

19 August 2022, Nur-Sultan

OPERATING AND FINANCIAL REVIEW SIX MONTHS ENDED 30 JUNE 2022

This Operating and Financial Review is intended to assist with the understanding and assessment of trends and significant changes related to the operations and financial position of NAC Kazatomprom JSC (“the Company”, “Kazatomprom” or “KAP”).

In this document, “the Group” refers to the Company and its consolidated subsidiaries, i.e. companies that the Group controls by having (i) the power to direct their relevant activities that significantly affect their returns, (ii) exposure, or rights, to variable returns from its involvement with these entities, and (iii) the ability to use its power over these entities to affect the amount of the Group’s returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity.

The Group, with its associates and Joint Ventures (“JVs”), are collectively referred to as “the Holding”.

This document is based on the reviewed (unaudited) condensed interim consolidated financial statements of the Group for the six month period ended 30 June 2022 (“Financial Statements”), in each case without material adjustment, unless otherwise stated. It should be read in conjunction with those Financial Statements and the accompanying notes, in addition to the Kazatomprom 2Q22 Operations and Trading Update, and other Company reports. All financial data and discussions thereof are based upon the Financial Statements prepared in accordance with the International Financial Reporting Standards (“IFRS”), unless otherwise indicated.

The functional currency of Kazatomprom is the national currency of Kazakhstan, the Kazakhstani Tenge (“KZT”). All references to pounds (“lb”) herein are referring to pounds of uranium oxide (U_3O_8). References to dollars are referring to the United States dollar (“USD”).

Additional information about the Group and its businesses and operations is available in regularly published documents submitted to the Regulatory News Service of the London Stock Exchange (“LSE”), on the Astana International Exchange (“AIX”) and on Kazatomprom’s corporate website (www.kazatomprom.kz).

This document contains forward-looking information (“FLI”). For more information regarding the risks and assumptions associated with FLI, see the Risks and FLI section at the end of the document.

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1.0 CORPORATE OVERVIEW

Kazatomprom is the world's largest producer of natural uranium, with priority access to one of the world's largest uranium resource bases. According to UxC, LLC ("UxC") data, the Company's 2021 uranium production represented approximately 24% of global primary uranium supply. The Holding, which includes all uranium production from Kazakhstan, represented 46% of global primary uranium supply in 2021.

As the National Atomic Company of the Republic of Kazakhstan, Kazatomprom holds national operator status for the export and import of uranium and its compounds, nuclear power plant fuel, special equipment and technologies, and rare metals, which provides the Company with certain privileges, including the ability to obtain subsoil use licenses through direct negotiation with the authoritative body of the Government. This effectively grants priority access to high-quality, in-situ recovery ("ISR") - conducive deposits of natural uranium, which are abundant in the Republic of Kazakhstan. In 2021, approximately 29,000 tU of the world's annual uranium production was mined using ISR, with approximately 75% of that ISR production coming from the Holding's mines in Kazakhstan.

As of 30 June 2022 the Holding operated 14 mining assets with 26 uranium deposits/areas ("deposits"), all of which are located in Kazakhstan and mined using the ISR mining method:

- Two uranium producing subsidiaries, wholly-owned by Kazatomprom (100% share ownership), operating on five uranium deposits/blocks;
- 12 uranium producing companies, partly owned by Kazatomprom (based on equity shareholding), operating on 21 uranium deposits/blocks.

As was previously disclosed in Kazatomprom's 2018 IPO Prospectus, uranium mining contracts at the following wholly-owned (100% share ownership) subsidiaries expire in November 2022:

- Kazatomprom-SaUran LLP - Eastern Mynkuduk and Kanzhugan deposits (two contracts), where the annual planned production volume for 2022 is set at 800 tons and 365 tons of uranium, respectively (-20% of the Subsoil Use contract volume);
- RU-6 LLP - Northern Karamuryn, Southern Karamuryn deposits (one contract), where the annual planned production volume for 2022 is set at 800 tons of uranium (-20% of the Subsoil Use contract volume).

The Code "On Subsoil and Subsoil Use" of the Republic of Kazakhstan ("the Code") does not provide for the extension of uranium mining contracts that were granted before the Code went into force in 2017, which include the above contracts. Kazatomprom continues to work with the Ministry of Energy of the Republic of Kazakhstan ("the Ministry") on amending the Code regarding the extension of existing contracts for the above-mentioned assets.

As the National Operator, the Company is optimistic that the Subsoil Use contracts of Kazatomprom-SaUran LLP and RU-6 LLP will be extended and expects both entities to continue operating, and has therefore not recognized any related impairment at 30 June 2022.

In early August 2022, "JV "Katco" LLP (a joint venture entity in which the Group has a 49% interest) was issued a license from the Ministry to mine the South Tortkuduk block of the Muyunkum uranium deposit for about 15 years. Production at the South Tortkuduk uranium deposit, with estimated uranium reserves of 46,000 tU, is scheduled to begin in 18 months. Given the work required to bring this new block into production, the "JV "Katco" LLP's total production could be limited to approximately 65% of its nominal capacity (about 2,600 tU/year) for the next two years, with an estimated return to its full annual production level of about 4,000 tonnes of uranium in 2026 at the earliest.

As disclosed in the Company's 2018 IPO Prospectus, Kazatomprom and Orano signed an agreement in April 2017 for further development of "JV "Katco" LLP on the basis of the South Tortkuduk mine. The agreement entitled the Group to an additional 11% compensation from distributable profit of JV Katco LLP starting from 2022, through to the end of the license period.

In 2021, "JV "Budenovskoye" LLP (a joint venture entity in which the Group has a 51% interest) obtained an amendment for the right to commence commercial production under "JV "Budenovskoye" LLP's Subsoil Use Agreement for the blocks 6 and 7. The 25-year plan (2021 – 2045) provides for the future development of Budenovskoye blocks 6 and 7 after the completion of its ongoing pilot production program, with a commercial ramp-up of up to 2,500 tU beginning no earlier than 2024, and the potential for maximum annual production

capacity of up to 6,000 tU no earlier than 2026. As of this reporting period, pilot production at both Budenovskoye blocks 6 and 7 had not yet begun.

Also in 2021, Kazatomprom obtained a Subsoil Use Agreement for the right to commence commercial production from the Zhalspak deposit, which was transferred to “Ortalyk” LLP (a subsidiary in which the Group has a 51% interest). The 21-year plan (2022 – 2042) provides for development of the Zhalspak mine according to the “Ortalyk” LLP mine plan, with a maximum annual production capacity of up to 900 tU no earlier than 2030.

Kazatomprom’s core business is the mining and marketing of natural uranium products. The Group is also present in other stages of the “front-end” nuclear fuel cycle, including uranium dioxide (UO₂) ceramic powder production, and the production of fuel pellets for fuel assemblies used in nuclear power stations. The Group has access to uranium enrichment services through its agreements with TVEL Fuel Company, a part of the Rosatom Group of companies. After being certified by Framatome and CGNPC-Uranium Resources at the end of 2021 “Ulba-FA” LLP began working to produce and supply of fuel assemblies according to orders placed under a long-term contract with CGNPC-URC.

In addition to uranium operations, the Group includes one subsidiary that is engaged in the processing of selected rare metals, primarily tantalum, niobium and beryllium.

The Group also includes subsidiaries that are primarily engaged in providing supporting services to the uranium segment, such as drilling, transportation, IT and security services.

1.1 Strategy, vision and mission

Kazatomprom’s Mission is to develop its uranium deposits and their value chain components in order to create long-term value for all of its stakeholders, in accordance with the principles of Sustainable Development. The Vision of the Company is to become the partner of choice for the global nuclear fuel industry. The Company’s 2018-2028 Development Strategy is to achieve continued growth and strengthen its position as the leading company in the uranium industry by focusing on:

- Uranium mining as the core business;
- Optimising production, processing and sales volumes based on market conditions;
- Creating value by enhancing the marketing function and expanding sales channels;
- Implementing best-practice business processes;
- Development of a corporate ethics culture that is commensurate with industry leader status.

The Company strives to be the first choice in the provision of uranium and related front-end services, focusing on reliability, technical excellence, outstanding Health, Safety and Environmental (“HSE”) performance, and fair dealings with customers.

The Group’s Mission highlights:

- **Sustainability** – the Group is committed to the best HSE practices and the management team is focused on continual improvement.
- **Uranium deposits and their value chain components** – the focus of the Group’s commercial activities will remain where it has the most significant competitive advantage: uranium mining.
- **Long-term value creation** – The Group focuses on high-margin, cash generating operations with relatively modest requirements for further expansion capital in its uranium segment. In maintaining a conservative debt policy, the Group seeks to return substantial cash flows to its shareholders, whilst preserving a conservative balance sheet structure and comfortable leverage to better position itself to act on market and investment opportunities.

1.2 Update on geopolitical events

During the first half of 2022 significant geopolitical events occurred in Kazakhstan, Russia and Ukraine. These events have not had a material impact on the Group’s operations to date although the resulting market uncertainty has caused significant volatility in the tenge exchange rate, uranium spot prices and traded price of the Company’s securities. Management is unable to predict the consequences or future impacts of these events, if any, on the Group’s financial position or operating performance. Management will continue to monitor the potential impact of the above events and will take all necessary measures to mitigate the risks and prevent adverse business impacts.

(a) January 2022 civil unrest in Kazakhstan

On 2 January 2022 protests triggered by a rise in fuel prices began in the Mangistau region of Kazakhstan which spread to other regions in the country. The protestors demanded a number of social, economic and political reforms. Although the Government took measures to respond to these demands, including a decrease in fuel prices, the protests escalated into significant social unrest in Almaty and southern regions of the country.

As a result, on 5 January 2022 a state of emergency was declared until 19 January 2022, and restrictions were imposed on communication and transportation of people and vehicles, including railway and airline carriage.

As at late January, the situation in all regions of the country had stabilized, and the state of emergency has been cancelled. The functioning of utilities and infrastructure have been fully restored, and restrictions on communication and transportation have been removed.

(b) Events in Ukraine

On 24 February 2022, the Russian President announced that Russia would recognize the independence of the Luhansk People's Republic and Donetsk People's Republic and the Russian military mobilized its troops over the border of Ukraine. As a response to the Russian actions, the United States, the European Union and a number of other countries imposed sanctions against Russia including the disconnection of a number of Russian financial institutions from the SWIFT financial messaging system.

In connection with the sharp devaluation of the Russian ruble, the tenge exchange rate began to be adjusted. To date, the National Bank of the Republic of Kazakhstan has taken a number of measures to maintain the stability of the Kazakhstan's financial system.

Due to active international sanctions against Russian banks, including Sberbank, VTB Bank and other organizations, all Holding entities ceased services and interaction with these banks and their subsidiaries. The Group has taken measures to redistribute funds to banks that are not under current sanctions.

The Group has a Uranium Processing Agreement with the Uranium Enrichment Center (UEC) (a resident of the Russian Federation). At the date of the Financial Statements, the Group anticipates that provision of services under this agreement will continue. There may be a risk of difficulty in making mutual settlements in US dollars with UEC in relation to the withdrawal of Russian banks from the SWIFT system and/or restrictions and blocking of the UEC's foreign currency accounts. Potential mitigation measures related to the risk of Rosatom being sanctioned (the Holding has five joint mining interests with Rosatom's subsidiaries in Kazakhstan) are also under consideration.

A significant proportion of the Company's products are exported on a well-established primary route through Russia to the Port of St. Petersburg, which presents a specific set of risks associated with transit through the territory of Russia, shipping insurance, and the delivery of cargo by sea vessels. Kazatomprom continues to monitor the growing list of sanctions on Russia and the potential impact they could have on the transportation of products through Russian territory. To date, there are no issues or restrictions on the Company's activities related to the supply of its products to customers worldwide. Kazatomprom shipped its second quarter volumes via St. Petersburg without any significant disruptions or logistical/insurance-related issues. The Company's Trans-Caspian route, which has been successfully used as an alternative route since 2018, helps to mitigate the risk of the primary route being unavailable, for any reason. In the current environment of geopolitical uncertainty, Kazatomprom has sought to reinforce a number of transit agreements with the pertinent authorities along the Trans-Caspian route; the Company has received approval to ship 3,500 tons of uranium and has applied for an increase in order to accommodate potential total shipments by Kazatomprom and its joint venture partners in excess of that quota.

The Company continues to assist JV partners in their efforts to ship material through the Trans-Caspian route. Whether shipped by Kazatomprom or its partners with a share in Kazakh assets, the product remains of Kazakh origin until it arrives at a western conversion facility.

In addition to physical deliveries, the Company maintains inventories at a number of global locations and it has the ability to negotiate swaps with partners and customers to help mitigate potential risks to Kazatomprom's deliveries to the western market.

The Group's financial position is currently unaffected by the events in Ukraine. The majority of Group revenues is earned in US dollars and funding is also raised in US dollars, creating a natural hedging effect on foreign

exchange risk. Accordingly, depreciation of the national currency is not expected to have a significant adverse impact on the annual financial performance of the Group.

