25 August 2023, Astana

OPERATING AND FINANCIAL REVIEW
SIX MONTHS ENDED 30 JUNE 2023

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 months ended 30 June 2023 ("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 2Q23 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 attributable uranium production in 2022 for approximately 22% of the total global primary uranium supply. The Holding, which includes all uranium production from Kazakhstan, accounts for about 42% of the global uranium production volume in 2022.

As the National Atomic Company of the Republic of Kazakhstan, Kazatomprom holds the status of a national operator for the export and import of uranium and its compounds, nuclear power plant fuel, special equipment, and technologies. In the first half of 2023, approximately 10,000 tons of annual global uranium production were extracted using the in-situ recovery method (ISR), of which about 74% was carried out from the Holding's mines in Kazakhstan.

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;
- Twelve uranium producing companies, partly owned by Kazatomprom (based on equity shareholding), operating on 21 uranium deposits/blocks.

In 2022, the Group completed preparations for pilot uranium production in Block 6 and 7 of the Budenovskoye deposit and started production of uranium at Zhalpak mine.

At of 31 December 2022, the Group's attributable Proved and Probable Ore Reserves amounted to 312.9 thousand tonnes of Uranium Metal Content Equivalent (UME). Attributable Measured and Indicated Mineral Resources (inclusive of the Mineral Resources categorized as Ore Reserves) totalled 464.8 thousand tonnes of UME. Each category is reported in accordance with the terms and definitions of the Joint Ore Reserves Committee (JORC) Code. Please see the Competent Person's Report (CPR) for further details, available in the Investor section of the Company's website. An update letter from the independent consultant on the Mineral Resource and Ore Reserve statements valid as of 31 December 2022 has also been published and is available on Company's website.

As was previously disclosed by the Company, on 20 January 2023 the Ministry of Energy of the Republic of Kazakhstan granted an extension of uranium mining contracts and signed corresponding addendums with Company's two wholly-owned (100% share ownership) subsidiaries:

- with Kazatomprom-SaUran LLP for Kanzhugan and Eastern Mynkuduk deposits. The addendums provide extension of subsoil use rights period at Kanzhugan deposit until 2047 and at Eastern Mynkuduk deposit until 2027;
- with RU-6 LLP for Northern Karamurun and Southern Karamurun deposits. The addendum to the contract provides extension of subsoil use rights period at these two mines until 2040.

In early August 2022, JV KATCO LLP (a joint venture entity in which the Group holds a 49% ownership interest) was issued a license from the Ministry of Energy of the Republic of Kazakhstan to mine the South Tortkuduk block of the Muyunkum uranium deposit. On December 31, 2022, JV KATCO LLP signed the addendum to the Subsoil Use Agreement with the Ministry of Energy of the Republic of Kazakhstan, which envisions an update of the mining schedule with an anticipated return to a production level of 4,000 tons of uranium per year not earlier than 2026.

On August 11, 2022 participants of JV KATCO LLP signed amendment to the Partnership Agreement on further development of the entity dated 10 April 2017, under which the Group became entitled to the one-time compensation in the amount of KZT 7,671 million from the second participant, which was recognized as income in 2022. According to the amendment, the Group is also entitled to an additional 11% from distributable annual profit in 2022 with the Company's ownership interest of 49% remaining unchanged.

These additional 11% affect the distribution of dividends of JV KATCO LLP, therefore, in the consolidated financial statements, the Group recognized a share in the Partnership's results for 2022 at 60%. Net assets are still recognized at 49% in accordance with the initial agreement of the participants.

In July 2023 the second participant of JV KATCO LLP paid the one-time compensation of KZT 7,091 million, net of exchange rate difference (as previously mentioned this income was recognized in 2022), and the dividend compensation of an additional 11% of profit in the amount of KZT 5,458 million. The conditions for compensation of dividends from the second participant in the future, as well as the right of the Group to an additional 11% of the amount of the annual profit distribution of the enterprise, are governed by the Partnership Agreement on further development.

