolidated

Persons submitting information: public interest entities based on the results of the financial year

Deadline for submitting the administrative data form: annually, no later than August 31 of the year following the reporting year

Note: instructions for completing the report are provided in the appendix to the form intended for the collection of administrative data “Cash Flow Statement (indirect method)”

Company name: JSC TNC Kazchrome



As of December 31, 2024

In thousands of Kazakhstani Tenge			
Title of the item	Line code	In the accounting period	In the prior period
1. Cash flows from operating activities			
Profit (loss) before tax	010	13,610,493	244,148,454
Amortisation and depreciation of property, plant and equipment and intangible assets	011	77,721,655	61,691,011
Goodwill impairment	012	-	-
Impairment of trade and other receivables	013	216,896	639,019
Allowances of assets (or disposal group) intended for sale at fair value less costs to sell	014	-	-
Loss (profit) from asset sale	015	-	-
Loss (profit) from investment property	016	-	-
Loss (profit) from early repayment of loans	017	-	-
Loss (profit) from other financial assets measured at fair value through profit or loss	018	-	-
Finance costs (income)	019	249,246,060	74,491,985
Employees benefits	020	771,680	866,328
Costs related to equity-based award	021	-	-
Deferred tax income (costs)	022	-	-
Unrealized foreign exchange gain (loss)	023	(17,005,154)	7,625,532
Share in results of associates	024	(14,061,302)	(8,972,314)
Other non-cash operating adjustments to total comprehensive income (loss)	025	(9,984,270)	(1,952,332)
Total adjustment to total comprehensive income (loss), total (+/- lines 011 to 025)	030	286,905,565	134,389,229
Change in inventories	031	6,439,025	13,788,861
Change in reserve	032	-	-
Change in trade and other receivables	033	72,988,283	(25,470,331)
Change in trade and other payables	034	51,349,187	(30,498,055)
Changes in taxes payable and other mandatory payments to the budget	035	(6,102,266)	(2,614,658)
Changes in other current liabilities	036	(471,169)	7,777,198
Total cash flows from operating assets and liabilities, total (+/- lines 031 to 036)	040	124,203,060	(37,016,985)

CASH FLOW STATEMENT (INDIRECT METHOD)
(continued)

In thousands of Kazakhstani Tenge			
Title of the item	Line code	In the accounting period	In the prior period
Interest paid	041	(68,723,528)	(1,584,185)
Interest received	042	2,938,262	5,802,721
Income tax paid	043	(2,052,698)	(92,716,577)
Net cash received from operating activities (line 010+/- line 030 +/- line 040+/- line 041+/- line 042 +/- line 043)	050	356,881,154	253,022,657
2.Cash flows from investing activities			
1. Cash inflow, total (sum of lines 061 to 072)	060	681,466,343	247,131,103
including:			
Sale of fixed assets	061	-	-
Sale of intangible assets	062	-	-
Sale of other non-current assets	063	-	-
Sale of investments	064	-	4,398,140
Sale of debt instruments of other organizations	065	-	-
Compensation for loss of control over subsidiaries	066	-	-
Term deposits withdrawn	067	49,744	22,679
Sale of other financial assets	068	-	-
Futures and forward contracts, options, and swaps	069	-	-
Dividends received	070	3,646,402	2,537,534
Interest received	071	-	-
Miscellaneous income	072	677,770,197	240,172,750
2. Cash outflows, total (sum of lines 081 to 092)	080	(920,940,225)	(511,697,800)
Including:			
Purchases of property, plant and equipment	081	(173,565,878)	(184,440,923)
Purchases of intangible assets	082	-	-
Purchases of other non-current assets	083	-	-
Purchase of investments	084	(370,871)	(138,602,976)
Purchases of debt instruments of other organizations	085	-	-
Purchase of control over subsidiaries	086	-	-
Term deposits placed	087	(54,323)	(20,965)
Purchase of other financial assets	088	-	-
Title of the item	089	(746,949,153)	(188,632,936)
Loans receivable	090	-	-
Futures and forward contracts, options, and swaps	091	-	-
Investments in associates and subsidiaries	092	-	-
Other payments			

In thousands of Kazakhstani Tenge			
Title of the item	Line code	In the accounting period	In the prior period
3. Net cash used in from investing activities (line 060 – line 080)	100	(239,473,882)	(264,566,697)
3. Cash flows from financing activities			
1. Cash inflow, total (sum of lines 111 to 114)	110	7,193,659	-
Including:			
Issuance of shares and other financial instruments	111	-	-
Proceeds from borrowings	112	7,193,659	-
Interest received	113	-	-
Other inflows	114	-	-
2. Cash outflows, total (sum of lines 121 to 125)	120	(102,107,876)	(2,395,362)
Including:			
Repayment of borrowings	121	(99,375,892)	(828,169)
Remuneration paid	122	-	-
Dividends paid	123	(1,458,859)	(480,803)
Payments to shareholders for shares in the organization	124	-	-
Other outflows	125	(1,273,125)	(1,086,390)
3. Net cash used in financing activities (line 110 – line 120)	130	(94,914,217)	(2,395,362)
4. Effect of exchange rate changes on tenge	140	5,239,535	(975,313)
5. Effect of changes in the carrying amount of cash and cash equivalents	150	-	-
6. Net change in cash and cash equivalents (line 050 +/- line 100 +/- line 130 +/- line 140 +/- line 150)	160	27,732,590	(14,914,715)
7. Cash and cash equivalents at the beginning of the year	170	62,854,322	77,769,037
8. Cash and cash equivalents at the end of the year	180	90,586,912	62,854,322



Prokopyev S.I.

General director

Kozbagarova B.B.

