DOCUMENT OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Approved by the Board of Directors on 7 May 2025¹

KAZAKHSTAN

AKTOBE – ULGAISYN ROAD

[Redacted in line with the EBRD's Access to Information Policy]

1

[Information considered confidential has been removed from this document in accordance with the EBRD's Access to Information Policy (AIP). Such removed information is considered confidential because it falls under one of the provisions of Section III, paragraph 2 of the AIP]

As per section 1.4.8 of EBRD's Directive on Access to Information (2024), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

TABLE OF CONTENTS

TAB	LE O	F CONTENTS	.3
ABB	REVI	ATIONS / CURRENCY CONVERSIONS	.4
PRE	SIDE	NT'S RECOMMENDATION	.6
BOA	RD D	ECISION SHEET	.7
ADD	ITIO	NAL SUMMARY TERMS FACTSHEET	.7
1.	STR	ATEGIC FIT AND KEY ISSUES1	0
	1.1	STRATEGIC CONTEXT1	0
	1.2	TRANSITION IMPACT1	2
	1.3	ADDITIONALITY1	3
	1.4	SOUND BANKING - KEY RISKS1	4
2.	MEA	SURING / MONITORING SUCCESS1	5
3.	KEY	PARTIES	6
	3.1	BORROWER1	6
	3.2	GUARANTOR1	6
4.	MAF	RKET CONTEXT1	6
5.	FINA	ANCIAL / ECONOMIC ANALYSIS1	7
	5.1	FINANCIAL ANALYSIS1	7
	5.2	ECONOMIC ANALYSIS1	7
	5.3	PROJECTED PROFITABILITY FOR THE BANK1	7
6.	OTH	ER KEY CONSIDERATIONS1	.8
	6.1	ENVIRONMENT1	.8
	6.2	INTEGRITY1	9
ANN	EXE	S TO OPERATION REPORT2	20
	ANNE	X 1 – PROJECT DESCRIPTION & ECONOMIC ANALYSIS2	21
	ANNE	XX 2 – GREEN ASSESSMENT2	:4
	ANNE	XX 3 – TRANSITION IMPACT CHART AND UPDATE2	:6
	ANNE	XX 4 – PROJECT IMPLEMENTATION2	:6
	ANNE	X 5 – HISTORICAL FINANCIAL STATEMENTS2	28
	ANNE	X 6 – SSF BOARD TC FICHE	50

ABBREVIATIONS / CURRENCY CONVERSIONS

AADT	Annual Average Daily Traffic
ADB	Asian Development Bank
AESR	Annual Environmental Social Plan
AIIB	Asian Infrastructure Development Bank
CAPEX	Capital Expenditure
CAREC	Central Asia Regional Economic Cooperation
CBA	Cost Benefit Analysis
CGAP	Corporate Governance Action Plan
CO_2	Carbon Dioxide
DBM	Design, Build and Maintain
EBITDA	Earnings Before Interests, Tax, Depreciation and
	Amortisation
EHS	Environmental, Health and Social
EIA	Environmental Impact Assessment
(E)IRR	(Economic) Internal Rate of Return
ENPV	Economic Net Present Value
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
EPFA	Enhanced Partnership Framework Agreement
EHSS	Environment, Health, Safety, Security
ESIA	Environmental and Social Impact Assessment
E&S	Environmental & Social
EU	European Union
EUR	Euro
EV	Electric Vehicles
FX	Foreign Exchange
FY	Financial Year
GBVH	Gender-Based Violence and Harassment
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GET	Green Economy Transition
GPMP	Green Project Monitoring Plan
IFI	International Financial Institution
IFRS	International Financial Reporting Standards
ITS	Intelligent Transport System
JPY	Japanese Yen
JSC	Joint Stock Company
JTCF	Joint Technical Cooperation Fund Account
km	kilometre
KPI	Key Performance Indicators
KZT	Kazakhstani Tenge
LARF	Land Acquisition Resettlement Framework
LCP	Low-Carbon Pathway
MDBs	Multilateral Development Banks
NC	National Company
NDC	Nationally Determined Contributions

NPV	Net Present Value
O&M	Operation and Maintenance
OHS	Operational Health and Safety
OPEX	Operating Expenses
PBMC	Performance-Based Maintenance Contract
PP&R	EBRD's Procurement Policies and Rules
PPP	Public-Private Partnership
PR	EBRD Performance Requirements
RAMS	Road Asset Management System
RCP	Representative Concentration Pathways
RFID	Radio-Frequency Identification
RSA	Road Safety Audit
SEP	Stakeholder Engagement Plan
SSF	Shareholder Special Fund
TC	Technical Cooperation
TI	Transition Impact
TONAR	Tokyo Overnight Average Rate
UNECE	United Nations Economic Commission for Europe
USD	United States Dollar
VAT	Value Added Tax
WB	World Bank
YE	Year End
y/y	year-on-year

1 EUR = 543.4 KZT 25 March 2025

PRESIDENT'S RECOMMENDATION

This recommendation and the attached Report concerning an operation in favour of JSC National Company KazAvtoZhol (the "Company"), a state-owned company incorporated in Kazakhstan, are submitted for consideration by the Board of Directors.

The facility will consist of a loan to the Company of up to KZT 236.3 billion (EUR 434.8 million equivalent) in Japanese Yen (JPY) equivalent to co-finance reconstruction of a 234-km section of the Aktobe-Ulgaisyn road. The loan to be provided in two tranches with the first tranche of up to KZT 154.7 billion (EUR 284.7 million equivalent) to be committed at signing. The second tranche of up to KZT 81.5 billion (EUR 150.1 million equivalent) will be uncommitted. The loan amount will be approved in KZT and signed in JPY. The loan will be guaranteed by the Republic of Kazakhstan. The Asian Infrastructure and Investment Bank (AIIB) will co-finance the project by providing a parallel loan of the same amount.

The project's expected transition impact will derive from regional integration and enhanced transit connections (*Integrated*). The project will support climate resilience and promote green innovation by piloting use of low-carbon materials, paving the way for decarbonization in road construction. It will also support the growth of electric vehicles (EVs) and the introduction of 'green' tolling, in alignment with the country's goal of reducing emissions, as part of its commitments under the Paris Agreement (*Green*).

Pre-signing technical cooperation (TC) support for the preparation of the project was financed out of the Kazakhstan–EBRD Joint TC Fund (JTCF) under the Enhanced Partnership Framework Arrangement (EPFA) between the Republic of Kazakhstan and the Bank. The post-signing TCs are proposed to be financed by the JTCF and the EBRD Shareholder Special Fund (SSF).