In 2021, the JV Budenovskoye LLP (a joint venture entity in which the Group holds a 51% ownership interest) received an amendment to the Subsoil Use Agreement for Blocks 6 and 7 of the Budenovskoye deposit to commence industrial uranium production. The plan developed for a 25-year period from 2021 to 2045 envisions the current phase of pilot production and subsequent industrial development of Blocks 6 and 7 of the Budenovskoye deposit with an increase in production volumes up to 2,500 tons of uranium starting not earlier than 2024, and a maximum annual production capacity of up to 6,000 tons of uranium no earlier than 2026. In February 2023, pilot uranium mining has begun at Blocks 6 and 7 of the Budenovskoye deposit.

In October 2017, the MC Ortalyk LLP obtained a Contract for uranium exploration at Zhalpak field for a period up to 31 May 2018. In May 2018, the Ministry of Energy of the Republic of Kazakhstan agreed to extend the exploration period under the Contract until 31 December 2022 for mineral resource assessment. However, the Project for Assessment Works was not approved by the Ministry of Energy of the Republic of Kazakhstan, therefore the pilot production stopped in April 2020. The volume of unauthorised uranium at the Zhalpak field for the period from June 2018 to April 2020 amounted to 162.5 tons.

In early 2023 the issue of paying compensation for the unauthorised volume of uranium began to be actively discussed with the government authorities. According to preliminary calculations, as of the reporting date, the amount of compensation to the Government is KZT 11,357 million. On 15 August 2023 MC Ortalyk LLP paid a compensation of KZT 11,404 million including exchange rate difference at the date of payment.

According to the terms of the Agreement for the sale and purchase of a 49% ownership interest in MC Ortalyk LLP, in the event of MC Ortalyk LLP incurring an obligation with respect to any unpaid amount exceeding a threshold of USD 2 million, not accounted for within the framework of the sale and purchase process of the ownership interest in the MC Ortalyk LLP and arising prior to the entry of the second participant into the composition of the participants, the Company undertakes to reimburse the second participant 49% of the compensation amount, excluding the amount above the threshold as specified in the sale and purchase Agreement. Taking into account the obligation of the entity to pay compensation for the unsettled volume of uranium, the preliminary cost of which is KZT 11,357 million, the Company has accrued a provision for payment of compensation to the second participant of the entity in the amount of KZT 4,657 million.

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 (UO_2) ceramic powder production, and the production of fuel pellets for fuel assemblies used in nuclear power stations. The Group also has access to uranium enrichment services through its agreements with TVEL Fuel Company of Rosatom. In December 2022, a plant for the production of fuel assemblies (FA) Ulba-FA LLP which started operating in 2021, carried out the first delivery of nuclear fuel in the volume of one reload (a little over 30 tons of low-enriched Uranium) to China, where the products were accepted by the China General Nuclear Power Corporation-Uranium Resources Co. (CGNPC-URC). Also, in May 2023, the second batch of fuel assemblies was successfully delivered to a nuclear power plant in China (slightly more than 30 tons of low-enriched uranium). In future the Ulba-FA LLP plans to increase production volumes to reach full production capacity (200 tons per year if calculated in terms of low-enriched uranium in fuel assemblies) in 2024.

In addition to the uranium business, the Group includes a subsidiary engaged in the processing of specific types of rare metals, primarily tantalum, niobium and beryllium.

The Group also includes subsidiary organizations that are mainly engaged in providing services to the uranium segment, including activities such as drilling, transportation, information technology, 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. The Group seeks to return substantial cash flows to its shareholders, whilst preserving a conservative financial position and comfortable leverage to best position itself to act on market and investment opportunities.

1.2 Update on geopolitical events

As part of its ongoing risk assessment program management analyses the potential impact of anti-Russian sanctions on the Group's operations. To date, the sanctions have had no significant impact on the Group's operations although the market uncertainty caused by the conflict between Russia and Ukraine has resulted in significant volatility of uranium spot price, the Tenge exchange rate and the Company's share price.

As part of the Group's exported products are transported through Russia, there are risks associated with transit through the territory of Russia, insurance and the delivery of cargo by sea vessels. The Group constantly monitors the potential impact of sanctions on the transportation of finished products. At the date of these financial statements, there are no restrictions on the Group's activities related to the supply of the Group's products to end customers.

There are also risks associated with Russian partners in Group's subsidiaries, associates and joint ventures, including reputational and corporate governance risks. The Group monitors sanctions list updates to take appropriate actions in case of any risks realised.