Chief accountant

STATEMENT OF CHANGES IN EQUITY

Submitted to: the financial reporting repository in electronic format using software

Administrative data form index: № 5-VK

Frequency: annual

Report type: consolidated

Persons submitting information: public interest entities based on the results of the financial year

Deadline for submitting the administrative data form: annually, no later than August 31 of the year following the reporting year

Note: instructions for completing the report are provided in the appendix to the form intended for the collection of administrative data “Capital Statement”

Company name: JSC TNC Kazchrome

For the year ending December 31, 2024

In thousands of Kazakhstani Tenge									
Component	Line code	Attributable to the Company's shareholders						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other		
Balance at January 1 of the previous year	010	106,505,027	-	(184,411)	(177,226)	97,887,558	-	51,839	204,082,787
Change in accounting policy	011	-	-	-	-	-	-	-	-
Restated balance (line 010+ /line 011)	100	106,505,027	-	(184,411)	(177,226)	97,887,558	-	51,839	204,082,787
Comprehensive income, total (line 210 + line 220):	200	-	-	-	(293,905)	197,044,384	-	(1,213)	196,749,266
Income (expense) for the year	210	-	-	-	-	197,044,384	-	(1,213)	197,043,171
Other comprehensive income, total (sum of lines 221 to 229):	220	-	-	-	(293,905)	-	-	-	(293,905)
Including:		-	-	-	-	-	-	-	-
Revaluation of debt financial instruments measured at fair value through other comprehensive income (net of tax effect)	221	-	-	-	-	-	-	-	-
Revaluation of equity instruments measured at fair value through other comprehensive income (net of tax effect)	222	-	-	-	-	-	-	-	-
Revaluation of property, plant and equipment and intangible assets (net of tax effect)	223	-	-	-	-	-	-	-	-

In thousands of Kazakhstani Tenge									
Component	Line code	Attributable to the Company's shareholders						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other		
Share in other comprehensive income (loss) of associates and joint operations accounted for using the equity method	224	-	-	-	-	-	-	-	-
Actuarial gains (losses) on pension obligations	225	-	-	-	(293,905)	-	-	-	(293,905)
The effect of changes in the income tax rate on deferred tax of subsidiaries	226	-	-	-	-	-	-	-	-
Cash flow hedge (net of tax effect)	227	-	-	-	-	-	-	-	-
Hedging net investments in foreign operations	228	-	-	-	-	-	-	-	-
Exchange rate differences on investments in foreign organizations	229	-	-	-	-	-	-	-	-
Dividends, total (sum of lines 310 to 318):	300	-	-	-	-	-	-	(858)	(858)
including:		-	-	-	-	-	-	-	-
Employee share-based award:	310	-	-	-	-	-	-	-	-
Including:		-	-	-	-	-	-	-	-
Cost of employee services		-	-	-	-	-	-	-	-
Issue of shares under an employee share award scheme		-	-	-	-	-	-	-	-
Tax benefit in relation to the employee share-based award scheme		-	-	-	-	-	-	-	-
Contribution from Company's shareholders	311	-	-	-	-	-	-	-	-

STATEMENT OF CHANGES IN EQUITY
(continued)

In thousands of Kazakhstani Tenge									
Component	Line code	Attributable to the Company's shareholders						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other		
Issuance of own equity instruments (shares)	312	-	-	-	-	-	-	-	-
Issuance of equity instruments related to business combinations	313	-	-	-	-	-	-	-	-
Equity component of convertible instruments (net of tax effect)	314	-	-	-	-	-	-	-	-
Dividends payment	315	-	-	-	-	-	-	(858)	(858)
Other distributions to shareholders	316	-	-	-	-	-	-	-	-
Other transactions with shareholders	317	-	-	-	-	-	-	-	-
Changes in equity interests in subsidiaries not resulting in loss of control	318	-	-	-	-	-	-	-	-
Other transactions	319	-	-	-	-	-	-	-	-
Balance at 1 January of the reporting year (line 100 + line 200 + line 300 + line 319)	400	106,505,027	-	(184,411)	(471,131)	294,931,942	-	49,768	400,831,195
Change in accounting policy	401	-	-	-	-	-	-	-	-
Restated balance (line 400+ /line 401)	500	106,505,027	-	(184,411)	(471,131)	294,931,942	-	49,768	400,831,195

In thousands of Kazakhstani Tenge									
Component	Line code	Attributable to the Company's shareholders						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other		
Comprehensive income, total (line 610+ line 620):	600	-	-	-	(2,666,017)	6,170,177	-	(4,853)	3,499,307
Income (expense) for the year	610	-	-	-	-	6,170,177	-	(4,853)	6,165,324
Other comprehensive income (sum of lines 621 no 629):	620	-	-	-	(2,666,017)	-	-	-	(2,666,017)
Including:		-	-	-	-	-	-	-	-
Revaluation of debt financial instruments measured at fair value through other comprehensive income (net of tax effect)	621	-	-	-	-	-	-	-	-
Revaluation of equity instruments measured at fair value through other comprehensive income (net of tax effect)	622	-	-	-	-	-	-	-	-
Revaluation of fixed assets and intangible assets (net of tax effect)	623	-	-	-	-	-	-	-	-
Share in other comprehensive income (loss) of associates and joint operations accounted for using the equity method	624	-	-	-	-	-	-	-	-

STATEMENT OF CHANGES IN EQUITY
(continued)

In thousands of Kazakhstani Tenge									
Component	Line code	Attributable to the Company's shareholders						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other		
Actuarial gains (losses) on pension obligations	625	-	-	-	(2,666,017)	-	-	-	(2,666,017)
Effect of changes in the income tax rate on deferred tax of subsidiaries	626	-	-	-	-	-	-	-	-
Cash flow hedge (net of tax effect)	627	-	-	-	-	-	-	-	-
Hedging net investments in foreign operations	628	-	-	-	-	-	-	-	-
Exchange rate differences on investments in foreign organizations	629	-	-	-	-	-	-	-	-
Transactions with shareholders, total (sum of lines 710 to 718)	700	-	-	-	-	(442,683)	-	(858)	(443,541)
Including:		-	-	-	-	-	-	-	-
Employee share-based benefits	710	-	-	-	-	-	-	-	-
Including:		-	-	-	-	-	-	-	-
Cost of employee services		-	-	-	-	-	-	-	-
Issue of shares under an employee share award scheme		-	-	-	-	-	-	-	-
Tax benefit in relation to the employee share-based award scheme		-	-	-	-	-	-	-	-
Contribution from Company's shareholders	711	-	-	-	-	-	-	-	-

In thousands of Kazakhstani Tenge									
Component	Line code	Attributable to the Company's shareholders						Non-controlling interest	Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained earnings	Other		
Issuance of own equity instruments (shares)	712	-	-	-	-	-	-	-	-
Issuance of equity instruments related to business combinations	713	-	-	-	-	-	-	-	-
Equity component of convertible instruments (net of tax effect)	714	-	-	-	-	-	-	-	-
Dividends payment	715	-	-	-	-	(442,683)	-	(858)	(443,541)
Other distributions to shareholders	716	-	-	-	-	-	-	-	-
Other transactions with shareholders	717	-	-	-	-	-	-	-	-
Changes in equity interests in subsidiaries not resulting in loss of control	718	-	-	-	-	-	-	-	-
Other transactions	719	-	-	-	-	-	-	-	-
Balance at 31 December of the reporting year (line 500 + line 600 + line 700 + line 719)	800	106,505,027	-	(184,411)	(3,137,148)	300,659,436	-	44,057	403,886,961

Prokopyev S.L.
General director



Kozbagarova B.B.
Chief accountant

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC¹

1. The Group 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 special purpose consolidated financial statements for the year ended 31 December 2024 have been prepared for the Company and its subsidiaries (the “Group”).

