APPROVED
by decision of the Sole Shareholder
Zhasyl Damu JSC – by order of the Minister
ecology and natural resources
Republic of Kazakhstan
from 24 april 2025
№ 108-Q

Zhasyl damu JSK

Separate financial statements
for the year ended 31 December 2024
with the independent Auditor`s Report

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Statement of the Management Responsibility for the Preparation and Approval of the Separate Financial Statements for the year ended 31 December 2024

The following statement, which is to be read in conjunction with the description of the auditors' responsibilities contained in the independent auditors' report submitted, is made in order to delineate the auditors' responsibilities with respect to the separate financial statements of the Joint Stock Company Zhasyl Damu (hereinafter referred to as the «Society»).

The management of the Company is responsible for the preparation of separate financial statements that fairly reflect in all material respects the separate financial position as at 31 December 2024, and certain results of its operations, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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

- Ensure proper selection and application of accounting policies;
- Provide information, including accounting policies, in a form that ensures the appropriateness, reliability, comparability and comprehensibility of such information;
- Disclosure of additional information in cases where compliance with IFRS requirements is not sufficient for users to understand the impact of certain transactions, as well as other events or conditions, on an individual financial position and individual financial results of the Company;
- Assessing the Company's ability to continue its activities in the foreseeable future.

Management is also responsible for:

- Developing, implementing and maintaining an effective and reliable internal control system in the Company;
- Maintaining the accounting system, at any time prepare with a sufficient degree of accuracy information about the individual financial position of the Company and ensure compliance of individual financial statements with the requirements of the Management;
- Taking measures within its competence to protect the Company's assets and identify and prevent fraud and other abuses.

These separate financial statements for the year ended 31 December 2024 were approved for issue on 7 March 2025.

Chairman of the Board
Yerzhan Sarsenbay

Chief Accountant
Raikhan Anissova

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SFAI Kazakhstan LLP
www.sfai.kz

13 Al-Farabi Ave., block 1V,
office 505
Almaty, 050000
Kazakhstan
Email:info@sfai.kz
Tel.: +7 (727) 327 68 06
+7 (775) 549 86 03

ТОО "SFAI Kazakhstan"
www.sfai.kz

пр. Аль-Фараби 13, блок 1В,
офис 505
г. Алматы, 050000
Республика Казахстан
Email:info@sfai.kz
Тел: +7 (727) 327 68 06
+7 (775) 549 86 03

Independent Auditor`s report

To the Shareholder and Management of Zhasyl Damu JSC

Opinion

We have audited the Separate financial statements of Zhasyl Damu JSC (the 'Company'), which comprise the separate statement of financial position as at 31 December 2024, the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2024, and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Separate Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Olzhas Kuanyshbekov
General director
SFAI Kazakhstan LLP
State audit License for audit activities on the territory of the Republic of Kazakhstan: № 24020399 dated 03 June 2024 issued by the Ministry of Finance of the Republic of Kazakhstan

13 Al-Farabi Avenue, Bostandyk district, BC Nurly Tau, block 1B, office 505, Almaty, the Republic of Kazakhstan

Olzhas Kuanyshbekov
Auditor

Auditor's Qualification Certificate No. MF0000516 dated 12 January 2018

07 March 2025
Almaty, Republic of Kazakhstan

	Note	2024	2023
Revenue from fulfillment of obligations to finance the activities of the extended producer responsibility	19	233,121,370	163,056,573
Revenue from services provided	5	378,305	257,694
Total revenues		**233,499,675**	**163,314,267**
Expenses for financing the activities of the extended producer responsibilities	19	(123,328,081)	(115,495,221)
Discount recognized on initial recognition of financial assets measured at amortized cost	10	(72,354,633)	(17,526,873)
Accrual of long-term liabilities to finance the activities of extended producer responsibilities	15	(2,493,691)	(2,861,843)
Exemption of discount from changes in repayment schedule of funds in financial institution	10	–	2,284,901
Administrative expenses associated with the implementation of the function of the operator of the extended producer responsibilities	7	(639,288)	(561,807)
Cost of services	6	(508,110)	(686,266)
General and administrative expenses	7	(2,309,619)	(1,889,905)
Allowance for expected credit losses		(46,335)	(151,114)
Results from operating activities		**31,819,918**	**26,426,139**
Interest income calculated using the effective interest method	8	46,810,531	34,212,526
Other expenses		–	(161)
Other income		3,753	16,107
Income before income tax		**78,634,202**	**60,654,611**
Income tax expense	9	(41,087,529)	(32,291,156)
Profit for the year		**37,546,673**	**28,363,455**
Total comprehensive income for the year			
Amounts of other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of taxes):			
Net gain (loss) on financial instruments at fair value through other comprehensive income		2,403,697	(430,046)
Amounts of other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of taxes):			
Revaluation of intangible assets		–	148,953
Total comprehensive income for the period		**39,950,370**	**28,082,362**

The separate financial statements for the year ended 31 December 2024 were approved by the management of the Company on 7 March 2025 and signed on its behalf.

Chairman of the Board
Yerzhan Sarsenbay

Chief Accountant
Raikhan Anissova

	Note	31 December 2024	31 December 2023
ASSETS			
Accounts with financial institutions	10	60,045,445	9,428,794
Property, plant and equipment		222,434	88,205
Intangible assets		257,006	182,730
Investments in subsidiaries		130,560	130,560
Non-current assets		**60,655,445**	**9,830,289**
Cash and cash equivalents	11	183,754,215	277,481,328
Investments in securities	12	125,975,282	13,757,072
Trade and other receivables		23,101	2,575
Other current assets	13	525,800	300,313
Current assets		**310,278,398**	**291,541,288**
Total assets		**370,933,843**	**301,371,577**
SHARE CAPITAL			
Share capital	14	288,763	288,763
Provision for contingent distribution	14	(20,047,626)	(20,047,626)
Provision for revaluation of investments at fair value through other comprehensive income		1,973,651	(430,046)
Other equity components		130,534	144,815
Retained earnings		55,551,833	37,633,048
Total share capital		**37,897,155**	**17,588,954**
OBLIGATIONS			
Deferred tax liabilities	9	744,691	45,815
Long-term liabilities of the EPR operator	15	60,128,293	9,442,399
Long-term liabilities		**60,872,984**	**9,488,214**
Corporate income tax payable		2,610,110	29,647,186
Trade and other payables	16	344,536	359,780
Estimated liabilities	17	521,805	429,117
Short-term liabilities of the EPR operator	18	268,568,952	243,746,600
Other current liabilities		118,301	111,726
Short-term liabilities		**272,163,704**	**274,294,409**
Total share capital and liabilities		**370,933,843**	**301,371,577**

The separate financial statements for the year ended 31 December 2024 were approved by the management of the Company on 07 March 2025 and signed on its behalf.

Chairman of the Board
Yerzhan Sarsenbay

Республикасы Астана қаласы «Жасыл даму» акционерлік қоғамы
Республика Казахстан город Астана Акционерное общество «Жасыл даму»
ЖАСЫЛ ДАМУ
акционерлік қоғамы
БИН 040340008429

Chief Accountant
Raikhan Anissova

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Collection of recycling payments	18	306,212,857	269,060,484
Interest received		36,162,992	33,322,522
Cash receipts from customers		426,380	294,671
Release of the bank letter of credit		–	217,677
Other inflows		9,237	20,193
Total inflows		**342,811,466**	**302,915,547**
Financing of activities		(122,761,086)	(116,456,530)
Refund of recycling payments	18	(135,644)	(655,222)
Payments to suppliers for goods and services		(1,364,979)	(891,843)
Settlements with employees		(2,293,107)	(1,956,177)
Taxes and other payments to the budget		(384,647)	(347,135)
Other payments		(104,523)	(124,943)
Total outflows		**(127,043,986)**	**(120,431,850)**
Cash flows from operating activities before income tax		**215,767,480**	**182,483,697**
Corporate income tax paid		(68,026,654)	(17,096,640)
Net cash flow from operating activities		**147,740,826**	**165,387,057**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of securities	12	(114,721,988)	(14,724,768)
Proceeds from redemption of securities	12	7,000,000	607,781
Remuneration received	12	6,657,412	123,000
Placing funds in financial approvals	10	(120,546,836)	(20,000,000)
Acquisition of property, plant and equipment and intangible assets		(241,554)	(19,000)
Net cash flow used in investing activities		**(221,852,966)**	**(34,012,987)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(19,642,169)	–
Net cash flow used in financing activities		**(19,642,169)**	–
Net (decrease)/increase in cash and cash equivalents		**(93,754,309)**	**131,374,070**
Effect of changes in cash exchange rates		–	1,791
Expected credit losses on cash		27,196	(20,376)
Cash and cash equivalents at the beginning of the year	11	277,481,328	146,125,843
Cash and cash equivalents at the end of the year	11	**183,754,215**	**277,481,328**

Separate financial statements for the year ended 31 December 2024 were approved by the management of the Company on 7 March 2025 and signed on its behalf.

Chairman of the Board
Yerzhan Sarsenbay

Chief Accountant
Raikhan Anissova

	Share capital	Conditional distribution reserve	Reserve for revaluation of investments avail	Other equity components	retained earnings	Total share capital
As at 1 January 2023	158,203	(20,047,626)	–	–	9,265,455	(10,623,968)
Profit for the reporting period	–	–	–	–	28,363,455	28,363,455
Other comprehensive loss	–	–	(430,046)	148,953	–	(281,093)
Total comprehensive income for the year	**–**	**–**	**(430,046)**	**148,953**	**28,363,455**	**28,082,362**
Replenishment of share capital	130,560	–	–	–	–	130,560
Reclassification to retained earnings	–	–	–	(4,138)	4,138	–
As at 31 December 2023	**288,763**	**(20,047,626)**	**(430,046)**	**144,815**	**37,633,048**	**17,588,954**
As at 1January 2024	288,763	(20,047,626)	(430,046)	144,815	37,633,048	17,588,954
Profit for the reporting period	–	–	–	–	37,546,673	37,546,673
Other comprehensive income	–	–	2,403,697	–	–	2,403,697
Total comprehensive income for the year	**–**	**–**	**2,403,697**	**–**	**37,546,673**	**39,950,370**
Reclassification to retained earnings	–	–	–	(14,281)	14,281	–
Dividends paid	–	–	–	–	(19,642,169)	(19,642,169)
As at 31 December 2024	**288,763**	**(20,047,626)**	**1,973,651**	**130,534**	**55,551,833**	**37,897,155**

The separate financial statements for the year ended 31 December 2024 were approved by the management of the Company on 7 March 2025 and signed on its behalf.