The Group's management is unable to predict the impact of future events on the Group's financial position and its results of this matter. Management will continue to monitor the potential impact of anti-Russian sanctions on the Group and will take all necessary steps to mitigate risks. At the date of approval of these interim financial statements, the entities of the Rosatom State Corporation group, the partners of the Group in six uranium mining entities in Kazakhstan, are not included in the sanctions list.

2.0 ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

2.1 Industry ESG

The uranium mining industry is largely open-pit and underground mine-based and is therefore often perceived as an antagonist in the context of environmental sustainability. However, it is now being acknowledged as an essential part of the climate change solution. Following the inclusion of nuclear power as a sustainable economic activity to the taxonomy of the European Union, investors and customers are increasingly recognizing the industry as a critical raw materials supplier needed for the global energy transition.

Inspired by such Global initiatives as the Paris Agreement, the annual Conference of the Parties to the UN Framework Convention on Climate Change (COP), the UN Global Compact, corporations and governments are now more willing to demonstrate their commitment to fiduciary obligations, including those ESG-related — from climate change issues to human rights due diligence and preventing social unrest.

Over the next decade, decisions made by uranium mining companies and the way they prepare themselves for the energy transition, given the increasing energy scarcity, will determine their resilience and create or abolish their competitive advantage in the global market. Companies need to find new ways to advance existing environmental, social, and governance (ESG) frameworks, ensuring they are future-proofed and resilient to economic conditions of tomorrow. Integrating ESG into long-term business strategies as a tool to add value, rather than a discretionary cost that is frequently cut, will be critical for achieving this goal.

Requirements for ESG reporting are progressing every year. Recently published by The International Sustainability Standards Board (ISSB), IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures are set to become the basis for the harmonizing non-financial reporting around the world. In order to keep up with demands, companies need to not only allocate resources to train employees in non-financial reporting standards, but also take actions to foster environmental consciousness, promote sustainable development principles along the entire value chain.

2.2 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 continuingly 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. Engagement with all stakeholders is aimed at identifying various ecological, social, and governance issues most significantly impacted by the Company's activities. Kazatomprom recognizes and accepts responsibility in designing the foundations for a sustainable future and supports the Global 2030 Sustainable Development agenda.

2.3 ESG-related progress to date in the first half of 2023

In December 2022, the international rating agency S&P Global Ratings (the Agency) assigned Kazatomprom its first independent ESG rating at a score of 51 (the global average score for the mining sector is 50). Of note, the current global maximum ESG evaluation score among Metal & Mining sector companies is 68 (of 100) with a global Metal & Mining sector average of 50 (of 100). The Agency's assessment was based upon an in-depth analysis of Kazatomprom's exposure to mining, environmental and social risks. In 2023, Kazatomprom continued its efforts to improve its sustainability performance. Based on the assessment of the Agency and the world's best practices, 2023-2024 Roadmap for ESG practices advancement at Kazatomprom has been developed and approved by the Board of Directors.

Adhering to global priorities and following the national strategy, Kazatomprom also strives to contribute to the fight against climate change. In the reporting period, the Company included climate risks in the risk register. In order to implement the Decarbonization and Carbon Neutrality Strategy until 2060, approved by the Board of Directors in December 2022, the Comprehensive Action Plan for Decarbonization and Carbon Neutrality of Kazatomprom until 2040 was developed and approved. In addition, for the first time the Company completed and submitted the CDP (Carbon Disclosure Project) questionnaire on climate change to obtain an international climate rating.

Kazatomprom recognizes its responsibility for the impact on the environment, health, safety and quality of life of people. Since the beginning of the year, the Company has been working on the development of a Water Resources Management Strategy and a Radioactive Waste Management Program.

The Company continued to improve the practice of disclosing non-financial information. The Integrated Annual Report of Kazatomprom for 2022 has been prepared in accordance with GRI, SASB and TCFD standards. Also, in the current period, Kazatomprom, for the first time, has prepared a Progress Report for the UN Global Compact, in which the Company has been a party since March last year.

