INSTITUTE OF HIGH TECHNOLOGIES LLP

International Financial Reporting Standards Financial Statements and Independent Auditor's Report

31 December 2024

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

To the Participant and Management of Institute of High Technologies LLP:

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Institute of High Technologies LLP (the "Company") as at 31 December 2024, and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2024;
- the statement of financial position as at the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

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

Independence

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

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

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

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:

Azamat Konratbaev
Managing Director
PricewaterhouseCoopers LLP
(General State License of the Ministry of Finance of the Republic of Kazakhstan #0000005 dated 21 October 1999)

Signed by:

Almaz Sadykov
Auditor in charge
(Qualified Auditor's Certificate #МФ-0000745 dated 8 February 2019)

Yuliya Kalibekova
Audit Director
(Institute of Chartered Accountants
ACCA certificate #24616340 dated 11 July 2024)

12 February 2025
Almaty, Kazakhstan

In thousands of Kazakhstani Tenge	Note	2024	2023
Revenue	6	5,028,595	4,333,885
Cost of sales	7	(4,163,323)	(3,608,255)
Gross profit		**865,272**	**725,630**
Administrative expenses	8	(517,001)	(440,189)
Impairment loss	4	(90,418)	-
Finance income		80,688	30,139
Finance expense		(5,038)	(1,717)
Other income		30,259	99,387
Other expense		(39,913)	(62,490)
Profit before income tax		**323,849**	**350,760**
Income tax expense	9	(76,084)	(72,756)
PROFIT FOR THE YEAR		**247,765**	**278,004**
Other comprehensive loss net of income tax			
Items that will not be reclassified to profit or loss			
Long-term employee benefits		(9,312)	(9,997)
Other comprehensive loss for the year net of income tax		**(9,312)**	**(9,997)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**238,453**	**268,007**

Approved on behalf of management on 12 February 2025:

Medeo R.K.
General Director

Zhailybaeva A.K.
Deputy General Director for Economics and Finance

Nygmetzhanova G.M.
Chief Accountant

In thousands of Kazakhstani Tenge	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	10	701,311	813,329
Intangible assets	11	126,785	117,553
Deferred tax assets	9	28,310	2,773
Total non-current assets		**856,406**	**933,655**
Current assets			
Inventories	12	197,427	145,900
Trade and other receivables	13	1,479,582	1,310,245
Current income tax prepayments		44,498	24,229
Other current assets		89,019	67,857
Cash and cash equivalents	14	772,767	539,689
Total current assets		**2,583,293**	**2,087,920**
TOTAL ASSETS		**3,439,699**	**3,021,575**
EQUITY			
Share capital	15	2,228,355	2,228,355
Additional paid-in capital		6,088	6,088
Accumulated loss		(382,602)	(343,051)
TOTAL EQUITY		**1,851,841**	**1,891,392**
LIABILITIES			
Non-current liabilities			
Long-term employee benefits		31,514	22,201
Assets retirement obligation provision		7,963	7,732
Total non-current liabilities		**39,477**	**29,933**
Current liabilities			
Wages and other payables	16	415,409	333,110
Trade and other payables	17	679,276	425,624
Other current liabilities	18	453,696	341,516
Total current liabilities		**1,548,381**	**1,100,250**
TOTAL LIABILITIES		**1,587,858**	**1,130,183**
TOTAL EQUITY AND LIABILITIES		**3,439,699**	**3,021,575**

Approved on behalf of management on 12 February 2025:

Medeo R.K.	Zhailybaeva A.K.	Nygmetzhanova G.M.
General Director	Deputy General Director for Economics and Finance	Chief Accountant

In thousands of Kazakhstani Tenge	Note	2024	2023
Cash flows from operating activities:			
Proceeds from sales		5,599,358	4,929,359
Payments to suppliers and employees		(4,346,983)	(4,280,420)
Payments to the budget		(664,697)	(602,115)
Income taxes paid		(117,933)	(63,747)
Other receipts		125,009	106,709
Net cash flows from operating activities		**594,754**	**89,786**
Cash flows from investing activities:			
Purchases of property, plant and equipment		(76,531)	(76,037)
Proceeds from the sale of property, plant and equipment		6,689	43,904
Purchase of intangible assets		(19,212)	(25,923)
Net cash used in investing activities		**(89,054)**	**(58,056)**
Cash flows from financing activities:			
Dividends payment		(278,004)	-
Net cash used in financing activities		**(278,004)**	**-**
Net change in cash and cash equivalents		**227,696**	**31,730**
Cash and cash equivalents at the beginning of the year	14	539,689	525,250
Effect of carrying value changes on cash and cash equivalents		(22)	(8)
Effect of exchange rate changes on cash and cash equivalents		5,404	(17,283)
Cash and cash equivalents at the end of the year	**14**	**772,767**	**539,689**

Approved on behalf of management on 12 February 2025:

Medeo R.K.
General Director

Zhailybaeva A.K.
Deputy General Director for Economics and Finance

Nygmetzhanova G.M.
Chief Accountant

In thousands of Kazakhstani Tenge	Note	Share Capital	Additional paid-in capital	Accumulated loss	Total Equity
Balance at 1 January 2023		2,123,014	6,088	(611,058)	1,518,044
Profit for the year		-	-	278,004	278,004
Other comprehensive loss		-	-	(9,997)	(9,997)
Total comprehensive income for the year		**-**	**-**	**268,007**	**268,007**
Contributions of shareholders	15	105,341	-	-	105,341
Balance at 31 December 2023		**2,228,355**	**6,088**	**(343,051)**	**1,891,392**
Profit for the year		-	-	247,765	247,765
Other comprehensive loss		-	-	(9,312)	(9,312)
Total comprehensive income for the year		**-**	**-**	**238,453**	**238,453**
Dividends payment	15	-	-	(278,004)	(278,004)
Balance at 31 December 2024		**2,228,355**	**6,088**	**(382,602)**	**1,851,841**

Approved on behalf of management on 12 February 2025:

Medeo R.K.
General Director

Zhailybaeva A.K.
Deputy General Director for Economics and Finance

Nygmetzhanova G.M.
Chief Accountant

1 The Company and its Operations

Organisational structure and operations

These financial statements have been prepared in accordance with IFRS Accounting Standards for the year ended 31 December 2024 for the “Institute of High Technologies” LLP (“Company”).