I am satisfied that the operation is consistent with the Bank's Strategy for Kazakhstan, the Green Economy Transition Approach 2021-2025, the Infrastructure Sector Strategy; the EBRD's Approach to Accelerating the Digital Transition 2021-2025; and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed loan and the SSF TC grant substantially on the terms of the attached Report.

Odile Renaud-Basso

	KAZAMISTAN AMTODE - CLOMISTICKOAD - DTM 55000			
Transaction	Board approval ² is sought for a sovereign guaranteed loan of up to KZT 236.3 billion			
/ Board	(EUR 434.8 million equivalent) to be provided in JPY in favour of JSC NC KazAvtoZhol			
Decision	(the "Company"). The loan will co-finance design, construction works and consultancy			
	services in connection with rehabilitation of a 231-km section of the Aktobe Illugisun			
	read. The loop is to be provided in two transhes, with first transhe of up to KZT 154.7			
	hillion (EUD 284.7 million aquivalent) will be committed at signing [DED A CTED] The			
	billion (EUR 284.7 million equivalent) will be committed at signing. [REDACTED] The			
	AllB will co-finance the project by way of a parallel loan. Board approval is also sought			
	tor the use of SSF funds in the aggregate amount of EUR 1,250,000 for technical			
	cooperation.			
Client	The Company is Kazakhstan's 100 per cent state-owned national road operator,			
	responsible for design and construction of national highways, and management of toll			
	roads. In 2024, the Company reported revenues of EUR 1.3 billion in form of direct state			
	transfers under service agreements.			
Main	Transition impact			
Elements of	- Primary Quality – Integrated. The project will support rehabilitation of a major road			
the	section that constitutes the international highway M32 the European route E38 the			
Proposal	Western Europe-Western China corridor and the CAREC Corridor 1 (Europe – East			
Toposai	Asia) It will improve transport and economic links to the world's second largest			
	Asia). It will improve transport and economic mixs to the world's second targest			
	deposit of chromium and one of Kazakhstan's major natural resource centres.			
	- Secondary Quality – Green. The project will incorporate climate change adaptation			
	measures, support implementation of high performance and low carbon innovations			
	in road construction; and covenant EV charging infrastructure and green tolls for			
	wider application.			
	Additionality			
	- Long-term (over 7 years) financing is not available from local commercial banks;			
	- The Bank's conditionalities (e.g. PPR and ESAP) and ongoing policy dialogue for			
	financial sustainability in the road sector;			
	- The Bank's support for enhanced opportunities for women in technical fields through			
	expanded internship programs and annual career events at local universities.			
	Sound banking			
	- Sovereign guarantee between the Bank and the Republic of Kazakhstan			
	- [REDACTED]			
Key Risks	Sovereign exposure risk: within the Bank's risk guidelines Kazakhstan's public debt is			
	low and sustainable with current sovereign credit ratings investment grade			
	Project implementation risk: mitigated through the engagement of an engineering			
	<u>representation fisk.</u> Intigated through the engagement of an engineering			
	Supervision consultant, with an contracts autering to the Dalik's Floculement Policies &			
Strategic	The project is consistent with the Intrastructure Sector Strategy, the Bank's Country			
Fit	Strategy for Kazakhstan, the Bank's Green Economy Transition Approach 2021-2025,			
Summary	the EBRD's Approach to Accelerating the Digital Transition 2021-2025 and with the UN			
	Sustainable Development Goals.			

BOARD DECISION SHEET KAZAKHSTAN – AKTOBE - UL GAISYN ROAD - DTM 55068

1

ADDITIONAL SUMMARY TERMS FACTSHEET

Г

² Article 27 of the AEB provides the basis for this decision.

EBRD	A loan of up to KZT 236.3 billion (EUR 434.8 million) to the Company to be provided in		
Transaction	JPY under a sovereign guarantee structure. The loan will co-finance design, civil		
	construction works and consultancy contracts to rehabilitate a 234-km section of the		
	Aktobe-Ulgaisyn road. The Republic of Kazakhstan will co-finance the project by		
	covering the VAT. The loan will be split in two tranches. The first tranche of up to KZ		
	154.7 billion (EUR 284.7 million equivalent) (Tranche 1) will be committed at signing.		
	[REDACTED]		
Existing	Exposure to the Company/debt: EUR 500 million through five transactions (47229, 48820,		
Exposure	50006, 50382 and 52149) [REDACTED].		
	Sovereign exposure to Kazakhstan: EUR 823 million [REDACTED].		
Maturity / Exit	The loan tenor is 18 years from signing [REDACTED].		
/ Repayment			
Potential AMI	None		
eligible			
financing			
Use of	The proposed loan will finance (i) the design and build phases of Design Build and		
Proceeds -	Maintain contracts for the upgrade to dual carriageway of a 234 km section of the Aktobe-		
Description	Illoaisyn road in Kazakhstan: (ii) engineering supervision and implementation: and (iii)		
- courrention	payment of the front-end fee.		
Investment	[REDACTED]		
Plan			
1 1011			
Financing	[REDACTED]		
Plan			
Koy Dortios	• ISC NC Kan Assta 7h al as the harmonic and		
Key I al ties	• JSC NC KazAvtoZnoi as the borrower; and		
Involveu	• Ministry of Finance of the Republic of Kazakhstan as the guarantor on behalf of the		
	Republic of Kazakhstan.		
Conditions to	[REDACTED]		
subscription /			
disbursement			
Key	[REDACTED]		
Covenants			
a • · ·			
Security /	Sovereign guarantees [REDACTED].		
Guarantees			
Other material	Sovereign Guarantee Agreement.		
agreements			
Associated	A. Technical Cooperation (TC)		
Donor Funded	Pre-signing:		
TC and	ICI: Project Technical Due Diligence, ESIA, GET & Paris Alignment Assessment, Road		
Blended	Safety Audit, Local Feasibility Study – [REDACTED] financed out of the JTCF under		
Concessional	the EPFA.		
Finance	Post-signing:		
	IC2: Integrated Road Management System (E-Joldar) - Technical and Functional		
	Specifications- [REDACTED] proposed to be financed by the SSF.		
	TC3: Integrated Road Management System (E-Joldar) - Project Management Support -		
	[REDACTED] proposed to be financed by the SSF.		
	TC4: Integrated Road Management System (E-Joldar) - System Design and		
	Implementation – [REDACTED] proposed to be financed out of the JTCF under the EPFA.		
	TC5: Low Carbon Innovations Pilots – [REDACTED] proposed to be financed by the SSF.		