2.4 Occupational Safety, Industrial Safety, and Fire Safety

Industrial safety, including labour protection, and industrial security, analytics and methodology, ensuring nuclear and radiation safety, environmental protection, fire safety, civil defence, automotive safety, prevention and elimination of emergencies, is a priority in the Company's operations. The Company continually improves the system of industrial safety management and aims for "zero injuries".

None of the Company's plans and objectives can be achieved without its most valuable resource: a team of over 20,000 dedicated employees. Kazatomprom ensures that each worker possesses the skills, access to training, and equipment necessary for safe work. The Company's business culture is built on the foundation of personal and group responsibility where people are empowered to make safe choices, voice any safety concerns, and report both actual incidents and near misses, to ensure continuous improvement. Kazatomprom's commitment to safety and wellbeing is demonstrated by its membership in the International Social Security Association's Vision Zero initiative to reduce workplace injuries and promote comfortable and safe working conditions guided by the Vision Zero program's "Seven Golden Rules". These rules apply to all employees of the Company's entities and their contractors, with the main purpose of achieving 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-organised;
- Ensure safety and health in machines, equipment and workplaces;
- Improve qualifications – develop competence;
- Invest in people – motivate through participation.

The Company's production activities at the Company's facilities are carried out in compliance with Kazakhstan's and international requirements for labour protection and industrial safety. Comprehensive measures are implemented to prevent incidents and accidents. The integrated management system, in accordance with the international standards for occupational health and safety, (ISO 45001), has been implemented and is annually confirmed. Additionally, systematic efforts are made to improve safety culture among employees and managers at all levels.

The table below shows the results of the first half of 2023 and 2022 in the field of labour protection and industrial safety:

Indicator	Six months ended 30 June 2023	2022	Change
Industrial accidents[1]	–	–	–
LTIFR (per million man-hours)[2]	0.31	–	–
Unsafe conditions, unsafe actions, near-miss reporting	18,422	18,049	2%
Number of accidents[3]	4	–	–
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.

During the first half of 2023, active measures continued in the field of ensuring production safety, resulting in the prevention of major industrial accidents, including uncontrolled explosions, emissions of hazardous substances, building collapses, and fatal occupational injuries at the Company's facilities.

The Group continues to pay significant attention to improving health and safety in the workplace. However, despite the comprehensive measures taken during the first half of 2023, there were four (4) accidents in which five (5) employees were injured. These accidents include two (2) cases of falling on a slippery surface and two (2) cases of chemical burns, one of which involved two (2) employees. After each accident, thorough special and internal investigations were conducted, identifying the root causes, developing preventive measures, and modifying procedures to prevent the recurrence of similar incidents in the future. The investigation results were communicated to all Group entities so that each one could learn from the event and appropriately adjust their processes. The Company will continue its efforts to enhance employee engagement and awareness in matters of ensuring production safety.

In the first half of 2023, one (1) case of a fire was reported, the material damage of which is still being assessed due to the fact that the investigation of the root cause of the incident has not been completed by the state body. To date, a register and a process of monitoring the state of fire extinguishing systems in the Company has been prepared. In the spring of this year, a difficult flood situation was observed in the country. To minimize the risks and possible consequences of floods, a number of specific and targeted activities were carried out. Now the flood situation has stabilized and the fire hazard period has begun. On this issue, part of the preventive measures has already been taken. In May of the current year, "Fire Safety Month" was held in all subsidiaries and affiliates. The purpose of this action is to increase the level of awareness and preparedness of employees of subsidiaries and affiliate companies for crisis situations, improve the fire safety system, reduce the risk of fires in the territories of subsidiaries and affiliate companies, as well as increase the level of fire safety culture in the Company.

As part of the ongoing efforts to enhance the production safety system and implement the Development Strategy for 2018-2028, the following key measures were implemented by the Company during the first half of 2023:

- Self-assessment (analysis) of the presence/use of proactive leading indicators Vision Zero was carried out in a pilot mode;
- NEBOSH and "Safety Culture" courses are being taught;
- The Standard "Unified Occupational Safety Management System" has been updated in order to improve the existing occupational safety processes;
- Implementation of the Action Plan of Samruk-Kazyna JSC on Health & Safety for 2023;
- Maintaining an integrated management system that complies with international standards in the field of occupational health and safety ISO 45001 and environmental management ISO 14001, which is confirmed by TUV International Certification (Germany);
- The measures provided for in the roadmap of the Environmental and Social Action Plan (ESAP) have been implemented, aimed at improving environmental and social stability in the regions where the Company operates;

- The level of freedom of expression of personal opinion by the Company's employees (speak up culture) was assessed by analysing employee appeals through internal communication channels, the practice of using STOP cards and conducting behavioural security audits;
- Quarterly reporting on OHS has been transferred to electronic format as part of the implementation of the CDW (Corporate Data Warehouse) project.