The Company was registered on 5 February 2002. The company is a limited liability partnership as defined in the Civil Code of the Republic of Kazakhstan.

The Company is a subsidiary of National Atomic Company Kazatomprom JSC (“NAC Kazatomprom JSC” or “parent company”). The ultimate controlling party is National Welfare Fund Samruk-Kazyna JSC (“NWF Samruk-Kazyna JSC”).

On 20 November 2015, the Sole Shareholder of the Company (the Board of Directors of NAC Kazatomprom JSC) decided to reorganize the “Institute of High Technologies” LLP by a merger with Kazakhstan Nuclear University LLP (“KNU LLP”) and Ekoenergomash LLP (“EEM LLP”). On 25 November 2015 an Agreement was signed between the “Institute of High Technologies” LLP, KNU LLP and EEM LLP on merger of KNU LLP, EEM LLP with the “Institute of High Technologies” LLP.

As of 31 December 2017, the corporate reorganisation procedures were completed: assets and liabilities have been entirely transferred to the “Institute of High Technologies” LLP, the Deed of Transfer of KNU LLP to the “Institute of High Technologies” LLP dated 11 March 2016, taking into account the Certificate of Changes in Assets and Liabilities (rights and obligations) of KNU LLP, EEM LLP as part of the reorganisation, was approved by the Decision of the Sole Participant of the “Institute of High Technologies “ LLP No.114 dated 1 April 2016. On 6 April, in accordance with the order No.1257 of the Almaly Department of Justice of Almaty city under the Ministry of Justice of the Republic of Kazakhstan, KNU LLP was terminated due to reorganisation by merger with the “Institute of High Technologies” LLP. On 13 April 2016, in accordance with the order No.1220 of the Bostandyk Department of Justice of Almaty city under the Ministry of Justice of the Republic of Kazakhstan, the EEM LLP was terminated due to reorganisation by merger with the “Institute of High Technologies” LLP.

Due to further inexpediency of Ekoenergomash branch of the “Institute of High Technologies” LLP to further continue its operations, on 21 December 2016, the Sole Participant of the Company made a decision to terminate the activities of the branch. On 6 March 2017, in accordance with the order No.930, the Office of Justice of the Bostandyk district of the Department of Justice of Almaty city under the Ministry of Justice of the Republic of Kazakhstan terminated the activities of the Ekoenergomash branch of the “Institute of High Technologies” LLP. On 26 December, the Sole Participant of the Company made a decision to terminate the activities of the IHT-Beren branch. All procedures for the termination of the branch's activities were completed and on 19 January 2017 in accordance with the order No.5p, the Office of Justice of Ust-Kamenogorsk city of the Department of Justice of the East Kazakhstan region under the Ministry of Justice of the Republic of Kazakhstan terminated the activities of the IHT-Beren branch.

On 10 June 2022, the Sole Participant approved the Road Map for the liquidation of the IHT-Zerde branch. The branch’s operations were terminated on 28 March 2023, by the order of the Department of Registration and Land Cadastre of the Suzak district branch of the non-profit joint-stock company "State Corporation "Government for Citizens" in the Turkestan region.

The principal activity of the Company is the strategic development of the uranium industry in the Republic of Kazakhstan, as well as the delivery services as follows: research, development and engineering, design and development and other consulting services, chemical testing, delivery of chemical analysis services at the processing site to oxide-uranium and to uranium processing to make rich eluate, the delivery of quality control services for finished goods, metrology and standardization and implementation of other activities related to the analysis and quality control of mined uranium and further processing. The principal activity of KNU branch of the “Institute of High Technologies” LLP is the organization of educational programs, courses, workshops, and training aimed at improving the qualifications of personnel of the nuclear industry enterprises of the Republic of Kazakhstan, providing educational services complying with the national and international level, etc.

The main customers of the Company's services are NAC Kazatomprom JSC and its subsidiaries (“Group”). Thus, the Company is economically dependent on the Group. Also, the activities of the Company are closely related to the needs of the Group, and the pricing of the services rendered by the Company for the Group is subject to an agreement with the Group's companies. Details on the related-party transactions are disclosed in Note 21.

Registered address of the Company: building 5, block 079, Syzgan village, Syzgan rural district, Suzak district, Turkestan region, the Republic of Kazakhstan.

2 Operating Environment of the Company

On 24 February 2022 Russia launched a military invasion of Ukraine. In response, the United States, the European Union and a number of other states imposed widespread sanctions on Russia, including banning Russian banks from the Swift system. Russia is Kazakhstan's largest trade partner. Kazakhstan is also heavily reliant on the Caspian Pipeline Consortium (CPC), which carries up to 80% of its oil exports. Export concentration through CPC is set to remain high into the medium term given its cost advantages. Kazakhstan makes efforts to diversify routes, notably through the Caspian Sea to Baku and through commencement of non-CPC exports to Germany, however these transportations are accounted for approximately 2% of CPC annual volumes.

In November 2024 Fitch Ratings, an international rating agency, affirmed Kazakhstan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BBB' with a Stable Outlook. According to Fitch, Kazakhstan's 'BBB' IDRs are supported by a very large external buffer, with the third-strongest sovereign net foreign asset (SNFA) position in the 'BBB' rating category, also providing financing flexibility, underpinned by accumulated oil revenue savings. Set against these factors are its very high dependence on commodities, export concentration risk, high inflation, which partly reflects a less developed macroeconomic policy framework relative to 'BBB' peers, and weak governance indicators.