2.0 HEALTH, SAFETY AND ENVIRONMENT (HSE)

Health, safety, and environmental protection, including nuclear and radiation safety, are priorities for the Company. The Company is continuously improving the management system of its industrial HSE programs as it strives to a goal of zero injuries.

2.1 Occupational health and safety

The Company conducts its production activities in compliance with both Kazakh and international requirements for labour protection and industrial safety, implementing comprehensive measures to prevent incidents and accidents. Health and safety management systems that meet international standards (ISO 45001) have been implemented and the Company carries out systematic work to improve the safety culture among employees and managers at all levels.

In order to preserve the life and health of employees, the Company is guided by the "Seven Golden rules" of the Vision Zero program, which apply to all employees of the Company's enterprises and their contractors, the main goal of which is to achieve the goal of zero injuries:

- Take leadership – demonstrate commitment;
- Identify hazards – control risks;
- Define targets – develop programs;
- Ensure a safe and healthy system – be well-organized;
- Ensure safety and health in machines, equipment and workplaces;
- Improve qualifications – develop competence;
- Invest in people – motivate by participation.

Active measures continued to be undertaken in the first half of 2022 to focus on safety awareness, which helped to prevent major industrial accidents (including uncontrolled explosions, emissions of dangerous substances or destruction of buildings) and production injuries at the Company's enterprises. The table below reflects safety results of the first half of 2021 and 2022:

Indicator	Six months ended 30 June		Change
	2022	2021	
Industrial accidents ¹	–	–	–
LTIFR (per million man-hours) ²	–	0.71	(100%)
Unsafe conditions, unsafe actions, near-miss reporting	17,870	19,023	(6%)
Number of accidents ³	–	5	(100%)
Fatalities	–	–	–

¹ Defined as uncontrolled explosions, emissions of dangerous substances, or destruction of buildings.

² Lost-Time Injury Frequency Rate (LTIFR) per million hours.

³ Defined as impact on the employee of a harmful and (or) dangerous production factor in performance of his work (job) duties or tasks of the employer, which resulted in an industrial accident, sudden deterioration of health, or poisoning of the employee that led to temporary or persistent disability, or death.

The Group maintains a strong focus on improving workplace health and safety. There were no fatal accidents or incidents causing injuries in the first half of 2022.

As part of the continuing work to improve the industrial safety systems, the Company completed the following activities in the first half of 2022:

- the Group has approved an "Occupational Safety Management System" standard, which includes sections on safety culture, management of risks, contractors, incidents, information and training, and industrial safety processes in all areas (labour protection, industrial safety, nuclear and radiation safety, environmental protection, health protection);
- a survey was conducted on employee satisfaction with the state of industrial safety in the Group;
- monthly meetings were held with the heads of the Group's industrial safety divisions to discuss topical issues in the field of industrial safety;
- training was conducted for the employees of the Group on the topic of "Effective methods of briefing";

- analysis of the frequency and nature of detected hazardous conditions, hazardous actions, potentially hazardous situations, and Near Miss to determine the adequacy of the corrective measures taken;
- comprehensive measures were taken to combat COVID-19 at the Group's enterprises (see COVID-19 update below).

These activities are focused on the implementation of preventative measures, a risk-based approach to the organization of the production process and an increased awareness of the safety procedures (safety culture) among the Company's employees.

2.1.1 COVID-19 Update

The Company has taken, and continues to take, appropriate measures to protect employees and mitigate the ongoing risks related to the COVID-19 pandemic. During the current reporting period, the Group's operations were not adversely impacted by the pandemic. Vaccination of personnel against COVID-19 is continuing in accordance with prescribed Kazakhstan health guidelines.

2.2 Environmental protection, nuclear and radiation safety

An internationally recognized benefit of the ISR mining method is its low environment and radiological impact. In contrast to underground and open-pit mining, ISR mining does not generate significant waste rock piles, nor are major tailings dams required. All of the Group's uranium is mined using the ISR method and as a result, its operations inherently have a minimal impact on soil, atmosphere and water supply.

The company employs reliable systems for monitoring the environment and radiation safety at all of its uranium mines and production facilities (ISO 14001 compliant). In the first half of 2022 there were no environmental or radiation-related incidents. All activities were completed in compliance with environmental legislation, regulatory requirements and guidance on nuclear and radiation safety.

Radiation exposure and nuclear safety remained stable in the first half of 2022 with no abnormal radiation levels recorded, and no nuclear-related or radiation accidents. All work was carried out in accordance with the requirements of regulatory legal acts and internal documentation on radiation and nuclear safety.

As mentioned in Kazatomprom's 2018 IPO Prospectus, in September 2018, the Company's Board of Directors approved a set of Environmental and Social Action Plans (ESAP) relating to the Group's mining and non-mining assets designed to address inconsistencies in the Group's HSE practices. As part of the ESAP Roadmap's implementation, the following activities are currently underway:

- research on the environmental and local social impacts of the Company's production facilities;
- creation of a system for environmental regulation and environmental monitoring of uranium mining enterprises.

In 2022, Kazatomprom developed and implemented the following significant Group standards:

- "Guidelines for the assessment of biodiversity at uranium deposits, production facilities and adjacent territories";
- "Methodological guidelines for monitoring the impact of in-situ recovery of uranium on surface water and underground waters".

The Company is implementing a large project to assess the carbon footprint of products and has begun developing a strategy for decarbonization and achieving carbon neutrality of NAC Kazatomprom JSC.

3.0 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

3.1 Industry ESG

The requirement to prioritize ESG-related targets and actions is no longer a question of ‘if’, but ‘when’ and ‘to what extent’. Given the recent, unprecedented focus on ESG, government leaders, corporate boards and investors have raised expectations related to progress on the global climate agenda. Emerging pressure for greater accountability, increased regulatory scrutiny, and credible disclosure that is backed by accurate data, is driven by that rising demand to take action.

Corporations and governments are also facing pressure to demonstrate a commitment to their fiduciary duties in a way that includes ESG-related issues — from climate change to human rights to social unrest. Shareholder activism in 2021 showed an increase in activity against those lacking sound climate action plans. ESG-oriented standards and regulations are therefore expected to progress rapidly in 2022 and beyond, including but not limited to a need to further incorporate the requirements of the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), the International Sustainability Standards Board derived from the International Financial Reporting Standards Foundation (ISSB) and the Task Force on Climate-Related Financial Disclosures (TCFD).

Alongside the calls for politicians to do more, industry associations and their member companies are also facing growing pressure to enhance traditional HSE monitoring and reporting and the high-level, generic approach to sustainable development, by implementing policies, plans and actions under the more specific principles of environment, social responsibility and governance. With the Paris Agreement and Net-Zero Emissions targets setting the stage for comparative evaluation, a company’s commitment to ESG, along with its authentic efforts to reduce negative impacts and mitigate related future risks, is increasingly becoming a key measure for the assessment of its present and future value. For nuclear power and the nuclear fuel cycle, the undeniable benefits and opportunity for the industry to help reduce the detrimental impact of fossil fuels have typically been overshadowed by misinformation, controversy and politicization. Confusion related to public and worker safety, effective regulatory oversight, effective waste management, life-cycle carbon emissions intensity, and operational management has resulted in a significant underappreciation of the nuclear fuel cycle’s inherent ESG benefits. Unlike carbon-based energy sources, nuclear power plays a critical role in meeting international environmental targets and fulfilling “green” economic policies, with significant, positive social impacts already proven in jurisdictions that have recognized the benefits and deployed its use. Being among the most regulated industries in the world, the nuclear fuel cycle also necessitates unparalleled oversight at the government level, driving strong governance frameworks at the corporate level.

The most discussed industry-related risks in recent years were related to investment in nuclear, and the expectations regarding the European Parliament’s decision to include or exclude nuclear in the “EU Green Taxonomy”. In early July, a resolution was approved to include specific nuclear energy activities in the list of environmentally sustainable economic activities covered by the EU Taxonomy, representing a significant improvement of the industry outlook in alignment with financial interests.

As a result, the nuclear industry and its supply chains are strongly aligned with the ESG principles that are currently being highlighted by stakeholders. Companies, including Kazatomprom, are now moving to do more in publicizing and reiterating the opportunity for nuclear energy to play a role in addressing climate change, managing pollution and waste in the atmosphere, on land and in waterways, and improving and deploying clean technology. There is an urgent need for a paradigm shift: to achieve the necessary targets set forth by the Paris Agreement, the deployment of safe, baseload, carbon-free sources of energy must be accelerated, including broader acceptance of nuclear power as a key part of a greener international strategy.

3.2 ESG at Kazatomprom

As the largest global uranium mining company and industry leader, Kazatomprom recognizes its role in the development of society and its potential impact on the environment, population and people in the areas where the Company operates. Therefore, sustainable development represents a crucial part of the Group’s Development Strategy and by extension, ESG-related targets and objectives are integral to the Company’s plans, including:

- Reducing the environmental impact of subsidiaries, associates and joint ventures;

- Environmental protection, including effective water and land resources management, ecosystem and biodiversity conservation, and the reduction of emissions;
- Ensuring resources are extracted in a way and at a rate that minimizes subsoil impact;
- Progress in production, energy and resource efficiency;
- Growth of socio-economic prosperity in the regions where the Company operates; and
- Facilitation of access to affordable, reliable, sustainable and modern energy sources, and enhancement of energy security.

Kazatomprom continually fosters and advances its management of sustainable development and integration of ESG principles in core business areas and processes. As part of the Corporate Policy on sustainable development, the Company is focused on nine key sustainable development areas, delineated based on an analysis of core ESG risks facing the business. Active engagement with stakeholders aims to define and prioritize the various ecological, social and government issues that are most impacted by the Company's activities.

KAP recognizes and accepts responsibility in designing the foundations for a sustainable future and support the Global 2030 Sustainable Development agenda.

3.2.1 ESG-related progress to date in 2022

In March 2022, the Company became a full member of the UN Global Compact ("UN Global Compact"), the world's largest corporate sustainability initiative that aligns more than 16,000 member companies from 158 countries in taking positive actions to advance societal goals. Joining this initiative reinforces the commitment of participating companies to consistently implement the ten universal principles of the UN Global Compact in their activities, covering the fields of human rights, labour, environment and anti-corruption.

Kazatomprom aspires to introduce the best sustainability-related industry practices, including the leading principles of the International Council on Mining and Metals (ICMM) and the World Nuclear Association (WNA). By the end of 2022, Kazatomprom expects to obtain its first independent ESG rating and consequently, during the current year, expects to focus on measures of increased energy efficiency, greater levels of environment protection and negative impact prevention, labour protection and production safety, further development of human resources in the context of ESG, social and economic development in its areas of presence, and importantly, high quality information disclosure with improved ESG-related transparency and accountability. This work is underpinned by the establishment of an internal working group on Sustainable Development and ESG within KAP, and by constantly improving the quality of non-financial data disclosure processes.

The Company's 2021 Integrated Annual Report was confirmed to be fully compliant with the requirements of the Global Reporting Initiative (GRI): Core Option, having been verified by the independent assurance provider, PricewaterhouseCoopers.

The Company understands that the long-term success of its business is contingent upon social and economic state in the areas where it operates and in the country as a whole, with mutually beneficial cooperation with state representatives and local authorities. Thus, during the first half of the current year KAP has led an awareness-raising campaign within the regions of its operations to inform communities about its activities and discuss the opportunities and vacancies available. As part of the campaign, it met with over 1,500 citizens, resulting in the successful employment of more people from the local population.

A key company asset is qualified personnel. Continuous improvement of working conditions, social support, opportunities for career growth and professional development, and attention to the interests and needs of each employee is given the utmost priority in the Company's management system.

Youth development is a serious focus for KAP. Izbasar programme found its continuation allowing the university graduates to gain a 15 months paid internship and specific training programme. Moreover, this year the young professionals – active employees of KAP have been offered additional career development opportunities: paid internships, training programmes and professional development under supervision of the most experienced industry professionals.

In June, the Summer School for Young Professionals of Kazatomprom was launched, during which representatives of the Company's youth were involved in solving practical cases, generating ideas, and discussing ways for the Young Professionals Council to improve business processes. As a result, the function of "corporate psychologist" was successfully introduced at Kazatomprom. A Policy on Human Rights was also expanded, delineating improved approaches to inclusion and diversity within KAP.

Following the global priorities and the national commitment to contribute to the Paris Agreement, KAP considers the climate change challenge one of its priority issues. March saw the initiation of joint efforts between KAP and an independent consultant to assess the Company's carbon footprint and review its Decarbonization Strategy, aimed at implementing a net zero target, subject to approval before the end of the year.

KAP's low carbon development initiatives embraces:

- a transition to lower-carbon energy sources where available (gas);
- renewable energy production at the Group's production sites including solar collectors, heat pump units, wind turbines;
- regular monitoring and control of greenhouse gas emissions (Scope 1).

Therefore, the continuous improvement of Kazatomprom's sustainable development practices is the prevailing factor that ensures the long-term stability and competitiveness of KAP, as well as its ability to create value for all stakeholders.