It is also planned to continue the relevant measures aimed at improving the production safety system and implementing the Development Strategy for 2018-2028 during the second half of 2023:

- assistance to Samruk-Kazyna JSC in the development of unified HSE processes, according to the best world practices and in accordance with the requirements of the HSE Management System Guidelines;
- control over the implementation of the Lock out/Tag out system (equipment blocking with warning labels posted);
- automation of production industrial safety reporting processes;
- development and implementation of a methodology for continuous identification of hazards and risks in the workplace – five safety steps;
- further implementation of the Action Plan for Improving Industrial Safety for 2023 and the ESAP roadmap.

These activities are focused on the implementation of preventative measures, a risk-based approach to the organization of the production process and improving the safety culture among the Group's employees.

2.5 Environmental protection, nuclear and radiation safety

The main advantage of the uranium mining method using ISR (In-Situ Recovery) is its low environmental and radiation impact on the surrounding environment. Unlike uranium mining with underground and open-pit methods, ISR does not create tailings or significant tailing ponds. All Company facilities utilize ISR in uranium extraction, which minimizes the Group's impact on soil, atmosphere, and groundwater. Minimizing and mitigating the Company's impact is a central part of its business strategy, with a focus on continuous research, development, and implementation of new environmentally friendly technologies and processes. Kazatomprom is actively working on determining the baseline impact of its operations on local ecosystems and biodiversity, conducting extensive long-term research and specialized training courses on biodiversity assessment at uranium deposits for its employees.

In November 2022, the Company approved a Strategy for Decarbonization and Carbon Neutrality until 2060. The Company uses reliable environmental and radiation safety monitoring systems - (compliant with the international standards of environmental management ISO 14001) – at all of its uranium mines and production sites. No environmental or radiation incidents occurred during the first half of 2023. All work was conducted in compliance with environmental protection legislation.

Radiation exposure and nuclear safety remained stable during the first half of 2023, with no instances of exceedance or nuclear/radiation accidents. All activities were conducted in accordance with the requirements of regulatory acts of the Republic of Kazakhstan and internal documentation on radiation and nuclear safety.

As stated in Kazatomprom’s 2018 IPO Prospectus, in September 2018, the Company’s Board of Directors approved a series of ESAP related to the Group’s mining and non-mining assets, aimed at addressing inconsistencies in the Group’s HSE practices. As part of the ESAP Roadmap’s implementation, the following activities are currently underway:

- on the study of environmental and social impacts of production facilities on the environment and the local population;
- to create an industry-wide system of environmental regulation and environmental monitoring of uranium mining entities.
- the Corporate Standardization System Standard "Methodological guidelines for the organization of monitoring of the impact of ISR on groundwater" is being implemented in Kazatomprom’s mining entities;
- the corporate Program "Zero Waste" is being implemented;
- measures are being taken to eliminate historical contamination in the contract area of the subsoil user;

- the environmental efficiency rating of Kazatomprom is being determined, taking into account industry specifics.

The Company is implementing a large project to develop a Standard/Strategy for water resources management of Kazatomprom.

3.0 PRESENTATION OF FINANCIAL INFORMATION

3.1 Segments

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

- **The 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.
- **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 UO_2 powder, fuel pellets, production of fuel assemblies and their components.
- **The 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.

3.2 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 staring 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 entities 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 2023. 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 OEIC 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 (see footnote four (4) under the table).