The immediate parent company of TNC Kazchrome JSC is KCR METALS-FZCO registered in accordance with the Regulations of the Dubai Integrated Economic Zones Authority. The ultimate parent company is Eurasian Resources Group S.à r.l. (“ERG”; ERG together with its subsidiaries – hereinafter referred to as the ‘ERG Group’) incorporated in the Grand Duchy of Luxemburg.

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, the Republic of Kazakhstan, Aktobe city, 4A M. Mametova Street.

In June 2024, TNC Kazchrome JSC established a subsidiary, KhromtauTransEnergо LLP, with a 100% participation interest.

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
KhromtauTransEnergо LLP	Kazakhstan	Thermal energy transfer and distribution	100.00

2. Basis of Preparation of Consolidated Special Purpose Consolidated Financial Statements and Material Accounting Policy Information

Basis of preparation

These special purpose consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared in accordance with Order No. 404 of the Minister of Finance of the Republic of Kazakhstan dated June 28, 2017, “On Approval of the List and Forms of Annual Financial Statements for Publication by Public Interest Entities (except for Financial Institutions),” as amended by Order No. 241 of the Minister of Finance of the Republic of Kazakhstan dated March 2, 2022. These special purpose consolidated financial statements is prepared solely for the purpose of its publication in the Kazakhstani media, as well as its submission to the financial reporting depository of the Ministry of Finance of the Republic of Kazakhstan in accordance with the legislation of the Republic of Kazakhstan.

In preparation of the special purpose consolidated financial statements, the Group applied the accounting policies described in the Group’s consolidated financial statements for the year ended December 31, 2024, prepared in accordance with IFRS accounting standards.

Going concern basis

The ERG Group’s Board of Managers has reviewed the liquidity available for the period until 30 June 2026. 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 2024, the Group complied with applicable covenants.

The ERG Group successfully completed restructuring of its credit facility agreement with VTB Bank (PJSC) and resumed payments under existing financing arrangements with Sberbank of Russia and VTB Bank (PJSC) 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\$540 million 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, totalling up to approximately US\$240 million, based on various term-sheets or late-stage discussions with parties providing financing.

The Managers of the ERG therefore consider that the ERG Group can access adequate resources to continue its business operations for the foreseeable future, and thus, the 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 standards

The adoption of amendments to standards and interpretations effective from 1 January 2024 did not have a significant impact on the Group. The Group has not early adopted any standards, interpretations, or amendments that have been issued but are not yet effective. The Group is evaluating the potential impact of new standards, amendments to standards, and interpretations that have been issued but are not yet effective.

Functional and presentation currency

All amounts in these separate 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 2024 the official exchange rate used for translating foreign currency balances was US Dollar (US\$) 1 = Tenge 525.11 (31 December 2023: US\$1 = Tenge 454.56). Currency control rules apply to converting Tenge into other currencies. Tenge is not freely convertible outside of the Republic of Kazakhstan.

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 the following:

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 special purpose 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.

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.

1 For the year ended December 31, 2024.

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (continued)

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.

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 in 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 2024 the loans receivable were classified in the Stage 1. Such management's judgment is based on the going concern assessment of ERG Group.

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.

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 11).

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 2024, 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 measured at fair value	-	5,364,899	-	-	-
Investments in associates	-	115,504,058	-	-	-
Loans receivable ¹	43,935,378	295,776,640	-	399,221	-
Other non-current assets	-	977,990	3,260,908	1,862,227	-
Trade and other receivables	-	16,752,204	476,106	5,214,244	-
Cash and cash equivalents	-	-	90,578,986	3,618	-
Other current assets	-	-	132,177	-	-
Liabilities:					
Borrowings	-	-	-	25,038,941	-
Lease liability	-	2,987	-	271,420	-
Preference shares obligations	7,269,518	-	-	-	-
Employee benefit obligations	-	-	-	-	136,636
Financial guarantees	59,540,508	-	-	-	-
Trade and other payables	-	60,948,781	976,141	11,538,484	-

1 ECL allowance on loans receivable is disclosed in Note 6.

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (continued)

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 measured at fair value	-	10,136,464	-	-	-
Investments in associates	-	101,442,756	-	-	-
Loans receivable ¹	-	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 obligations	7,709,784	-	-	-	-
Employee benefit obligations	-	-	-	-	111,348
Financial guarantees	-	14,390,374	-	-	-
Trade and other payables	-	25,285,032	362,941	4,290,863	-

1 ECL allowance on loans receivable is disclosed in Note 6.

The income and expense items with related parties for the year ended 31 December 2024 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	-	2,383,320	6,944	4,868,147	-
Cost of sales	-	(160,853,830)	(12,864,739)	(69,520,199)	-
Other operating income	-	2,536,870	264	3,737	-
Other operating expense	-	838,285	(584,880)	(676,896)	-
Distribution costs	-	(804,442)	(7,990)	(732,512)	-
Research, business development and exploration costs	-	(2,721,558)	(20,234)	(3,715)	-
General and administrative expenses	-	(21,738,083)	(543,397)	(298,293)	(948,307)
Share in results of associates	-	14,061,302	-	-	-
Finance income	10,275,662	20,299,612	1,693,908	55,354	-
Finance cost ²	(65,481,406)	45,964,715	4,672,214	(2,009,700)	-

Нижe указаны статьи доходов и расходов по операциям со связанными сторонами за год, закончившийся 31 декабря 2023 года:

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 cost ³	(103,653)	(48,667,027)	(13,847)	(822,036)	-

2 The financial expenses include net income/(expenses) from exchange rate differences on loans receivable and deposits, which arise at the level of individual companies within the ERG Group, as well as expense from the derecognition of financial guarantees.
3 Finance cost on entities under common control mainly reflects revaluation of investments at fair value for the amount of Tenge 44,565,154 thousand.