TC6: Lender's Monitor (monitoring contractors and project consultants performance, verifying progress reports and payment certificates)- [REDACTED] proposed to be financed by the SSF.
Reimbursement: [REDACTED]. Client contributions: The post-signing TC [REDACTED] for engineering supervision and implementation will be loan-funded as part of parallel cost sharing contribution. B. Blended Concessional Finance None

[REDACTED]

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

Kazakhstan finds itself at a pivotal moment, as it navigates a shifting geopolitical landscape, the impacts of climate change, and challenges posed by underdeveloped transport and economic links. As a vast and landlocked nation, its economic growth depends on efficient connectivity. While some progress has been made in road infrastructure supported by multilateral development banks, persistent gaps in trade logistics, road maintenance, and digital integration continue to limit Kazakhstan's transit potential and its ability to strengthen trade between Central Asia and its global partners.

The proposed Aktobe–Ulgaisyn road project is a top investment priority for Kazakhstan. It forms part of the country's USD 14 billion national road programme aimed at upgrading its vast road network and establish the country as a transit gateway between Europe and Asia. The programme is co-financed, among others, by the World Bank, Asian Development Bank, Islamic Development Bank, and Asian Infrastructure Investment Bank. This project marks the EBRD's first road investment in Kazakhstan since 2021, reinforcing the Bank's strong presence and strategic role in the region amid evolving geopolitical challenges, and supporting the renewed EU-Central Asia strategic partnership focused on enhancing connectivity.

The Aktobe–Ulgaisyn road project features a robust reform agenda supported by a comprehensive technical cooperation package, proportionate to its scale. It advances long-term road maintenance, digital integration, and transition to low-carbon transport, positioning Kazakhstan as a more connected, climate-resilient, and reform-oriented transport hub.

First, the project strengthens east-west connectivity by upgrading a critical 234-km corridor that links Kazakhstan's key mineral-rich industrial region (with deposits of chromium, copper and other critical raw materials) to European export markets. This segment is part of CAREC Corridor 1, the Western Europe-Western China highway, and also lies within the strategic catchment area of the Trans-Caspian Transport Corridor. With the new Shalkar-Beyneu connection not expected to be completed until 2035, the Aktobe-Ulgaisyn road remains the primary route for east-west freight transit, linking Kazakhstan's east to the Caspian Sea port of Aktau. The existing road infrastructure struggles to keep up with the demand. Congested and rapidly deteriorating, the road suffers from insufficient maintenance, harsh winter conditions, highlighting the urgent need for rehabilitation and modernization.

Second, the project supports a fundamental shift in how Kazakhstan builds and maintains its roads. Unlike the traditional EPC model, it will be delivered through **Design, Build and Maintain (DBM) contracts,** introducing a lifecycle-based approach to road infrastructure planning. The integration of Intelligent Transport Systems (ITS), including e-tolling, weigh-in-motion sensors, and weather forecasting will further enhance safety, improve traffic management, and create a sustainable funding mechanism for road maintenance [REDACTED]. DBM contracts will ensure a sustained road upkeep. Importantly, the project pioneers private sector involvement in long-term maintenance, placing it ahead of other development partner initiatives in Kazakhstan's road sector.

Third, the project will promote **digital transformation** by integrating currently fragmented digital modules across Kazakhstan's road sector (e-tolling, weigh-in-motion, road asset management systems, emergency response, weather forecasting, etc) into one integrated road management system (IRMS) "E-Joldar" under the Ministry of Transport. The TC in support of E-Joldar will help optimise road operations

and maintenance, reduce corresponding costs through better resource allocation and preventive measures, leading to better road conditions, road safety enhancement, increased transparency and better governance.

Fourth, the project will further support electrification **of road transportation**, moving to implementation. Building on the EBRD-supported EV Readiness Strategy developed under the 2021 Kyzylorda-Zhezkazgan Road project, this operation secures government commitment to pilot EV charging stations along priority road sections and 'green' tolling by implementing favourable toll prices for EVs. These measures aim to reduce vehicle-related CO₂ emissions and stimulate EV uptake, which remains limited across Kazakhstan's highway network.

Fifth, the project will pioneer **low carbon** road construction, with EBRD taking a leading role in its implementation. It will incorporate a technical assistance to pilot innovative road materials to reduce embedded GHG emissions and enhance climate resilience, paving the way for adoption across Kazakhstan's national road programme. These efforts complement the work of other development partners, with the WB updating national frameworks for green tolls and the ADB supporting a broader decarbonization strategy for the road sector. Together, these initiatives contribute to realisation of Kazakhstan's Nationally Determined Contributions (NDC) under the Paris Agreement, supporting GHG emission reduction and sustainable transport infrastructure development. The project therefore features a comprehensive and ambitious green policy dialogue package, proportionate to its size.

Finally, the project is 24 per cent GET owing to extensive climate change adaptation measures aimed at mitigating regional climate risks, such as extreme weather events, including the 2024 spring floods, the most severe in 80 years. For further details, see Annex 1 (*Project Description & Economic Analysis*) and Annex 2 (*Green Assessment*).

Importantly, the project builds on the EBRD's strong track record in the sector. The Bank has been a key reforms driver, with four of five active projects rated high on transition impact [REDACTED]. With each intervention, the Bank pushed the sector further along the reforms path. Improvements in tolling have been particularly significant, with network coverage expanding substantially and digital payment systems replacing earlier planned technologies. Reforms in road safety have also advanced, including large-scale risk assessments and the early adoption of national action plan and audits. On the climate front, timely progress has been made through the adoption of an EV Readiness Strategy and the exploration of innovative construction materials. While corporate governance reforms have moved more slowly, steps such as strategic planning and strengthened internal controls have been essential in addressing the challenges of a growing road network and sector-specific compliance risks [REDACTED].

The project will be co-financed by the AIIB, but will follow the EBRD PPR and ESP under the terms of a Co-Lenders Agreement to be signed between the EBRD and AIIB (building on the existing 2021 Co-Financing Framework Agreement), ensuring policy alignment and collaboration between the two lenders. AIIB will fully rely on the EBRD led ESDD and procurement.

The project is consistent with the *Green Economy Transition (GET) approach 2021-2025* and is aligned with the *Infrastructure Sector Strategy*, the *Country Strategy for Kazakhstan, the Equality of Opportunity Strategy* and the *EBRD's Approach to Accelerating the Digital Transition 2021-2025*. The project contributes to United Nations Sustainable Development Goals SDG №5 Gender Equality, SDG №6 Clean Waters and Sanitation, SDG №9 Industry, Innovation and Infrastructure, SDG №11 Sustainable Cities and Communities, SDG №12 Responsible Consumption and Production, and SDG №17 Partnerships for the SDGs.