Kazakhstan is set to remain very reliant on crude and oil condensates, which account for more than half of exports. In addition, nearly 80% of Kazakh crude oil is exported via Russia through the Caspian Pipeline Consortium (CPC), giving rise to geopolitical risk. The share is likely to remain high given its cost advantages, notwithstanding some recent diversification of routes.

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country and a low level of liquidity of debt and equity securities in the markets.

As at the date of issuing these financial statements the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 506.43 per US Dollar 1 compared to Tenge 523.54 per US Dollar 1 as at 31 December 2024 (31 December 2023: Tenge 454.56 per 1 US Dollar).

Inflation was relatively stable throughout 2024 and moderated to 8.6% in December 2024 compared to 9.8% in December 2023. The economy growth slowed to 3.8% in 2024 compared to 5.1% in 2023. Analysts forect GDP growth to accelerate to 5% in 2025.

The economic environment has a significant impact on the Company’s operations and financial position. Management is taking necessary measures to ensure sustainability of the Company’s operations. However, the future effects of the current economic situation are difficult to predict, and management’s current expectations and estimates could differ from actual results.

Additionally, mining sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of economic measures undertaken by the Government, together with legal and political developments, which are beyond the Company’s control.

3 Basis of Preparation and Material Accounting Policies

Basis of preparation of financial statements

These financial statements have been prepared in accordance with IFRS Accounting Standards under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. Actual results can differ significantly from such estimates.

Functional and presentation currency

The functional currency of the Company and the Company’s presentation currency is the national currency of the Republic of Kazakhstan - Kazakhstani Tenge (“Tenge”). The financial information presented in Kazakhstani Tenge (“Tenge”) has been rounded to the nearest thousand.

3 Basis of Preparation and Material Accounting Policies (Continued)

Going concern

The management of the Company prepared these financial statements on a going concern basis. As of 31 December 2024, the Company's accumulated loss was Tenge 382,602 thousand (2023: Tenge 343,051 thousand), a substantial part of which was the loss of Ekoenergomash LLP due to its merger with the Company in 2016 (Tenge 472,068 thousand at the moment of merger) (Note 1).

The management of the Company believes that the Company will be able to continue its operations for the foreseeable future on a going concern basis. In making this judgement management considered the Company's financial position, current intentions, profitability of operations. The following factors were considered in assessing the Company's ability to continue as a going concern:

- The current net assets of the Company are positive: as of 31 December 2024, total current assets of the Company exceeded total current liabilities by Tenge 1,034,912 thousand (31 December 2023: Tenge 987,670 thousand);
- Net cash flows from operating activities for the year ended 31 December 2024, comprised Tenge 594,754 thousand, which was mainly due to proceeds from sales to customers (31 December 2023: Tenge 89,786 thousand);
- The activities of the Company are important for the implementation of the strategy of NAC Kazatomprom JSC. The Parent Company has neither the intention nor the need to liquidate or significantly reduce the Company's activities.

These financial statements do not contain any adjustments to the carrying amount of assets and liabilities, recognized income and expenses, and the classification of the accounts in the statement of financial position that might be required due to this uncertainty, and such adjustments could be substantial.

Financial instruments

Classification and subsequent measurement: measurement categories

Financial assets of the Company are presented as "measured at amortized cost" and include trade receivables on main activity and other financial trade receivables (Note 13) and cash and cash equivalents (Note 14).

Financial assets impairment: credit loss allowance for ECL

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of customers over a period of 24 months before 31 December 2024 or 1 January 2025, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

As of 31 December 2024, the Company had neither acquired not created impaired financial assets.

Financial liabilities – measurement categories

The financial liabilities of the Company are presented as "other financial liabilities" carried at amortized cost. The Company's other financial liabilities include trade and other financial payables (Note 17).

Property, plant and equipment

Recognition and subsequent measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, where required. Certain substantial parts of an item of fixed asset, the useful life of which differs from the useful life of the item as a whole, are accounted for as separate items (components) and are depreciated at rates reflecting the expected useful lives of these parts.

3 Basis of Preparation and Material Accounting Policies (Continued)

Depreciation

Each major component of an item of property, plant and equipment is depreciated using a straight-line method from the date the asset becomes available for use over its expected useful life and the depreciation charge is included in profit or loss for the period. Leased assets are depreciated over the assets' useful lives, unless there is a reasonable certainty that the Company will obtain ownership at the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment in the reporting and comparative periods were as follows:

	Useful lives in years
Buildings	10-50
Plant and equipment	3-50
Motor vehicles	3-10
Other property, plant and equipment	3-20

Intangible assets

The Company's intangible assets have definite useful lives and primarily include capitalised costs for the development of production technology, computer software and patents. Acquired computer software, licences, and patents are capitalised on the basis of the costs incurred to acquire and bring them to use.

Amortisation

Amortisation charges for intangible assets are charged using a straight-line method from the date the asset becomes available for use and are included in profit or loss for the period over their useful lives. The estimated useful lives of intangible assets in the reporting and comparative periods were as follows:

	Useful lives in years
Licences	3-20
Research and development	3-20
Software	1-14
Patents	2-20
Other	2-15

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due within 12 months period and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 19. Other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method. Those are mainly current receivables other than those for goods sold or services performed.

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Restricted balances are excluded from cash and cash equivalents for the purposes of the statement of cash flows. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets, whereas restricted cash balances of more than three months but less than twelve months after the date of the statement of financial position are included in other financial assets.

3 Basis of Preparation and Material Accounting Policies (Continued)

Value added tax

Output value added tax ("VAT") related to sales is payable to tax authorities when goods are delivered, and services are rendered to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases that have not been offset at the date of the statement of financial position is recognized in the statement of financial position on a net basis. The VAT recoverable is classified as a non-current asset if it is not expected to be settled within one year from the date of the statement of financial position.

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract. The Company initially recognizes trade payables and other payables related to principal activities, except for advances received, at fair value and subsequently at amortized cost using the effective interest method. Advances received are recorded at actual amounts received from third parties.

Employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Company. In accordance with the legal requirements of the Republic of Kazakhstan, the Company withholds pension contributions from employees' salary and transfers them into the Unified Accumulative Pension Fund JSC. Upon retirement of employees, all pension payments are administered by the Unified Accumulative Pension Fund JSC.

Revenue recognition

Revenue from contracts with customers

Revenue is income arising in the course of the Company's ordinary activities. Revenue is recognised in the amount of transaction price. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring control over promised goods or services to a customer, excluding the amounts collected on behalf of third parties. Revenue is recognised net of value added taxes.

No element of financing is deemed present as the sales are made with an average credit term of 30 days, which is consistent with market practice.

Asset and expense recognition

Costs that are directly attributable to a contract (or to a specific assumed contract) comprise the following costs:

- direct labour costs (for example, salaries or wages of employees who deliver the services promised directly to a customer);
- direct costs of materials (for example, consumables used to deliver the services promised to a customer);
- allocated costs that are directly attributable to the contract or activities under the contract (for example, costs of the contract management and control, insurance and depreciation of the tools and equipment used to perform the obligations under the contract);
- costs that are subject to recovery by the buyer;
- other costs that were incurred solely as a result of the conclusion of the contract by the Company (for example, payments to subcontractors).

An asset recognized in accordance with the requirements to be depreciated systematically and consistent with the transfer to the customer of the goods or services to which the asset relates.

Income tax

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to the same tax authority on the same taxable entity, if there is an intention to settle current tax liabilities and assets on a net basis or tax assets and liabilities will be realised simultaneously.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

The Company makes estimates and assumptions that affect the amounts recognised in the financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Revenue recognition

Contracts for the delivery of research, development, and design services comprise one or more phases of work. At the time these contracts are entered into, the Company assesses whether a particular phase of the contract corresponds to a distinct service or good and whether control of the good or service is transferred to the customer. The Company's management reviewed the contracts for the delivery of research and development services for 2024 and identified that control over the service is transferred at the time of completion of the work phase. In particular, the Company reviewed the transfer of control indicators as follows:

- The Company has the right to receive the amount of consideration in return for the transferred deliverable (report) for each phase;
- The buyer shall obtain the ownership of the transferred deliverable (report) for each phase;
- The buyer shall obtain the right of natural possession over the deliverable (report) for each phase;
- The buyer shall obtain all the risks and benefits associated with the deliverable (report) for each phase;
- The buyer accepted the deliverable (report) for each phase from the date of signing the certificate of work completion for each phase.

Achievement of indicators of transferring control indicates that each phase is a separately identifiable performance obligation fulfilled at a specific point in time and, accordingly, revenue for each phase is recognized simultaneously once the certificate of work completion is signed.

The Company recognises costs of fulfilling a contract as an asset under contracts with customers. For 2024, the Company recognised revenue of Tenge 1,738,683 thousand for these assets (2023: Tenge 1,689,600 thousand).

Impairment of property, plant and equipment and intangible assets

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant, equipment, and intangible assets. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs of disposal and its value in use. The calculation of value in use requires the use of estimates and professional judgment by management.

As of 31 December 2024, management conducted an analysis to assess any indicators of impairment affecting property, plant and equipment, as well as intangible assets. This evaluation revealed no indications of impairment, with the exception of the equipment "Experimental Mobile Activation Unit for Leaching Solutions" (as of 31 December 2023: no indicators of impairment were identified). The company does not anticipate deriving economic benefits or cash inflows from this equipment in the foreseeable future (Note 10). Consequently, an impairment loss in the amount of Tenge 90,418 thousand was recognised as of 31 December 2024.

Environmental legislation

According to the Note 1, the Company's activities comprise chemical tests and chemical analysis services at the processing site to uranium oxide-uranium and to uranium processing to make rich eluate, the delivery of quality assurance services for finished products, metrology and standardisation, and the implementation of other activities related to the analysis and quality control of extracted uranium and subsequent processing. Management has concluded that the Company holds a legal obligation to finance the decommissioning and dismantling of its laboratory building located at the "Kanzhugan" mine site operated by "Kazatomprom-SaUran" LLP which falls under jurisdiction of the Suzak District in the Turkestan Region of the Republic of Kazakhstan. The laboratory building, classified as part of the auxiliary infrastructure of the "Kanzhugan" mine, is scheduled for decommissioning by 2043 in accordance with the subsoil user's contractual obligations. As at 31 December 2024, the total carrying amount of provisions for asset retirement obligations amounted to Tenge 7,763 thousand (2023: Tenge 7,732 thousand) Management will evaluate the existence of this obligation on each reporting date, considering all relevant facts available at that time (Note 20).

5 Adoption of New or Revised Standards and Interpretations

The following new standards and the amendments became effective from 1 January 2024:

- ***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback*** (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- ***Classification of liabilities as current or non-current – Amendments to IAS 1*** (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- ***Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements*** (Issued on 25 May 2023).

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2025 or later, and which the Company has not early adopted.

- ***Amendments to IAS 21 Lack of Exchangeability*** (Issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).
- ***Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7*** (issued on 30 May 2024 and effective for annual periods beginning on or after 1 January 2026).
- ***IFRS 18 Presentation and Disclosure in Financial Statements*** (Issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).
- ***IFRS 19 Subsidiaries without Public Accountability: Disclosures*** (Issued on 9 May 2024 and effective for annual periods beginning on or after 1 January 2027).
- ***IFRS 14, Regulatory Deferral Accounts*** (issued on 30 January 2014).
- ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28*** (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- ***Annual Improvements to IFRS Accounting Standards*** (Issued in July 2024 and effective from 1 January 2026).

Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Company's financial statements.