4.0 PRESENTATION OF FINANCIAL INFORMATION

4.1 Segments

During the reviewed periods, the Group operated through three principal business segments:

- **Uranium segment** includes uranium mining and processing operations from the Group's mines, the Group's purchases of uranium from the Group's JVs and associates engaged in uranium production, and external sales and marketing of uranium products. The Uranium segment includes the Group's share in net results of its JVs and associates engaged in uranium production, as well as results of the Company as the head office of the Group. This segment does not include production and sales of UO₂ powder and fuel pellets.
- **"Ulba Metallurgical Plant" JSC ("UMP") segment** includes production and sales of products containing beryllium, tantalum and niobium, hydrofluoric acid and by-products. This segment is also engaged in the processing of uranium raw materials under tolling arrangements, and the production of UO₂ powder, fuel pellets and production of fuel assemblies and their components.
- **Other segment** includes revenue and expenses of the Group's subsidiaries that are primarily engaged in providing supporting services to the Uranium segment, such as drilling, transportation, R&D, IT and security services. These businesses are not included within reportable operating segments, as their financial results do not meet the quantitative threshold. This segment is not disclosed in this report due to immateriality.

4.2 Consolidation

In addition to the operations of the Company and its consolidated subsidiaries, the Group has a number of joint operations, joint ventures and associates.

- **Subsidiaries** are entities that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity.
- **Joint operations ("JOs")** are entities in respect of which the Group has joint control and has rights to their assets and revenues and has obligations relating to their expenses, as well as financial obligations in proportion to the Group's interests. The Group's JOs, being JV "Akbastau" JSC and "Karatau" LLP, are consolidated as JOs from 1 January 2018. The Group's interests in JOs are accounted for on a proportional consolidation basis.
- **Joint ventures ("JVs")** are entities that are under the joint control of the Group acting collectively with other parties, and decisions over the relevant activities of such entity require unanimous consent of all parties sharing control. The Group's interests in JVs are accounted for using the equity method of accounting.
- **Associates** are entities over which the Group has, directly or indirectly, significant influence, but not sole or joint control, which is typical for a shareholding of between 20% and 50% of the voting rights. The Group's investments in associates are accounted for using the equity method of accounting.
- **Equity investments** are entities in which the Group has less than 20% of the voting rights. Equity investments are recognised at fair value as "other investments" in the Company's consolidated IFRS financial statements.

The following table lists the Group's subsidiaries, JVs, JOs associates and other Group's investments, as of 30 June 2022. In all cases, the share percentage shown is equal to the Group's voting rights, with the exception of "Ulba Metallurgical Plant" JSC and "Volkovgeologia" JSC, where the Group has 100% voting rights in each entity. In ANU Energy OJSC Ltd ("ANU Energy") the Group does not have representation in the Board of Directors, has no voting rights and does not take part in decision-making on key strategic issues of the ANU Energy.

Treatment	Name	Share (%)
Uranium Mining and Processing		
Subsidiaries	"Kazatomprom-SaUran" LLP	100.00%
	"RU-6" LLP	100.00%
	"Appak" LLP	65.00%
	"JV "Inkai" LLP	60.00%
	"Baiken-U" LLP ⁽¹⁾	52.50%
	"Ortalyk" LLP ⁽²⁾	51.00%
Joint Ventures	"JV "Khorassan-U" LLP	50.00%
	"JV "Budenovskoye" LLP	51.00%
Joint Operations	"Semizbai-U" LLP	51.00%
	"JV "Akbastau" JSC	50.00%
	"Karatau" LLP	50.00%
Associates	Energy Asia (BVI) Limited ⁽¹⁾	50.00%
	"JV "Katco" LLP	49.00%
	"JV "South Mining Chemical Company" LLP	30.00%
	"JV "Zarechnoye" JSC	49.98%
	"Kyzylkum" LLP ⁽¹⁾	50.00%
	"Zhanakorgan-Transit" LLP ⁽³⁾	60.00%
Nuclear Fuel Cycle and Metallurgy		
Subsidiaries	"Ulba Metallurgical Plant" JSC	94.33%
	"ULBA-CHINA Co" Ltd ⁽³⁾	100.00%
	"Mashzavod" LLP ⁽³⁾	100.00%
	"Ulba-FA" LLP ⁽³⁾	51.00%
Nuclear Fuel Cycle		
Joint Ventures	"JV "UKR TVS" Closed Joint Stock Company ⁽⁴⁾	33.33%
Investments ^{(5), (6)}	"International Uranium Enrichment Centre" JSC	10.00%
Ancillary Operations		
Subsidiaries ⁽⁷⁾	"High Technology Institute" LLP	100.00%
	"KazakAtom TH" AG or "THK"	100.00%
	"KAP Technology" LLP	100.00%
	"Trading and Transportation Company" LLP	99.99%
	"Volkovgeologia" JSC	96.62%
	"Rusburmash-Kazakhstan" LLP ⁽³⁾	49.00%
	"Qorǵan-Security" LLP ⁽⁸⁾	100.00%
Joint Ventures	"SKZ-U" LLP	49.00%
	"Uranenergo" LLP	79.17%
Associates	"SSAP" LLP ⁽⁹⁾	9.89%

The following assets are currently for sale or subject to restructuring:

Treatment	Name	Share (%)
Ancillary Operations		
Associates	"Caustic" JSC ⁽¹⁰⁾	28.00%

¹ The Company holds 50% (direct ownership) in Energy Asia (BVI) Limited. Energy Asia (BVI) Limited holds 40% (direct ownership) in "Kyzylkum" LLP and 95% (direct ownership) in "Baiken-U" LLP.

² Under the terms of several agreements between Kazatomprom and China General Nuclear Power Corporation ("CGNPC"), the parties agreed to construct a fuel assembly plant ("Ulba-FA") at the Ulba Metallurgical Plant. CGNPC provided a guarantee that Ulba-FA's production will be purchased by CGNPC in exchange for Kazatomprom agreeing to sell a 49% interest in the Company's wholly owned subsidiary, "Ortalyk" LLP, to a subsidiary of CGNPC (the "Transaction"). In April 2021, a Sale and Purchase agreement was signed and the parties agreed to the valuation determined by one of the four major international advisory and professional services firms, whereby a 49% share of the operation was assessed a value of approximately US Dollar 435 million. On 22 July 2021, the sale of the interest in "Ortalyk" LLP was completed following receipt of all government approvals, satisfaction of all contract pre-conditions are fulfilled by the end of 2021. Re-registration of the entity has been completed and CGNM UK Limited (a CGNPC subsidiary) is now a participant in "Ortalyk" LLP. Kazatomprom retains a 51% interest and CGNM UK Limited holds a 49% interest, with each partner purchasing a proportionate share of uranium production from the operation according to its interest. The consideration received was US Dollar 435 million (equivalent to KZT 185,858 million).

³ These companies are third level entities for the Company indirectly through the interests in subsidiaries, JVs and associates presented above these companies in the table. The corresponding interests belongs to the second tier entities, not the Company.

⁴ In accordance with the privatisation plan of non-core assets as presented in the Company's 2018 IPO Prospectus, the Group intends to sell its entire stake in JSC "JV "UKR TVS" Closed Joint-Stock Company, where "TVEL" JSC (Russian Federation) and "Vice Trade" Ltd

(Ukraine) each have an equal share. However, given the current geopolitical situation between Russia and Ukraine, a restructuring decision is uncertain as of reporting date.

⁵ As at the reporting date, the Group classifies JSC Uranium Enrichment Center (UEC) with 1 share as “other investments”.

⁶ As previously announced, a Framework Agreement was signed on 22 November 2021 by the Group and Genchi Global Limited to participate in ANU Energy, created on the Astana International Financial Center, the Group made an investment of KZT 12,368 million (USD 24.25 million) to the Fund in March 2022, which constitutes a 32.7% interest from the joint investment of the investors in the Fund. The purpose of the Fund is to store physical uranium as a long-term investment. The Group does not have representation in the Board of Directors of the Fund, has no voting rights, and does not take part in decision-making of the Fund. Accordingly, the Group does not have significant influence on the management operations of the Fund, and therefore the Group recognizes this investment at fair value through profit or loss. In accordance with the Framework Agreement, the Group and ANU Energy signed a short-term contract for the sale and purchase of natural uranium concentrates, under which the Group delivered natural uranium concentrates on 12 May 2022. As at the reporting date, the Group classifies ANU Energy as “other investments”.

⁷ On April 30, 2021, the liquidation procedure of “Kazatomprom-Damu” LLP was completed.

⁸ On July 23, 2021, the procedure of re-registration of Korgan-KAP LLP into Qorǵan-Security LLP was carried out.

⁹ Major shareholder of “SSAP” LLP “Samruk-Kazyna Ondeu” LLP in cooperation with “Samruk Kazyna” JSC has initiated exclusion of “SSAP” LLP from the complex privatisation plan, approved by the Decree of the Government of the Republic of Kazakhstan. Adjustments to the complex privatisation plan are currently under consideration by the Ministry of National Economy of the Republic of Kazakhstan.

¹⁰ In accordance with the privatisation plan of non-core assets as presented in the Company’s 2018 IPO Prospectus, Kazatomprom and “United Chemical Technologies Trading House” LLP entered into an Agreement on 30 December 2021, for the sale of the Company’s 40% share in “Caustic” JSC. On 31 January 2022, partial payment was made for 30% of the Company’s total interest in “Caustic” JSC, therefore “United Chemical Technologies Trading House” LLP’s interest in “Caustic” JSC increased by 12% (30% of the Company’s 40% share). The remaining portion of the Company’s shares were transferred to trust management of “United Chemical Technologies Trading House” LLP until full payment for the Company’s remaining interest is completed, expected not later than 2023.

5.0 SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The significant factors that affected the Group's results of operations during the first half of 2022 and 2021, and which the Company expects to continue to affect the Group's results of operations in the future, include:

- the price received for the sale of natural uranium and changes in natural uranium product prices;
- changes in the Group structure;
- the impact of changes in foreign exchange rates;
- taxation, including mineral extraction tax;
- the cost and availability of sulfuric acid;
- pandemic-related costs and availability of critical operating materials & equipment;
- impact of changes in ore reserves estimates; and
- transactions with subsidiaries, JOs, JVs and associates.

5.1 Price received for the sale of natural uranium and changes in natural uranium product prices

Spot market prices for U₃O₈, which is the main marketable product of the Group, have the most significant effect on the Group's revenue. The majority of the Group's revenue is derived from sales of U₃O₈ under contracts with price formulae containing a reference to spot price. In addition to spot prices, the Group's effective realized price depends upon the proportion of contracts in the portfolio with a fixed price component in a given period. The average realized price for each period can therefore deviate from the prevailing spot market price. More information regarding the impact of spot market prices on average realized price is provided in Section 12.1 Uranium sales price sensitivity analysis.

The following table provides the average spot price and average realized price per pound of U₃O₈ for the periods indicated:

		Six months ended 30 June		
		2022	2021	Change
Average weekly spot price (per lb U ₃ O ₈) ¹	USD	50.31	29.95	68%
	KZT	22,630	12,704	78%
Average realized price of the Group (per lb U ₃ O ₈)	USD	40.88	29.63	38%
	KZT	18,389	12,569	46%
Average realized price of Kazatomprom (per lb U ₃ O ₈)	USD	39.70	29.63	34%
	KZT	17,857	12,568	42%

¹ Prices per TradeTech LLC and UxC LLC.

The Company's current overall contract portfolio pricing correlates to uranium spot prices. However, for short-term deliveries to utilities, the spot price can vary significantly between the time contract pricing is established according to Kazakh transfer pricing regulations, and the spot price in the general market when the actual delivery takes place. The market volatility during that time lag between price-setting and delivery becomes more evident as volatility increases, in both rising and falling price conditions. In addition, some long-term contracts incorporate a proportion of fixed pricing that was negotiated prior to the sharp increase in spot price. As a result, increases in both the Group and KAP's average realized prices in the first half of 2022 compared to the same period in 2021 were lower than the increase in the spot market price for uranium over the same intervals.

In the uranium market, the trends in quarterly metrics and interim results are rarely representative of annual expectations; for annual expectations, please see the Company's guidance metrics below, as well as its price sensitivity table from section 12.1 Uranium sales price sensitivity analysis.

For additional details related to specific market developments that influenced the pricing of uranium in the first half of 2022, please see the *Kazatomprom 2Q2022 Operations and Trading Update*, available on the corporate website, www.kazatomprom.kz.

5.2 Changes in the Group structure

In the first half of 2022 the Group completed the following transactions:

- As previously announced, according to a Framework Agreement signed on 22 November 2021 by the Group and Genchi Global Limited to participate in ANU Energy, created on the Astana International Financial Center, the Group made an investment of KZT 12,368 million (USD 24.25 million) to the ANU Energy in March 2022, which constitutes a 32.7% share from the joint investment of the investors in the ANU Energy. The purpose of the ANU Energy is to store physical uranium as a long-term investment. The Group does not have representation in the Board of Directors of the ANU Energy, has no voting rights and does not take part in decision-making of the ANU Energy. Accordingly, the Group does not have significant influence on the management operations of the ANU Energy, and the Group therefore recognizes this investment at fair value through profit or loss and does not increase the number of entities within the Holding. In accordance with the Framework Agreement, the Group and ANU Energy signed a short-term contract for the sale and purchase of natural uranium concentrates, under which the Group delivered natural uranium concentrates on 12 May 2022. As at the reporting date, the Group classifies ANU Energy as “other investments”.
- In accordance with the privatisation plan of non-core assets as presented in the Company’s 2018 IPO Prospectus, Kazatomprom and “United Chemical Technologies Trading House” LLP entered into an Agreement on 30 December 2021, for the sale of the Company’s 40% share in “Caustic” JSC. On 31 January 2022, partial payment was made for 30% of the Company’s total interest in “Caustic” JSC, therefore “United Chemical Technologies Trading House” LLP’s interest in “Caustic” JSC increased by 12% (30% of the Company’s 40% share). The remaining portion of the Company’s shares were transferred to trust management of “United Chemical Technologies Trading House” LLP until full payment for the Company’s remaining interest is completed, expected not later than 2023.