1.2 TRANSITION IMPACT

Primary Quality: Integrated

Obj. No.	Objective	Details
1.1	The Project delivers material quality improvements of the current infrastructure between or within regions that are currently inadequately integrated.	The project will strengthen regional integration by improving connections between industrial hubs and major transit corridors, including the CAREC 1, the Western Europe-Western China route, and the Trans-Caspian Transport Corridor. With east-west freight transit currently rerouted north through Aktobe before heading west to Aktau, the reconstruction of this key corridor will enhance regional and international trade, while also improving north-south connectivity and reinforcing national transport resilience. It will expand the road to a four-lane dual carriageway, incorporate climate risk measures, and implement ITS, reducing travel time, vehicle costs, improving safety, road durability, and fostering inclusive economic growth. For the first time, DBM contracts will be introduced, addressing road safety, climate resilience, and gender-responsive features during the design phase to avoid cost overruns and design flaws. With Kazakhstan's vast, low-density areas, DBM contracts [REDACTED] provide a practical and sustainable maintenance solution. [REDACTED] The project will also target several issues related to the governance and management of the sector by including a technical support for an Integrated Road Management System TC (E-Joldar) to enhance national road management platform will streamline operations, reducing maintenance costs through optimized resource allocation and preventive measures, while also approximate resource allocation and preventive measures, while also approximate resource allocation and preventive measures, while also approximate resource allocation and preventive measures.

Secondary Quality: Green

Obj. No.	Objective	Details
2.1	The percentage of EBRD use of proceeds that supports a green economy transition and therefore qualifies as GET finance is 15% or higher.	The project is 24 per cent GET from adaptation finance and will incorporate climate-resilient designs, including effective drainage systems and erosion control measures. [REDACTED] These improvements are projected to considerably reduce vulnerability to floods and extreme rainfall. The project also supports the growth of EV usage. [REDACTED] These efforts will complement WB's similar initiatives and promote electric vehicle travel between regional cities. Investments in charging infrastructure will also pave the way for future business models for charging point operators.
2.4	The project introduces green products or technologies which are innovative at the client-level, and which meet a higher GET Handbook defined environmental standard applied in other countries of	Building on previous policy engagement on innovating technologies in road construction, the project envisages a TC that focuses on developing and piloting high-performance, low-carbon road materials to enhance durability, reduce emissions, and modernize national construction standards. E.g. 'KazPave', an advanced asphalt mix based on the 'Superpave' methodology, adapted to Kazakhstan's extreme climate. The TC will also include laboratory testing and pilot implementation of recycled materials, polymer-modified bitumen, and industrial byproducts to improve sustainability. It also aims to address material

operation than the	shortages in remote regions by exploring alternatives like reclaimed
national threshold.	asphalt pavement, rubberized bitumen, steel slag, fly ash, and warm-mix
	asphalt. Additionally, findings will support regulatory updates, ensuring
	the systematic adoption of innovative materials in future road projects.
	[REDACTED]

[REDACTED] Close collaboration with the government of Kazakhstan and joint approach with other IFIs will be applied to address the TI objectives at the project and country level.

Digital Approach: The project is aligned to the Adaptation area of intervention outlined in the EBRD Approach to Accelerating the Digital Transition 2021-2025; the digital component of the project is in support of the *Integrated Transition Quality* through the establishment of the ITS which aims to optimise the management and maintenance of tolling systems and road infrastructure, thereby ensuring the safety, efficiency, and long-term sustainability of the road network.

Identified triggers	Description
Repeat transaction	This will be the Bank's sixth transaction with the Company.
	The continued engagement of the EBRD, ADB, WB and AIIB
	is key to the ongoing institutional policy work under current
	projects, aimed at improving the connectivity of Kazakhstan's
	transport system and enhancing road safety standards.
Additionality sources	Evidence of additionality sources
Financing Structure -	Long-term and large volume financing required for
EBRD offers financing that is not	infrastructure projects in Kazakhstan continues to be available
available in the market from	predominantly from the IFIs.
commercial sources on reasonable	The loan is needed to close the funding gap. A single financier
terms and conditions, e.g. a longer	cannot meet all of the sector's financing needs. The Bank does
grace period. Such financing is	not crowd out other sources, such as from IFIs, government,
necessary to structure the project	commercial banks but complements them. This road
	reconstruction is co-financed with the AIIB.
Financing Structure -	The Bank offers 18-year tenor [REDACTED]. This is not
EBRD offers a tenor , which is longer	available in Kazakhstan from commercial banks.
than available to the client in the	
market on reasonable terms and	
conditions.	
Policy, sector, institutional, or	The loan covenants will require the Company to integrate
regulatory change -	climate adaptation measures into road design, adopt changes
EBRD's involvement in a project is	to the national technical standards for low-carbon materials
considered additional when it is	use to minimize the environmental impact of road
designed to trigger a change in the	construction, implement green toll roads and EV charging
policy , sector, institutional or	stations to accelerate the shift to clean transport, and fully
regulatory framework, or enhance	deploy E-Joldar for comprehensive road management. All
practices at the sector or country level	these are set to transform the road infrastructure sector. All
(e.g., an introduction of cost-reflective	measures go beyond the scope of the project and aim to
pricing of energy, water etc.).	improve the sustainability of the road sector.
Standard-setting: helping projects	The Bank requires high environmental and social standards,
and clients achieve higher standards	which go beyond local requirements. The Environmental and

1.3 ADDITIONALITY

Client seeks/makes use of EBRD	Social Action Plan (ESAP) agreed with the Company will
expertise on higher environmental	ensure compliance and implementation of best practice.
standards, above 'business as usual'	
(e.g. adoption of emissions standards,	
climate-related ISO standards etc.).	

Risks	Probabilit	Comments
	y / Effect	
Borrower's	Medium/	[REDACTED]
risk	High	
Sovereign risk	Medium/	The Republic of Kazakhstan continues to maintain a strong fiscal position
	High	with a low debt burden as well as investment-grade credit ratings (BBB-
		/Stable by S&P, Baa1/Stable by Moody's, BBB/Stable by Fitch).
Construction	High/	Application of the Bank's PP&R will ensure that experienced and
risk	Medium	creditworthy contractors are selected to perform the work and a balanced
		DBM contract is signed between the parties. Engineering supervision funded
		from the loan will further mitigate construction risks.
FX risk	Medium/	The Republic of Kazakhstan is expected to be able to manage the FX risk
	Medium	effectively. It has stable hard currency inflows from exports and ample liquid
		external assets.