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%
	MC Ortalyk LLP	51.00%
	JV Khorassan-U LLP	50.00%
Joint Ventures	JV Budenovskoye LLP	51.00%
	Semizbai-U LLP	51.00%
Joint Operations	JV Akbastau JSC	50.00%
	Karatau LLP	50.00%
	Energy Asia (BVI) Limited (1)	50.00%
Associates	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 (2)	*60.00%*
Nuclear Fuel Cycle and Metallurgy		
Subsidiaries	Ulba Metallurgical Plant JSC	94.33%
	ULBA-CHINA Co Ltd (2)	*100.00%*
	Mashzavod LLP (2)	*100.00%*
	Ulba-FA LLP (2)	*51.00%*
Nuclear Fuel Cycle		
Investments (3), (4)	International Uranium Enrichment Centre JSC	10.00%
Ancillary Operations		
Subsidiaries	High Technology Institute LLP	100.00%
	KazakAtom TH AG or “THK”	100.00%
	KAP Technology LLP	100.00%
	KAP Logistics LLP (5)	99.99%
	Volkovgeologia JSC	99.41%
	Rusburmash-Kazakhstan LLP (2)	*49.00%*
	Taiqonyr Qyshqyl Zauyty LLP (6)	100%
	Qorģan-Security LLP	100.00%
Joint Ventures	SKZ-U LLP	49.00%

	Uranenergo LLP	79.23%
Associates [7]	SSAP LLP [8]	9.89%

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

Treatment	Name	Share (%)
Nuclear Fuel Cycle		
Joint Ventures	JV UKR TVS Closed Joint Stock Company [9]	33.33%

[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.] 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 belong to the second-tier entities, not the Company.
[3.] As at the reporting date, the Group classifies JSC Uranium Enrichment Center (TsOU) with 1 share as other investment.
[4.] The Group made an investment in ANU Energy of USD 24.25 million in March 2022 (equivalent to KZT 12,368 million), which constitutes 32.7% of the entity's equity. The Group does not have a significant influence on the management operations of the entity, 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. As of the December 31, 2022, the Group classifies ANU Energy as “other investments” within other financial assets in the consolidated financial statements.
[5.] On September 20, 2022 Trading and Transportation Company LLP was re-registered as KAP Logistics LLP.
[6.] Taiqonyr Qyshqyl Zauyty LLP was registered on March 29, 2023, created in order to implement the project for the construction of a sulfuric acid plant in the Sozak district of the Turkestan region. Kazatomprom (49%), RU-6 LLP (25%) and Kazatomprom-SaUran LLP (26%) became the founders of Taiqonyr Qyshqyl Zauyty LLP.
[7.] According to the plans for the sale of non-core assets, disclosed in the Company's 2018 IPO Prospectus, on December 30, 2021, an agreement was signed for the sale of a 40% stake in Caustic JSC between Kazatomprom and United Chemical Technologies Trading House LLP. On January 31, 2022, 30% of the total value of the shares of Caustic JSC owned by the Company was paid, in connection with which the share of ownership of United Chemical Technologies Trading House LLP in Caustic JSC increased by 12% (30% from 40 % of the Company's shares). March 28, 2023 United Chemical Technologies Trading House LLP made full payment in accordance with the sales contract. To date, the transaction has been completed in full. Thus, JSC Central Securities Depository debited the securities from the personal account of the Group and the transaction for the sale of all shares owned by the Group in Caustic JSC was fully completed in April 2023.
[8.] In accordance with the Decree of the Government of the Republic of Kazakhstan dated August 02, 2022 No. 523, SSAP LLP is excluded from the list of organizations subject to transfer to the competitive environment, approved by the decision of the Government of the Republic of Kazakhstan dated December 29, 2020 No. 908.
[9.] On 22.06.2022, by the decision of the Economic Court of the city of Kiev, JV UKR TVS CJSC was declared bankrupt. To date, the bankruptcy procedures of JV UKR TVS CJSC are being carried out.

4.0 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 2023 and 2022, 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;
- inflation pressure on costs, as well as availability of critical operating materials caused by supply-chain disruption;
- impact of changes in ore reserves estimates; and
- transactions with subsidiaries, JOs, JVs and associates.

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

Spot market prices for U_3O_8, 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 U_3O_8 under contracts with a price formula 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 10.1 Uranium sales price sensitivity analysis.