No significant changes in Group structure occurred in the first half of 2021.

In total, the number of the Group’s subsidiaries, JVs, JOs, associates and other equity investments has remained unchanged and is 35 as at 30 June 2022 (compared to 35 as at 2021 year-end).

5.3 Impact of Changes in Foreign Exchange Rates

The Group’s exposure to currency fluctuations is associated with sales, purchases and loans in foreign currencies. Significant cash flows of the Group are in USD because:

- uranium is generally priced in USD, therefore most of the Group’s consolidated sales revenue is generated in USD (92% in the first half of 2022, 92% for the same period of 2021);
- the Company purchases uranium and uranium products from its JVs and associates pursuant to KZT-denominated contracts, with the prices determined by reference to prevailing spot market prices of U₃O₈, which are in USD;
- most of the Group’s borrowings are denominated in USD and predominantly include long-term USD-indexed Company coupon bonds (89% as at 30 June 2022, 85% as at 30 June 2021), which is the principal currency of the Group’s revenue. For more details see Section 10.0 INDEBTEDNESS.

A significant portion of the Group’s expenses, including its operating, production and capital expenditures, are denominated in KZT. Accordingly, as the most of the Group’s revenue is denominated in USD, while a significant share of its costs are KZT denominated, the Group generally benefits from appreciation of USD against KZT which subsequently has a positive effect on the Group’s financial performance. However, the positive effect of an appreciating USD may be fully or partially offset given that the Group has outstanding USD-denominated liabilities. In addition, the Company purchases uranium and uranium products from its JVs and associates pursuant to KZT-denominated contracts, with the prices determined by reference to prevailing spot market prices of U₃O₈, which are denominated in USD. Accordingly, a significant appreciation of USD would result in a corresponding increase in the KZT-denominated price of such contracts.

The Group attempts to mitigate the risk of fluctuations in exchange rate, where possible, by matching the currency denomination of its payments with the currency denomination of its cash flows. Through this matching, the Group achieves natural hedging without the use of derivatives.

In the first half of 2022, the USD/KZT exchange rate fluctuated between KZT 414.67 and KZT 512.19. As at 30 June 2022, the National Bank of the Republic of Kazakhstan (NBK) USD/KZT exchange rate was KZT 465.08. Changes in exchange rates had a material impact on the Group's financial performance in the first half of 2022. The Group's net foreign exchange gain in the first half of 2022 amounted KZT 17,126 million.

The following table provides period average and period end closing KZT/USD exchange rates, as reported by the NBK, as of 30 June 2022 and 2021.

		Six months ended 30 June		Change
		2022	2021	
Average exchange rate for the period ¹	KZT / USD	449.85	424.18	6%
Closing exchange rate for the period	KZT / USD	465.08	427.79	9%

¹ The average rates are calculated as the average of the daily exchange rates on each calendar day.

5.4 Taxation and Mineral Extraction Tax ("MET")

Under the current tax code, MET is determined by applying a 29% tax charge to the taxable base related to mining production costs. Taxable expenditures are made up of all direct expenditures associated with mining operations, including wellfield development depreciation charges and any other depreciation charges allocated to direct mining activities, but exclude processing and general and administrative expenses. The MET is calculated separately for each subsoil use license. The resulting MET paid is therefore directly dependent upon the cost of mining operations.

In January 2022, the Government of the Republic of Kazakhstan announced that it intended to update the country's tax code. On 11 July 2022, additions and amendments to the Kazakh tax code were adopted (Laws of the Republic of Kazakhstan "On the Enactment of the Code of the Republic of Kazakhstan "On Taxes and Other Mandatory Payments to the Budget" No. 135-VII LRK), which will change the calculation of the MET base and rate for uranium extraction in 2023. The new tax code comes into force beginning 01 January 2023 and it does not impact 2022 guidance or the Company's expectations related to taxation in 2022. In accordance with the introduced changes, the tax base for MET on uranium will be determined as the weighted average price of uranium from public sources for the specific reporting period, multiplied by the amount of uranium mined and a MET rate of 6%. MET expenses in absolute terms are expected to increase due to the incorporation of the corresponding spot price into the formula. However, the ultimate impact cannot be estimated at this time as the new formula will only be applied from 01 January 2023.

The following table provides a summary of taxes accrued by the Group for the periods shown:

(KZT million)	Six months ended 30 June		Change
	2022	2021	
Corporate income tax ¹	51,085	24,071	112%
Mineral extraction tax ²	13,004	10,669	22%
Other taxes and payments to budget ³	48,858	21,812	124%
Total tax accrued	112,947	56,552	100%

¹ Applicable rate: 20%; calculation: taxable income (based on tax reporting accounts) multiplied by corporate income tax rate.

² Applicable rate: 18.5% for uranium cost in pregnant solution; calculation: the tax charge is a cost of mining and is based on a deemed 20% profit margin on certain expenditures, and a MET rate of 18.5%. The tax charge of 29% is determined by the following formula: $(1 + 20\%) \times 18.5\% \div (1 - (1 + 20\%) \times 18.5\%)$.

³ Includes property tax, land tax, transport tax, withholding tax, social tax, other payments to budget, VAT and PIT (on withholding tax and PIT Company acts as a tax agent).

Total tax accrued increased by 100% in the first half of 2022 compared to same period of 2021, due to an increase in corporate income tax and other taxes and payments to budget. Corporate income tax expenses increased due to the increase in profit before tax, which was mainly due to significant increase in sales volume, growth in the average realized price associated with an increase in the market spot price for U₃O₈ and weakening of the KZT against the USD in the first half of 2022 (see Section 6.2 Consolidated revenue and other financial metrics). The increase in other taxes and payments to budget is mostly driven by: the increase in VAT expense arising from increased volume of intra-group sales for KZT 18,820 million and increase in withholding tax expense accrued for dividends related to non-resident partners in uranium entities for KZT 5,450 million due to the increase in distributable net income of respective entities.

5.5 Cost and availability of sulfuric acid

Extraction of uranium using the ISR mining method requires substantial amounts of sulfuric acid. If sulfuric acid is unavailable, it could impact the Group's production schedule, while higher prices for sulfuric acid could adversely impact the Group's profits.

The Group's weighted average cost of sulfuric acid increased by 21.5% to KZT 27,751 per tonne in the first half of 2022 (from KZT 22,839 per tonne in same period of 2021) due to the increase in the price of raw materials and temporary shortages on the Kazakhstan market. On average in the first half of 2022, the price of sulfuric acid represented about 13.8% of the Group's uranium production costs (13.5% in same period of 2021).

The Group is evaluating sulphuric acid supply options and a potential investment in a new sulfuric acid plant to minimize future cost increases and ensure an additional, reliable, long-term source of acid supply is available.

5.6 Pandemic-related costs and availability of critical operating materials & equipment

The extraction of uranium using the ISR mining method requires the import of certain key operating materials and components. These items are either imported into Kazakhstan directly by the Group, or they are imported by local suppliers from whom the Group procures such materials. Due to global pandemic-related shipping constraints and export restrictions imposed by some countries, the Group has encountered delays and/or limited access to some key materials & equipment, such as certain types of pipes and pumps, specialised equipment and drilling rigs.

In some cases, shipping and availability constraints have resulted in a higher cost to acquire the necessary operating materials, resulting in slightly increased production costs and a negative impact on profitability. In other cases, there has been a near-complete loss of access to certain materials, resulting in an increased risk to production. To date, this risk has been mitigated by sharing inventory across operations to ensure continuous operation. However, if the Group could not procure sufficient critical materials for all of its operations, as well as specialised equipment and drilling rigs, it could impact the planned production schedule. Despite these challenges, the Group is maintaining its 2022 production plan and making every effort to achieve it, though final year-end volumes may fall short if the wellfield development, procurement and supply chain issues, including inflationary pressure as a result of commodity price changes, continue or worsen throughout the second-half of the year.

5.7 Impact of changes in Ore Reserves estimates

The Group reviews its JORC-compliant estimates of Ore Reserves and Mineral Resources on an annual basis, including a review of the estimates by a qualified third-party. As a result, certain Ore Reserves and Mineral Resources may be reclassified annually in accordance with applicable standards. Such reclassifications may have an impact on the Group's financial statements. For example, if a reclassification results in a change to the Group's life of mine plans, there may be a corresponding impact on depreciation and amortization expenses, impairment charges, as well as mine closure charges incurred at the end of mine life.

5.8 Transactions with subsidiaries, JVs, JOs and associates

The Company purchases U₃O₈ from its subsidiaries, JOs, JVs and associates, principally at spot price with market-based discounts, which vary by operation. Purchased volumes generally correspond to the Company's interest in the respective selling entities.

The Group's Uranium segment revenue is primarily composed of two streams:

- the sale of U₃O₈ purchased from JVs and associates, and
- the sale of U₃O₈ produced by the Company and by its consolidated subsidiaries and JOs.

Cost of sales of purchased uranium is equal to the purchase price from JVs and associates, which in most cases is the prevailing spot price with certain applicable discounts. The share of results of JVs and associates represents a significant part of the Group's profits and should be considered in the assessment of the Group's financial results. In the first half of 2022, U₃O₈ was purchased at a weighted average discount of 3.77% on the prevailing spot price.

When uranium produced by the Company, consolidated subsidiaries and JOs, is sold, the cost of sales is predominantly represented by the cost of production. For those sales, the full margin for uranium products including uranium for export is captured in the consolidated results of the Group.

The following table provides the volumes purchased by the Company for the periods indicated.

(tU)	Six months ended 30 June		Change
	2022	2021	
U ₃ O ₈ purchased from JVs and associates	1,401	1,229	14%
U ₃ O ₈ purchased from JOs and subsidiaries	3,841	3,158	22%
Total	5,242	4,387	19%

The volume of U₃O₈ purchased from JVs and associates, JOs and subsidiaries totalled 5,242 tonnes as at 30 June 2022, an increase of 19% compared to same period of 2021, mainly due to timing of customer requirements and the resulting differences in the timing of deliveries for the first halves of 2021 and 2022.

In addition to the above volumes, the Company (including its trading subsidiary THK) purchases volumes from third parties at variable prices.

6.0 KEY PERFORMANCE INDICATORS ANALYSIS

6.1 Consolidated financial metrics

The analysis in this section of the report is performed on the basis of six months ended 30 June 2022 compared to six months ended 30 June 2021. The table below provides financial information related to the consolidated results of the Group for the first half of 2022 and 2021.

(KZT million)	Six months ended 30 June		Change
	2022	2021	
Revenue	493,716	235,501	110%
Cost of sales	(291,532)	(154,045)	89%
Gross profit	202,184	81,456	148%
Selling expenses	(10,592)	(3,642)	191%
G&A expenses	(18,774)	(16,499)	14%
Operating profit	172,818	61,315	182%
Other income/(loss)	17,585	(830)	>200%
Share in the results of Associates	17,460	12,056	45%
Share of JVs' results	5,877	1,968	199%
Pre-tax income	213,740	74,509	187%
Corporate income tax	(46,366)	(16,423)	182%
Net profit	167,374	58,086	188%
Profit for the period attributable to owners of the Company	121,184	47,685	154%
Profit for the period attributable to non-controlling interest	46,190	10,401	>200%
Adjusted Net profit (net of one-time effects)¹	167,374	58,086	188%
Adjusted EBITDA ¹	224,457	99,395	126%
Attributable EBITDA ²	182,825	96,694	89%
Earnings per share attributable to owners (basic and diluted), KZT/share ³	467	184	154%

¹ Adjusted indicator is calculated by excluding items not related to the main business and having a one-time effect.

² Attributable EBITDA (previously "Adjusted Attributable EBITDA") is calculated as Adjusted EBITDA less the share of the results in the net profit in JVs and associates, plus the share of Adjusted EBITDA of JVs and associates engaged in the uranium segment (except JV "Budenovskoye" LLP's EBITDA due to minor effect it has during each reporting period), less non-controlling share of adjusted EBITDA of "Appak" LLP, JV "Inkai" LLP, "Baiken-U" LLP and JV "Khorasan-U" LLP, less any changes in the unrealized gain in the Group.

³ Calculated as: Profit for the period attributable to owners of the Company divided by Total share capital from Section 11.0 OUTSTANDING SHARES, rounded to the nearest KZT.