1.4 SOUND BANKING - KEY RISKS

2. MEASURING / MONITORING SUCCESS

Transition Impact Monitoring Indicators Primary Quality: Integrated

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
1.1	Physical capacity of the Company's road network extended/modernised	234 km upgraded to climate resilience and gender responsive standards, e- tolling and Weight in Motion installed	[REDAC TED]	[REDA CTED]	[REDAC TED]
1.2	Improved quality of road infrastructure	Reduced average travel time the first year of operation	[REDAC TED]	[REDA CTED]	[REDAC TED]
1.3	Net increase in road infrastructure usage	Total beneficiaries - forecasted AADT (veh/day) at the toll station the first year of operation	[REDAC TED]	[REDA CTED]	[REDAC TED]
1.4	Improved financial performance of the Company	The road will be tolled with revenues to be collected for maintenance the second year of road operation (after public consultations)	[REDAC TED]	[REDA CTED]	[REDAC TED]
1.5	New contracting modalities introduced	DBM contracts for 234 km developed, tendered and signed	[REDAC TED]	[REDA CTED]	[REDAC TED]
1.6	Updated digital road management system introduced	E-Joldar technical specifications ready [REDACTED]	[REDAC TED]	[REDA CTED]	[REDAC TED]

Secondary Quality: Green

Obj. No.	Monitoring indicator	Details	Baseline	Target	Due date
2.1	Practices of the Company improved	Integration of the adaptation measures in the project main design as per Environmental and Social Management Plan	[REDAC TED]	[REDA CTED]	[REDAC TED]
2.2	New green practices introduced	Green tolls introduced [REDACTED]	[REDAC TED]	[REDA CTED]	[REDAC TED]
2.3	New technology introduced	Installation of EV fast charging stations on national highways.	[REDAC TED]	[REDA CTED]	[REDAC TED]
2.4	Recommended policy or strategy or regulatory framework/ standard agreed by relevant	Incorporation of selected high performance and low carbon pavements in national technical standards.	[REDAC TED]	[REDA CTED]	[REDAC TED]

stakeholder(s)

Additional Indicators						
Indicator type		Monitoring indicator	Details	Baseline	Target	Due date
Advisory Policy Indicators	&	Project preparation product approved	ESIA approved and disclosed.	[REDAC TED]	[REDA CTED]	[REDAC TED]
Advisory Policy Indicators	&	Project preparation product approved	Both the (bankable) Feasibility Study and Local (statutory) Feasibility Study are approved.	[REDAC TED]	[REDA CTED]	[REDAC TED]

3. KEY PARTIES

3.1 BORROWER

JSC NC KazAvtoZhol was established in 2013 and is a 100 per cent state-owned road agency, responsible for the design and construction of national highways. It is also responsible for the management of toll roads, including collection of tolls and road maintenance. The Company employs 1,110 staff across its head office,17 regional branches. Revenue mainly stems from transfers received from the government of Kazakhstan under service agreements with the Ministry of Finance and Ministry of Transport; the toll charges currently represent a small but increasing share of revenue.

3.2 GUARANTOR

The Republic of Kazakhstan continues to maintain a strong fiscal position with moderate sovereign debt of 24 per cent of GDP as well as investment-grade credit ratings. Combined official foreign exchange reserves of the National Bank and assets held by the National Oil Fund amount to nearly 40 per cent of GDP, providing a significant buffer against negative shocks. For more details, please refer to Annex 5 (*Sovereign Assessment*).

4. MARKET CONTEXT

The total length of public road network in Kazakhstan is 96,000 km, including 25,000 km of national highways which are under management of the Company. The remainder is managed by the regional administrations. Kazakhstan's road infrastructure is financed through the national budget, the National Welfare Fund, and external/IFI loans. While IFI loans can be used for new road construction and rehabilitation, the law restricts their use for routine maintenance and repairs, which must rely on domestic funding. Currently, 3,900 km are tolled with additional 3,640 km under public consultation, all managed by the Company for revenue collection. The plan is to expand tolling to 16,000 km by 2027 covering over 70 per cent of the republican road network making it a key revenue source.

Kazavtodor, a state-owned highway maintenance enterprise under the Ministry of Transport, provides highway maintenance alongside the Company. The private sector market for highway maintenance is underdeveloped. While private contractors can compete for highway maintenance on national roads by participating in tenders organised by the Company, municipal road maintenance, managed by regional authorities, is generally more attractive for the private sector, on account of proximity to urban centres. The country remains committed to applying performance-based maintenance contracts (PBMCs) and to shifting away from traditional unit-based payments to long-term quality-based contracts. So far, approximately 48 km PBMCs and the PPP-based maintenance model in the Bank-financed Big Almaty

Ring Road (BAKAD) piloted this approach, however, broader adoption is limited due to lack of interest from the market.

The expansion of Kazakhstan's road network and tolling system necessitates the digitalization of road management to improve efficiency and coordination. The current infrastructure management remains fragmented, with multiple independent systems leading to delays in data processing and decision-making. Key platforms such as 'IS MAP' for road construction monitoring, 'IS Sapar' for road user applications, and 'IS KazToll' for toll road data managed by the Company - function separately, while 'IS KazroadLab', which ensures quality control, lacks integration with a centralized RAMS database. Additionally, critical real-time updates from 'IS Emergency Response' on road closures and 'IS KazMeteo' for weather forecasting, along with road condition monitoring via RAMS, remain underutilized due to limited interoperability.

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL ANALYSIS

[REDACTED]

5.2 ECONOMIC ANALYSIS

[REDACTED]

5.3 PROJECTED PROFITABILITY FOR THE BANK

[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

Categorised A (2019 ESP) due to the large-scale road section, potential biodiversity and land acquisition issues. The ESIA was prepared by an independent E&S consultant and focused on the following key E&S impacts and risks identified during a scoping assessment: contractor management concerns, labour and working conditions of both contractors' and sub-contractors' workforce, GBVH, air emissions, noise impacts, construction waste management, climate resilience measures for the road, plans for use of recycled materials and EV charging provisions for the road, public safety, land acquisition and resettlement impacts, potential interruption of utility supplies, potential impacts on sensitive biodiversity areas, stakeholder engagement and grievances management.

The ESIA package is disclosed on 13 January 2025 and includes the following: ESIA report, Environmental and Social Management Plan (ESMP), Biodiversity Management Plan (BMP), Resettlement Framework (RF), Non-technical Summary (NTS), Stakeholder Engagement Plan (SEP), Road Safety Audit (RSA) and Environmental and Social Action Plan (ESAP). The ESDD has confirmed that the Borrower's overall capacity and related E&S management systems are generally aligned with the Bank's Performance Requirements (PRs). Furthermore, the Borrower is an existing client of the Bank and has demonstrated satisfactory performance to date on the previous projects. Local EIAs have been developed as part of the preliminary design documentation in accordance with national requirements. Findings from the international ESIA and Road Safety Audit will be considered in the project's main design preparation at the next stage of the project development.