The following table provides the average spot price and average realized price per pound of U_3O_8 for the periods indicated:

		Six months ended 30 June		
		2023	**2022**	**Change**
Average weekly spot price (per lb U3O8)[1]	USD	52.16	50.31	4%
	KZT	23,567	22,630	4%
Average realized price of the Group (per lb U3O8)	USD	47.04	40.88	15%
	KZT	21,254	18,389	16%
Average realized price of Kazatomprom (per lb U3O8)	USD	46.63	39.70	17%
	KZT	21,071	17,857	18%

[1] Prices per TradeTech LLC and UxC LLC.

The current pricing of the Company's contract portfolio is interrelated with the current spot prices for uranium (see Section 10.1 Uranium sales price sensitivity analysis). However, for short-term deliveries to consumers, there is a certain time lag between the date of pricing fixation according to the transfer pricing legislation of Kazakhstan and the spot market price at the time of actual delivery. The high market volatility during these time lags becomes more evident as prices fluctuate both during periods of growth and decline. As a result, the average selling price of the Company and the Group for the reporting period increased compared to the same period in 2022, outpacing the rise in uranium spot prices during this timeframe. Nevertheless, due to some long-term contracts including a fixed price component, which was formed at lower price levels, the average selling price turned out to be lower than the average weekly spot price for the reporting period.

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 10.1 Uranium sales price sensitivity analysis.

For additional details related to specific market developments that influenced the pricing of uranium in the first half of 2023, please see the *Kazatomprom 2Q2023 Operations and Trading Update*, available on the corporate website, www.kazatomprom.kz.

4.2 Changes in the Group structure

In the first half of 2023, the Group completed the following transactions:

- According to the plans for the sale of non-core assets as presented in the Company's 2018 IPO Prospectus, a contract for the purchase and sale of 40% of the shares of Caustic JSC was signed on 30 December 2021 between Kazatomprom and United Chemical Technologies Trading house LLP. On March 28, 2023, United Chemical Technologies Trading House LLP made full payment according to the purchase and sale agreement. On April 07, 2023, Central Securities Depository JSC transferred shares from Kazatomprom's account. To date, the transaction has been completed in full.
- In the first quarter of 2023, Kazatomprom received a certificate of state registration of a new entity Taiqonyr Qyshqyl Zauyty LLP, aimed to implement a project for the construction of a sulfuric acid plant in the Sozak district of Turkestan region. The participants of Taiqonyr Qyshqyl Zauyty LLP: Kazatomprom (49%), RU-6 LLP (25%), Kazatomprom-SaUran LLP (26%).

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

- According to the Framework Agreement signed on November 22, 2021, the Group and Genchi Global Limited, agreed to establish ANU Energy on the basis of the Astana International Financial Center (AIFC). The purpose of ANU Energy is to store physical uranium as a long-term investment. The Group made an investment of USD 24.25 million in March 2022 (equivalent to KZT 12,368 million), which constitutes 32.7% of the entity's equity. The Group has no representation in the governing body of the entity and does not participate in decision-making of the entity. Accordingly, the Group has no significant influence on the management operations of the entity, and therefore the Group recognizes this investment at a fair value through profit or loss. As at 30 June 2023, the Group classifies ANU Energy as “other investments” within other financial assets in the consolidated financial statements.

In total, the number of the Group’s subsidiaries, JVs, JOs, associates and other equity investments has increased to 36 as at 30 June 2023 (compared to 35 as at 2022 year-end report).

4.3 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 (89% in the first half of 2023, 92% for the same period of 2022);
- the Company purchases uranium and uranium products from its JVs and associates under KZT-denominated contracts, with prices determined based on prevailing spot market prices of U3O8, which are denominated in USD;
- a significant share of the Group’s borrowings is denominated in USD (97% as of 30 June 2023; 89% as of 30 June 2022), representing the currency of primary revenue. For more details see Section 8.0 INDEBTEDNESS.