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (continued)

Key management compensation of Group is presented below:

In thousands of Kazakhstani Tenge	2024	2023
Wages, salaries and other bonuses	741,664	951,901
Post-employment and other long-term benefits	400,781,427	204,030,948
Total key management compensation	948,307	1,166,405

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 2024 and 2023, 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.

The Group has Agreement on opening a credit line with Development Bank of Kazakhstan JSC in US dollars on target terms use. Detailed information on tranches received under this Agreement is disclosed in Note 15.

5. Cash and Cash Equivalents (balance sheet line code 010)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Term deposits	89,938,506	61,340,162
Cash in bank accounts and on hands	65,397	929,148
Cash in transit	583,009	585,012
Total cash and cash equivalents	90,586,912	62,854,322

6. Financial Assets Measured at Amortised Cost (balance sheet line codes 011 and 110)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Current financial assets measured at amortized cost		
Loans receivable	17,859,830	25,828,757
Reserve for loans issued	(239,322)	(513,439)
Other	130,902	61,213
Non-current financial assets measured at amortized cost		
Loans receivable	329,875,510	195,564,311
Reserve for loans issued	(7,384,779)	(4,811,184)
Other	4,376	5,207
Total financial assets measured at amortized cost	340,246,517	216,134,865

In thousands of Kazakhstani Tenge	2024	2023
ECL allowance at 1 January	5,324,623	4,983,701
Loans issued	2,709,585	3,721,604
Loans repaid	(705,349)	(3,145,731)
Changes to ECL measurement assumptions and modification of contract terms	295,242	(234,951)
ECL allowance at 31 December	7,624,101	5,324,623

In February 2024, the Group signed an agreement to open a new syndicated credit line with companies under the common control of ERG for up to US\$200 million (Tenge 90,094,000 thousand).

During 2024, the Group, under the existing loan agreement and existing syndicated credit facilities, provided a loan to entities under common control of ERG in the amount of US\$1.645 million (Tenge 746,249,153 thousand). This amount includes a loan provided to KCR International B.V. within the Novation Agreement between KCR International B.V., KCR METALS-FZSO and the Group totaling 1,316 million US dollars (592,090,721 thousand Tenge).This loan was fully repaid.

In 2024, loans in the amount of US\$184 million (Tenge 85,566,357 thousand) were repaid, by the Parent company and by the companies under common control of ERG.

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 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 in 2023.

7. Current Trade and Other Receivables (balance sheet line code 016)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Trade receivables provisionally priced	64,934,015	135,810,113
Trade receivables	20,685,515	20,860,666
Other	1,557,030	1,088,348
Less: ECL allowance	(2,292,182)	(3,822,410)
Total current trade and other receivables	84,884,378	153,936,717

8. Inventories (balance sheet line code 020)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Raw materials and supplies	131,375,853	136,088,999
Work in progress	42,570,461	47,578,672
Finished goods	20,750,967	24,191,902
Other	62,257	133,541
Less: provision for obsolete and slow-moving inventories	(9,721,266)	(14,274,817)
Total inventories	185,038,272	193,718,297

9. Other Current Assets (balance sheet line code 022)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
VAT recoverable and other taxes	80,971,215	66,159,229
Prepayments	17,481,746	37,140,529
Other	7,122	172,360
Less: ECL allowance	(2,396,820)	(2,120,775)
Total other current assets	96,063,263	101,351,343

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (continued)

10. Property, Plant and Equipment (balance sheet line code 121)

In thousands of Kazakhstani Tenge	Land	Buildings and constructions	Machinery and equipment	Other	Construction in progress
Cost at 31 December 2022	5,350,832	294,827,968	425,621,685	36,300,101	762,100,586
Accumulated depreciation	-	(123,794,538)	(268,977,946)	(18,769,211)	(411,541,695)
Carrying amount at 31 December 2022	5,350,832	171,033,430	156,643,739	17,530,890	350,558,891
Additions	32,000	947,858	20,858,844	4,902,711	26,741,413
Changes in estimates of assets retirement obligations	-	1,473,251	80,840	8	1,554,099
Transfers	-	35,683,444	33,433,646	1,141,940	70,259,030
Depreciation charge	-	(23,054,433)	(39,430,939)	(3,440,465)	(65,925,837)
Disposals	(2,374)	(206,971)	(389,691)	(35,662)	(634,698)
Impairment reversal	-	-	384,478	-	384,478
Cost at 31 December 2023	5,380,458	331,762,159	476,037,304	41,709,645	854,889,566
Accumulated depreciation	-	(145,885,580)	(304,456,387)	(21,610,223)	(471,952,190)
Carrying amount at 31 December 2023	5,380,458	185,876,579	171,580,917	20,099,422	382,937,376
Additions	302,920	599,397	14,710,169	3,195,796	18,808,282
Changes in estimates of assets retirement obligations	-	(5,067,371)	(23,013)	(5)	(5,090,389)
Transfers	-	50,973,649	69,400,709	1,937,229	122,311,587
Depreciation charge	-	(27,043,314)	(44,471,415)	(3,529,459)	(75,044,188)
Disposals	(205)	(1,688)	(19,045)	(337)	(21,275)
Impairment	-	(1,936,162)	(98,518)	-	(2,034,680)
Cost at 31 December 2024	5,683,173	372,745,428	550,626,654	46,105,973	975,161,228
Accumulated depreciation	-	(169,344,338)	(339,546,850)	(24,403,327)	(533,294,515)
Carrying amount at 31 December 2024	5,683,173	203,401,090	211,079,804	21,702,646	441,866,713

11. Non-current financial assets measured at fair value through profit or loss (line 112)

Company name	Registration country	Operations	2024		2023	
			Thousands Tenge	Share, %	Thousands Tenge	Share, %
BTS LLP	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	-	59.79	4,771,565	60.00
Total investments measured at fair value			5,364,899		10,136,464	

12. Investments in Associates (line 115)

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

Company name	Registration country	Operations	2024		2023	
			Thousands Tenge	Share, %	Thousands Tenge	Share, %
Credit Partnership ENRC Credit LLP	Kazakhstan	Financing				
Total investments in associates			115,504,058		101,442,756	

On 30 June 2023 based on the decision of the general meeting of shareholders of Credit Partnership ENRC Credit LLP the Company 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 Company 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 Company'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	2024	2023
Carrying amount at the beginning of the year	101,442,756	-
Reclassification	-	92,470,442
Share in results of associates	14,061,302	8,972,314
Carrying amount at the end of the year	115,504,058	101,442,756

The summary financial information of is set out in the table below:

In thousands of Kazakhstani Tenge	Credit Partnership ENRC Credit LLP	
	2024	2023
Current assets	57,985,818	25,780,657
Non-current assets	277,466,021	291,309,337
Current liabilities	11,769,227	34,768,697
Non-current liabilities	92,216,000	79,033,647
Net assets	231,466,612	203,287,650
The Group's share in the associate's net assets	115,504,058	101,442,756
Income from core activities	71,941,426	33,217,987
Profit for the year/period	28,178,962	17,980,590
The Group's share in the associate's profit	14,061,302	8,972,314

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (continued)

13. Deferred Tax Assets and Liabilities (balance sheet line codes 126 and 316)

In thousands of Kazakhstani Tenge	1 January 2024	Charged to profit or loss	Charged to other comprehensive income	31 December 2024
Tax effect of deductible/(taxable) differences				
Property, plant and equipment	540,521	2,781,003	-	3,321,524
Borrowings	(12,060,661)	9,437,625	-	(2,623,036)
Inventories	2,854,990	(910,710)	-	1,944,280
Loans receivable and other receivables	1,519,312	665,600	-	2,184,912
Employee benefits	1,533,022	80,456	666,504	2,279,982
Taxes accrued but not paid	1,692,593	(157,862)	-	1,534,731
Vacation provision	713,667	292,005	-	1,005,672
Provision for asset retirement obligations	2,751,224	(781,115)	-	1,970,109
Other	3,481,139	1,230,820	-	4,711,959
Net deferred income tax position	3,025,807	12,637,822	666,504	16,330,133
Presented as:	3,025,807	-	-	16,330,133
Recognised deferred income tax asset				

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) 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:	-			3,025,807
Recognised deferred income tax asset				
Recognised deferred income tax liability	(2,490,384)			-

14. Other Non-current Assets (balance sheet line code 127)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Construction in progress	502,407,126	429,392,581
Advances paid for property, plant and equipment and related services	28,281,077	35,364,692
Other	3,296,233	-
Less: provisions for impairment of non-current assets	(193,170)	(192,718)
Total other non-current assets	533,791,266	464,564,555

Additions to construction in progress include capitalised borrowing costs amounting to Tenge 28,606,296 thousand (December 31, 2023: Tenge 15,915,615 thousand). Capitalization rate was 11.23% (2023: 7.92%).

15. Financial Liabilities Measured at Amortized Cost (balance sheet line codes 210 and 310)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Current financial liabilities measured at amortized cost		
Borrowings	109,538,457	117,919,220
Preference shares obligations	989,334	1,978,668
Non-current financial liabilities measured at amortized cost		
Borrowings	1,125,408,448	993,183,913
Preference shares obligations	6,838,297	5,910,660
Total financial liabilities measured at amortized cost	1,242,774,536	1,118,992,461

In January 2024, the Novation Agreement between KCR International B.V., KCR-METALS FZCO and the Group came into force and amendments to the credit facility with VTB Bank (PJSC) were signed. As a result of these events, KCR International B.V. assigned to the Group the obligations under the loan agreement with VTB Bank (PJSC) in the amount of US\$1,316 million (Tenge 592,090,721 thousand) (including the principal amount of US\$1,181 million (Tenge 531,336,905 thousand) and accrued interest of US\$135 million) (Tenge 60,837,235 thousand).

At the same time, the Group received compensation under Novation Agreement from the KCR international in the amount of US\$1,316 million (Tenge 592,090,721 thousand). Immediately thereafter, the Group transferred these obligations to KCR METALS-FZCO along with the right to claim receivables previously recognised by the Group from KCR International B.V.

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 (Note 24).

During 2024, the Group received tranches from Development Bank of Kazakhstan under the existing credit facility in the aggregate amount of US\$15.9 million (Tenge 7,193,659 thousand) (Note 4).

Potential uncertainty regarding compliance with certain financial covenants at 30 June 2025 and 31 December 2025 was resolved following confirmation from the bank ensuring compliance with the covenant tests on those dates.

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16. Other Financial Liabilities (balance sheet line codes 213 and 313)

Other financial liabilities include the carrying amount of financial guarantees issued.

The table below provides information on guaranteed liabilities used in calculating the fair value of financial guarantees upon initial recognition:

Entity	Guaranteed obligations		Period of the guarantee
	December 31, 2024	December 31, 2023	
Parent Company (Note 1)	618,183,605	-	2030 r.
Entities under common control	-	536,744,975	2030 r.
Third parties	1,661,878	1,787,143	2036-2039 r.
Total	619,845,483	538,532,118	

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

17. Current Trade and Other Payables (balance sheet line code 214)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Trade payables	142,329,234	90,962,729
Other	447,945	226,828
Total current trade and other payables	142,777,179	91,189,557

18. Estimated Liabilities (balance sheet line code 215 and 315)

In thousands of Kazakhstani Tenge	December 31, 2024	December 31, 2023
Current estimated liabilities		
Provision for assets retirement obligations	1,488,188	1,450,957
Other	224,037	6,179,191
Non-current estimated liabilities		
Provision for assets retirement obligations	12,833,784	16,773,488
Total estimated liabilities	14,546,009	24,403,636

The table below provides information on provisions for assets retirement obligations:

In thousands of Kazakhstani tenge	2024				2023			
	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 part	7,585,666	3,247,109	2,001,009	12,833,784	12,028,613	3,450,422	1,294,453	16,773,488
Short-term part	594,666	893,522	-	1,488,188	1,184,017	266,940	-	1,450,957
Total	8,180,332	4,140,631	2,001,009	14,321,972	13,212,630	3,717,362	1,294,453	18,224,445

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 1 January 2023	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 December 31, 2023	11,473,290	1,739,340	52,040	3,665,322	1,294,453	18,224,445
Utilised during the year	-	(125,331)	-	-	-	(125,331)
Change in estimates	(5,548,900)	(535,961)	-	(178,560)	552,517	(5,710,904)
Unwinding of the present value discount	964,440	213,454	-	601,829	154,039	1,933,762
Carrying amount at December 31, 2024	6,888,830	1,291,502	52,040	4,088,591	2,001,009	14,321,972

Retirement obligations for mining assets should be settled at the end of the useful life of the mine 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 led to a decrease the cost of sales in the amount of Tenge 885,034 thousand (2023: Tenge 165,935 thousand).