6.2 Consolidated revenue and other financial metrics

During the first half of 2022 the Group's consolidated revenue was KZT 493,716 million, an increase of 110% compared to the same period of 2021. The increase is mainly due to:

- a significant increase in sales volume in the first half of 2022 in comparison to the same period of 2021 (see Sections 6.3.2 Uranium segment production and sales metrics) mainly related to the timing of customer requirements and the resulting differences in the timing of deliveries for first halves of 2022 and 2021;
- growth in the average realized price associated with an increase in the market spot price for U₃O₈; and
- weakening of the KZT against the USD in the first half of 2022.

The main sources of revenue during the first half of 2022 compared to same period of 2021, are presented below.

(KZT million)	Six months ended 30 June			Proportion six month ended 30 June	
	2022	2021	Change	2022	2021
Uranium ¹	431,056	202,371	113%	87%	86%
Uranium products ²	22,437	2,937	>200%	4%	1%
Beryllium products	12,515	11,272	11%	3%	5%
Tantalum products	9,093	6,499	40%	2%	3%
Others	18,615	12,422	50%	4%	5%
Total Revenue	493,716	235,501	110%	100%	100%

¹ Includes only U₃O₈ sales proceeds (across the Group).

² Includes, but is not limited to production and sales of UO₂ powder and fuel pellets.

Operating profit in the first half of 2022 was KZT 172,818 million, an increase of 182% compared to the same period of 2021. The increase was mainly due to higher revenues in 2022 as indicated above.

Net profit in the first half of 2022 was KZT 167,374 million, an increase of 188% compared to the same period of 2021. The increase was mainly due to higher operating profit in the first half of 2022 as indicated above. There were no significant adjusting one-time effects during the first halves of 2022 and 2021. Profit for the period attributable to non-controlling interest increased significantly during the first half of 2022 compared to the same period of 2021, impacted by the sale of a 49% share of "Ortalyk" LLP in July 2021 in addition to the explanations stated above.

Adjusted EBITDA totalled KZT 224,457 million in the first half of 2022, an increase of 126% compared to the same period of 2021, while attributable EBITDA was KZT 182,825 million in the first half of 2022, an increase of 89% compared to the same period of 2021. The changes were mainly driven by higher operating profit.

6.3 Uranium segment

6.3.1 Uranium segment financial metrics

(KZT million unless noted)		Six months ended 30 June		
		2022	2021	Change
Average exchange rate for the period	KZT/USD	449.85	424.18	6%
Uranium segment revenue ¹		439,852	203,586	116%
Including U ₃ O ₈ sales proceeds (across the Group) ²		431,056	202,371	113%
Share of a revenue from uranium products	%	87%	86%	2%

¹ This segment does not include production and sales of UO₂ powder and fuel pellets. Calculated from Financial Statements Note Segment Information as a sum of external revenue and revenues from other segments for uranium segment.

² Calculated from Section 6.3.2 Uranium segment production and sales metrics: U₃O₈ sales volume (consolidated) multiplied by group average realized price in KZT/kg.

Consolidated U₃O₈ sales were KZT 431,056 million in the first half of 2022, an increase of 113% compared to the same period of 2021 due to:

- a significant increase in sales volumes related to timing of customer requirements and the resulting differences in the timing of deliveries for the first halves of 2022 and 2021;
- an increase in average realized price associated with an increase in the market spot price for U₃O₈;
- the weakening of the KZT against the USD in the first half of 2022.

6.3.2 Uranium segment production and sales metrics

		Six months ended 30 June		
		2022	2021	Change
Production volume of U ₃ O ₈ (100% basis)	tU	10,070	10,451	(4%)
Production volume of U ₃ O ₈ (attributable basis) ¹	tU	5,414	5,864	(8%)
U ₃ O ₈ sales volume (consolidated)	tU	9,017	6,193	46%
Including KAP U ₃ O ₈ sales volume ^{2, 3}	tU	8,032	5,179	55%
Group inventory of finished goods (U ₃ O ₈)	tU	9,276	8,864	5%
Including KAP inventory of finished goods (U ₃ O ₈) ⁴	tU	7,156	6,773	6%
Group average realized price	KZT/kg	47,807	32,675	46%
Group average realized price	USD/lb	40.88	29.63	38%
KAP average realized price ⁵	USD/lb	39.70	29.63	34%
Average weekly spot price	USD/lb	50.31	29.95	68%
Average month-end spot price ⁶	USD/lb	50.09	30.18	66%

¹ The Production volumes of U₃O₈ (attributable basis) is not equal to the volumes purchased by Company and THK.

² KAP U₃O₈ sales volume (incl. in Group): includes only the total external sales of KAP HQ and THK. Intercompany transactions between KAP HQ and THK are not included.

³ Group sales volume and KAP sales volume (incl. in Group) does not include approximately 32 tU equivalent sold as UF₆ in 2Q22.

⁴ KAP inventory of finished goods (incl. in Group): includes the inventories of KAP HQ and THK.

⁵ KAP average realized price: the weighted average price per pound for the total external sales of KAP and THK. The pricing of intercompany transactions between KAP and THK are not included.

⁶ Source: UxC, TradeTech. Values provided represent the average of the uranium spot prices quoted at month end, and not the average of each weekly quoted spot price, as contract price terms generally refer to a month-end price.

Production volume on a 100% basis was lower in the first half of 2022 compared to the same period in 2021 due to the impact of the COVID-19 pandemic on wellfield development in 2021. There is typically an eight- to ten-months lag between wellfield development and uranium extraction by in-situ recovery, therefore in 2021, delays and/or limited access to certain key materials and equipment impacted the wellfield commissioning schedule at the time, resulting in lower production a half-year later in 2022. Production on an attributable basis in the second quarter and first half of 2022 was lower compared to the same period in 2021 primarily due to the sale of a 49% share of "Ortalyk" LLP to CGN Mining UK Limited in July 2021. For additional details, see Section 6.3.3 Uranium segment production by operation.

In the first half of 2022, both Group and KAP sales volumes were significantly higher compared to the same period in 2021, primarily due to the timing of customer-scheduled deliveries. Sales volumes can vary substantially each quarter, and quarterly sales volumes vary year to year due to variable timing of customer delivery requests during the year, and physical delivery activity.

Consolidated Group inventory of finished U₃O₈ products as at 30 June 2022 amounted to 9,276 tonnes, which was 5% higher than as at 30 June 2021. At the Company level, inventory of finished U₃O₈ products was 7,156 tonnes, an increase of 6% compared to 30 June 2021. The increase in inventory was related to a higher purchase volume from subsidiaries, JVs, JOs and associates in the first half of 2022 (see Section 5.8 Transactions with subsidiaries, JVs, JOs and associates) as well as procurement from the market and swap deals. The Company continues to target an inventory level of approximately six to seven months of annual attributable production. However, inventory could fall below these levels due to pandemic-related production delays. As such, during the first half of 2022, several transactions to purchase material in the spot market were carried out and the Company will continue to monitor market conditions for opportunities to optimize its inventory levels.

The Group's average realized price in the first half of 2022 was KZT 47,807 per kg (40.88 USD/lb), an increase of 46% compared to the same period of 2021 due to a higher average spot price for uranium products, and the weakening of the KZT against the USD. The average realized prices at the KAP level for the first half of 2022 were also higher than in the same period of 2021 due to same reasons. The Company's current overall contract portfolio pricing correlates to uranium spot prices. However, for short-term deliveries to utilities, the spot price can vary significantly between the time contract pricing is established according to Kazakh transfer pricing regulations, and the spot price in the general market when the actual delivery takes place. The market volatility during that time lag between price-setting and delivery becomes more evident as volatility increases, in both rising and falling price conditions. In addition, some long-term contracts incorporate a proportion of fixed pricing

that was negotiated prior to the sharp increase in spot price. As a result, increases in both the Group and KAP's average realized prices in the first half of 2022 compared to the same period in 2021 were lower than the increase in the spot market price for uranium over the same intervals.

In the uranium market, the trends in quarterly metrics and interim results are rarely representative of annual expectations; for annual expectations, please see the Company's Guidance metrics for 2022 in Section 12 and the price sensitivity table from Section 12.1 Uranium sales price sensitivity analysis.

6.3.3 Uranium segment production by operation

The information presented in the table below provides the total uranium production level at each asset (100% basis). The reduction in wellfield development activity due to the impact of delays and/or limited access to some key materials and equipment in the first half of 2022 (see Section 5.6 Pandemic-related costs and availability of critical operating materials & equipment) was not the same across all operations due to the nature of the ISR mining process, and differences in the mine plans and development phase at each operation.

(tU as U ₃ O ₈)	Ownership	Six months ended 30 June		
		2022	2021	Change
Kazatomprom-SaUran LLP	100%	612	720	(15%)
RU-6 LLP	100%	423	431	(2%)
Appak LLP	65%	414	377	10%
JV Inkai LLP ¹	60%	1,371	1,599	(14%)
Baikent-U LLP	52.5%	602	569	6%
Ortalyk LLP ²	51%	724	765	(5%)
Semizbay-U LLP	51%	426	415	3%
Karatau LLP	50%	1,238	1,280	(3%)
JV Akbastau JSC	50%	768	780	(2%)
JV Khorassan-U LLP	50%	717	712	1%
JV Zarechnoye JSC	49.98%	361	315	15%
JV Katco LLP	49%	1,347	1,331	1%
JV SMCC LLP	30%	1,067	1,157	0%
Total		10,070	10,451	0%

¹ For JV "Inkai" LLP annual share of production on attributable basis is determined as per Implementation Agreement as disclosed in Company's 2018 IPO Prospectus. Company's annual attributable share of production at JV "Inkai" LLP in the first half of 2022 comprised 686 tU.

² Ownership changed due to the sale of 49% share of "Ortalyk" LLP to CGN Mining UK Limited in July 2021.

6.4 UMP Segment

6.4.1. UMP segment uranium product sales

UO ₂ powder and Fuel pellets		Six months ended 30 June		
		2022	2021	Change
Fuel pellets	Sales, tonnes	79.6	34.1	134%
Ceramic powder	Sales, tonnes	68.9	5.7	>200%
Dioxide from scraps	Sales, tonnes	8.0	16.0	(50%)

Sales of fuel pellets amounted to 79.6 tonnes in the first half of 2022, an increase of 134% compared to the same period of 2021 due to an increased demand for pellets from "Ulba-FA" LLP. The significant increase in sales of ceramic powder in the first half of 2022 was due to higher demand from customers. The decrease in sales volumes of dioxide from scrap was due to a change in timing of received materials for processing.

6.4.2. UMP segment rare metal product sales

Rare metals products		Six months ended 30 June		
		2022	2021	Change
Beryllium products	Sales, tonnes	579.04	617.97	(6%)
	KZT/kg	21,384	18,240	17%
Tantalum products	Sales, tonnes	75.80	78.07	(3%)
	KZT/kg	119,932	83,253	44%
Niobium products	Sales, tonnes	11.78	1.20	>200%
	KZT/kg	17,853	50,483	(65%)

Sales volumes for beryllium products decreased by 6% in the first half of 2022 compared to the same period of 2021, due to a decrease in the number of orders from customers. Sales price increased by 17% in the first half of 2022 mainly related to the weakening of KZT against USD and product mix that changed to more highly refined products at higher prices.

Sales volumes for tantalum products decreased by 3% in the first half of 2022 compared to the same period of 2021, due to lower consumer demand for tantalum ingots and chips. Sales price increased by 44% in the first half of 2022 mainly related to the weakening of KZT against USD and product mix that changed to more highly refined products at higher prices.

Sales volumes for niobium products in the first half of 2022 significantly increased compared to the same period of 2021 due to a higher quantity of orders for niobium hydroxide, although the 2022 orders were for a greater amount of lower refined products of lower value, resulting in a lower selling price in the first half of 2022.

6.5 Cost of sales

The table below illustrates the components of the Group's cost of sales for the first half of 2022 and the same period of 2021:

(KZT million)	Six months ended 30 June			Proportion six month ended 30 June	
	2022	2021	Change	2022	2021
Materials and supplies	206,039	92,658	122%	71%	60%
Depreciation and amortization	33,858	25,334	34%	12%	16%
Wages and salaries	19,387	13,863	40%	2%	4%
Taxes other than income tax	12,506	8,805	42%	4%	6%
Processing and other services	7,462	5,850	28%	7%	9%
Write-off of inventories to net realizable value	3,713	90	>200%	1%	0%
Other	8,567	7,445	15%	3%	5%
Cost of Sales	291,532	154,045	89%	100%	100%

Cost of sales totalled KZT 291,532 million in the first half of 2022, an increase of 89% compared to the same period of 2021 mainly due to higher sales volume in the first half of 2022 and an increase in the share of U₃O₈ purchased from JVs and associates, and from third parties.

The cost of materials and supplies was KZT 206,039 million in the first half of 2022, an increase of 122% compared to the same period of 2021 due to a significant increase in the proportion of sales of uranium purchased from JVs and associates, as well as from third parties. When such uranium is sold, the cost of sales is predominantly represented by the cost of purchased materials and supplies at the prevailing spot price with certain applicable discounts. Also, the purchase price of materials and supplies, including U₃O₈, increased as a result of inflationary pressure, the increase in the spot prices and the weakening of the KZT against the US dollar.