6 Revenue

The Company recognises revenue from the transfer of services at a point in time in the following major product lines:

In thousands of Kazakhstani Tenge	**2024**	**2023**
Revenue from the contracts for delivery of research and development work and rendered design services	2,695,977	2,425,569
Service on professional upgrade and training	1,687,434	1,586,429
Laboratory testing services	605,506	275,239
Metrology services	29,846	22,234
Other revenue	9,832	24,414
Total revenue	**5,028,595**	**4,333,885**

As of 31 December, balances from contracts with customers are as follows:

In thousands of Kazakhstani Tenge	**Note**	**2024**	**2023**
Trade and other receivables	13	1,479,582	1,310,245
Costs of fulfilling a contract	12	148,273	108,412
Advances received from customers	18	113,296	107,405

The Company issues invoices to customers according to the act of work completion, as indicated in the contracts with customers. Contractual obligations relate to advances received from customers for fulfilling work under the contract.

7 Cost of Sales

In thousands of Kazakhstani Tenge	2024	2023
Third party services	1,732,628	1,502,166
Payroll and related expenses	1,714,974	1,441,826
Materials	198,048	200,753
Depreciation and amortisation	127,705	104,696
Taxes and other related payments to the budget	111,654	91,396
Business trip expenses	82,375	85,342
Rent	32,947	23,980
Other expenses	162,992	158,096
Total cost of sales	**4,163,323**	**3,608,255**

8 Administrative Expenses

In thousands of Kazakhstani Tenge	2024	2023
Payroll and related expenses	389,381	328,466
Taxes and other related payments to the budget	26,592	27,031
Business trip expenses	13,260	7,962
Depreciation and amortisation	12,924	12,077
Rent	5,292	5,740
Third party services	5,118	5,979
Repair and maintenance	3,169	2,606
Materials	2,966	2,433
Other expenses	58,299	47,895
Total administrative expenses	**517,001**	**440,189**

The remuneration paid to the Company's auditor for the audit of the financial statements for the year ended 31 December 2024 was Tenge 4,391 thousand (2023: Tenge 4,391 thousand).

9 Income Tax

Income tax expense comprises the following:

In thousands of Kazakhstani Tenge	2024	2023
Deferred income tax benefit/(expense) for the year	25,537	(13,041)
Current income tax expense for the year	(101,191)	(59,715)
Income tax expense for the prior period	(430)	-
Income tax expense for the year	**(76,084)**	**(72,756)**

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

In thousands of Kazakhstani Tenge	2024	2023
Profit before income tax	**323,849**	**350,760**
Theoretical tax expense at statutory rate of 20%	(64,770)	(70,152)
Tax effect of non-deductible or non-taxable items:		
- Non-deductible expense	(9,386)	(8,468)
- Additional tax assessments for prior years	(430)	-
- Other expense	(1,498)	5,864
Income tax expense for the year	**(76,084)**	**(72,756)**

9 Income Tax (Continued)

Differences between IFRS and Kazakhstani statutory taxation regulations give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences are detailed below and are recorded at the rate applicable to the period of reversal of temporary differences. Pursuant to the current tax legislation of the Republic of Kazakhstan, the income tax rate is 20%.

Deferred tax assets and liabilities relate to the following:

In thousands of Kazakhstani Tenge	**31 December 2023**	**Charged to profit and loss**	**31 December 2024**
Tax effect of deductible temporary differences			
Provision for inventories	3,856	54	3,910
Provision for receivables	99	169	268
Intangible assets	-	113	113
Taxes	3,787	1,328	5,115
Other liabilities	290	544	834
Long-term provisions for liabilities	1,547	46	1,593
Accrued liabilities for vacations and bonuses	57,399	7,235	64,634
Gross deferred income tax assets	**66,978**	**9,489**	**76,467**
Tax effect of taxable temporary differences			
Property, plant and equipment and intangible assets	(64,205)	16,048	(48,157)
Total deferred income tax liabilities	**(64,205)**	**16,048**	**(48,157)**
Recognized deferred income tax assets	**2,773**	**25,537**	**28,310**

Management believes that deferred tax assets of Tenge 76,467 thousand (2023: Tenge 66,978 thousand) and deferred tax liabilities of Tenge 48,157 thousand (2023: Tenge 64,205 thousand) will be recovered within a period of more than 12 months after the reporting date.

In thousands of Kazakhstani Tenge	**31 December 2022**	**Charged to profit and loss**	**31 December 2023**
Tax effect of deductible temporary differences			
Provision for inventories	4,270	(414)	3,856
Provision for receivables	683	(584)	99
Taxes	1,890	1,897	3,787
Other liabilities	2,578	(2,288)	290
Long-term provisions for liabilities	-	1,547	1,547
Accrued liabilities for vacations and bonuses	60,350	(2,951)	57,399
Gross deferred income tax assets	**69,771**	**(2,793)**	**66,978**
Tax effect of taxable temporary differences			
Property, plant and equipment and intangible assets	(53,957)	(10,248)	(64,205)
Total deferred income tax liabilities	**(53,957)**	**(10,248)**	**(64,205)**
Recognized deferred income tax assets	**15,814**	**(13,041)**	**2,773**

10 Property, Plant and Equipment

In thousands of Kazakhstani Tenge	**Land**	**Buildings**	**Plant and equip-ment**	**Motor vehicles**	**Other**	**Construc-tion in progress**	**Total**
Cost							
Balance at 1 January 2023	1,604	397,173	842,677	56,529	134,206	-	1,432,189
Additions	-	-	150,107	17,706	8,858	-	176,671
Disposals	-	(3,600)	(5,690)	(15,454)	(5,704)	-	(30,448)
Other	-	7,732	(235)	-	(147)	-	7,350
Balance at 31 December 2023	**1,604**	**401,305**	**986,859**	**58,781**	**137,213**	**-**	**1,585,762**
Additions	-	-	14,952	24,730	40,423	7,905	88,010
Disposals	(281)	-	(22,230)	-	(3,638)	(7,127)	(33,276)
Other	-	(680)	(877)	778	877	(778)	(680)
Balance at 31 December 2024	**1,323**	**400,625**	**978,704**	**84,289**	**174,875**	**-**	**1,639,816**
Accumulated depreciation							
Balance at 1 January 2023	-	(97,244)	(468,853)	(56,529)	(87,533)	-	(710,159)
Depreciation charge	-	(15,587)	(60,418)	(1,054)	(15,566)	-	(92,625)
Disposals	-	3,600	5,690	15,454	5,607	-	30,351
Balance at 31 December 2023	**-**	**(109,231)**	**(523,581)**	**(42,129)**	**(97,492)**	-	**(772,433)**
Depreciation charge	-	(15,884)	(68,761)	(4,190)	(12,670)	-	(101,505)
Disposals	-	-	22,230	-	3,621	-	25,851
Impairment	-	-	(90,418)	-	-	-	(90,418)
Balance at 31 December 2024	-	**(125,115)**	**(660,530)**	**(46,319)**	**(106,541)**	**-**	**(938,505)**
Net carrying amount							
At 31 December 2023	1,604	292,074	463,278	16,652	39,721	-	813,329
At 31 December 2024	**1,323**	**275,510**	**318,174**	**37,970**	**68,334**	**-**	**701,311**