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

In percent	2024	2023
Liquidation period	2025-2074 rr.	2024-2074 rr.
Discount rate	11.83-13.32	11.90-14.47
Inflation rate	4.80-6.90	4.90-9.10

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19. Share Capital (balance sheet line code 410)

In thousands of Kazakhstani Tenge	31 December 2023 and 2024	
	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

Dividends on ordinary shares were declared at 4.03 tenge. (2023: none declared) per share. Dividends on preference shares, in excess of the guaranteed amount of 100 tenge, were declared at 4.03 tenge per preference share (2023: none declared). The par value of ordinary shares is Tenge 1,000 per share (2023: Tenge 1,000 per share). Each ordinary share carries one vote. In 2024 and 2023 the Company did not issue ordinary shares.

The par value of preference shares is Tenge 1,000 per share (2023: Tenge 1,000 per share). **20. Revenue (Statement of Profit and Loss line 010)** The table below provides the revenue by geographical location. Revenue by geographical location is allocated based on the legal registration of customers, while the final destination of the sold products may be in alternative geographical locations.

In thousands of Kazakhstani Tenge	2024	2023
Europe	943,241,392	1,014,256,897
Eurasia	42,813,982	43,006,448
Kazakhstan	16,463,256	10,453,295
Total revenue	1,002,518,630	1,067,716,640

The table below provides revenue by product:

In thousands of Kazakhstani Tenge	2024	2023
High-carbon ferrochrome	825,236,236	874,316,186
Refined ferrochrome	89,193,667	94,477,916
Silicon alloys	78,184,606	78,706,857
Other	9,904,121	20,215,681
Total revenue	1,002,518,630	1,067,716,640

Revenue from one major customer amounted to Tenge 943,241,392 thousand (2023: Tenge 1,000,277,237 thousand). Revenue for 2024 includes Tenge 68,064,701 thousand of loss from sources other than contracts with customers, representing adjustments to revenue accounted for in accordance with IFRS 9 (2023: Tenge 35,014,013 thousand revenue).

21. Cost of Sales (Statement of Profit and Loss line 011)

In thousands of Kazakhstani Tenge	2024	2023
Materials and components used	236,111,195	251,688,477
Staff costs	160,340,212	141,291,793
Power and energy	116,112,691	97,673,863
Depreciation and amortisation	71,491,265	60,905,169
Mineral extraction tax	25,821,635	26,750,330
Other professional services	24,366,954	29,300,276
Change in inventories of finished product and work in progress	17,410,044	11,477,109
Repair and technical maintenance	16,547,599	13,978,235
Mining services	11,314,161	25,317,006
Insurance	8,976,584	9,351,985
Information technologies	5,941,112	5,561,477
Agency and commission fees	4,902,816	8,523,882
(Recovery)/accrual of reserve for obsolete and non-liquid inventories	(3,606,018)	1,834,049
Other	9,071,672	10,417,713
Total cost of sales	704,801,922	694,071,364

22. Administrative Expenses (Statement of Profit and Loss line 014)

In thousands of Kazakhstani Tenge	2024	2023
Management fees, consultation and other professional services ¹	18,569,902	21,522,755
Sponsorship and charity	13,634,254	7,480,802
Staff costs	4,046,571	4,118,489
Tax penalties and penny	697,097	630,257
Other taxes, except for income tax	540,760	535,484
Other налоги, кроме подоходного налога	477,733	465,559
Other	4,049,227	5,366,890
Total administrative expenses	42,015,544	40,120,236

1 During the year ended 31 December 2024, expenses for audit fees of PricewaterhouseCoopers LLP amounted to Tenge 325,250 thousand (2023: Tenge 263,844 thousand), for non-audit services - Tenge 0 (2023: Tenge 0).

EXPLANATORY NOTE TO THE SPECIAL PURPOSE
CONSOLIDATED FINANCIAL STATEMENTS OF TNC
KAZCHROME JSC (continued)

23. Finance Income (Statement
of Profit and Loss line 021)

In thousands of Kazakhstani Tenge	2024	2023
Interest income	18,675,228	13,988,082
Income from amortization of the financial guarantees	9,282,449	2,898,421
Dividends	3,646,402	2,537,534
Net foreign exchange gain	-	17,849,665
Other	1,130,597	4,845,472
Total finance income	32,734,676	42,119,174

24. Finance Costs (Statement
of Profit and Loss line 022)

In thousands of Kazakhstani Tenge	2024	2023
Net foreign exchange loss	113,598,383	-
Loss from initial recognition of financial guarantees	54,426,487	-
Interest expense	49,587,958	48,802,239
Loss from modification of borrowings	35,807,171	-
Amortization of the discount on financial instruments	12,236,520	9,469,436
Revaluation of investments at fair value	4,975,339	44,565,154
Loss on initial recognition of loans receivables	-	3,979,818
Other	11,348,878	9,593,763
Total finance cost	281,980,736	116,410,410

In January 2024, the Group derecognised the financial guarantee for the obligations of KCR International B.V. and recognised a financial guarantee for the obligations of the parent company KCR METALS-FZCO due to the signing of the Novation Agreement between KCR International B.V. and the Group, and an amendment to the Novation Agreement with the Bank VTB (PJSC) (Note 15).

In February 2024, due to a significant change in the repayment schedule and currency of the guaranteed obligations, the Group derecognised previously recognised financial guarantee and recognised a new financial guarantee.

25. Other Income (Statement
of Profit and Loss line 024)

In thousands of Kazakhstani Tenge	2024	2023
Foreign exchange gain	17,005,154	-
Income from sales of materials	2,536,870	4,264,166
Other income	1,539,545	1,855,490
Total other operating income	21,081,569	6,119,656

26. Other Expenses (Statement
of Profit and Loss line 025)

In thousands of Kazakhstani Tenge	2024	2023
Research, business development and exploration costs	5,327,126	6,802,749
Accrual/(recovery) of impairment of fixed assets	4,279,063	(384,478)
Public utilities	1,272,428	11,530
Staff costs	1,254,449	1,240,276
Other taxes and duties	1,254,357	130,117
Inventory write-off costs	1,094,417	-
Depreciation of fixed assets	997,804	326,843
Foreign exchange loss	-	7,826,246
Reversal of other provisions for claims	(5,530,845)	(2,633,306)
Other expenses	5,699,308	5,876,896
Total other operating expenses	15,648,107	19,196,873