Depreciation and amortisation totalled KZT 33,858 million as at 30 June 2022, an increase of 34% compared to 30 June 2021, mainly due to higher sales volume of consolidated subsidiaries and JOs' produced material, as well as an increase in the costs of repayment of the PGR (see section 7.0 CAPITAL EXPENDITURES REVIEW).

Wages and salaries totalled KZT 19,387 million in the first half of 2022, an increase of 40% compared to the same period of 2021 due to an increase in payroll cost of production personnel.

The taxes other than income tax for the first half of 2022 totalled KZT 12,506 million, an increase of 42% compared to the same period of 2021 mainly attributable to MET.

The cost of processing and related services was KZT 7,462 million in the first half of 2022, an increase of 28% compared to the same period of 2021, mainly due to higher sales volume.

Write-off of inventories to net realizable value in accordance with IFRS for the first half of 2022 totalled KZT 3,713 million, a significant increase compared to the same period of 2021 due to the significant increase in purchase price of U₃O₈ associated with a higher average spot price for uranium products, and the weakening of the KZT against the USD (see Section 6.3.2 Uranium segment production and sales metrics).

The other categories of costs, including items such as maintenance and repair, transportation and other expenses totalled KZT 8,567 million in the first half of 2022, an overall increase of 15% compared to the same period of 2021.

6.5.1 Uranium segment C1 cash cost, all-in sustaining cash cost, and capital expenditures

(KZT million unless noted)		Six months ended 30 June		Change
		2022	2021	
C1 Cash cost (attributable basis)	USD/lb	9.97	8.99	11%
Capital cost (attributable basis)	USD/lb	5.33	3.59	48%
All-in sustaining cash cost (attributable C1 + capital cost) ¹	USD/lb	15.30	12.58	22%
Capital expenditures of mining companies (100% basis) ²		56,293	33,444	68%

¹ Significant CAPEX for investment and expansion projects are excluded.

² Excludes liquidation funds and closure costs. Note that in Section 7.0 CAPITAL EXPENDITURES REVIEW total results include liquidation funds and closure cost.

C1 Cash cost (attributable) increased by 11% and All-in-sustaining cash costs (“AISC”) (attributable C1 + capital cost) increased by 22% in USD equivalent for the first half of 2022 compared to the same period of 2021. The increase in C1 Cash cost was primarily due to an increase in the payroll cost of production personnel and increased inflationary pressure on materials and supplies. AISC increased due to an overall increase in capital cost on an attributable basis. The Company partially shifted wellfield development activities from 2021 to 2022, as a result of the COVID-19 pandemic in 2021, and delays and/or limited access to certain key materials and equipment. Such shift resulted in a higher level of capital expenditures in the first half of 2022.

Capital expenditures of mining companies (100% basis) in the first half of 2022 totalled KZT 56,293 million, a significant increase compared to the same period of 2021, primarily due to a shift in wellfield development activities as described above, as well as higher purchase prices for materials, supplies, equipment and cost of drilling (see Section 7.0 CAPITAL EXPENDITURES REVIEW).

Kazatomprom’s attributable C1 Cash cost can generally be broken down as follows (proportions vary year-to-year, and vary between operations, deposits and regions):

General Attributable Cash cost (C1) Categories	Six months ended 30 June	
	2022	2021
Material and supplies	26%	26%
MET	23%	18%
Processing and other services	18%	21%
Wages and salaries	21%	23%
General and administrative expenses	7%	7%
Selling expenses	3%	2%
Others	2%	3%
Total	100%	100%

6.6 Selling expenses

(KZT million)	Six months ended 30 June			Proportion six month ended 30 June	
	2022	2021	Change	2022	2021
Shipping, transportation and storing	8,392	2,040	>200%	56%	73%
Wages and salaries	678	550	23%	15%	10%
Materials	100	79	27%	2%	1%
Rent	162	29	>200%	1%	1%
Depreciation and amortisation	30	33	(9%)	1%	1%
Others	1,230	911	35%	25%	14%
Selling expenses	10,592	3,642	191%	100%	100%

Selling expenses totalled KZT 10,592 million in the first half of 2022, a significant increase compared to the same period of 2021. The increase was due to a much higher shipment volume in the first half of 2022 in comparison to the same period of 2021 as well as changes in the delivery destination points for uranium products, an increase in transportation tariffs, as well as the weakening of the KZT against the USD, as a significant portion of shipping, transportation and storing expenses are denominated in foreign currency.

6.7 General & Administrative expenses (G&A)

(KZT million)	Six months ended 30 June			Proportion six month ended 30 June	
	2022	2021	Change	2022	2021
G&A expenses	18,774	16,499	14%	100%	100%
Incl. Depreciation and amortisation	1,161	1,184	(2%)	7%	7%

The increase in G&A expenses was partly related to the increase in provision on liabilities for uranium products to KZT 3,900 million during the first half of 2022 (six month period ended 30 June 2021: KZT 2,932 million).

6.8 The share of associates' and JVs' results

The share of results of associates and JVs in the first half of 2022 was KZT 23,337 million, an increase of 66% compared to the same period of 2021. The increase was related to a growth in the average realized price associated with an increase in the market spot price for U₃O₈, and weakening of the KZT against the USD in the first half of 2022.

6.9 Profit before tax and tax expense

(KZT million)	Six months ended 30 June		
	2022	2021	Change
Profit before tax	213,740	74,509	187%
Corporate income tax	46,366	16,423	182%

The Group's profit before tax was KZT 213,740 million in the first half of 2022, a significant increase compared to the same period of 2021, due to the increase in operating income in the first half of 2022 driven by a significant increase in sales volume, growth in the average realized price associated with an increase in the market spot price for U₃O₈, and weakening of the KZT against the USD.

In the first half of 2022, corporate income tax expense was KZT 46,366 million, a significant increase compared to the same period of 2021 related to an increase in profit before tax.

Income tax expense is recognised based upon management's estimate of the weighted average effective annual income tax rate. The estimated average annual tax rate for the period ended 30 June 2022 is 20% (six month period ended 30 June 2021: 21%). The effective tax rate insignificantly differs from the Kazakhstani corporate income tax rate.

7.0 CAPITAL EXPENDITURES REVIEW

Most capital expenditures of the Group are incurred by subsidiaries, JO's, JVs and associates engaged in the mining of natural uranium. Such expenditures are comprised of the following key components:

- uranium well construction costs;
- expansion costs, which typically include expansion of processing facilities, extension of services and transport routes to new wellfield areas, implementation of new production systems and processes;
- sustaining capital, largely reflecting recurring, infrastructure, maintenance and equipment replacement related costs, which typically cease three years prior to the end of production at the asset; and
- liquidation fund contributions and mine closure costs (not included in the calculation of AISC).

The following table provides the capital expenditures for the Group's subsidiaries, JOs, JVs and associates engaged in uranium mining for the periods indicated. Capital expenditure amounts shown were derived from stand-alone management information of certain entities within the Group on an unconsolidated basis, and they are therefore not comparable with or reconciled to the amounts of additions to property, plant and equipment as presented in the Financial Statements. Investors are strongly cautioned to not place undue reliance on capital expenditure information, as it represents unaudited, unconsolidated financial information on an accounting basis that is not in compliance with IFRS.

(KZT million)	Owner-ship	30 June 2022				30 June 2021			
		WC ¹	S&E ²	LF/C ³	Total	WC ¹	S&E ²	LF/C ³	Total
Kazatomprom-SaUran LLP	100%	4,602	565	910	6,077	2,424	71	324	2,819
RU-6 LLP	100%	2,195	22	324	2,541	1,103	13	131	1,247
Appak LLP	65%	2,084	118	211	2,413	2,799	60	63	2,922
JV Inkai LLP	60%	4,788	286	23	5,097	2,034	1,299	4	3,337
Baiken-U LLP	52.5%	1,860	88	147	2,095	1,235	296	32	1,563
Ortalyk LLP	51%	5,075	271	146	5,492	1,555	159	50	1,764
Semizbay-U LLP	51%	2,277	254	184	2,715	1,358	457	70	1,885
JV Budenovskoye LLP	51%	156	426	57	639	933	273	12	12
Karatau LLP	50%	364	32	105	501	702	2,114	17	2,833
JV Akbastau JSC	50%	2,517	163	138	2,818	891	31	146	1,068
JV Khorassan-U LLP	50%	3,228	77	107	3,412	1,862	198	23	2,083
JV Zarechnoye JSC	49.98%	3,642	12	145	3,799	1,753	185	2	1,940
JV Katco LLP	49%	9,436	9,052	3,278	21,766	5,957	1,796	1,276	9,029
JV SMCC LLP	30%	2,355	348	258	2,961	1,463	422	49	1,934
Total of mining assets		44,579	11,714	6,033	62,326	26,069	7,374	2,199	35,642

¹ Well construction.

² Sustaining. Includes total expansion investments.

³ Liquidation fund / closure. In 2021 JV Katco LLP has changed the methodology of calculation and increased its LF/C.

In order to achieve the planned levels of production, the Group's mining companies assess the required level of wellfield and mining preparation based on the availability of reserves. These costs relate to the capitalized costs of maintaining the sites, with the main component being well construction.

(KZT million)	Six months ended 30 June		
	2022	2021	Change
Well construction	44,579	26,070	71%
Sustaining ¹	6,127	6,374	(4%)
Total wellfield construction and sustaining costs	50,706	32,444	56%
Expansion	5,587	1,000	>200%
Capital expenditures of mining companies (100% basis)²	56,293	33,444	68%

¹ Excludes total expansion investments.

² Excludes liquidation funds and closure costs.

Total wellfield construction and sustaining costs for the 14 mining entities amounted to KZT 50,706 million in the first half of 2022, which is significantly higher than in the same period of 2021, due to a shift of wellfield development work from 2021 to 2022 related to COVID-19 pandemic-related impacts, as well as an increase in purchase prices for materials, supplies, equipment and cost of drilling.

The information presented in the table below reflects the wellfield development depreciation (commonly known as PGR), property, plant and equipment, and depreciation and amortization data for each mining asset in the first half of 2022.

(KZT million unless noted)	PGR volumes (tU)	PGR at the end of period	Exploration value at the end of period	Historical cost of PPE (excl. wellstock) at the end of period	Carrying amount of PPE (excl. wellstock) at the end of period	D&A (excl. wellstock)
Ortalyk LLP	2,553	13,398	1,120	19,326	10,883	454
Kazatomprom-SaUran LLP	3,754	17,055	2,512	22,109	10,809	590
RU-6 LLP	2,755	7,609	-	9,112	5,708	278
Appak LLP	1,500	8,376	1,831	10,437	5,510	190
JV Inkai LLP	4,365	23,647	16,772	102,810	59,767	1,128
Baiken-U LLP	2,203	7,192	5,482	20,618	9,496	480
Semizbay-U LLP	2,307	8,234	36	17,461	7,976	440
JV Budenovskoye LLP	-	623	11,844	841	727	46
Karatau LLP	1,795	5,679	2,554	29,250	14,291	680
JV Akbastau JSC	2,208	7,560	6,021	11,612	6,951	216
JV Khorassan-U LLP*	3,248	9,584	8,472	16,628	9,842	392
JV Katco LLP	4,985	30,408	2,603	66,419	29,423	902
JV Zarechnoye JSC	1,638	8,181	3,178	8,993	2,060	212
JV SMCC LLP	4,104	11,023	5,836	22,720	10,317	698

* includes the fixed assets of "Kyzylkum" LLP.

8.0 RESERVES AND GEOLOGICAL SURVEYS

In accordance with the SRK Consulting (UK) Competent Person's Report ("CPR"), the Ore reserves of all mining assets at 31 December 2021 (including annual depletion) totalled 625.4 thousand tU, (100% basis), with 350.8 thousand tU attributable to the Company. However, as per the CPR report, the reserves of "Ortalyk" LLP are accounted for as 100% attributable to the Company in 2021 and do not take into account the sale of a 49% share in "Ortalyk" LLP to CGNM UK Limited in July 2021. When taking into account the sale of 49% shares in "Ortalyk" LLP, the reserves attributable to the Company comprised 332.6 thousand tU.

Total mineral resources (including ore reserves) were estimated at 784.4 thousand tU (100% basis), with 495.7 thousand tU attributable to the Company (taking into account change in "Ortalyk" LLP ownership share, mineral resources (including ore reserves) attributable to the Company were 477.5 thousand tU). In comparison to 2020, total mineral resources increased by about 32.4 thousand tU mainly due to an increase in reserves of 32.0 thousand tU from Blocks 6 and 7 of the Budenovskoye deposit and 20.6 thousand tU at Block 1 of the Inkai deposit, partially offset by a decrease of 21.8 thousand tU due to the production related depletion of mineral resources related to mining activities in 2021. Please see the CPR for further details, available in the Investor section of the Company's website.

9.0 LIQUIDITY AND CAPITAL RESOURCES

The Group's liquidity requirements primarily relate to funding working capital, capital expenditures, service of debt, and payment of dividends. The Group has historically relied primarily upon cash flow from operating activities to fund its working capital and long-term capital requirements, and it expects to continue to do so, although it maintains the option to use external financial resources when required. The Company will consider entering into project financing arrangements to fund certain investment projects if deemed necessary.