As at 31 December 2024, the Company had fully depreciated property, plant and equipment with initial cost Tenge 407,835 thousand (31 December 2023: Tenge 321,190 thousand). Due to their serviceability, they continue to be used for production and administrative purposes.

11 Intangible Assets

In thousands of Kazakhstani Tenge	**Licenses**	**Software**	**Other**	**Total**
Cost				
Balance at 1 January 2023	5,485	131,797	138,823	276,105
Additions	-	17,111	11,759	28,870
Transfer from Inventory	-	105	-	105
Balance at 31 December 2023	**5,485**	**149,013**	**150,582**	**305,080**
Additions	-	35,642	6,570	42,212
Disposals	(1,855)	(20,231)	-	(22,086)
Other	(3,063)	(1,125)	4,188	-
Balance at 31 December 2024	**567**	**163,299**	**161,340**	**325,206**
Accumulated amortisation				
Balance at 1 January 2023	(2,153)	(66,477)	(87,797)	(156,427)
Amortisation charge	(44)	(12,649)	(18,407)	(31,100)
Balance at 31 December 2023	**(2,197)**	**(79,126)**	**(106,204)**	**(187,527)**
Amortisation charge	(44)	(14,360)	(18,576)	(32,980)
Disposals	1,855	20,231	-	22,086
Balance at 31 December 2024	**(386)**	**(73,255)**	**(124,780)**	**(198,421)**
Net carrying amount				
At 31 December 2023	3,288	69,887	44,378	117,553
At 31 December 2024	**181**	**90,044**	**36,560**	**126,785**

12 Inventories

In thousands of Kazakhstani Tenge	**Note**	**31 December 2024**	**31 December 2023**
Costs of fulfilling a contract	6	148,273	108,412
Raw materials and consumables		68,454	56,522
Other materials		248	248
Less provision for obsolete and slow-moving inventory		(19,548)	(19,282)
Total inventories		**197,427**	**145,900**

Movements in the provision for obsolete inventories for the year is as follows:

In thousands of Kazakhstani Tenge	**2024**	**2023**
Balance at the beginning of the year	(19,282)	(23,362)
Accrual within the year	(4,735)	(10,418)
Reversal of provision due to inventory disposal	4,469	14,498
Balance at the end of the year	**(19,548)**	**(19,282)**

13 Trade and Other Receivables

In thousands of Kazakhstani Tenge	**31 December 2024**	**31 December 2023**
Trade receivables	1,396,179	1,089,140
Other trade receivables	84,742	221,598
Less credit loss allowance	(1,339)	(493)
Total trade and other receivables	**1,479,582**	**1,310,245**

As of 31 December 2024 and 31 December 2023 trade and other receivables were denominated in Tenge.

Information on the impairment of trade and other receivables is disclosed in the Note 4.

The credit loss allowance for trade and other receivables is determined according to provision matrix presented in the table below. The provision matrix is based the number of days that an asset is past due, adjusted for.

	31 December 2024				**31 December 2023**			
In % of gross value	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**	**Loss rate**	**Gross carrying amount**	**Lifetime ECL**	**Net carrying value**
Trade receivables								
- current	0,1%	1,363,559	(1,305)	1,362,254	0.04%	1,050,950	(383)	1,050,567
- less than 30 days overdue	0,1%	32,170	(31)	32,139	0.04%	10,589	(4)	10,585
- 30 to 60 days overdue	0,67%	450	(3)	447	0.22%	17,786	(39)	17,747
- 60 to 90 days overdue	-	-	-	-	0.6%	9,143	(55)	9,088
- 90 to 180 days overdue	-	-	-	-	1.79%	672	(12)	660
Total		**1,396,179**	**(1,339)**	**1,394,840**		**1,089,140**	**(493)**	**1,088,647**

14 Cash and Cash Equivalents

In thousands of Kazakhstani Tenge	**31 December 2024**	**31 December 2023**
Term deposits with original maturity of less than three months	772,831	397,587
Current bank accounts	-	142,144
Less credit loss allowance	(64)	(42)
Total cash and cash equivalents	**772,767**	**539,689**

The table below discloses the credit quality of cash and cash equivalents balances based on credit risk grades at 31 December 2024 and 31 December 2023 Refer to Note 19 for the description of the Company's credit risk grading system.

In thousands of Kazakhstani Tenge	**2024**	**2023**
- Excellent	-	32
- Good	772,831	539,699
Total cash and cash equivalents, excluding cash on hand	**772,831**	**539,731**

15 Share Capital

As of 31 December 2024 and 2023, the Sole Participant of the Company is NAC Kazatomprom JSC. As of 31 December 2024, the declared Share Capital is Tenge 2,228,355 thousand (31 December 2023: Tenge 2,228,355 thousand).

In June 2023, NAC Kazatomprom JSC decided to increase the share capital of the Company through an additional contribution in the form of property, plant and equipment – specifically, “Experimental mobile equipment for cavitation-jet activation of leaching solutions“ valued at Tenge 105,341 thousand.