27. Income Tax Expense
(Statement of Profit and Loss
line 101)

In thousands of Kazakhstani Tenge	2024	2023
Current income tax expense	21,192,846	52,557,889
Current income tax benefit – prior periods	(1,109,855)	(9,891)
Total current income tax expense	20,082,991	52,547,998
Deferred income tax benefit	(12,637,822)	(5,442,715)
Total deferred income tax benefit	(12,637,822)	(5,442,715)
Total income tax expense	7,445,169	47,105,283

Reconciliation between the theoretical and the actual taxation charge is provided below:

In thousands of Kazakhstani Tenge	2024	2023
Profit before tax	13,610,493	244,148,454
Tax charge at statutory rate of 20%	2,722,099	48,829,691
Tax effect of non-deductible or non-taxable items:		
Ton-taxable income and non-deductible expense under investment contract	(6,532,584)	(9,130,778)
Income tax – prior periods	(1,109,855)	(9,891)
Revaluation of investments	1,180,595	9,117,216
Share in results of associates	(2,812,260)	(1,794,463)
Financial guarantee	9,028,820	(681,279)
Expenses for sponsorship and other financial aid	1,521,140	1,595
Provision for legal claims	(1,106,169)	(526,661)
Other	4,553,383	1,299,853
Income tax expense	7,445,169	47,105,283

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (continued)

28. 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, tax position of the Group in respect of certain transactions may be challenged by the 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 2024 the financial statements have no provision for potential tax liabilities (2023: no provision recorded).

Contractual capital expenditure commitments

As at 31 December 2024, the Group has contractual capital expenditure commitments in respect of acquisition of property, plant and equipment totalling Tenge 58,517,977 thousand (2023: Tenge 43,790,394 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

According to the Environmental 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 these facilities, also have an obligation to provide financial security to the government for the fulfillment of their obligations. In accordance with the changes in legislation published in July 2024, the requirements regarding the provision of financial security will come into effect on July 1, 2029.

In thousands of Kazakhstani tenge	US\$	Chinese yuan	Other	Total
As of 31 December 2024				
Assets	471,689,447	-	6,858,868	478,548,315
Liabilities	(897,480,332)	(342,925,659)	(21,872,273)	(1,262,278,264)
Net exposure to currency risk	(425,790,885)	(342,925,659)	(15,013,405)	(783,729,949)
As of 31 December 2023				
Assets	406,628,475	-	3,630,823	410,259,298
Liabilities	(1,115,670,853)	-	(23,097,973)	(1,138,768,826)
Net exposure to currency risk	(709,042,378)	-	(19,467,150)	(728,509,528)

29. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market 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\$ and Chinese yuan. 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 Groups ERG management monitors foreign exchange risk exposure by currency and in total based on the Groups ERG consolidated position.

The table below summarizes the Group's exposure to currency risk:

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	
	December 31, 2024	December 31, 2023
US\$ strengthening/weakening by 20%	(68,126,542)/ 68,126,542	(113,446,780)/ 113,446,780
Chinese yuan strengthening/weakening by 20%	(54,868,105)/ 54,868,105	(0)/ 0

Interest rate risk. Changes in interest rates may affect primarily borrowings and loans receivable. When raising or issuing new loans, Management uses its judgment to decide what interest rate would be most favorable to the Group over the expected period until maturity. Changes in market interest rates do not have a material impact on the Group's results of operations, as at the reporting date all loans attracted or issued were at fixed interest rates.

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 their 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 4,847,610 thousand (2023: Tenge 11,685,528 thousand), and a ten percent decrease in prices would increase profit before tax by Tenge 4,847,610 thousand (2023: Tenge 11,685,528 thousand), 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 over investments at fair value. However, the Group believes that this risk is not high, since these investments are unquoted investments in the ERG Group entities, and ERG Group controls expected cash flows related to these investments.

(b) Credit risk.

Credit risk mainly arises from cash and cash equivalents, term deposits, loans receivable, financial guarantees as well as credit exposures to customers, including outstanding receivables and confirmed transactions.

As at 31 December 2024, the Group placed cash and deposits to financial institutions with credit ratings ranging Ba2 in the amount of Tenge 94,016,350 thousand (2023: Tenge 65,760,260 thousand) and from B1 to Baa1 in the amount of Tenge 3,927 thousand (2023: none), respectively. Also the Group placed cash in financial institutions without credit rating in the amount of Tenge 3,410 thousand (2023: Tenge 3,325 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.

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (continued)

29. Financial Risk Management (Continued)

At 31 December 2024 the Group had only 4 main trade customers. The total trade receivables from main customer are Tenge 70,984,021 thousand (2023: four main debtors of Tenge 138,656,230 thousand) or 82.91% of the total trade receivables (2023: 88.50%). 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.

The table below represents information for 2024:

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	1,234,946,905	1,550,733,335	191,152,256	224,136,329	264,481,294	232,089,969	204,781,741	434,091,746
Leases	3,366,481	4,100,321	1,768,144	556,688	505,240	372,581	142,961	754,707
Preference shares obligations	7,827,631	16,818,678	989,334	989,334	989,334	989,334	989,334	11,872,008
Trade and other payables	148,640,282	148,640,282	148,640,282	-	-	-	-	-
Total	1,394,781,299	1,720,292,616	342,550,016	225,682,351	265,975,868	233,451,884	205,914,036	446,718,461
Assets								
Loans receivable	340,111,239	399,809,638	31,338,200	253,657,453	6,928,580	106,684,380	571	1,200,454
Trade and other receivables	85,748,961	85,748,961	85,748,961	-	-	-	-	-
Cash and cash equivalents	90,586,912	90,586,912	90,586,912	-	-	-	-	-
Other financial assets	9,838,555	10,980,271	132,177	1,165,720	188,857	405,673	42,222	9,045,622
Total	526,285,667	587,125,782	207,806,250	254,823,173	7,117,437	107,090,053	42,793	10,246,076

The table below represents information for 2023:

In thousandsn 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 obligations	7,889,328	18,797,351	1,978,668	989,334	989,334	989,334	989,334	12,861,347
Trade and other payables	103,267,283	103,267,283	103,267,283	-	-	-	-	-
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
Активы								
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	16,283,184

The Group guaranteed obligations of Group's ERG's subsidiaries (Note 16).

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 Group's ERG's objectives when managing capital are to safeguard the Group's 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	2024	2023
Borrowings	1,234,946,905	1,111,103,133
Equity attributable to the Company's shareholders	403,842,904	400,781,427
Total capital	1,638,789,809	1,511,884,560

30. 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 2024 the fair value of loans receivable amounted to Tenge 330,096,898 thousand (31 December 2023: Tenge 209,402,689 thousand). As of 31 December 2024 the fair value of borrowings amounted to Tenge 1,153,400,615 thousand (31 December 2023: Tenge 1,016,542,021 thousand).