Chairman of the Board
Yerzhan Sarsenbay

Chief Accountant
Raikhan Anissova

1. Reporting entity

Organization and operations

Joint Stock Company Zhasyl Damu (hereinafter referred to as the «Company») was established as a result of reorganization in accordance with the Decree of the Government of the Republic of Kazakhstan dated 26 July 2012 № 978 On the reorganization of the Republican State Enterprise on the right of economic management Kazakh Research Institute of Ecology and Climate of the Ministry of Environmental Protection of the Republic of Kazakhstan.

In accordance with the Decree of the Government of the Republic of Kazakhstan dated 18 January 2022 № 20 On some issues of subordinate organizations of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan and the adoption of a share in the authorized capital of the limited liability partnership Operator ROP from private property to republican property under a donation agreement, the Company is determined by the operator, expanded obligations of producers (importers).

In February 2022, the Company accepted the property into trust management in the form of a 100% stake in the authorized capital of the Operator ROP limited liability partnership.

By order of the State Institution Committee on State Property and Privatization of the Ministry of Finance of the Republic of Kazakhstan dated 6 January 2023, an increase in the share capital by 130.560 KZT thousand was announced.100 percent of the participation of Operator ROP LLP was transferred to pay for the shares.

The purpose of the Company's activities is to create conditions for preserving, restoring and improving the quality of the environment, ensuring the transition of the Republic of Kazakhstan to low-carbon development, including through the implementation of the principle of expanded obligations of producers (importers) in the manner prescribed by the Environmental Code of the Republic of Kazakhstan and other regulatory legal acts of the Republic of Kazakhstan.

The Company has the exclusive right to collect recycling payments and sends funds received to the bank account from manufacturers and importers in accordance with the requirements established by the Environmental Code of the Republic of Kazakhstan.

The Company is the operator of the carbon unit trading system, which forms the state register of carbon units to ensure the functioning of the carbon unit trading system in the Republic of Kazakhstan and carries out operations with carbon units within the framework of the implementation of international treaties of the Republic of Kazakhstan in the field of climate change.

Location of the Company: Republic of Kazakhstan, Astana, Esil district, Kabanbai batyr avenue, building 11/5, non-residential premises 8, postal code Z05T9X8.

The sole shareholder of the Company is the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan. The Ministry of Ecology and Natural Resources of the Republic of Kazakhstan is the state body exercising the rights of possession and use of 100% of the state block of shares of the Company.

These separate financial statements of the Company for the year ended 31 December 2024 were approved for issue by the Management of the Company on 7 March 2025.

Business environment in the Republic of Kazakhstan

The Company operates in the Republic of Kazakhstan. Assets and liabilities of the Company are located in the Republic of Kazakhstan. As a result, the Company is exposed to economic and financial risks in the markets of the Republic of Kazakhstan. The regulatory framework and tax legislation continue to improve, but allow for different interpretations and are subject to frequent changes, which, together with other shortcomings of the legal and fiscal systems, create additional difficulties for enterprises operating in the Republic of Kazakhstan.

The attached separate financial statements reflect the assessment of the Company's management about the possible impact of the existing conditions for the implementation of financial and economic activities on certain results of operations and a separate financial position of the Company. The actual impact of future business conditions may differ from the current estimates by the Company's management.

2. Basis of Preparation for Separate Financial Statements

Declarations of conformity

These separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as amended by the International Financial Reporting Standards Board (IASB).

These separate financial statements provide information about the Company as a separate entity. The consolidated financial statements of the Group for the year ended 31 December 2024 are available to interested users at the official address and on the official website of the Company.

Cost basis

These separate financial statements are prepared on the basis of historical cost accounting policies, except for financial instruments that are measured at fair value through other comprehensive income.

The preparation of separate financial statements in accordance with IFRS requires the use of certain important accounting estimates, and also requires management to apply judgments on assumptions in the course of applying the Company's accounting policies. Areas of application that include increased complexity or application of assumptions and areas where the application of estimates and assumptions is material to the Company's separate financial statements are disclosed in Note 4. These estimates are based on information available at the date of the separate financial statements. Thus, actual results may differ from these estimates.

Going concern principle

The separate financial statements of the Company are prepared on a going concern basis, which provides for the continuation of normal operations, the disposal of assets and the settlement of liabilities in the ordinary course of business.

Management believes that the Company will be able to continue as a going concern. The Management and the ultimate controlling party of the Company have neither the intention nor the need to liquidate or significantly reduce the scale of operations.

Functional currency

The functional currency of the Company is Kazakhstan tenge (hereinafter referred to as «tenge»), which, being the national currency of the Republic of Kazakhstan, best reflects the economic essence of the operations carried out by the Company and related circumstances affecting its activities. Kazakhstan Tenge is also the presentation currency of these separate financial statements. All figures presented in tenge are rounded to the (nearest) thousand, unless otherwise indicated.

3. Significant accounting policies

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Cost includes costs directly attributable to the acquisition of the asset. The cost of self-constructed assets includes material costs, direct labor costs, all other costs directly related to bringing the assets into working order for their intended use, the costs of dismantling and removing the assets and restoring the area occupied by them, and capitalized borrowing costs.

Subsequent costs

Subsequent costs increase the cost of an item of property, plant and equipment only if there is a high probability that they will lead to additional economic benefits for the Company in the future. Costs incurred in connection with day-to-day maintenance of an item of property, plant and equipment are recognised in profit or loss when incurred.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives and are recognised in profit or loss. Depreciation is charged from the date of acquisition of the object, and for objects of fixed assets erected by economic means - from the moment of completion of construction of the object and its readiness for operation. Land is not depreciated. Useful lives of various items of property, plant and equipment may be presented as follows:

3. Significant accounting policies, continued

- Buildings and constructions	8-100 years;
- Vehicles	8-20 years;
- Office and computer equipment	3-10 years;
- Other fixed assets	3-20 years.

An item of property, plant and equipment is written off when it is sold or when no future economic benefits are expected from the continued use of the asset. Gain or loss on the sale or other disposal of items of property, plant and equipment is determined as the difference between the sale price and the carrying amount of those items and is recognised in profit or loss.

Recognition and measurement of financial instruments

Financial assets and financial liabilities are recorded in a separate statement of financial position of the Company when the Company becomes a contractual party to the relevant financial instrument. The Company records its regular acquisitions and disposals of financial assets and liabilities using the accounting method as of the settlement date. Financial instruments acquired in this way, which are subsequently measured at fair value, are accounted for in the same way as acquired instruments from the date of the transaction until the settlement date. Financial assets and financial liabilities are initially stated at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities carried at fair value through profit or loss) accordingly increase or decrease the fair value of financial assets or financial liabilities upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are charged directly to profit or loss.

The accounting principles used for the subsequent measurement of financial assets and financial liabilities are disclosed in the relevant accounting policies described below.

Financial assets

All financial assets are recognized and derecognized at the transaction date when the purchase or sale of a financial asset is made under a contract whose terms require delivery of the financial asset within the timeframe established by the relevant market and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value. Transaction costs directly attributable to the acquisition of financial assets classified at fair value are recognized immediately in profit or loss.

All recognized financial assets that are under IFRS 9 Financial Instruments are subsequently measured at amortized cost or fair value based on the Company's business model for managing financial assets and contractual cash flow characteristics of financial assets.

Reclassification of financial assets

In the event of a change in the business model in accordance with which the Company holds certain financial assets, reclassification is carried out in relation to such assets. Classification and valuation requirements related to the new category are applied prospectively from the first day of the first reporting period after the occurrence of changes in the business model that led to the reclassification of the Company's financial assets. Changes in contractual cash flows are reviewed in accordance with the accounting policies set out below, Modification and Derecognition of Financial Assets.

Modification and derecognition of financial assets

A financial asset is modified if, between the date of initial recognition and the date of maturity of the financial asset, the contractual terms governing the cash flows of the asset are revised or otherwise modified. The modification affects the amount and/or timing of contractual cash flows either at the same time or at a future time.

When a financial asset is modified, the Company assesses whether the modification results in derecognition of the asset. In accordance with the Company's policy, a modification results in derecognition if it results in material differences in contractual terms. In order to determine whether the changed conditions differ significantly from the original contractual conditions, the Company analyzes qualitative factors. For example, after a change in conditions, contractual cash flows include principal payments and interest. If a financial asset is derecognised, the ECL allowance is revalued at the derecognition date to determine the net carrying amount of the asset at that date. The difference between the revised carrying amount and the fair value of the new financial asset under the new terms will result in a gain or loss on derecognition. The ECL allowance for a new financial asset will be calculated on the basis of the ECL

3. Significant accounting policies, continued

in the next 12 months, except for rare cases when a new financial asset is considered credit-impaired already at the time of occurrence.

Impairment of financial assets

The Company always recognizes expected credit losses (ECL) for the entire period for trade receivables. Expected credit losses on such financial instruments are estimated using a matrix of estimated provisions based on the Company's past experience of credit losses, adjusted for factors specific to the borrower, general economic conditions and an assessment of both the current and projected development of conditions as of the reporting date.

For other financial instruments, the Company recognises expected lifetime credit losses when there is a significant increase in credit risk since initial recognition. However, if as of the reporting date there is no significant increase in credit risk on a financial instrument since initial recognition, the Company shall assess the credit loss allowance for this financial instrument in the amount equal to 12-month expected credit losses.

Lifetime expected credit losses are expected credit losses arising from all possible default events over the expected life of a financial instrument. 12-month expected credit losses, on the contrary, is the part of expected credit losses for the entire period, which is the expected credit losses that arise as a result of a default on a financial instrument, possible within 12 months after the reporting date.

Significant increase in credit risk

When analyzing whether credit risk on a financial instrument has increased significantly since initial recognition, the Company shall compare the risk of default on the financial instrument as at the reporting date with the risk of default on the financial instrument as at the date of initial recognition. When performing such analysis, the Company shall consider quantitative and qualitative information that is reasonable and supported, including past experience, forecast information available without excessive costs and efforts.

The forecast information for the analysis shall include data on the development prospects of industries in which the Company's debtors carry out activities obtained from economic experts, financial analysts, government agencies and other similar organizations, as well as analysis of various external sources of actual and forecast economic information related to the Company's main activities.

In particular, the following information should be taken into account when assessing whether credit risk has increased significantly since initial recognition:

1. actual or expected significant deterioration of the internal or external credit rating of the financial instrument;
2. existing or foreseeable adverse changes in commercial, financial or economic conditions that are expected to significantly alter the debtor's ability to meet its obligations;
3. actual or expected significant deterioration of the debtor's operating results;
4. a significant increase in credit risk on other financial instruments of the same debtor.

Regardless of the results of the above assessment, the Company assumes that the credit risk on a financial asset has increased significantly since initial recognition, when contractual payments are overdue for more than 30 days.