In 2024, according to the Resolution of the Boards of Directors and an extract from the protocol of the in-person meeting of the Board of Directors #19/24 dated 30 November 2024 based on the results of the activities of the “Institute of High Technologies” LLP for 2023 dividends in amount of Tenge 278,004 thousand were declared and paid (2023: no dividends were declared).

16 Wages and Other Payables

In thousands of Kazakhstani Tenge	**31 December 2024**	**31 December 2023**
Provision for vacations and bonuses	323,173	286,995
Wages payables	46,831	8,882
Pension contributions and other payables	36,296	29,153
Current portion of accrued liabilities to employees	9,109	8,080
Total wages and other payables	**415,409**	**333,110**

As of 31 December 2024 and 31 December 2023 payables to employees were denominated in Tenge.

17 Trade and Other Payables

In thousands of Kazakhstani Tenge	**31 December 2024**	**31 December 2023**
Trade payables	571,293	183,298
Other payables	107,983	242,326
Total trade and other payables	**679,276**	**425,624**

As of 31 December 2024 and 31 December 2023 trade and other payables were denominated in Tenge.

18 Other Current Liabilities

In thousands of Kazakhstani Tenge	**31 December 2024**	**31 December 2023**
Value added tax liabilities	259,183	177,972
Advances received from customers	113,296	107,405
Other tax liabilities	56,966	41,389
Other liabilities	24,251	14,750
Total other current liabilities	**453,696**	**341,516**

19 Financial Risk Management

Overview of the main approaches

The use of financial instruments exposes the Company to the types of risks as follows:

- credit risk
- liquidity risk
- market risk

The information on the Company's exposure to each of these risks, the Company's objectives, its policies and procedures for assessing and managing these risks, and the Company's approaches to manage capital is presented in this note. Further quantitative disclosures are included throughout these financial statements.

The Company's management is responsible for organizing the Company's risk management system and monitoring of the functioning of the system.

Credit risk

The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company’s sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Credit risk is related mainly to the Company’s receivables from buyers and customers and cash and cash equivalents.

Credit risk related to cash and cash equivalents is limited since the counterparties are represented by banks with high credit ratings assigned by international rating agencies.

Credit risk grading system

For measuring credit risk and grading financial instruments by the amount of credit risk, the Company applies an approach based on risk grades estimated by external international rating agencies (Standard & Poor’s – “S&P”, Fitch, Moody’s). Internal and external credit ratings are mapped on an internally defined master scale with a specified range of probabilities of default as disclosed in the table below:

Master scale credit risk grade	Corresponding internal ratings	Corresponding ratings of external international rating agencies (S&P)	Corresponding PD interval
Excellent	1–6	AAA – BB+	0.01% - 0.5%;
Good	7–14	BB+ – B+	0.51% - 3%;
Satisfactory	15–21	B, B-	3% - 10%;
Special monitoring	22–25	CCC+ – CC-	10% - 99.9%;
Default	26–30	C, D-I, D-II	100%

Monetary assets

The Company's exposure to credit risk primarily depends on the specific characteristics of each customer. The demographic indicators of the Company's customer base, including the default risk specific to a particular industry or country in which customers operate, have the least impact on the level of credit risk. In 2024, 96% of the Company's revenue was generated from sales to related parties (2023: 96%). Geographically, all credit risks are concentrated in Kazakhstan.

The Company does not have an official credit policy in relation to third parties, but all substantial sales operations to third parties are approved by the Management. In the earlier years, there have rarely been losses from outstanding receivables.

The Company does not require any collateral for trade and other receivables.

19 Financial Risk Management (Continued)

The carrying amount of financial assets reflects the maximum exposure to the Company's credit risk. The maximum exposure to the credit risk as at the reporting date was as follows:

In thousands of Kazakhstani Tenge	Note	31 December 2024	31 December 2023
Trade and other receivables	13	1,479,582	1,310,245
Cash and cash equivalents	14	772,767	539,689
Other financial assets		92	262
Total		**2,252,441**	**1,850,196**

In the context of regions, the credit risk is concentrated in Kazakhstan. All customers are buyers, i.e., end users.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure that the Company has reasonably sufficient liquidity to meet its liabilities when due, under both normal conditions and extraordinary circumstances without incurring unjustifiable losses or damaging the Company's reputation.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expense within 60 days, including expenses to cover financial obligations, which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the information on the contractual maturity of financial liabilities, including the estimated amounts of interest payments and excluding the effect of netting agreements:

		31 December 2024					
In thousands of Kazakhstani Tenge	Note	Less than 1 month	1–3 months	3 months – 1 year	1 year – 5 years	Total	Carrying amount
Trade and other payables	17	575,528	102,026	1,722	-	679,276	679,276
Total		**575,528**	**102,026**	**1,722**	**-**	**679,276**	**679,276**

		31 December 2023					
In thousands of Kazakhstani Tenge	Note	Less than 1 month	1–3 months	3 months – 1 year	1 year – 5 years	Total	Carrying amount
Trade and other payables	17	362,100	59,220	4,304	-	425,624	425,624
Total		**362,100**	**59,220**	**4,304**	**-**	**425,624**	**425,624**

Market risk

Market risk is the risk that changes in market prices will have a negative impact on the Company's income or the value of its financial instrument holdings. The objective of market risk management is to monitor and control market risk exposures within acceptable limits, while optimizing the return on investments.

Fair values versus carrying amounts

The Management believes that the carrying amount of the financial assets and financial liabilities is approximately equal to their fair value.

19 Financial Risk Management (Continued)

Equity management

The Company's policy is to maintain a strong capital base so as to safeguard the Company's ability to continue as a going concern, to maintain investor, creditor and market confidence, to provide acceptable level of returns for shareholder, to maintain an optimal capital structure to reduce the cost of capital, and to sustain future development of the business. Equity includes share capital and retained earnings of the Company. At 31 December 2024, the amount of equity managed by the Company was Tenge 1,851,841 thousand (31 December 2023: Tenge 1,891,392 thousand).