Whilst the project is generally found to be structured to meet EBRD PRs, the ESIA has identified a number of areas for improvement to be further addressed through the implementation of ESAP. In particular, measure to improve E&S management systems, labour practices, land acquisition procedures, stakeholder engagement and health and safety are in the ESAP. The ESDD identified that stakeholder engagement and public consultations should be further improved with regards to informing about the Project's benefits and impacts, including specifics of road safety and accessibility features. Occupational health and safety (OHS) risks are related mainly to the construction phase and will be further addressed via Construction Environmental and Social Management Plan to be provided by the contractor. Additional noise impact analysis will be undertaken during main design stage and will identify the areas where installation of noise screens and additional monitoring are required. A road safety audit has been completed and confirmed a number of good international road safety practice measures introduced, including segregation of the traffic flows. However, some areas with high risk have been identified including U-turns, accessing roads, installation of barriers to separate traffic. These aspects would be addressed via main design specific measures. ESIA included assessment of impacts on biodiversity, and development of Biodiversity Management Plan (BMP) to ensure habitat and species related requirements during construction and monitoring measures.

Key social impacts and risks identified by the ESIA include the acquisition of land plots and structures (houses, buildings, businesses) and temporary impacts on businesses and trade outlets along the alignment during the construction works, which will be mitigated through development and implementation of a Resettlement Plan (RP) in line with Resettlement Framework and Performance Requirement 5. Equally, multiple access and local connectivity impacts are requested by the local communities that will be addressed by including into the final design the vehicular and pedestrian crossings, livestock corridors, and potential overpasses. Close engagement with local communities will help define exact locations for each crossing and ensure that the detailed design will include all necessary access elements, reflecting the local people's and road users' concerns and preferences. All cultural heritage sites and objects were avoided through design-based solutions. Contractor's labour practices during construction phase will be

managed via inclusion of PR2 requirements into the ESMP and tendering documentation (hence binding on Contractor and sub-contractors) and adding two labour audits of the project's entire workforce by the Supervision Engineer (one audit during the mobilisation of the main workforce and the second one during the peak of construction season). A worker grievance mechanism will be established by the Contractor and Client to handle worker's concerns.

The SEP was prepared to identify key stakeholders and define communication channels and engagement activities throughout the project cycle. A series of public consultation meetings were carried out along the alignment during 2022-25, including ESIA public consultations. The main concern raised by people is the crossing points and livestock corridors at various junctures of the future road, and these will be addressed in the final design. Further public meetings will be carried out under EISA disclosure process, and a public consultation report will be prepared and disclosed prior to the Board meeting. The Borrower has an operational grievance mechanism already in place to address issues related to resettlement, E&S issues, and information sharing. The ESAP includes requirements with respect to the implementation of a Contractor Environmental and Social Management Plan, Occupational Health and Safety Plan in line with the PRs including training of workers, undertaking H&S risk assessment and maintaining an effective grievance mechanism in place for the Project. A Design Change Management procedure will also be developed, and material changes will be communicated to the Bank. The Lenders' Monitor will be mobilised by the Bank to undertake regular monitoring of the Project during construction to assess performance in accordance with the Bank's PRs and report to the Bank. The Bank will also include additional capacity building support with implementation of the ESAP to be provided via inclusion of enhanced E&S scope in ToR of the Supervision Consultant.

6.2 INTEGRITY

In conjunction with OCCO, updated integrity due diligence was undertaken on the Company, its shareholders, senior management and other relevant parties. [REDACTED] The updated integrity due diligence did not reveal any adverse findings or conflicts of interest related to the current management. To further support project integrity, procurement will follow the Bank's PP&R, and an independent consultant will oversee implementation.

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues have been taken with respect to the project, and the project files contain the integrity checklists and other required documentation which have been properly and accurately completed to proceed with the project.

ANNEXES TO OPERATION REPORT

- ANNEX 1 PROJECT DESCRIPTION & ECONOMIC ANALYSIS
- ANNEX 2 GREEN ASSESSMENT
- ANNEX 3 TRANSITION IMPACT CHART & UPDATE
- ANNEX 4 PROJECT IMPLEMENTATION
- ANNEX 5 HISTORICAL FINANCIAL STATEMENTS
- ANNEX 6 SSF BOARD TC FICHE

ANNEX 1 - PROJECT DESCRIPTION & ECONOMIC ANALYSIS

I. PROJECT DESCRIPTION

Strategic Importance: The Aktobe–Ulgaisyn section is a critical segment of the international M32 Highway, part of the European Route E38 and CAREC Corridor 1, which links Europe and East Asia through western Kazakhstan.



Source: CAREC Transport Strategy 2030 (January2020)

This route plays a vital role in both domestic connectivity linking cities like Aktobe, Chromtau, Karabutak, and Ulgaisyn and international freight movement, especially as a feeder to the Trans-Caspian Transport Corridor. It supports key industries such as chromium mining in the Chromtau area by connecting production sites to processing and export hubs.



Figure 2: Central Asia - Europe Connections: Routes through Kazakhstan

Source: EU Study on Sustainable Transport Connections between Europe and Central Asia

The corridor currently faces severe capacity constraints, averaging over 7,000 vehicles per day, and suffers from congestion, safety hazards, and deteriorating road quality. The upgrade will ease these issues through wider

roadbeds, better embankments, improved pavement layers to handle heavy loads, and new safety features such as guardrails, lighting, pedestrian underpasses, and clearer signage.

Segments / Construction Overview: The Aktobe–Ulgaisyn section is divided into four main segments across seven construction lots, with one lot currently financed through government funds, while the remaining six lots are included within the scope of this project.

Segment	Route	Km Range	Length	Construction Lots	Current Status
1	Aktobe – Akzhar	763-791	28 km	1 lot	Planned
2	Akzhar - Khromtau	791-819	28 km	1 lot	Under construction financed by the state
3	Khromtau – Belkopa	819-927	108 km	3 lots	Planned
4	Belkopa – Ulgaisyn	927-1025	98 km	2 lots	Planned
Total	Aktobe - Ulgaisvn	763-1025	233.07 km	7 lots	1 under construction, 6 planned

Figure 3: Aktobe-Khromtau-Ulgaisyn Road Section Overview



Project Infrastructure Overview:

Category	Component / Element	Details / Specification	
	From Existing Category	Category III (2-lane, 100 kph)	
Upgrade Summary	To Upgraded Categories	 Category I-b: 4-lane, 120 kph (km 791–1025) Category I-a: 4-lane, 150 kph (km 785–791) High-Speed Main Road: 110 kph (km 763–785) 	
	Total Length	233.07 km	
General	Road Road Category	Primarily I-b; partial segments under I-a and High-Speed categories	
Parameters	Design Speed	Ranges from 110 to 150 kph depending on segment	
	Road Orientation	Mostly west-east; final 60 km shifts to north-south	
T 66	Interchanges	14 grade-separated	
1 rainc Infrastructu	Intersections	162 (mix of signalized and unsignalized)	
init asti uctu	At-grade U-turns	46	