Write-off

Financial assets are written off when the Company does not have reasonable expectations for the return of the financial asset (either in whole or in part). This is the case when the Company decides that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts to be written off. Write-off represents derecognition. The reversal will result in impairment income. Financial assets that are secured are written off upon receipt of any proceeds of sale or recovery of collateral.

Determination of default

The Company believes that default occurs no later than when the financial asset is past due by 91 days or more, unless the organization has reasonable and substantiated information demonstrating that the use of the default criterion, which provides for a large delay in payment, is more appropriate.

3. Significant accounting policies, continued

Financial liabilities

Financial liabilities, on initial recognition, are classified accordingly as financial liabilities at fair value through profit or loss, borrowings and debt, or derivative instruments.

Financial liabilities are initially recognised at fair value increased in the case of loans and borrowings for directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents are items that are readily convertible into a certain amount of cash and are subject to minor changes in value. Cash and cash equivalents comprise all bank deposits with original maturities of less than three months. Funds that are restricted from being used for more than three months at the time of grant are excluded from cash and cash equivalents in both the separate statement of financial position and the separate statement of cash flows. Cash and cash equivalents are carried at amortised cost because (i) they are held for contractual cash flows and these cash flows are solely payments of principal and interest and (ii) they are not designated at fair value through profit or loss.

Repo and Reverse Repo Agreement

In the course of its activities, the Company enters into agreements on the acquisition and sale of financial assets (hereinafter referred to as «reverse repo agreements»). Repo and reverse repo operations are used by the Company as an element of liquidity management for trading purposes. Repos are treated as secured financing transactions. Securities sold under repurchase agreements are recorded in a separate statement of financial position and, if the secured party has the right to sell or remortgage the collateral received, are classified as securities pledged under repurchase agreements. The corresponding obligation is reflected in the funds of credit institutions or customers. Securities acquired under reverse repurchase agreements are accounted for as funds in credit institutions or cash and cash equivalents, respectively. The difference between the sale and repurchase price is treated as interest income and accrued over the period of the repurchase agreements, using the effective interest method.

Funds in financial institutions

Funds in financial institutions include deposits whose contractual cash flows include only principal and interest payments, and which are held within a business model whose purpose is to receive contractual cash flows, which include solely principal and interest payments. Contributions at amortised cost are recognised in a separate statement of financial position at amortised cost less provisions for impairment.

Funds held with credit institutions are initially measured at fair value and subsequently at amortised cost using the effective interest method.

Reserves

Provisions are recognised when the Company has a current legal or practical obligation arising from events that have occurred, and it is probable that there will be an outflow of funds related to economic benefits to settle the obligation, and the amount of this obligation can be reliably estimated.

The amounts recorded as provisions represent the Company's best estimate of the costs required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties associated with the obligation. When a provision is measured using cash flows estimated to settle a current liability, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Employee remuneration

Short-term employee benefit obligations are recognized as an expense in profit or loss in the period in which the service is rendered. The reserve is created for the amount of the expected paid remuneration for short-term bonuses, if the Company has a current legal obligation to pay such remuneration due to the work of the employee and the amount of this remuneration can be estimated with a sufficient degree of reliability.

3. Significant accounting policies, continued

Income from the fulfillment of obligations to finance the activities of the ROP

The Company's activities are the organization of collection, transportation, processing, neutralization, use and (or) disposal of waste generated after the loss of consumer properties of products (goods), which are subject to extended obligations of manufacturers (importers), and its (their) packaging, as well as the creation of infrastructure to expand the network of electric filling stations.

The Company has developed an accounting policy with respect to operations related to EPR activities. According to the accounting policy, cash receipts in the form of utilization payments are recognized as liabilities and are recorded in the income as expenses are incurred in the operator's areas of activity of expanded obligations of producers (importers) established by the requirements of the Environmental Code of the Republic of Kazakhstan. The Company adopted a detailed presentation of income and expenses in a separate statement of profit or loss and other comprehensive income.

The amount of income (the amount of payment used to finance the activities of the ROP operator) is equal to the fulfillment by the Company of the obligations of the ROP.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer and is measured at the amount reflecting the consideration to which the Company expects to be entitled in exchange for such goods or services.

Revenue from contracts with customers is mainly represented by consulting services on environmental protection and ecology.

The Company recognizes revenue in respect of consulting services during the period, as the buyer simultaneously receives and consumes benefits. The Company uses the results method to assess the degree of performance of services, since there is a direct relationship between the efforts of the Company (i.e. time spent) and providing services to the buyer. The Company recognizes revenue based on the time spent relative to the total time stipulated by the contracts.

Trade accounts receivable

Trade receivables represent the Company's right to reimbursement, which is unconditional (i.e. the moment when such reimbursement becomes payable is due only to the passage of time).

Contractual assets

An asset under a contract is the right of the Company to receive compensation in exchange for goods or services transferred to the buyer. If the Company transfers goods or services to the buyer before the buyer pays the refund, or before the refund becomes payable, then in relation to the received refund, which is conditional, the asset is recognized under the contract.

Contractual obligations

The obligation under the contract – the obligation to transfer to the buyer the goods or services for which the Company has received compensation from the buyer. If the buyer pays compensation before the Company transfers the goods or services to the buyer, the obligation under the contract is recognized at the time of payment. Contractual obligations are recognised as revenue when the Company performs its contractual obligations.

Taxation

Current income tax

Current income tax payable is calculated based on taxable profit for the year. Taxable income differs from net income reported in the separate statement of profit or loss and other comprehensive income because it does not include income and expenses that are taxable or deductible in other reporting periods, nor does it include amounts that will never be recognized as either taxable or deductible. The Company's current income tax liabilities are calculated at the tax rate applicable at the date of these separate financial statements.

3. Significant accounting policies, continued

Deferred tax

Deferred tax is calculated using the liability method by determining the temporary differences between the tax bases of assets and liabilities and their carrying amounts for the purposes of the separate financial statements at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the use of all or part of the deferred tax assets and is assessed as unlikely. Unrecognized deferred tax assets are reviewed at each reporting date and are recognised to the extent that it is probable that future taxable profits will allow the deferred tax assets to be recovered.

When analyzing the recoverability of deferred tax assets, the Company relies on the same assumptions used in other sections of the separate financial statements, as well as in management reports.

Deferred tax assets and liabilities are measured at the tax rates expected to apply to the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) enacted or substantively enacted at the reporting date. Deferred tax relating to items not recognised in profit or loss is also not recognised in profit or loss. Deferred tax items are recognised in accordance with the underlying transactions either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if if it has a legally protected right to set off current tax assets against current tax liabilities, and deferred tax assets and deferred tax liabilities relate to income taxes, levied by the same tax authority on the same entity, transactions of which are taxable, or from different organizations whose transactions are taxable, who intend to either settle current tax liabilities and assets on a net basis, either realize those assets and settle those liabilities simultaneously in each of the future periods, where significant amounts of deferred tax liabilities or assets are expected to be paid or recovered.

Intangible assets

Intangible assets that were acquired separately are measured at cost upon initial recognition. The initial cost of intangible assets acquired through business combinations is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets are measured at their fair value at the date of revaluation less any subsequent accumulated amortization and any subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated based on the cost of the asset less its estimated residual value. Intangible assets are generally amortized from the date that the assets are available for use and recognised in profit or loss on a straight-line basis over their useful lives, as this method most closely reflects the expected pattern of consumption by the entity of the future economic benefits of the assets.

The estimated useful lives of intangible assets in the reporting and comparative periods were as follows:

- Licenses — 3-20 years;
- Software — 3-15 years;
- Other — 3-15 years.

Rent

At the time of conclusion of the agreement, the Company shall assess whether the agreement is a lease or whether it contains signs of a lease. In other words, the Company determines whether the contract transfers the right to control the use of the identified asset for a certain period of time in exchange for compensation.

Society as tenant

The Company applies a uniform approach to the recognition and valuation of all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities in respect of lease payments and right-of-use assets representing the right to use underlying assets.

3. Significant accounting policies, continued

Right-of-use assets

The Company recognizes assets in the form of right-of-use as of the lease commencement date (i.e. date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, adjusted for the revaluation of lease liabilities. The initial value of right-of-use assets includes the amount of recognised lease liabilities, initial direct costs incurred and lease payments made on or before the commencement date of the lease, less incentive payments received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the assets.

If, at the end of the lease term, ownership of the leased asset is transferred to the Company or if the original cost of the asset reflects the exercise of the option to purchase it, the asset is depreciated over its estimated useful life.

Lease liabilities

As of the lease commencement date, the Company recognises lease liabilities which are measured at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including substantially fixed payments) less any lease incentive payments receivable, variable lease payments that are index or rate dependent, and amounts expected to be paid under liquidation value guarantees. Lease payments also include the exercise price of the purchase option if there is reasonable assurance that the Company will exercise the option and the payment of termination penalties if the lease term reflects the Company's potential exercise of the termination option.

Variable lease payments that are independent of the index or rate are recognised as an expense (unless incurred to produce inventory) in the period in which the event or condition giving rise to the payment occurs.

To calculate the present value of lease payments, the Company uses the additional borrowing rate as of the lease commencement date, since the interest rate stipulated in the lease agreement cannot be easily determined. After the lease commencement date, the lease liability is increased to reflect the accrual of interest and decreased to reflect the lease payments made. In addition, the Company revalues the carrying amount of lease liabilities in case of modification, change in the lease term, change in lease payments or change in the valuation of the option to purchase the underlying asset.

Short-term leases and leases of low value assets

The Company applies the recognition exemption for short-term leases to its short-term office leases (i.e. to contracts for which the lease term is not more than 12 months at the commencement date and which do not contain an option to purchase the underlying asset).

Share capital

Share capital

Ordinary shares and non-redeemable preferred shares with rights to discretionary dividends are recorded in equity. Costs of services to third parties directly attributable to the issue of new shares, except in the case of business combinations, are recorded in equity as a reduction in the amount received as a result of the issue. The excess of the fair value of proceeds received over the par value of shares issued is recorded as additional capital.

Dividends

Dividends are recognised as a liability and are deducted from equity at the reporting date only if they have been declared up to and including the reporting date. Dividends are disclosed if they were recommended before the reporting date and recommended or declared after the reporting date but before the date of approval of the separate financial statements for issue.

Provisions for contingent distributions

When the Company enters into transactions on non-market terms on behalf of or on behalf of its Shareholder, the negative difference between the transferred funds or property and the fair value of these assets is recorded in the capital, these differences are shown in the separate financial statements of the Company under the item Provision for conditional distribution.

3. Significant accounting policies, continued

New standards, clarifications and amendments to existing standards and clarifications

The Company has for the first time applied certain standards and amendments which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not prematurely applied standards, clarifications or amendments that have been issued but have not yet entered into force.