Fair values of other financial assets and liabilities carried at amortised cost approximate their carrying amounts.

EXPLANATORY NOTE TO THE SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF TNC KAZCHROME JSC (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 64,934,015 thousand (31 December 2023: Tenge 135,810,113 thousand). The decrease in trade and other accounts receivable is primarily due to the reduction in the payment overdue period, as well as a decrease in revenues from ferroalloy products.

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. As a result of the revaluation, the fair value of the investment amounted to Tenge 0 thousand (31 December 2023: Tenge 4,771,565 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.

The fair value of the investment in Business and Technology Services LLP was Tenge 5,364,899 thousand (31 December 2023: Tenge 5,364,899 thousand).

31. Events after the Balance Sheet Date

The Group signed an agreement to open a new syndicated credit line with the Parent company and companies under the common control of ERG for an amount of up to US\$400 million (Tenge 201,444,000 thousand).

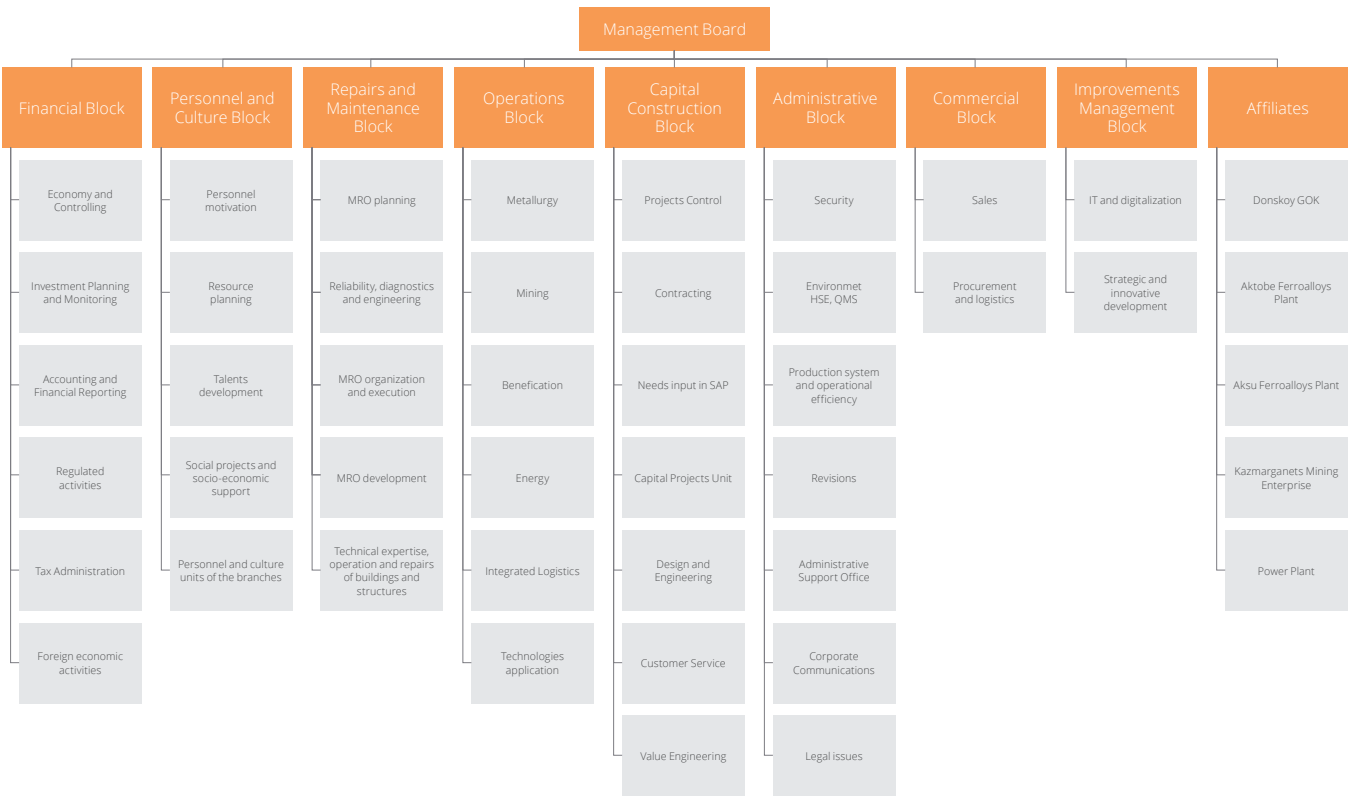
Within the framework of new and existing syndicated credit lines, the Group provided loans to the Parent company in the amount of US\$55 million (Tenge 27,966,040 thousand) and a company under common control of ERG in the amount of US\$21 million (Tenge 10,513,780 thousand).

The Group received tranche from Development Bank of Kazakhstan under the existing credit facility in the aggregate amount of US\$6.4 million (Tenge 3,208,192 thousand).

The Group transferred 100% of its interest in «KhromtauTransEnerg» LLP to the Government free of charge.



APPENDIX 1: THE COMPANY ORGANIZATIONAL CHART



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

Branch or Subsidiary	Full name of the Director
Donskoy Ore Mining and Processing Plant	Sarinzhipov Nurlan Markusovich
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 Alexandrovna
Donskaya Neftebaza JSC	Bogdantseva Alyona Viktorovna

Branch or Subsidiary	The average number of employees in 2024	By gender	
		Females	Males
Management staff	435	230	205
Donskoy Ore Mining and Processing Plant	8,443	2,020	6,423
Aktobe Ferroalloys Plant	4,055	710	3,345
Aksu Ferroalloys Plant	6,278	1,373	4,905
Kazmarganets Mining Enterprise	252	58	194
Power Plant of the Aktobe FP	119	19	100
Subsidiaries - Akzhar-Chrome LLP	5	4	1
Subsidiaries - Donskaya Neftebaza JSC	29	19	10
TOTAL:	19,616	4,433	15,183

APPENDIX 2: GLOSSARY

Units of measurement

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

Terms

- 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.

- 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.
- 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.
- ПЦ** – плавильный цех.
- Refined Ferrochrome** means medium/ low carbon ferrochrome.
- Mine** means a mining enterprise for the extraction of minerals (mainly ore) by underground or open pit mining.
- Special coke** means a solidcarbon 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.