Decisions on the Company's financing activities (through its own or borrowed funds) are made by the participant of the Company and are not subject to the management authority. During the year ended 31 December 2024, there were no changes related to equity management objectives, policies and processes.

20 Contingent Assets and Liabilities

Insurance

The insurance industry in the Republic of Kazakhstan is in a developing stage and many forms of insurance protection common in other parts of the word are not yet generally available in the Republic of Kazakhstan. The Company does not have full coverage for its plant facilities, losses caused by business interruptions or third-party liabilities in respect of property or environmental damage arising from accidents or the Company's activities. Until the Company obtains adequate insurance coverage, there is a risk that the loss or destruction of certain assets could have a material adverse effect on the Company's operations and financial position.

Tax legislation

Tax treatment in the Republic of Kazakhstan is subject to changes and inconsistent application, interpretation, and enforcement. The interpretation of the legislation by the Company may not coincide with that of the Kazakhstani tax authorities; as a result, the latter may impose additional taxes, penalties and fines.

Kazakhstani tax legislation and practice are in a state of continuous development and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In some cases, in order to determine the taxable base, the tax law refers to the provisions of IFRS, and the interpretation of the relevant provisions of IFRS by Kazakhstani tax authorities may differ from the accounting policies, judgments and estimates applied by management in the preparation of these financial statements, which may lead to additional tax liabilities of the Company. Fiscal periods remain open to review by the authorities in respect of taxes for five years after the end of the fiscal year.

The Company's management believes that its interpretation of the relevant legislation is appropriate and the Company's tax positions will be sustained. In the opinion of the Company management, no material losses will be incurred in respect of existing and potential tax claims in excess of provision that have been made in these financial statements.

Legal proceedings

From time to time and in the normal course of business, the Company may be subject to litigation and claims. The Company's management believes that the final obligation, if any arises from such litigation and claims, will not have a material adverse effect on the future financial position or core operations of the Company.

Capital expenditure commitments

At 31 December 2024, the Company has no contractual capital expenditure commitments in respect of property, plant and equipment (31 December 2023: Tenge 218 thousand).

Environmental matters

At present, environmental legislation is being tightened in the Republic of Kazakhstan and the review of the position of Kazakhstani state bodies regarding its enforcement continues. In 2021, a new ecological code came into force in the Republic of Kazakhstan, which regulates social relations in the field of interaction between man and nature (ecological relations) arising in connection with the implementation by individuals and legal entities of activities that have or can have an impact on the environment. In addition to increasing the responsibility of industrial enterprises for environmental pollution, the Code also provides for the introduction of a waste management hierarchy and prescribes requirements for the elimination of the consequences of activities.

20 Contingent Assets and Liabilities (Continued)

According to the norms of the environmental code, all enterprises have obligations to eliminate the consequences of their activities, but the requirements for liquidation of the consequences depend on the category of industrial enterprises and construction projects, which are determined depending on the degree of environmental impact and the scope of activities of enterprises. The company passed the categorization of objects in 2022. All production facilities of the Company were classified to category IV – objects with minimal negative impact on the environment.

Given that the Company's facilities (administrative buildings) have minimal negative impact on the environment, except for the laboratory building located at the "Kanzhugan" mine, the Company has not recognized any liabilities for the remediation of activities in this financial report. The Company's management believes that the aforementioned facilities can be repurposed and do not require demolition in the event of the Company's cessation of activities.

The Company has also analysed the presence of potential environmental protection obligations based on other provisions of current legislation and contractual obligations concerning the laboratory building at the "Kanzhugan" mine and has recognized liabilities in this financial report for its decommissioning, according to the estimated cost of remediation of subsoil use operations. During 2023-2024, the Company also had no violations of environmental requirements or exceedances of permitted pollution levels.

The Company periodically evaluates its obligations related to environmental protection, at least on an annual basis. As liabilities are identified, they are promptly reflected in the financial statements. Potential liabilities that may arise as a result of changes in existing laws and regulations, as well as a result of judicial practice, cannot be estimated with a sufficient degree of reliability, although they may be significant. The Company's management believes that under the existing system of control over compliance with the current environmental legislation, there are no significant obligations arising from environmental damage.

21 Balances and Transactions with Related Parties

Control

The immediate and ultimate parent company of the Company is NAC Kazatomprom JSC. NWF Samruk-Kazyna JSC is the ultimate controlling party of the Company.

The information on the Company's transactions with related parties is presented below.

Transactions involving key management

Key management compensation

The compensation received by key management personnel in the reporting year was as follows:

In thousands of Kazakhstani Tenge	**2024**	**2023**
Salaries and bonuses	42,859	32,605

As of 31 December 2024, the Company has obligations to key management personnel in amount of Tenge 234 thousand (as of 31 December 2023: no obligations).

Transactions involving other related parties

	Sale of products		**Purchase of products**		**Contribution to share capital**	
In thousands of Kazakhstani Tenge	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Parent company	179,332	698,023	-	-	-	105,341
Subsidiaries of NAC Kazatomprom JSC	2,713,403	2,280,684	328,634	265,967	-	-
Joint ventures of NAC Kazatomprom JSC	1,949,884	1,196,835	4,369	2,517	-	-
Companies of the Group NWF Samruk-Kazyna JSC	-	2,140	19,629	10,503	-	-
Total	**4,842,619**	**4,177,682**	**352,632**	**278,987**	**-**	**105,341**

21 Balances and Transactions with Related Parties (Continued)

At the reporting date, the outstanding balances with related parties were as follows:

	Receivables from related parties		Payables to related parties	
In thousands of Kazakhstani Tenge	**2024**	**2023**	**2024**	**2023**
Parent company	35,895	183,608	-	-
Subsidiaries of NAC Kazatomprom JSC	961,377	863,640	221,882	209,851
Joint ventures of NAC Kazatomprom JSC	487,975	308,406	1,446	27,598
Companies of the Group NWF Samruk-Kazyna JSC	172	64	126	120
Total	**1,485,419**	**1,355,718**	**223,454**	**237,569**