Amendments to IFRS 16 - Leaseback Liability

The amendments to IFRS 16 clarify the requirements that a lessee seller uses when evaluating a lease liability arising from a sale-leaseback transaction to exclude recognition by the lessee seller of any right-of-use gains or losses that the lessee seller retains.

These amendments did not affect the Company's separate financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- what is meant by the right to defer settlement of obligations;
- the right to defer settlement of obligations should exist at the end of the reporting period;
- the classification of obligations is not affected by the likelihood that the organization will exercise its right to defer the settlement of the obligation;
- The terms of an obligation will not affect its classification only if the derivative instrument embedded in the convertible obligation is itself an equity instrument.

In addition, a disclosure requirement was introduced in cases where a liability arising from a loan agreement is classified as long-term and the entity's right to defer settlement of the liability is subject to compliance with future covenants within twelve months.

These amendments did not affect the Company's separate financial statements.

Amendments to IAS 7 and IFRS 7 - Supplier Financing Agreements

Amendments to IAS 7 Cash Flow Statement and IFRS 7 Financial Instruments: Disclosures, which describe the characteristics of supplier financing agreements and require additional disclosures about such agreements. Disclosure requirements are intended to help users of financial statements understand the impact of supplier financing agreements on an entity's liabilities, cash flows and liquidity risk exposure.

These amendments did not affect the Company's separate financial statements.

Standards that have been issued but not yet effective

The following are new standards, amendments and clarifications that have been issued but are not yet effective at the date of issue of the Company's separate financial statements. The Company intends to apply these standards, amendments and clarifications, if applicable, from the date of their entry into force.

Amendments to IAS 21 - Restricted Ability to Exchange

In August 2023, the IASB issued amendments to IAS 21, Impact of Changes in Foreign Exchange Rates, to clarify how a company should assess the ability to exchange currency and how it should determine the spot exchange rate in the event of no ability to exchange. The amendments also require disclosures that allow users of financial statements to understand how a currency that is not exchangeable for another currency affects or is expected to affect a company's financial results, financial position and cash flow.

The amendments are effective for annual periods beginning on or after 1 January 2025. Early application is allowed, but it will be necessary to disclose information. When applying the amendments, the company cannot recalculate comparative information.

The amendments are not expected to have a material impact on the Company's separate financial statements.

Amendments to Classification and Measurement Requirements - Amendments to IFRS 9 and IFRS 7

3. Significant accounting policies, continued

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

- clarify the date of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities repaid through the electronic payment system;
- Clarify and provide additional guidance on assessing whether a financial asset meets the SPPI criterion (payments of solely principal and interest);
- add new disclosures for certain instruments with contractual terms that may change cash flows (e.g., some instruments with characteristics related to achieving environmental, social policy and corporate governance (ESG) goals; and
- Update disclosures for equity instruments classified by the company as at fair value through other comprehensive income (FVOCI).

The amendments are not expected to have a material impact on the Company's separate financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, a new standard for improved presentation and disclosure in financial statements, especially with respect to items in the income statement. The main changes introduced by IFRS 18 relate to:

- the structure of the profit or loss statement;
- the required disclosure in the financial statements of certain profit and loss indicators that are presented outside the financial statements of the organization (i.e. performance indicators established by management); and
- Improved information aggregation and disaggregation requirements that apply to the main financial statements and notes in general.

IFRS 18 will replace IAS 1, but many existing IAS 1 principles will continue with minor changes. IFRS 18 will not affect the recognition and measurement of items in the financial statements, but may change what an entity presents as operating profit or loss. IFRS 18 will apply to periods beginning on or after 1 January 2027 and comparative information.

The amendments are not expected to have a material impact on the Company's separate financial statements.

IFRS 19 Subsidiaries without Public Reporting: Disclosures

The International Accounting Standards Board (IASB) has issued a new IFRS for subsidiaries. Under IFRS 19, subsidiaries that meet certain criteria are allowed to use IFRSs with reduced disclosures. The adoption of IFRS 19 will help reduce the cost of preparing the financial statements of subsidiaries, while maintaining the usefulness of the information for users of their financial statements. Subsidiaries applying IFRS in preparing their financial statements disclose information that may be disproportionately extensive given the information needs of users of their financial statements. IFRS 19 will address these issues by:

- allowing subsidiaries to maintain only one set of accounting records to meet the needs of both the parent company and users of their financial statements;
- Reduced disclosure requirements - IFRS 19 allows for reduced disclosures that better meet the needs of users of their financial statements.

The amendments are not expected to have a material impact on the Company's separate financial statements.

IFRS 14 Deferred Tariff Adjustment Accounts (issued on 30 January 2014)

IFRS 14 allows entities to continue accounting for deferred tariff differences when they first apply IFRS in accordance with accounting policies established by previously applied GAAP when they adopt IFRS. However, to improve comparability with entities that already apply the IFRS Accounting Standards and do not recognize such amounts, the standard requires that the impact of tariff regulation be presented separately from other items. An entity that already submits financial statements in accordance with IFRS is not authorized to apply the standard. This standard will become effective on a date not yet determined by the IASB.

The amendments are not expected to have a material impact on the Company's separate financial statements.

3. Significant accounting policies, continued

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets in Transactions between an Investor and its Associate or Joint Venture

These amendments are intended to address the conflict between the requirements of IFRS 10 and those of IAS 28 when considering the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of applying the amendments is that profit or loss is recognized in full if the transaction concerns a business.

If the assets do not constitute a business, even if those assets are owned by a subsidiary, only a portion of the gain or loss is recognised. In 2015, the IASB decided to postpone the effective date of these amendments indefinitely.

The amendments are not expected to have a material impact on the Company's separate financial statements.

Annual Improvements to IFRS Accounting Standards (issued in July 2024 and effective 1 January 2026)

IFRS 1 clarified that when adopting IFRSs, hedge accounting must be discontinued unless it meets the qualification criteria rather than the conditions for hedge accounting, in order to address potential confusion arising from inconsistencies between the wording in IFRS 1 and the hedge accounting requirements in IFRS 9. IFRS 7 requires the disclosure of profit or loss on derecognition relating to financial assets in which the entity continues to participate, including whether the fair value measurements included significant unobservable inputs. This new phrase replaced the reference to significant inputs that were not based on observable market data. This amendment brings the wording into line with IFRS 13. In addition, some examples of the IFRS 7 Implementation Guide were clarified and the text was added stating that the examples do not necessarily illustrate all the requirements in the above paragraphs of IFRS 7. IFRS 16 was amended to clarify that when a lessee determines that a lease liability has been settled in accordance with IFRS 9, the lessee must apply IFRS 9 guidance to recognise the resulting gain or loss in profit or loss. This clarification applies to lease liabilities that are settled at or after the beginning of the annual reporting period in which the entity first applies the amendment. To address the conflict between IFRS 9 and IFRS 15, trade receivables must now be recognised initially at the amount determined by applying IFRS 15 rather than at the transaction price (as defined in IFRS 15). IFRS 10 has been amended to use less explicit language where the entity is a de facto agent and to clarify that the relationship described in paragraph B74 of IFRS 10 is only one example of circumstances in which judgment is required to determine whether a party is acting as an actual agent. IAS 7 was amended to remove references to the cost of acquisition method, which was removed from IFRS in May 2008 when the IASB issued the amendment Cost of Investment in a Subsidiary, Jointly Controlled or Associated Entity.

The amendments are not expected to have a material impact on the Company's separate financial statements.

4. Use of estimates and professional judgment

The preparation of the Company's separate financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the separate financial statements and the reported amount of income and expenses during the reporting period. Management regularly reviews its estimates and assumptions. Management bases its estimates and assumptions on historical experience and various other factors considered reasonable in the circumstances. Actual results may differ from these estimates and judgments under other assumptions or conditions. The following estimates and assumptions are considered important to reflect the individual financial condition of the Company:

Taxation

The Company adopted a calculation of tax liabilities different from the generally established practice in terms of determining taxable income for the reporting period. This method was based on correspondence with the tax authorities and the Ministry of Finance of the Republic of Kazakhstan. Due to the lack of clear regulations regarding the taxation of the EPR operator, significant judgements are required and these judgments may change as a result of changes or additions to tax laws and regulations (see Note 9).

4. Use of estimates and professional judgment, continued

Initial recognition of financial instruments

In the course of its activities, the Company carries out operations in accordance with the Environmental Code of the Republic of Kazakhstan. The Company initially recognizes financial instruments at their fair value. In assessing fair value, the Company uses professional judgment to determine whether the interest rates of transactions are market-based or non-market-based if no market data is available for such transactions. To determine market rates, the Company applies a risk-free rate and an additional risk premium. Details of the fair value of financial instruments are disclosed in Note 20.

During 2024, the Company placed funds within the framework of the Decree of the Government of the Republic of Kazakhstan and in accordance with the Environmental Code in the JSC Industrial Development Fund in the amount of 120.546.836 KZT thousand (2023: 20,000,000 KZT thousand). Upon initial recognition of financial instruments, the Company assesses fair value according to market conditions.

The Company's management analyzed the requirements of the Environmental Code and the management concluded that the difference between the fair value of financial assets and the funds placed are transactions for financing the activities of the ROP. The amount of income (the amount of payment used to finance the activities of the ROP operator) is equal to the difference between the fair value of financial assets and the funds placed. Subsequently, the Company increases the Long-Term Liabilities of the EPR by the amount of interest income accrued under the effective interest rate method, since the Company's management plans to use these funds for the purposes determined by the Environmental Code after full reimbursement of funds from the Industrial Development Fund JSC.

Income from the fulfillment of obligations to finance the activities of the ROP (the amount of payment used to finance the activities)

The Company has developed an accounting policy according to which cash receipts in the form of utilization payments are recognized as Obligations of the EPR operator and, as the corresponding expenses are incurred in the areas defined by the Environmental Code of the Republic of Kazakhstan (including financing activities related to the operator's fulfillment of expanded obligations of manufacturers (importers) of its functions), are reflected in income.

The company has determined that the income tax calculated on utilization payments will be financed from the funds of the utilization payment.

Business Model Evaluation

The classification and valuation of financial assets depends on payments on principal and interest, as well as on the results of testing the business model. The Company determines the business model at the level reflected by the financial asset management mechanism to achieve certain business goals.

The purpose of investments in treasury bonds of the Ministry of Finance of the Republic of Kazakhstan and bonds of KEGOC JSC (Note 12) is held in order to generate cash, as well as for the purpose of maintaining liquidity. The Company complies with the objectives of the business model retention for obtaining contractual cash flows and/or for sale, since the Company holds financial assets in order to receive the cash flows stipulated by the contract, as well as for the sale of these assets if favorable conditions arise for more profitable investments, respectively, these assets were classified at fair value through other comprehensive income.