9.1 Cash, cash equivalents and available source of financing

The Group manages its liquidity requirements to ensure the continued availability of cash sufficient to meet its obligations on time, avoid unacceptable losses, and settle its financial obligations without jeopardizing its reputation.

(KZT million)	As at June 30, 2022	As at December 31, 2021	As at June 30, 2021	Change for six months of 2022
Cash and cash equivalents	380,394	161,190	151,762	136%
Current term deposit	8	43,220	-	(100%)
Total cash	380,402	204,410	151,762	86%
Undrawn borrowing facilities	165,560	177,902	255,450	(7%)

The Group's total cash and cash equivalents, including current term deposits at 30 June 2022 were KZT 380,402 million, increasing by 86% compared to KZT 204,410 million as at 31 December 2021 and higher in comparison to KZT 151,762 million as of 30 June 2021, mainly due to the accumulation of cash prior to the distribution of the 2021 dividend. Other explanations are presented below in the Section 9.4 Cash Flows.

Undrawn borrowing facilities are the credit lines available to the Group and considered as an additional liquidity source payable within 12 months, primarily used to temporarily cover cash deficits related to uneven receipts of trade receivables. As at 30 June 2022, the Group's fully available revolving credit lines comprised a total of KZT 165,560 million (USD 352 million), while as at 31 December 2021, the figure amounted KZT 177,902 million (USD 412 million); as at 30 June 2021, the figure amounted KZT 255,450 million (USD 597 million) The decrease is primarily related to the closure of unused credit lines.

9.2 Dividends received and paid

The Company is the parent for the Group, and in addition to revenue from its business operations, it receives dividends from JVs and associates, and from other investments. In the first half of 2022 and 2021, the Group received dividends of KZT 36,888 million and KZT 4,649 million, respectively, from its JVs and associates, and from other investments. The increase was primarily due to a change in timing of the dividend payment schedule in 2021 and 2022. The Company balances dividend maximisation and sustainable development goals at subsidiaries, JVs and associates. Dividends received by the Company from investees domiciled in the Republic of Kazakhstan are exempt from dividend tax.

In the first half of 2022, the Company accrued a dividend of KZT 227,388 million which was paid to its shareholders in July 2022 based upon the results of 2021 operations. This dividend represented an increase of 52% compared to 2021, when dividends of KZT 150,082 million were paid to shareholders in July 2021 based on 2020 financial results. The increase was mainly due to higher operating cash flow and the inclusion of proceeds from the sale of the Group's 49% interest in "Ortalyk" LLP in the Free Cash Flow (FCF) calculation methodology in accordance with the Company's dividend policy.

9.3 Working capital

The table below provides a breakdown of the Group's working capital.

(KZT million)	As at June 30, 2022	As at December 31, 2021	As at June 30, 2021	Change for six months of 2022
Inventory	310,844	275,856	225,722	13%
Receivables	198,505	220,138	142,234	(10%)
Recoverable VAT	72,806	46,447	34,733	57%
Other current assets	36,129	7,823	19,974	>200%
CIT prepayment	16,112	7,526	19,482	114%
Payables	(96,325)	(66,014)	(57,968)	46%
Employee remuneration liabilities	(158)	(215)	(128)	(27%)
Income tax liabilities	(13,599)	(5,096)	(1,541)	167%
Other taxes and compulsory payments liabilities	(15,001)	(17,973)	(8,747)	(17%)
Other current liabilities	(203,057)	(57,338)	(172,285)	>200%
Net working capital	306,256	411,154	201,476	(26%)

As per section 1.2 Update on geopolitical events, the Company has been managing the risk of financial sanctions by implementing mitigation measures to ensure mutual settlements do not face restrictions. However, other current assets as at 30 June 2022 includes short-term restricted cash (KZT 15,205 million) paid to a supplier earlier in the year whose bank account was subsequently included in the list of legal entities that fell under U.S. Department of the Treasury Office of Foreign Assets Control (OFAC) sanctions. As the funds had not cleared the intermediary financial institution prior to the imposition of the sanctions, the amount paid remains restricted at this time, but is expected to be returned to the Company before the end of the current year.

Other current liabilities as at 30 June 2022 include:

- amounts due under uranium swap contracts for KZT 77,105 million. Amounts due under uranium swap contracts have increased by approximately KZT 61,750 million as the Group received uranium under new swap transactions to diversify deliveries through inventory management, as well as a mitigation measure in relation to logistical risks that could affect the timely delivery of Kazakhstani uranium to Western conversion enterprises due to the unstable geopolitical situation. Upon fulfilment of obligations under swap contracts, the Group will receive cash consideration in the amount of KZT 51,816 million that was included in accounts receivable as of 30 June 2022;
- liabilities under inventory loan agreements for KZT 72,913 million. Also, according to short-term inventory loan agreement between the Group and ANU Energy that was concluded under the Framework Agreement between the Group and Genchi Global Limited, the Group received uranium from ANU Energy that will be returned before the 2022 year end. As at 30 June 2022, the liability under inventory loan agreement was KZT 53,740 million.

In the first half of 2021 other current liabilities included dividends payable in amount of KZT 150,295 million, of which KZT 150,082 million was paid in July 2021 (as at December 31, 2021 dividends payable in amount of KZT 265 million).

The Group's net working capital remained positive during all periods under review.

The following table sets forth the components of the Group's inventories:

(KZT million)	As at June 30, 2022	As at December 31, 2021	As at June 30, 2021	Change for six months of 2022
Finished goods and goods for resale	247,866	223,750	185,836	11%
<i>Including uranium products</i>	244,891	222,195	183,280	10%
Work-in-process	38,996	30,409	19,267	28%
Raw materials	19,618	14,879	14,577	32%
Materials in processing	4,157	3,091	2,668	34%
Spare parts	686	789	605	(13%)
Fuel	569	479	495	19%
Other materials	6,074	5,709	5,065	6%
Provision for obsolescence and write-down to net realizable value	(7,122)	(3,250)	(2,791)	119%
Total inventories	310,844	275,856	225,722	13%

The Group constantly monitors the uranium market and may pursue a strategy of increasing its inventories in certain market conditions. The Group's main inventory items are finished goods and goods for resale, which primarily consist of U₃O₈. The Group's work-in-process and raw materials increased by 28% and 32% respectively due to a shift in the production schedule of uranium products.

An increase in the inventory balance was due to an increase in inventory volume, an increase in spot price of U₃O₈ and weakening of KZT against USD during the first half of 2022, which increased the cost of purchased uranium from JVs, associates and third parties. In alignment with the Company's value strategy, Kazatomprom's inventory levels vary based upon timing of customer requirements and the resulting differences in the timing of deliveries, and mining and sales volumes, in alignment with changing market conditions.

9.4 Cash Flows

The following cash flow review is based upon and should be read in conjunction with the Financial Statements and related notes.

The following table provides the Group's consolidated cash flows:

(KZT million)	For the six month period ended 30 June 2022	For the six month period ended 30 June 2021
Cash flows from operating activities ¹	256,227	80,833
Cash flows from/(used in) investing activities	28,936	(13,850)
Cash flows (used in) financing activities	(81,293)	(30,515)
Net increase/(decrease) in cash and cash equivalents	203,870	36,468

¹ Includes income tax and interest paid.

9.4.1 Cash Flows from Operating Activities

Operating cash flows for the first half of 2022 totalled KZT 256,227 million, a significant increase compared to KZT 80,833 million during the same period of 2021 mainly due to:

- a KZT 425,691 million increase in cash receipts from customers during the first half of 2022 compared to the same period of 2021, due to differences in the timing of the sales schedule for the first halves of 2021 and 2022, growth in the average realized price associated with an increase in the market spot price for U₃O₈ and the weakening of the KZT against the USD;
- offset by a KZT 188,811 million increase in payments for accounts payable to suppliers during the first half of 2022 mostly due to change in timing of the purchases schedule for the first halves of 2021 and 2022 and growth in the average purchase price associated with an increase in the market spot price for U₃O₈ and the weakening of the KZT against the USD;
- a KZT 31,254 million increase in income tax paid due to the increase in profit before tax.

9.4.2 Cash Flows from Investing Activities

Net cash inflows from investing activities were KZT 28,936 million in the first half of 2022 compared to Net cash outflows KZT 13,850 million in the same period of 2021 mainly due to:

- a KZT 32,239 million increase in dividends received from JVs and associates, and other investments due to a change in timing of the dividend payment schedule in 2021 and 2022;
- offset by an increase in acquisition of property, plant and equipment, acquisition of mine development assets and acquisition of exploration and evaluation assets in sum for KZT 6,944 million primarily due to a shift in wellfield development activities, as well as higher purchase prices for equipment (see Section 7.0 CAPITAL EXPENDITURES REVIEW).

Additionally, in order to diversify its treasury portfolio, on 12 May 2022 the Group made an investment of KZT 8,804 million (approximately USD 20 million) in USD-denominated coupon Eurobonds issued by “Kazakhstan Development Bank” JSC with maturity of 3 years at an interest rate of 5.95%.

9.4.3 Cash Flows from financing activities

Net cash outflows used in financing activities in the first half of 2022 were KZT 81,293 million compared to KZT 30,515 million in the same period of 2021. The principal factor affecting the comparable financing cash flows was a KZT 61,160 million increase in dividends paid to non-controlling interests related to: an increase in profit for the period attributable to non-controlling interest and affected by the sale of a 49% share in “Ortalyk” LLP in July 2021 (see Section 6.2 Consolidated revenue and other financial metrics).

10.0 INDEBTEDNESS

The total debt and guarantees of the Group as at 30 June 2022 were KZT 119,118 million (KZT 110,462 million as at 2021 year-end; KZT 109,739 million as at 30 June 2021), including:

(KZT million)	As at June 30, 2022	As at December 31, 2021	As at June 30, 2021	Change for six months of 2022
Non-bank loans	97,971	89,308	90,410	10%
Guarantees	21,147	21,154	19,329	-
Total debt and guarantees	119,118	110,462	109,739	8%

The following table summarises the structure of the Group's indebtedness, excluding guarantees:

(KZT million)	As at June 30, 2022	As at December 31, 2021	As at June 30, 2021	Change for six months of 2022
Non-current	84,847	77,850	77,154	9%
Non-bank loans, including:	84,847	77,850	77,154	
<i>Bonds issued</i>	84,700	77,700	77,000	
<i>Lease liabilities</i>	147	150	154	
Current	13,124	11,458	13,256	15%
Non-bank loans, including:	13,124	11,458	13,256	
<i>Promissory note issued</i>	10,519	10,514	10,509	
<i>Lease liabilities</i>	35	141	411	
<i>Bonds issued</i>	2,570	803	2,336	
Total debt	97,971	89,308	90,410	10%

As at 30 June 2022, the Group has no current or long-term bank loans.

The amount of non-bank loans as of 30 June 2022 totalled KZT 97,971 million and predominantly includes long-term USD-indexed Company coupon bonds with a nominal amount of KZT 70 billion and maturity in October 2024, issued in September 2019 on the Kazakhstan Stock Exchange (KASE).

Promissory notes owned by JV "Khorasan-U" LLP are with maturity "on demand". As of 30 June 2022, the right to claim under the promissory notes belongs to "Kyzylkum" LLP.

Guarantees represent off-balance sheet irrevocable obligations of the Group to effect payment in the event that another party cannot meet its obligations.

Other liabilities of the Group are finance leases, other debt and leases.

According to its loan and guarantee agreements, the Group is required to comply with certain financial covenants based upon the Group's consolidated information, such as debt to equity ratio, and debt to EBITDA ratio. The Group complied with all applicable covenants during the period and remained in compliance as at 30 June 2022.

The following table summarises the Group's weighted average interest rate for Company's debt:

(%)	As at June 30, 2022	As at December 31, 2021	As at June 30, 2021
Weighted average interest rate, including:	3.55	3.37	3.51
Fixed interest rate	3.55	3.52	3.51
Floating interest rate	-	0.97	0.97

As of 30 June 2022, the weighted average interest rate increased to 3.55%. The Group's weighted average interest rate on loans and borrowings in the first half of 2022 was mainly influenced by the absence of loans and borrowings with a lower floating interest rate.

As of 30 June 2022, all of the Group's loans and borrowings were fully at fixed interest rates (bonds with a coupon of 4% per annum), while previously, at year-end 2021, short-term floating interest rate loans were also in place which have since been repaid.

The Company has credit ratings assigned and affirmed by international agencies:

- Baa2 with a stable outlook by Moody's Investors Service (confirmed 12 August 2021, upgraded from Baa3);
- BBB- with a stable outlook by Fitch Ratings (confirmed 19 March 2021).

10.1 Net debt / Adjusted EBITDA

The following table summarises the key ratios used by the Company's management to measure financial stability. Management targets a net debt to adjusted EBITDA of less than 1.0.