Category	Component / Element	Details / Specification
	Bridges	16 units / 912 m total span
	Overpasses	16 units / 522 m total span
Structures &	Underpasses (Agri-Machinery)	10
Crossings	Cattle Drives $(4m \times 2.5m)$	19
	Pedestrian Underpasses	5
	Culverts (Water Pipes)	349
	Bus Stops	22
Roadside	Service Areas	16
Amenities	Road Maintenance Facilities	4
	Toll Plaza	e-tolling collection, WIM, ITS features
	Pavement Type	High-durability Asphalt Concrete
O (()	Asphalt Surface Area	5.1 million m ²
Construction	Earthworks Volume	~26 million m ³
Specs	Design Load Capacity	Optimized for heavy trucks & freight
	Sub-base Reinforcement	Advanced compaction & drainage layers
	Gas Pipeline	8.29 km
Litility Delegations	Water Supply	1.90 km
Cunty Relocations	Electrical Network	33.44 km
	Outdoor Road Lighting	161.2 km

Source: Project Feasibility Assessment – Due Diligence Report

II. ECONOMIC ANALYSIS [REDACTED]

ANNEX 2 – GREEN ASSESSMENT

SUMMARY

- The project entails a **sovereign loan** that will finance the construction of the of the 234 km of the international highway M-32, within the section Aktobe-Karabutak-Ulgaisyn (km 763-1025), a corridor facilitating long-haul traffic between the regions of Kazakhstan as well as transit traffic between Europe and East Asia.
- The project is determined aligned with both mitigation and adaptation goals of the Paris Agreement.
- The project is attributed 24 per cent GET for climate change adaptation.

PARIS ALIGNMENT ASSESSMENT

Alignment with the mitigation goals of Paris Agreement

The project was subject to a specific assessment for alignment with the mitigation goals of the Paris Agreement. The key findings from this assessment are as follows:

<u>The project is consistent with the Kazakh Nationally Determined Contribution (NDC)</u>. The Republic of Kazakhstan is committed to an unconditional target of 15 per cent reduction and a conditional target of 25 per cent reduction of its net greenhouse gas emissions by 2030 as compared to 1990 levels, as stated in its updated NDC submitted in 2023^3 . A review of the NDC indicates that the primary lever for road based transportation CO_2 reductions is through development of sustainable transport, infrastructure for electric and gas vehicles and smart traffic management systems. No specific information was identified in the NDC related to the development of inter-urban road infrastructure.

The project is consistent with a Low-Carbon Pathway (LCP). There is no official long-term strategy for transportation decarbonisation in Kazakhstan, even if the country has committed to carbon neutrality by 2060 and enshrined its net zero target into law in 2023. In the absence of a national or regional low-carbon pathway for passenger and freight connectivity, the Bank assessed the project against benchmarks from the International Energy Agency Net Zero 2050 scenario. This scenario signals that vehicle fleet electrification is a key benchmark for transport decarbonisation. Within the boundaries of this project, consistency of the project with the LCP thus entails being compatible with EVs and other alternative fuel vehicles, and being able to accommodate infrastructure required for charging of future low-carbon vehicle fleets. The project is a 234 km road section and there are no apparent national regulations in Kazakhstan regarding provision of charging infrastructure on national corridors. Using the EU Alternative Fuels Infrastructure Regulation as a proxy indicates that a charging station should be made available at least every 60-km on main highways. Nine rest areas are foreseen, with the requirement of being able to accommodate charging infrastructure. . Moreover, in order to build experience in EV charging infrastructure deployment upon major highway corridor, the Company committed to implement a pilot EV charging infrastructure corridor on a major corridor of the country by 2030. The pilot EV charging infrastructure corridor was one of the recommendations proposed in the National EV Charging Infrastructure Strategy that the EBRD supported as part of the Kyzylorda-Zhezkazgan Road signed in 2021, and this commitment is the result of the continuous policy engagement of the Bank with the road sector stakeholders in Kazakhstan. In addition, the Company has committed to deploy green tolling as a pilot over 500km of the road network. This measure will apply differential toll rates favourable for low emission vehicles to incentivize EV adoption. Finally, a TC for the piloting of high performance and low carbon pavements (also more climate resilient) has been agreed with the Company as a pioneer measure to start addressing road construction emissions. The TC will include updating the national technical standards to enable the use the innovative pavements in future projects. [REDACTED]

<u>The project demonstrates a low-risk of carbon lock-in</u>. Road infrastructure delivers passenger and freight connectivity, and the infrastructure needs to be considered in the context of a wider transportation system alongside other modes.

Being one of the main and longest highways in Kazakhstan, the M32 Highway facilitates long-haul traffic between the regions of Kazakhstan as well as transit traffic between Europe and East Asia. The Aktobe – Ulgaisyn section is also operating as a feeder to the North Kazakhstan Route of the Middle Corridor providing direct connection from/ to the chromium mining industry in the Khromtau area, linking mining operations to processing facilities and export routes. These export routes include International Rail Corridors crossing Aktobe, which is well connected

³ <u>https://unfccc.int/NDCREG</u>

to the rail network, while Belkopa and Ulgaisyn do not have railway connections. The construction of the highway is not expected to impact the programs of the country for enhancement and modernisation of the railway transport. Moreover, the EBRD is actively supporting Kazakhstan's National Railway in their investment plans, for instance, through Project Arrow signed in 2024).

Carbon lock-in assessment also looks at whether there is a high likelihood of transition to low-carbon vehicle fleets within the lifespan of the asset. Scenarios for fleet electrification were prepared for the Bank as part of technical due diligence to inform the economic assessment. Conservative scenarios see a significant displacement of internal combustion engine vehicles in the overall fleet over the lifespan of the asset. Given that the project is an inter-urban road (as opposed to urban roads that present a higher risk of carbon lock-in), does not prevent alternative modes from being developed (investments in rail are already happening), and there is a high likelihood of transition to low carbon vehicle fleets, the risk of carbon lock-in is assessed as low.

[REDACTED]

Conclusion: The project is assessed as aligned with the mitigation goals of Paris Agreement (**BB1 aligned**).

Alignment with the adaptation goals of Paris Agreement

The project is determined as aligned with the adaptation goals of the Paris Agreement as it satisfies all three steps of the assessment.