Valuation of financial instruments

According to Note 20, when assessing the fair value of certain financial instruments, the Company uses methods based on initial data that are not based on observable market indicators. This note details the key assumptions used in the calculations.

The Company's management believes that the selected methods and assumptions used are appropriate to determine the fair value of financial instruments.

4. Use of estimates and professional judgment, continued

Estimated expected credit losses

Expected credit loss assessment is a significant assessment that uses valuation methodology, models and inputs. Details of the methodology for estimating expected credit losses are disclosed in Note 20 and Note 3. The following components have a major impact on the credit loss allowance:

- determination of the level of assessment of expected credit losses: based on individual instruments;
- definition of default applied;
- Valuation of the loss in the event of default, including judgements made in the valuation of collateral;
- criteria for assessing a significant increase in credit risk.

The Company used the confirmed forecast information to assess expected credit losses. The Company uses risk level assessment based on rating systems of external international rating agencies (Standard & Poor's, Fitch, Moody's). When determining the credit rating of organizations, these rating agencies take into account forecast macroeconomic assumptions and various scenarios. Thus, when taking credit ratings into account when assessing expected credit losses, the Company also takes into account these macroeconomic assumptions and scenarios.

As at 31 December 2024, the Company's management does not expect climate change issues to affect the estimates and judgments made in these separate financial statements.

5. Revenue from services

`000 KZT	2024	2023
Revenue from implementation of budget programs	363,713	257,694
Other revenue	14,592	–
	378,305	**257,694**

Revenues from the implementation of budget programs and other revenues are recognized during the period.

6. Cost of services rendered

`000 KZT	2024	2023
Salary and related taxes	433,171	392,268
Hazardous waste disposal	48,683	275,598
Travel expenses	16,581	12,511
Depreciation and amortization	3,694	3,734
Other	5,981	2,155
	508,110	**686,266**

7. General and administrative expenses and administrative expenses related to the implementation of the EPR operator function

`000 KZT	2024	2023
Salary and related taxes	2,101,490	1,886,787
Office rent and utilities	246,531	234,528
Brokerage and Financial Services	99,206	31,206
Maintenance and maintenance of AIS	69,827	45,743
Contract services	73,740	27,326
Expenses for the maintenance of the Board of Directors	52,354	37,999
Transportation costs	46,123	22,447
Insurance expenses	35,980	44,311
Membership dues	34,108	–
Audit and consulting services	26,965	21,757
Information and image support services	25,500	–
Travel expenses	22,669	8,614
Employee Training and Development	20,034	8,145
Hosting rental	4,235	22,377
Communication services and internet	624	9,599
Other	89,521	50,873
	2,948,907	**2,451,712**

In 2024, the general and administrative expenses of the Company amounted to KZT2.309.619 thousand (2023: KZT1.889.905 thousand). Administrative costs associated with the implementation of the ROP operator function in 2024 amounted to 639,288 KZT thousand (2023: 561,807 KZT thousand). These expenses are mainly represented by salaries and corresponding taxes of employees engaged in the activities of the operator of extended obligations of producers (importers).

8. Interest income calculated using the effective interest method

`000 KZT	Note	2024	2023
Interest income on deposit accounts		24,072,544	16,077,039
Interest income on repo transactions		9,167,359	16,770,012
Interest income on securities		8,046,800	189,486
Amortization of discount of funds placed with financial institutions		2,923,090	538,636
Other interest income	10	2,493,691	576,942
		107,047	60,411
		46,810,531	**34,212,526**

9. Income tax expense

The applicable tax rate for the Company is 20% in 2024, which is the income tax rate of Kazakhstani companies (2023:20%). The 20% rate was used to calculate deferred tax assets and liabilities as at 31 December 2024 and 31 December 2023.

`000 KZT	2024	2023
Current income tax expense	40,989,578	32,067,718
Deferred income tax expense	97,951	223,438
Current income tax expense	**41,087,529**	**32,291,156**

The reconciliation between the corporate income tax expense reported in the separate financial statements of the Company and the accounting profit before tax multiplied by the income tax rate is presented below:

`000 KZT	Note	2024 год	2023 год
Profit before tax		78,634,202	60,654,611
Income tax rate in Kazakhstan		20%	20%
Income tax at target rate		**15,726,840**	**12,130,922**
Income tax adjustments based on Company's tax accounting (*)	19	36,799,368	29,472,672
Tax effect of non-taxable income on remuneration		(4,027,450)	(3,499,627)
Other income that does not change the tax base		(7,359,793)	(5,894,534)
Other constant differences		(51,436)	81,723
		41,087,529	**32,291,156**

* In accordance with the current tax accounting adopted by the Company, taxable income for the reporting period is calculated as the difference between the total amount of proceeds from the utilization fee reflected in a separate statement of cash flow and the actual expenses for financing the activities of the EPR operator reflected in a separate statement of profit or loss and other comprehensive income. The Company does not expect these amounts to result in deductions in determining future taxable profits.

9. Income tax expense, continued

Movement of temporary differences during 2024:

`000 KZT	1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2024
Estimated liabilities	9,540	4,573	–	14,113
Provisions for vacation	76,284	13,964	–	90,248
Allowance for expected credit losses	37,009	15,293	–	52,302
Taxes	6,129	1,007	–	7,136
Investments in securities	107,512	–	(600,925)	(493,413)
Receipt of disposal payments	(239,820)	(129,126)	–	(368,946)
Property, plant and equipment and intangible assets	(42,469)	(3,662)	–	(46,131)
intangible assets	**(45,815)**			**(744,691)**
Total liabilities under		**(97,951)**	**(600,925)**	

Movement of temporary differences during 2023:

`000 KZT	1 January 2024	Recognised in profit or loss	Recognised in other comprehensive income	31 December 2024
Estimated liabilities	46,354	(36,814)	–	9,540
Provisions for vacation	46,303	29,981	–	76,284
Allowance for expected credit losses	15,887	21,122	–	37,009
Taxes	4,266	1,863	–	6,129
Investments in securities	–	–	107,512	107,512
Receipt of disposal payments	–	(239,820)	–	(239,820)
Property, plant and equipment and intangible assets	(5,461)	230	(37,238)	(42,469)
intangible assets	**107,349**			**(45,815)**
Total (assets)/liabilities under		**(223,438)**	**70,274**	

10. Accounts with financial institutions

`000 KZT	Currency	Maturity date	Effective interest rate	31 December 2024	31 December 2023
Stimulating consumer demand for fire fighting equipment	KZT	23.10.2031	13.27%	19,513,465	–
Financing the acquisition of equipment for the Ministry of Emergency Situations	KZT	10.10.2039	15.15%	16,599,849	–
Stimulating consumer demand for the purchase of road maintenance equipment	KZT	29.12.2031	15.15%	8,585,224	–
Stimulating consumer demand for agricultural machinery	KZT	12.08.2037	14.87%	5,205,073	4,531,196
Stimulating consumer demand for buses	KZT	10.10.2054	13.27%	3,134,905	–
Stimulating consumer demand for agricultural machinery	KZT	31.10.2038	14.87%	2,933,501	2,553,897
Stimulating consumer demand for passenger vehicles	KZT	16.05.2052	14.67%	2,349,352	2,050,931
Financing of projects in the manufacturing industry for the construction of plants	KZT	Untill 2036	from 13.27% to 15,15%	1,464,498	–
Stimulating consumer demand for buses	KZT	16.11.2052	17.19%	359,103	306,375
Gross book value				**60,144,970**	**9,442,399**
Less estimated allowance for expected credit losses				(99,525)	(13,605)
Book value				**60,045,445**	**9,428,794**

The Company sends funds received from utilization payments in accordance with the requirements established by the Environmental Code of the Republic of Kazakhstan. In accordance with the approved Rules for financing projects in the manufacturing industry aimed at improving the state of the environment, the Company, in accordance with the Decree of the Government of the Republic of Kazakhstan dated September 2, 2021 No. 604, places funds in the Industrial Development Fund JSC for the following purposes:

— Stimulating consumer demand for fire equipment: In October 2024, the Company placed funds in the amount of 35,000,000 KZT thousand to finance the purchase of domestic-made fire equipment that meet environmental requirements for organizing the prevention of forest fires and their extinguishing by forest institutions and environmental organizations. The term of repayment on this deposit is 23 October 2031. The interest rate is 0.1% with a one-time payment for the entire term of the deposit. The placed funds do not have collateral. The fair value of these funds at initial recognition was determined by discounting the contractual future cash flows using a market interest rate of 13.27% per annum. The difference between the funds placed and the fair value at the date of the transaction was recognized as a discount in the amount of 15,940,807 KZT thousand.

— Financing the purchase of equipment for the Ministry of Emergency Situations: In October 2024, the Company placed funds in the amount of 50,000,000 KZT thousand to finance the purchase of domestically produced equipment that meets environmental requirements, to update the technical base of organizations of the Ministries of Emergency Situations and Water Resources and Irrigation of the Republic of Kazakhstan. The maturity date for this tab is 10 October 2039. The interest rate is 0.1% with a one-time payment for the entire term of the deposit. The placed funds do not have collateral. The fair value of these funds at initial recognition was determined by discounting the contractual future cash flows using a market interest rate of 15.15% per

10. Accounts with financial institutions, continued

annum. The difference between the funds placed and the fair value at the date of the transaction was recognized as a discount in the amount of 33,917,852 KZT thousand.

— Stimulating consumer demand for road maintenance equipment:

— In December 2024, the Company placed funds in the amount of 17,000,150 KZT thousand to finance the purchase of road-operating equipment of domestic production that meets environmental requirements for the maintenance of national and international roads by the National Road Management Operator, including the use of funds to pay off obligations, through which similar projects were financed. The maturity date for this tab is 29 December 2031. The interest rate is 0.1% with a one-time payment for the entire term of the deposit. The placed funds do not have collateral. The fair value of these funds at initial recognition was determined by discounting the contractual future cash flows using a market interest rate of 15.15% per annum. The difference between the funds placed and the fair value at the date of the transaction was recognized as a discount in the amount of KZT8,442.612 thousand.

— Stimulating consumer demand for agricultural machinery: In October 2023 and in August 2022, the Company placed funds in the amount of 20,000,000 KZT thousand and 30,000,000 KZT thousand, respectively. The purpose is to finance projects in the manufacturing industry aimed at improving the state of the environment by stimulating consumer demand and updating self-propelled agricultural machinery in the Republic of Kazakhstan. Maturities on these deposits are 31 October 2038 and 12 August 2037, respectively. Interest rates are 0.1% with one-time payments for the entire term of deposits. The placed funds do not have collateral. The fair value of these funds at initial recognition was determined by discounting the contractual future cash flows using a market interest rate of 14.87% to 15.00% per annum. The difference between the funds placed and the fair value at the date of transactions was recognized as a discount in the amount of 17,526,873 KZT thousand and 28,137,003 KZT thousand.