(KZT million)	As at June 30, 2022	As at December 31, 2021	As at June 30, 2021	Change for six months of 2022
Total debt (excluding guarantees)	97,971	89,308	90,410	10%
Total cash balances (see Section 9.1)	(380,402)	(204,410)	(151,762)	86%
Net debt	(282,431)	(115,102)	(61,352)	145%
Adjusted EBITDA*	475,356	350,294	344,117	36%
Net debt / Adjusted EBITDA (coefficient)*	(0.59)	(0.33)	(0.18)	79%

* For the purposes of "Net debt/Adjusted EBITDA (coefficient)" calculation Adjusted EBITDA for 2022 and 2021 was calculated as for 12 months (the first half of the reporting period and the second half of the previous period). Adjusted EBITDA is calculated as Profit before tax - finance income + finance expense +/- Net FX loss/(gain) + Depreciation and amortisation + Impairment losses - reversal of impairment +/- one-off or unusual transactions.

11.0 OUTSTANDING SHARES

There were no changes to the Company's share structure during the first half of the year. As of 30 June 2022, 25% of the Company's outstanding shares were publicly traded, with "Samruk-Kazyna" JSC remaining the majority shareholder at 75%.

(at 30 June 2022)	Shares and GDRs	%
Samruk-Kazyna	194,517,456	75
Public free-float	64,839,152	25
Total share capital	259,356,608	100

12.0 GUIDANCE FOR 2022

(exchange rate 460 KZT/1USD)	2022
Production volume U ₃ O ₈ (tU) (100% basis) ¹	21,000 – 22,000 ²
Production volume U ₃ O ₈ (tU) (attributable basis) ³ .	10,900 – 11,500 ²
Group sales volume (tU) (consolidated) ⁴	16,300 – 16,800
Incl. KAP sales volume (incl. in Group) (tU) ⁵	13,400 – 13,900
Revenue - consolidated (KZT billions) ⁶	930 – 950
Revenue from Group U ₃ O ₈ sales, (KZT billions) ⁶	790 – 810
C1 cash cost (attributable basis) (USD/lb) ⁷	\$9.50 – \$11.00
All-in sustaining cash cost (attributable C1 + capital cost) (USD/lb) ⁷	\$16.00 – \$17.50
Total capital expenditures (KZT billions) (100% basis) ⁸	160-170

¹ Production volume U₃O₈ (tU) (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it disregards that some portion of production may be attributable to the Group's JV partners or other third-party shareholders.

² The duration and full impact of the COVID-19 pandemic and the Russian-Ukrainian conflict is not yet known. Annual production volumes could therefore vary from internal expectations.

³ Production volume U₃O₈ (tU) (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, corresponding only to the size of such interest; it excludes the portion attributable to the JV partners or other third-party shareholders, except for JV "Inkai" LLP, where the annual share of production is determined as per Implementation Agreement as disclosed in Company's 2018 IPO Prospectus. Actual drummed production volumes remain subject to converter adjustments and adjustments for in-process material.

⁴ Group sales volume: includes the sales of U₃O₈ by Kazatomprom's sales and those of its consolidated subsidiaries (according to the definition of the Group provided on page one of this document). For consistency, Group U₃O₈ sales volumes do not include other forms of uranium products (including, but not limited to the sales of fuel pellets).

⁵ KAP U₃O₈ sales volume: includes only the total external sales of U₃O₈ of KAP HQ and THK. Intercompany transactions between KAP HQ and THK are not included.

⁶ Revenue estimates have only been updated to account for a change in expectations for uranium price and exchange rate for the Kazakhstani tenge. Revenue expectations are based on a uranium prices taken at a single point in time from third-party sources and on an internal exchange rate assumption of KZT460:USD1. There continues to be significant volatility in both uranium price and the tenge exchange rate. Therefore, 2022 revenue could be materially impacted by how actual uranium prices and exchange rates vary from the third-party and internal estimates respectively.

⁷ Note that the conversion of kgU to pounds U₃O₈ is 2.59979.

⁸ Total capital expenditures (100% basis): includes only capital expenditures of the mining entities, excludes significant CAPEX for investment and expansion projects.

At this time, all 2022 guidance metrics remain unchanged from previously disclosed expectations.

COVID-19 disrupted the overall production supply chain in 2021 resulting in a shortage of certain production materials, such as reagents and piping, affecting exploration and development activities, which led to a shift in the commissioning schedule for new wellfields. Because of the shift, uranium production volumes through the first half of 2022 fell short of internal expectations. In addition to the delays in the commissioning schedule for new wellfields, shortages of certain materials, including sulfuric acid, also have a negative impact on development and production activities. Despite these challenges, the Group is maintaining its 2022 production plan and making every effort to achieve it, though final year-end volumes could fall short if wellfield development and supply chain issues continue or worsen throughout the second-half of the year.

Revenue, C1 cash cost (attributable basis) and All-in Sustaining cash cost (attributable C1 + capital cost) guidance may vary from the ranges shown, to the extent that the KZT-to-USD exchange rate and uranium spot price differ significantly from the Company's assumptions.

The Company only intends to update annual guidance in relation to operational factors and internal changes that are within its control. Key assumptions used for external metrics, such as exchange rates and uranium prices, are established using third-party sources during the Company's annual budget process in the previous year; such assumptions will only be updated on an interim basis in exceptional circumstances.

The Company continues to target an inventory level of approximately six to seven months of annual attributable production. However, inventory could fall below these levels due to pandemic-related production losses. As such, during the first half of 2022, several transactions to purchase material in the spot market were carried out and the Company will continue to monitor market conditions for opportunities to optimize its inventory levels.

12.1 Uranium sales price sensitivity analysis

The table below indicates how the Group's U₃O₈ annual average sales price may respond to changes in spot prices (shown in the left column), for a given year (shown across the top row). At present, the table clearly indicates that the Group's U₃O₈ average annual sales prices are closely correlated with the uranium spot market price. Note that the average realized price reported during interim periods throughout a given year can be significantly impacted by price volatility, due to the nature and timing of near- and mid-term sales and customer delivery requests.

This sensitivity analysis should be used only as a reference, and actual uranium market spot prices may result in different U₃O₈ annual average sales prices than those shown in the table. The table is based upon several key assumptions, including estimates of future business opportunities, which may change and are subject to risks and uncertainties outside the Group's control. Please review the footnotes under that table and refer to the section 13.1 Forward-looking statements for more information.

Average Annual Spot Price (USD)	2022E	2023E	2024E	2025E	2026E
20	35	24	22	23	21
30	38	32	31	31	30
40	41	40	40	40	39
50	44	48	48	48	49
60	47	56	56	56	58
70	50	63	65	64	67

Values are rounded to the nearest dollar. The sensitivity analysis above is based on the following key assumptions:

- Annual inflation is assumed to be 2% in the US based on historic values, for the purposes of this analysis.
- Analysis is as of 30 June 2022 and prepared for 2022–2026 on the basis of minimum average Group annual sales during the specified period of approximately 18.0 thousand tonnes of uranium in the form of U₃O₈, of which the volumes contracted as of 30 June 2022 will be sold per existing contract terms (i.e. contracts with hybrid pricing mechanisms with a fixed price component (calculated in accordance with an agreed price formula) and / or combination of separate spot, mid-term and long-term prices); Kazatomprom's marketing strategy does not target a specific proportion of fixed and market related contracts in its portfolio in order to remain flexible and react appropriately to market signals.
- A difference between sales prices and spot prices is expected for 2022, since numerous sales commitments for 2022 are based on pricing that was locked-in before September 2021, when the spot price started to increase significantly.
- For the purpose of the table, uncommitted volumes of U₃O₈ are assumed to be sold under short-term contracts negotiated directly with the customers and based on spot prices.

13.0 RISKS AND FORWARD-LOOKING INFORMATION

The Company is exposed to the following key risks that could have a material adverse effect on the Group and its results:

- complex and unquantifiable risks associated with sanctions against Russia and the current situation in Ukraine, which may lead to a deterioration in the financial stability of the Group and an increase in social tension, related, but not limited to restrictions on mutual settlements in US dollars and other currencies, suspension transshipment of goods through the territory of the Russian Federation, physical security of goods;
- The Group is a major taxpayer and is exposed to tax risks, the most significant being changes in the rate of the mineral extraction tax on uranium, transfer pricing within the statutory limitation period.
- certain customers and business associates of the Group may be subjected to US and EU sanctions, and such sanctions could have a material impact on the Company;
- the Group's primary supply route through Russian territory could be subject to limitations, restrictions and/or increased costs;
- the permitted/licensed quota available to ship uranium products via the Company's established alternative Trans-Caspian could be insufficient to meet the full delivery requirements to western markets;
- access to critical operating materials could be impacted by scarcity and ongoing global supply chain limitations, increasing costs and affecting the Group's disclosed mine development and production strategy for 2022, 2023 and 2024;
- the Group's profitability is directly related to the market prices of uranium, which are volatile. Volatility in uranium prices could have a material adverse impact on the Group;
- major accidents affecting the nuclear industry may result in a dramatic fall in uranium prices;
- nuclear energy competes with several other sources of energy, and sustained lower prices of such alternative energy sources may result in lower demand for nuclear raw materials, a reduction in nuclear energy development programs and the construction of nuclear power plants and consequently, in a reduction in demand for uranium which could impact market prices;
- nuclear energy is subject to public opinion risks that could have a material adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry;
- the Group faces competition and could lose customers to other suppliers of uranium and uranium products;
- the Group is currently dependent on a small number of customers that purchase a significant portion of the Group's uranium, and the loss of significant customers could have a material, adverse impact;
- the US or other uranium importers could impose tariffs or quotas on uranium imports;
- the Group's uranium extraction and transportation activities are subject to operational risks, hazards and unexpected disruptions, which could delay the production and delivery of the Group's uranium and uranium products, increase the Group's cost of extraction, or result in accidents at the Group's extraction locations;
- the Group may continue to hold significant U₃O₈ inventories throughout the U₃O₈ pricing cycle if production exceeds sales;
- the availability and cost of sulfuric acid materially affects the continuity and commercial viability of the Group's operations, as the Group uses substantial amounts of sulfuric acid to extract uranium;
- the Group may face difficulty using railroads or other transportation infrastructure connecting Kazakhstan with neighbouring countries;
- the Group may be unsuccessful in maintaining existing ore reserves or discovering new ore reserves, and the reported quantities or classifications of the Group's uranium ore reserves may be lower than estimated because of inherent uncertainties in the estimation process;
- the Group may be unable to obtain, on commercially acceptable terms or at all, the necessary financing for its operations, strategy implementation, and/or expansion of its business and local infrastructure;
- the Group is subject to various financial risks related to certain financial and other restrictive covenants, fluctuations of interest and currency rates, liquidity constraints or fail to obtain the necessary funding, or defaults of counterparties;
- the Group may be affected by arbitration or litigation proceedings to which it is not a party, or by legal consequences of non-compliance / misinterpretation of legislation;

- the Group's insurance coverage may not be adequate to cover losses arising from potential operational hazards and unforeseen interruptions;
- failures of the Group's IT systems or cyber-attacks could negatively influence the results of operations;
- failure to achieve planned uranium production or products (U₃O₈) output volumes, sales, or production costs of products and services;
- failure to fulfil the plan for production and sale of fuel assemblies in the Republic of Kazakhstan;
- failure to successfully improve corporate governance systems and health, safety, and environmental programs;
- the Group is impacted by the macroeconomic, social and political conditions in Kazakhstan, and the Group may be exposed to risks related to adverse sovereign action by local government, or subject to extensive government regulation and legislation;
- the Group may be affected by labour unrest or increased social tension in Kazakhstan, which could have a material adverse effect on the Group's operations and reputation;
- the Group's results of operations are subject to economic, political and legal developments in China, India and South-East Asia;
- unexpected catastrophic events, including acts of vandalism and terrorism may adversely impact the Group's operations;
- the spread of the COVID-19 pandemic on the territory of Kazakhstan and other countries may lead to a deterioration in the financial stability of the Group and an increase in social tension and inability to procure key operating materials.

13.1 Forward-looking statements

This document contains statements that are considered as “forward-looking statements”. The terminology used for describing the future, including, inter alia, such words as “believes”, “according to preliminary estimates”, “expects”, “forecasts”, “intends”, “plans”, “suggests”, “will” or “should” or, in each case, similar or comparable terminology, or references to discussions, plans, objectives, goals, future events or intentions, is used to denote forward-looking statements. These forward-looking statements include all statements that are not historical facts. These statements include, without limitation, statements regarding intentions, opinions and announcements on the Company's expectations concerning, among other things, the results of operations, financial state, liquidity, prospects, growth, potential acquisitions, strategies and sectors, in which the Company operates. In their nature, forward-looking statements involve risks and uncertainties because they relate to future events and circumstances that may or may not occur. Forward-looking statements do not guarantee future or actual performance. The Company's financial position and liquidity, as well as the development of the country and industries, in which the Company operates, may significantly differ from the options described herein or assumed pursuant to the forward-looking statements contained herein. The company does not plan and does not assume obligations to update any information regarding the industry or any forward-looking statements contained herein, whether as a result of obtaining new information or occurrence of future events or any other circumstances. The Company makes no representations, provides no assurances and publishes no forecasts as to whether the outcomes described in such forward-looking statements will be achieved.