A comprehensive Climate Risk and Vulnerability Assessment was undertaken for the whole Aktobe-Karabutak-Ulgaisyn Corridor. The assessment identified floods, extreme precipitation and wildfires and at a lesser degree extreme heat as the material physical climate risks for the road. Even if water stress was identified at screening stage, it was assessed as non material during the project assessment. Suitable climate resilience measures have been included in the project (see GET section below) and will be monitored as set out in the GPMP. Such specific measures include improvements in culvert design, bridge protection measures and the construction of roadside channels/ditches. Operational measures were also identified in order to strengthen infrastructure resilience during the operations & maintenance phase. In addition, the project does not undermine the resilience of wider systems and is not inconsistent with the national policy for context adaptation.

Conclusion: The project is assessed as aligned with the adaptation goals of Paris Agreement (**BB2 aligned**).

GET ATTRIBUTION

GET attribution

• The project is attributed adaptation GET finance of 24 per cent due to the adaptation measures integrated in the design. The three-step approach in line with j-MDB methodology for attribution of climate adaptation finance is presented below.

Conclusion: The project is attributed 24 per cent GET.

[REDACTED]

ANNEX 3 – TRANSITION IMPACT CHART AND UPDATE

[REDACTED] ANNEX 4 – PROJECT IMPLEMENTATION

Procurement classification – *Sovereign* [REDACTED]

The Company has previous experience in implementing the Bank's financed projects for road construction but not under this new approach where the contractor will be tasked to design, build and operate the roads. To mitigate procurement risks, the Company is being supported by experienced advance procurement consultants hired by the Bank to assist KazAvtoZhol during project preparation, design and procurement. Furthermore, a PIS consultant will be hired (with the help of the advance procurement consultant) to assist during project/contracts implementation, including ESAP monitoring. In addition, an independent construction supervision consultant will be hired as Project Engineer and the Lender's Technical Monitor will assist the Bank in monitoring the project implementation.

Contracts risk assessment – Moderately High

The project will include six contracts for design, construction and maintenance of roads and auxiliary assets (with KazAvtoZhol being the owner of the road in charge to operate it and collect all road tolls, in accordance with the applicable national road legislation), in which the Company does not possess specific experience, since they are used to design roads with internal resources (or with the support of design companies) and procure separately only construction works from main road construction companies.

The same new approach is actually in use for similar projects financed by other MDBs.

However, considering that the Client has no experience in using other FIDIC forms of contracts rather than the FIDIC Red Book, it has been decided to pilot for this project the use of the FIDIC Yellow form of contract integrated with additional clauses on maintenance services. As also recommended by the advance procurement consultant, we consider that the FIDIC Gold form of contract is not the appropriate form of contract in this case, where the responsibility to operate the road once in operation remains with KazAvtoZhol and not with the contractor, which will be tasked only to maintain the road for the first seven years of operation. To mitigate the risks, the Company will be supported by internationally experienced consultants (please refer to the Client's capacity assessment related risk).

Project implementation arrangements:

The Company has an established PIU which will be responsible for the procurement of goods, works and services and contract administration under the project. The Company will appoint a qualified project manager, who will be responsible for timely and efficient project implementation. The project implementation will be further supported by internationally experienced consultants (see above).

[REDACTED]

EUR m	2022	2023	[REDACTED]
INCOME STATEMENT			
Revenues under service agreements	494.9	896.2	
Total revenue	494.9	896.2	
Total OPEX	(489.0)	(887.4)	
Total Admin expenses	(4.6)	(5.5)	
Other expense/income - actual	(7.2)	(6.5)	
EBITDA	(5.9)	(3.1)	
Total depreciation	(0.5)	(0.6)	
Financial expense	(56.5)	(87.8)	
Financial income on cash deposits	54.2	89.9	
Other items	-	-	
Debt revaluation (loss)/income	(21.6)	41.6	
Gov't receivable revaluation gain/(loss)	-	-	
Profit before tax	(30.3)	39.9	
Tax expenses	(6.6)	2.6	
Profit after tax	(36.9)	42.5	

<u>ANNEX 5 – HISTORICAL FINANCIAL STATEMENTS</u>

[REDACTED]

EUR m	2022	2023	[REDACTED]
BALANCE SHEET			
Retained cash balance	87.1	79.6	
Restricted current cash	0.9	1.6	
Current income tax	0.4	-	
Inventory balance	1.0	2.2	
Accounts receivable balance	68.1	142.0	
Current advances paid	201.3	140.4	
Deferred reimbursement of deferred	40.1	50.7	
expenses			
Total current assets	415.7	424.5	
PPE	2.8	2.4	
Intangibles	0.0	0.0	
Non-current advances paid	499.3	328.0	
Accounts receivable from gov't	1,107.3	1,407.2	
Deferred reimbursement of deferred	317.8	375.2	
expenses			
Other non-current assets	20.5	39.6	
Total non-current assets	1,947.8	2,204.0	
Total assets	2,363.5	2,628.5	
Accounts payable balance	40.9	63.5	
Advances received	175.5	152.7	
Taxes payable	1.2	0.6	
Current reserves	3.0	3.4	
Deferred reimbursement liabilities	34.8	48.8	
Other current liabilities	16.6	21.3	
CP of debt	114.0	157.3	
Total current liabilities	386.1	447.6	
LTP of debt	1,693.3	1,744.2	
Non-current guarantee obligations	13.2	24.2	
Deferred income	28.4	29.3	

28

Long-term advances received	89.6	55.7	
Deferred tax liabilities	6.4	2.7	
Deferred reimbursement liabilities	280.2	345.6	
Total non-current liabilities	2,111.1	2,218.2	
Share capital balance	4.8	56.3	
Capital reserve	0.0	0.0	
Retained earnings balance	(138.6)	(93.5)	
Total equity	(133.7)	(37.2)	
Total liabilities and shareholder funds	2,363.5	2,628.5	
[REDACTED]			

EUR m	2022	2023	[REDACTED]
CASH FLOW STATEMENT			
EBITDA	(30.3)	39.9	
Decrease / (increase) in working capital	138.0	122.3	
Financial expense	(50.8)	(77.4)	
Tax expenses	(4.8)	(0.5)	
Accounts receivable from gov't CF	-	-	
Cash flow from oper. activity	83.7	48.6	
Total CAPEX	(0.4)	(0.2)	
Interest received	2.2	8.8	
Cash flow from inv. activity	1.8	8.6	
Debt drawdown	20.7	36.4	
Debt repayment	(40.8)	(99.4)	
Cash flow from fin. activity	(20.1)	(62.9)	
Cash flow available for dividends	65.5	(5.8)	
Net cash flow	65.4	(5.9)	
[REDACTED]			

ANNEX 6 – SSF BOARD TC FICHE

[REDACTED]