— Stimulating consumer demand for buses: In October 2024 and November 2022, the Company placed funds in the amount of 15,000,000 KZT thousand and 30,000,000 KZT thousand, respectively. The purpose is to finance projects in the manufacturing industry aimed at improving the state of the environment by stimulating consumer demand and updating buses. Maturity date for these deposits is 10 October 2054 and 16 November 2052, respectively. The remuneration rates are 0.01% with one-time payments for the entire term of deposits. The placed funds do not have collateral. The fair value of these funds at initial recognition was determined by discounting the contractual future cash flows using a market interest rate of 13.27% to 17.19% per annum. The difference between the funds placed and the fair value at the date of transactions was recognized as a discount in the amount of 11,951,634 KZT thousand and 29,741,185 KZT thousand.

— Stimulating consumer demand for passenger vehicles: In May 2022, the Company placed funds in the amount of 100,000,000 KZT thousand to finance projects in the manufacturing industry aimed at improving the environment by stimulating consumer demand and updating vehicles. The term of repayment on this deposit is 16 May 2052. The interest rate is 0.1% with a one-time payment for the entire term of the deposit. The placed funds do not have collateral.

— The fair value of these funds at initial recognition was determined by discounting the contractual future cash flows using a market interest rate of 14.67% per annum. The difference between the funds placed and the fair value at the date of the transaction was recognized as a discount in the amount of 98.271.438 KZT thousand.

— Financing projects in the manufacturing industry for the construction of factories: During 2024, the Company placed funds in the amount of 3,546,686 KZT thousand to finance projects in the manufacturing industry for the construction of factories and industries to prepare for reuse, processing, processing, sorting, waste disposal, improving the material and technical base provided to business entities. These deposits have different maturity periods and are refundable until 2036. The interest rate is 0.1% with a one-time payment for the entire term of the deposit. The placed funds do not have collateral. The fair value of these funds at initial recognition was determined by discounting the contractual future cash flows using a market interest rate of 13.27% to 15.15% per annum. The difference between the funds placed and the fair value at the date of the transaction was recognized as a discount in the amount of KZT2,101,728 thousand.

10. Accounts with financial institutions, continued

The Company used the following assumptions to determine the market interest rate as of the date of initial recognition of loans provided by Industrial Development Fund JSC:

- risk-free interest rates were determined based on the yield of long-term bonds issued by the Ministry of Finance of the Republic of Kazakhstan;
- the Company's credit risk premium.

For the purpose of assessing expected credit losses, balances in credit institutions are assigned to Stage 1 of the credit risk level. The approach to estimating expected credit losses is given in Note 20. During 2024, the Company accrued expected credit losses in the amount of 85.920 KZT thousand (2023: 4.440 KZT thousand).

11. Cash and cash equivalents

`000 KZT	31 December 2024	31 December 2023
Cash in settlement accounts	18,929	393,765
Cash in deposit accounts	83,531,348	132,831,411
Reverse repo deals with maturities up to 90 days	100,213,071	144,292,481
Allowance for expected credit losses	(9,133)	(36,329)
	183,754,215	**277,481,328**

The Company places temporarily free cash received from utilization payments on short-term deposits, as well as in securities with a maturity of up to three months.

Cash on deposit accounts represent overnight deposits. The interest rate on deposits ranges from 10.75% to 15.9% per annum (2023: from 14.50% to 15.75% per annum).

Information on the Company's exposure to credit risk in relation to cash and cash equivalents is disclosed in Note 20.

As at 31 December 2024 and 2023, the Company concluded reverse repo transactions with a contractual maturity of up to three months on the Kazakhstan Stock Exchange. The subject of pledge of these contracts are debt and equity securities of state-owned companies, the fair value of which as at 31 December 2024 and 2023 is presented as follows.

11. Cash and cash equivalents, continued

`000 KZT	31 December 2024		31 December 2023	
Security paper	Book value	Fair value	Book value	Fair value
NC KazMunayGaz JSC	Actions	81,820,191	81,770,741	80,882,791	80,882,791
Kcell JSC	Actions	18,392,880	18,385,552	–	–
KazAgroFinance JSC	Bonds	–	–	24,071,645	24,071,645
Development Bank of Kazakhstan JSC	Bonds	–	–	13,741,502	13,741,502
JSC NUH Baiterek	Bonds	–	–	11,705,910	11,705,910
Kcell JSC	Actions	–	–	10,148,909	10,148,909
JSC NWF Samruk-Kazyna	Bonds	–	–	1,150,753	1,150,753
Kazakhtelecom JSC	Actions	–	–	1,143,283	1,143,283
NK Food Contract Corporation JSC	Bonds	–	–	942,968	942,968
JSC NK Kazakhstan Temir Zholy	Bonds	–	–	504,720	504,720
		100,213,071	**100,156,293**	**144,292,481**	**144,292,481**

At 31 December 2024 and 2023, the offsetting financial instruments subject to a protected master netting agreement or similar arrangement were:

`000 KZT	Gross amounts before offsetting reported in separate statement of financial position (a)	Gross offsets reported in separate statement of financial position (b)	Net amount after netting reflected in separate statement of financial position (c) = (a) - (b)	Amounts subject to master netting agreement or similar agreements reflected in separate statement of financial position		
				financial instruments (g)	Cash security received (d)	Net Risk Amount (c) - (d) - (e)
2024: Reverse Repo	100,213,071	–	100,213,071	100,213,071	–	–
2023: Reverse Repo	**144,292,481**	–	**144,292,481**	**144,292,481**	–	–

11. Cash and cash equivalents, continued

For the purpose of assessing expected credit losses, balances of cash and cash equivalents are assigned to Stage 1 of the credit risk level. The approach to estimating expected credit losses is provided in Note 20. Changes in estimated provisions for expected credit losses as at 31 December 2024 and 2023 are given below:

`000 KZT	2024	2023
As at 1 January	(36,329)	(15,953)
Recovered/(accrued)	27,196	(20,376)
As at 31 December	**(9,133)**	**(36,329)**

12. Investments in securities

`000 KZT	31 December 2024	31 December 2023
Securities at fair value through other comprehensive income, including:		
Treasury obligations of the Ministry of Finance of the Republic of Kazakhstan	117,792,411	–
Bonds of Kazakhstan financial institutions	8,182,871	6,033,212
Securities measured at amortised cost, including:		
Bonds of Kazakhstan financial institutions	–	7,735,703
Less: allowance for expected credit losses	–	(11,843)
	125,975,282	**13,757,072**

Securities classified by the Company as at fair value through other comprehensive income are securities at fair value through other comprehensive income according to the business model.

— Bonds of Kazakhstan financial institutions represent investments in indexed coupon bonds of KEGOC JSC. The coupon rate on these bonds is 3% + TONIA.

— Treasury bonds of the Ministry of Finance of the Republic of Kazakhstan are coupon bonds with an interest rate of 9.00% to 15.35% per annum.

Securities measured at amortised cost are held-to-maturity securities under the business model.

— Securities measured at amortised cost consist of investments in indexed coupon bonds of National company Kazakhstan temir zholy JSC. The coupon rate on these bonds is 3% + TONIA. In August 2024, indexed coupon bonds were fully repaid.

Securities have no collateral.

13. Other current assets

`000 KZT	31 December 2024	31 December 2023
State duty	351,025	192,645
Value added tax	128,683	66,385
Other	46,092	41,283
	525,800	**300,313**

14. Share capital

As at 31 December 2024 and 31 December 2023, the total number of announced and placed ordinary shares is 288.763 and 288.763, respectively, with a par value of KZT1,000 per share.

During 2023, the Company announced an increase in share capital by 130.560 KZT thousand. The replenishment of the share capital was an investment of a 100% stake in Operator ROP LLP.

The sole shareholder of the Company is the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan.

Provisions for contingent distributions

In accordance with the decision of the sole shareholder of the Company - by order of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan dated 6 May 2022, a decision was made to transfer the rights (claims) and obligations that arose during the implementation of ROP Operator LLP.

In accordance with the transfer acts, 222,720,942 KZT thousands of assets and 242,786,568 KZT thousands of liabilities were transferred. Based on the results of the transfer assets, the amount of KZT20,047,626 thousand, as the difference between the assets and liabilities assumed, was recognized in a separate statement of changes in equity for the year ended 31 December 2022, since in accordance with the Conceptual Framework for the Preparation of Financial Statements - distributions to and contributions from owners are excluded from profit or loss and recognised in equity.

15. Long-term liabilities of the EPR operator

`000 KZT	Note	31 December 2024	31 December 2023
As at 1 January		9,442,399	4,107,429
Receipt from short-term part	18	48,192,203	2,473,127
obligations of the EPR operator		2,493,691	2,861,843
Accrual of long-term liabilities to finance EPR activities		**60,128,293**	**9,442,399**

During 2024 and 2023, the Company placed funds in the Industrial Development Fund JSC in the amount of 120,546,836 KZT thousand and 20,000,000 KZT thousand, respectively. Interest rates range from 0.01% to 0.1% per annum with a one-time payment for the entire period of the placed funds. In 2024, the difference between the funds placed and the fair value at the date of the transaction was recognized in profit or loss in the amount of 72,354,633 KZT thousand (2023: 17,526,873 KZT thousand) (Note 10).

In October 2023, the Company entered into an additional agreement to the loan agreement for self-propelled agricultural machinery as a result of which the maturity period was changed from 20 years to 15 years. Changes in the terms of the contract resulted in derecognition of the original financial asset and subsequent recognition of the modified financial asset.

To determine the fair value of the debt financial asset at initial recognition, the Company applied a discount rate of 14.87% to contract cash flows.

As a result, the fair value of the financial asset at the time of initial recognition amounted to 4,455,106 KZT thousand, the difference between the carrying amount and fair value of the financial asset in the amount of 2,284,901 KZT thousand was recognized in profit or loss (Note 10).

Accrual of long-term liabilities for financing the activities of the ROP is recognized as operating expenses during the periods in which the Company will recognize interest income calculated using the effective interest rate method on funds placed with Industrial Development Fund JSC. During 2024, interest income under the effective interest rate method amounted to 2,493,691 KZT thousand (2023: 576,942 KZT thousand).

16. Trade and other payables

`000 KZT	31 December 2024	31 December 2023
Trade payables	316,492	334,990
Motor vehicle incentive payables	–	4,300
Payables for incentives for self-propelled agricultural machinery	–	3,000
Other payables	28,044	17,490
	344,536	**359,780**

17. Estimated liabilities

`000 KZT	31 December 2024	31 December 2023
Vacation allowance and other settlements with employees	451,242	381,418
Accrued reserves for collection and disposal of waste, packages and auto components	70,563	47,699
	521,805	**429,117**

Estimated obligations for the collection and disposal of waste, packages and auto components were recognized in relation to preliminary calculations for the work performed by waste disposal contractors, but for which no corresponding invoices were issued at the reporting date.

During 2024, the Company recognized provisions for vacations and other settlements with employees in the amount of 69.824 KZT thousand (2023: 149.966 KZT thousand). During 2024, the Company recognized reserves for the collection and disposal of waste, packages and auto components in the amount of 22.864 KZT thousand (2023: restored in the amount of 218.104 KZT thousand).

18. Short-term liabilities of the EPR operator

Management annually presents EPR obligations based on possible terms of use. The presentation of the obligations of the EPR operator is estimated based on the expected level of payments for financing the activities of the EPR operator in the next financial year on the basis of the approved investment policy. The calculation of operating costs has been agreed with the authorized body.

Based on the results of the analysis, management decided that the entire amount of the EPR operator's liabilities as at 31 December 2024 will be used over the next 12 months, and, accordingly, is reflected in short-term liabilities.

`000 KZT	Note	2024	2023
As at 1 January		243,746,600	141,085,947
Collection of disposal payments		306,212,857	269,060,484
Return of disposal payments		(135,644)	(655,222)
Used for financing areas of activity of the EPR operator	19	(233,121,370)	(163,056,573)
Transferred to long-term portion of EPR liabilities	15	(48,192,203)	(2,473,127)
Other changes		58,712	(214,909)
As at 31 January		**268,568,952**	**243,746,600**

19. Financing of activities of the EPR operator

`000 KZT	Note	2024	2023
Fee amount used to finance activities		123,328,081	115,495,221
Fee amount used to finance corporate income tax	9	36,799,368	29,472,672
Recognized discount to finance vehicle consumer demand	10	72,354,633	17,526,873
Amount of fees used to finance administrative expenses related to the performance by the EPR operator of its functions	7	639,288	561,807
Financing of activities		(233,121,370)	(163,056,573)
Financial results		–	–

When carrying out activities of the EPR as an operator of the EPR, the Company uses the received utilization fee to finance areas of activity determined by the Environmental Code of the Republic of Kazakhstan. The amount of the used utilization fee corresponds to the accrued expenses when carrying out the activities of the EPR operator. Information on the activities of the EPR operator and the amount of funding is presented below.

`000 KZT	2024	2023
Financing and incentives for clean vehicle manufacturers	104,588,627	103,322,294
Financing and incentives for agricultural machinery manufacturers	18,162,155	11,812,071
Services of lawyers and notaries	491,355	356,558
Other	85,944	4,298
	123,328,081	**115,495,221**

20. Fair value and risk management

Financial risk management

The use of financial instruments exposes the Company to the following types of risk:

— credit risk;

— liquidity risk;

— market risk.

Risk Management Philosophy

The Company's risk management policy is designed to identify and analyze the risks to which the Company is exposed, establish acceptable risk limits and appropriate control mechanisms, as well as to monitor risks and comply with established limits. The policy and risk management systems are regularly reviewed for the need to make changes in connection with changes in market conditions and the Company's activities. The Company establishes standards and procedures for training and management in order to create an orderly and effective control system in which all employees understand their role and responsibilities.

Credit risk

Credit risk is the risk that the Company will incur financial losses, since counterparties will not fulfill their obligations under a financial instrument or client agreement. The Company is exposed to credit risk associated with its operating and investment activities, including cash balances in settlement accounts.

20. Fair value and risk management, continued

Credit risk classification system

In order to assess credit risk and classify financial instruments by credit risk level, the Company uses risk level assessment based on rating systems of external international rating agencies. External ratings are assigned to counterparties by independent international rating agencies such as S&P, Moody's and Fitch. These ratings are publicly available. Such ratings and corresponding ranges of default probabilities apply to the following financial instruments: cash and cash equivalents, funds in financial institutions and investments in securities.

Estimated expected credit losses (ECL)

Key inputs used in estimating expected credit losses include::

— probability of default (PD);

— LGD;

— Amount of credit claim exposed to default risk (EAD).

The key figure probability of default is an estimate of the probability of default within a given time interval. It is estimated at a certain point in time. The calculation is based on the use of statistical rating models, and the assessment is carried out using tools adapted to different categories of counterparties and risks. The probability of default is estimated taking into account the contractual maturity. The assessment is made on the basis of current conditions adjusted for future conditions that will affect the probability of default.

The LGD key figure is an estimate of the losses that will result from a default. The LGD indicator for the Company's financial assets is assigned in the amount of 70.0%.

The measure amount of credit claim exposed to default risk is the risk assessment at the date of default in the future, taking into account the expected changes in risk after the reporting date, including repayment of principal and interest. The calculation of expected credit losses takes into account the actual maturity of the financial asset.

The Expected Lifetime Credit Losses management model estimates the losses that result from possible default events occurring during the remaining life of the financial instrument. The 12-month expected credit losses model represents the portion of lifetime expected credit losses that result from the occurrence of default events on a financial instrument that are possible within 12 months of the end of the reporting period or during the remaining term of the financial instrument if it is less than a year.

To assess the probability of default, the Company defines default as a situation in which the risk exposure meets one or more of the following criteria:

— the borrower's delay in payments stipulated by the agreement exceeds 90 days;

— the borrower is insolvent;

— the borrower has breached the financial condition (s);

— it is more likely that the borrower will start bankruptcy proceedings.

In order to disclose information, the Company brought the definition of default in line with the definition of impaired assets.

The assessment of the presence or absence of a significant increase in credit risk since initial recognition is performed on both an individual and a group basis. For cash and cash equivalents, funds in financial institutions and investments in securities, a significant increase in credit risk is assessed on an individual basis by monitoring the following criteria. For trade and other receivables, a significant increase in credit risk is assessed on a group basis depending on the number of days overdue. The Company's Risk Management Division periodically monitors and verifies the criteria used to determine the fact of a significant increase in credit risk in terms of their appropriate nature. The assumption that there is a significant increase in credit risk since initial recognition if financial assets are more than 30 days past due is not disproved.

The Company believes that a significant increase in credit risk has occurred for a financial instrument when one or more of the following quantitative, qualitative or restrictive criteria are met.

20. Fair value and risk management, continued

For all financial assets:

- 30-day late payment;
- a quantitative criterion based on a change in the probability of default;
- qualitative criteria based on counterparty analysis;
- if the external credit rating (if any) of the counterparty is reduced by two or more points from the date of initial recognition.

The level of expected credit losses recognized in these separate financial statements depends on the presence of a significant increase in the borrower's credit risk since initial recognition. This approach is based on a three-step model for estimating expected credit losses. Stage 1 - for a financial instrument that was not impaired at the time of initial recognition, and since then there has been no significant increase in credit risk, an estimated provision for credit losses is created on the basis of 12-month expected credit losses. Stage 2 - if a significant increase in credit risk is identified since initial recognition, the financial instrument is transferred to Stage 2, but is not yet considered impaired, but an estimated provision for credit losses is created on the basis of expected credit losses for the entire period. Stage 3 - if the financial instrument is impaired, it is transferred to Stage 3 and an estimated loss allowance is created on the basis of expected credit losses for the entire period. As a result of the transition to Phase 3, the entity ceases to recognize interest income based on gross book value and, when calculating interest income, applies the asset's effective interest rate to the book value less expected credit losses.

If there is evidence that the criteria for a significant increase in credit risk are no longer met, the instrument will be transferred back to Stage 1. If a financial asset has been transferred to Stage 2 on the basis of a qualitative attribute, the Company monitors this attribute to verify its preservation or change.

In general, expected credit losses are equal to the product of the following credit risk parameters: debt at the time of default, probability of default and losses in case of default, which are defined above, discounted to present value using the effective interest rate of the instrument. Expected credit losses are determined by forecasting credit risk parameters (debt at the time of default, probability of default and loss in case of default) for each future month during the term of the financial instrument.

Trade and other receivables

Management of credit risk associated with customers is carried out by each business unit in accordance with the policy established by the Company in relation to management of credit risk associated with customers.

The need to recognize impairment is analyzed at each reporting date using a matrix of estimated reserves to assess expected credit losses based on the experience and judgment of the Company's management. Estimated reserve rates are set depending on the number of days in arrears. The calculations reflect probability-weighted results, time value of money and reasonable and supportable information about past events, current conditions and projected future economic conditions available at the reporting date.

Below is information on the Company's exposure to credit risk on trade and other receivables using the provision matrix as at 31 December 2024:

	31 December 2024		
`000 KZT	Gross book value	Expected credit losses	Percentage expected credit losses
Not overdue	–	–	–
Overdue for 1-90 days	23,101	–	–
Overdue more than 91 days	241,776	(241,776)	100.00%
	264,877	**(241,776)**	**91.28%**

20. Fair value and risk management, continued

Below is information on the Company's exposure to credit risk on trade and other receivables using the provision matrix as at 31 December 2023:

`000 KZT	31 December 2024		
	Gross book value	Expected credit losses	Percentage expected credit losses
Not overdue	4,711	(2,136)	45.34%
Overdue for 1-90 days	172	(172)	100.00%
Overdue more than 91 days	240,016	(240,016)	100.00%
	244,899	**(242,324)**	**98.95%**

Cash and cash equivalents, funds in financial institutions (excluding repo transactions with maturity up to 90 days)

The carrying amounts of financial assets as at 31 December 2024 are as follows:

`000 KZT	Rating agency	Long-term credit rating	31 December 2024
Industrial Development Fund JSC	Moody's	Baa3	60,144,970
Bank CenterCredit JSC	Moody's	Ba1	29,729,839
ForteBank JSC	Fitch	BB	18,496,929
Bank RBK JSC	Moody's	Ba2	17,663,063
Halyk Bank of Kazakhstan JSC	Fitch	BBB-	16,811,291
Altyn Bank JSC	Fitch	BBB	626,173
Citibank Kazakhstan JSC	Moody's	Aa3	222,982
Gross book value			**143,695,247**
Allowance for expected credit losses			(100,555)
Book value			**143,594,692**

20. Fair value and risk management, continued

The carrying amounts of financial assets as at 31 December 2023 are as follows:

`000 KZT	Rating agency	Long-term credit rating	31 December 2024
Bank CenterCredit JSC	Fitch	BB-	55,622,405
ForteBank JSC	Fitch	BB	49,043,361
Altyn Bank JSC	Fitch	BBB	15,244,873
Industrial Development Fund JSC	Moody's	Ba2	9,442,399
Bank RBK JSC	Moody's	Ba3	5,008,900
Halyk Bank of Kazakhstan JSC	Fitch	BBB-	4,976,944
Citibank Kazakhstan JSC	Fitch	A+	3,328,693
Gross book value			**142,667,575**
Allowance for expected credit losses			(16,275)
Book value			**142,651,300**

'Reverse repo'deals done for up to 90 days

As at 31 December 2024, the Company had balances on reverse repo transactions totaling 100,213,071 KZT thousand, securities of state-owned companies with a credit rating from BB + to BBB + according to Moody's and Fitch rating agencies (31 December 2023: for a total amount of 144,292,481 KZT thousand, securities of state-owned companies with a credit rating from BB + to BBB according to Standard & Poor's, Moody's and Fitch rating agencies) are collateral..

Investments in securities

The Company limits its exposure to credit risk by investing only in liquid securities and only those counterparties with very low credit risk.

Management actively monitors changes in credit ratings, and given the fact that the Company invested only in securities with a high credit rating, management does not expect default from its counterparties.

Financial instruments held by the Company, measured at fair value through other comprehensive income, include only quoted bonds with a credit rating of BBB- assigned by Fitch.

The maximum exposure of the Company to credit risk by components of a separate statement of financial position as at 31 December 2024 is represented by their carrying value in the amount of KZT125,975,282 thousand.

(31 December 2023: KZT13,757.072 thousand).

Liquidity risk

Liquidity risk is the risk that the Company will have difficulties in fulfilling its obligations related to financial liabilities settled by transferring funds or another financial asset. The Company's approach to liquidity management is to ensure, as far as possible, that the Company has sufficient liquidity to repay its obligations on time, both under normal and stressful conditions, avoiding unacceptable losses and not jeopardizing the Company's reputation.

Liquidity risk exposure

The remaining undiscounted contractual maturities of financial liabilities for the year ended 31 December 2024 are as follows:

20. Fair value and risk management, continued

`000 KZT	On demand	Up to a year	1 to 5 years	Over 5 years	Total
Financial assets					
Accounts with financial institutions	–	19,620	45,565,110	254,719,730	300,304,460
Cash and cash equivalents	18,929	183,735,286	–	–	183,754,215
Investments in securities	–	125,975,282	–	–	125,975,282
Trade and other receivables	–	23,101	–	–	23,101
	18,929	**309,753,289**	**45,565,110**	**254,719,730**	**610,057,058**
Financial liabilities					
Trade and other payables	–	344,536	–	–	344,536
	–	**344,536**	–	–	**344,536**
Net position	**18,929**	**309,408,753**	**45,565,110**	**254,719,730**	**609,712,522**

The remaining undiscounted contractual maturities of financial liabilities for the year ended 31 December 2023 are as follows:

`000 KZT	On demand	Up to a year	1 to 5 years	Over 5 years	Total
Financial assets					
Accounts with financial institutions	–	–	–	180,000,000	180,000,000
Cash and cash equivalents	393,765	277,087,563	–	–	277,481,328
Investments in securities	–	13,757,072	–	–	13,757,072
Trade and other receivables	–	2,575	–	–	2,575
	393,765	**290,847,210**	–	180,000,000	**471,240,975**
Financial liabilities					
Trade and other payables	–	359,780	–	–	359,780
	–	**359,780**	–	–	**359,780**
Net position	**393,765**	**290,487,430**	–	**180,000,000**	**470,881,195**

Currency risk

Currency risk is the risk that the fair value or future cash flows associated with exposure will fluctuate due to changes in exchange rates. As at 31 December 2024 and 31 December 2023 The Company is not exposed to currency risk due to the absence of currency balances.

Capital management

The main goals of the Company in relation to capital management are compliance with the requirements of the legislation of the Republic of Kazakhstan on the composition and structure of the Company's share capital, as well as ensuring the Company's activities on a continuous basis.

The company does not have a formalized capital management policy, but management pursues a policy of maintaining a stable capital base in order to meet operational and strategic needs

Society, as well as maintaining the confidence of market participants. These objectives are achieved through effective cash management, continuous monitoring of the Company's income and profit, and long-term investment plans, mainly financed from cash flows received to finance the activities of the ROP.

Fair value

In accordance with IFRS, fair value is determined based on the price that would have been received when the asset was sold or paid when the liability was transferred in an ordinary market transaction at the measurement date.

20. Fair value and risk management, continued

At each reporting date, the Company assesses changes in the value of assets and liabilities. In accordance with accounting policy, this may require revaluation or additional analysis. During the audit, the initial data used in the previous assessment are analyzed and their compliance with the assessment calculations, contracts and other significant documents.

In addition, each change in the fair value of assets and liabilities is compared with data from external sources to confirm its validity. The final analysis is approved by the Risk Management Department.

Hierarchy of fair value measurements

There are the following levels of fair value measurement:

- Level 1: quoted (unadjusted) prices for identical assets and liabilities in active markets.
- Level 2: inputs other than quoted prices used for Level 1 estimates that are observable either directly (i.e. such as prices) or indirectly (i.e. determined based on prices).
- Level 3: inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

	Fair value at			
Financial assets and financial liabilities	**31 December 2024**	**31 December 2023**	**Fair value hierarchy**	**Evaluation Methodology and Key Inputs**
Securities at fair value through other comprehensive income	125,975,282	6,033,212	Level 2	According to the Methodology for determining the profitability of government securities of the Republic of Kazakhstan
Accounts with financial institutions measured at amortised cost	59,403,687	9,593,126	Level 2	Present value of future cash flows using market discount rate of similar financial instrument
	185,378,969	**15,626,338**		

Securities listed on Kazakhstan Stock Exchange KASE but not having an active market as at 31 December 2024 and 2023 are classified as level 2 of the fair value hierarchy. During 2024 and 2023, the Company did not make any transfers between levels 1 and 2 of the fair value hierarchy. All significant inputs on which valuation techniques are based are fully available, for example, from information on similar transactions on the stock exchange.

The carrying amounts of cash and cash equivalents, trade and other receivables approximate their fair values due to the short-term nature of these financial instruments.

21. Contingent assets and liabilities

Contingent tax liabilities in Kazakhstan

The tax system of Kazakhstan, being relatively new, is characterized by frequent changes in legislation, official clarifications and court decisions, often unclear and contradictory, which allows for their ambiguous interpretation by various tax authorities, including opinions on the accounting for income, expenses and other items of separate financial statements in accordance with IFRS.

Inspections and investigations regarding the correctness of tax calculations are carried out by regulators at various levels, who have the right to impose large fines and charge interest. The correct calculation of taxes in the reporting period can be checked over the next three calendar years, but under certain circumstances this period can be extended.

These circumstances may lead to the fact that tax risks in Kazakhstan will be much higher than in other countries. The management of the Company, based on its understanding of applicable tax legislation, regulatory requirements and court decisions, believes that tax liabilities are fully reflected. However, the interpretation of these provisions by the relevant authorities may be different and, if they can prove the validity of their position, this may have a significant impact on these separate financial statements.

21. Contingent assets and liabilities, continued

As stated in Note 9, the Company adopted a calculation of tax liabilities different from the generally established practice in terms of determining taxable income for the reporting period. Taxable income is calculated as the difference between the total amount of proceeds from the disposal fee reflected in a separate statement of cash flows and the actual expenses for financing the activities of the EPR operator reflected in a separate statement of profit or loss and other comprehensive income. The method was based on correspondence with the tax authorities and the Ministry of Finance of the Republic of Kazakhstan.

The management of the Company intends to additionally analyze the current method of calculating taxable income and, if necessary, contact the tax authorities and the Ministry of Finance of the Republic of Kazakhstan for additional clarifications.

The management of the Company believes that the relevant provisions of the legislation have been interpreted correctly by it and that the position of the Company adopted in terms of tax legislation will be successfully protected in the event of any dispute. Accordingly, as at 31 December 2024, no provisions for potential tax liabilities were created.

Judicial proceedings

In the ordinary course of business, the Company may be subject to various lawsuits and claims. The Company assesses the likelihood of significant liabilities arising on a case-by-case basis and records the relevant provision in separate financial statements only when it is probable that an outflow of resources will be required to settle the liabilities and the amount of the liability can be measured reliably.

Management believes that actual liabilities, if any, will not materially affect the Company's current separate financial statements and individual financial results. For this reason, no provisions have been made in these separate financial statements.

Pending litigation

In the course of its operational activities, the Company is a plaintiff in relation to entities that do not pay utilization payments in accordance with the Environmental Code of the Republic of Kazakhstan. As at 31 December 2024, the total amount of claims and claims presented amounted to 9.285, 854 KZT thousand (31 December 2023: 3.699.585 KZT thousand).

As a result of the work on debt collection of utilization payments, the Company issued certificates of payment of utilization payments for the collected debt in 2023 in the amount of 948,452 KZT thousand, in 2024 in the amount of 7,211,504 KZT thousand.

22. Related party transactions

Shareholder of the Company and ultimate controlling party

The sole shareholder of the Company is the Government of the Republic of Kazakhstan represented by the State Property and Privatization Committee of the Ministry of Finance of the Republic of Kazakhstan. The Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan (hereinafter – «the Parent Organization») is the state body exercising the rights of possession and use of 100% of the state block of shares of the Company.

Senior Management Compensation

Remuneration received by senior management in the reporting year amounted to the following amounts reflected in administrative expenses:

`000 KZT	**2024**	**2023**
Salary	202,122	164,101
Relevant taxes	22,582	16,136
	224,704	**180,237**

22. Related party transactions, continued

Other related party transactions

The ultimate controlling party of the Company is the Government of the Republic of Kazakhstan and this ownership allows the Government to exert a significant influence on the activities of the Company. The Company applies the exemption granted by IAS 24 Related Parties, which allows the submission of simplified disclosures on transactions with entities associated with the Government of the Republic of Kazakhstan.

In a separate statement of financial position for the years ended 31 December 2024 and

31 December 2023, the following balances with related parties were recorded.

`000 KZT

	31 December 2024		31 December 2023	
	Parent organization	**Other related parties**	**Parent organization**	**Other related parties**
Accounts with financial institutions	–	60,045,445	–	9,428,794
Investments in subsidiaries	–	130,560	–	130,560

In a separate statement of profit or loss and other comprehensive income for the years ended 31 December 2024 and 31 December 2023, the following amounts arising from transactions with related parties were recorded.

`000 KZT

	2024		2023	
	Parent organization	**Other related parties**	**Parent organization**	**Other related parties**
Revenue from services	378,305	–	257,694	–
Interest income calculated using the effective interest method	–	2,600,738	–	637,353
Discount recognised on initial recognition of financial assets measured at amortised cost	–	(72,354,633)	–	(17,526,873)
Release of discount from changes in repayment schedule in financial institutions	–	–	–	2,284,901
Estimated allowance for expected credit losses	–	(85,920)	–	(4,440)
	378,305	**(69,839,815)**	**257,694**	**(14,609,059)**

23. Subsequent events

No material events occurred after the reporting date of 31 December 2024 until the date of approval of these separate financial statements.