A significant portion of the Group’s expenses, including its operating, production and capital expenditures, is denominated in KZT. Accordingly, as the most of the Group’s revenue is denominated in USD, while a significant share of its costs is 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, given that the Group has outstanding USD-denominated liabilities the positive effect of USD appreciation may fully or partially be offset. 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 U_3O_8, 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 2023, the KZT/USD exchange rate fluctuated between KZT 431.08 and KZT 466.15 (from KZT 414.67 to KZT 512.19 in the first half of 2022). As at 30 June 2023, the National Bank of the Republic of Kazakhstan (NBK) KZT/USD exchange rate was KZT 454.13 (as at 30 June 2022 was KZT 465.08). The impact of currency exchange rate fluctuations had a negative effect on the financial performance of the Group for the first half of 2023.The Group incurred a loss of KZT 10,729 million due to exchange rate differences for the first half of 2023 (compared to an exchange rate profit of KZT 17,126 million in the first half of 2022).

The following table provides period average and period end closing KZT/USD exchange rates, as reported by the NBK, as of 30 June 2023 and 2022:

		Six months ended 30 June		
		2023	**2022**	**Change**
Average exchange rate for the period[1]	KZT / USD	451.86	449.85	0%
Closing exchange rate for the period	KZT / USD	454.13	465.08	(2%)

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

4.4 Taxation and Mineral Extraction Tax (MET)

Before 01 January 2023, MET was determined by applying a 29% tax charge to the taxable base related to mining production costs (see footnote under the table below). Taxable expenditures were 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 excluded processing and general and administrative expenses. The MET is calculated separately for each subsoil use license. The resulting MET paid was 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 introduced changes in the MET base and rate for tax calculation. The amended tax code came into force beginning 01 January 2023 and had no impact on 2022 results of the Company. In accordance with the introduced changes, the tax base for MET on uranium is 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%. It is expected that the changes in MET calculation will lead to an increase in mineral tax expense due to the incorporation of the spot price into the formula.

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

	Six months ended 30 June		
(KZT million)	**2023**	**2022**	**Change**
Corporate income tax[1]	56,217	51,085	10%
Mineral extraction tax[2]	20,624	13,004	59%
Other taxes and payments to budget[3]	64,884	48,858	33%
Total tax accrued	**141,725**	**112,947**	**25%**

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

[2]Applicable rate and calculation from 2023 and further: 6% × (average month-end spot price for period) × (volume of uranium mined). Previously 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%) × 18.5% ÷ (1 – (1 + 20%) × 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 25% in the first half of 2023 compared to the same period of 2022, due to an increase in mineral income tax, corporate income tax and other taxes and payments to budget. The increase in corporate income tax expenses was due to an increase in profit before tax, which was mainly due to increase in sales volume and growth in the average realized price associated with an increase in the market spot price for U_3O_8 in the first half of 2023 (see Section 5.2 Consolidated revenue and other financial metrics). An increase in other taxes and payments to budget is mostly driven by: an increase in VAT expense arising from increased volume of intra-group sales for KZT 11,128 million and increase in withholding tax expense accrued for dividends related to non-resident partners in uranium entities for KZT 2,709 million due to an increase in the distributable net income of respective entities.

4.5 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, the Group's production schedule may be disrupted, while higher prices for sulfuric acid may adversely affect the Group's profits.

The Group's weighted average cost of sulfuric acid increased by 43.4% to KZT 39,786 per tonne in the first half of 2023 (from KZT 27,751 per tonne in same period of 2022) due to the increase in the price of raw materials and temporary shortages on the Kazakhstan market. On average in the first half of 2023, the price of sulfuric acid represented about 10.8% (13.8% in the same period of 2022) of the Group's uranium production costs.

The Group is evaluating sulfuric acid supply options and a potential investment in a new sulfuric acid plant to to minimize future cost increases and ensure an additional, reliable, long-term source of acid supply is available. In this regard, in 2022, the Company approved a project for the construction of a new plant with a production capacity of 800 thousand tons per year, planned to be implemented by the end of 2026. To date, the project founders have been identified, and the state registration of the new enterprise Taiqonyr Qyshqyl Zauyty LLP has been carried out (see Section 4.2 Changes in the Group structure).

4.6 Inflation-related cost increase 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 imported into Kazakhstan either directly by the Group, or by local suppliers from whom the Group procures such materials.

In some cases, shipping and availability constraints have resulted in a higher cost to acquire the necessary production materials, including inflationary pressure as a result of commodity price changes, driving an increase in production costs as well as a negative impact on profitability (see Section 5.3.2 Uranium segment production and sales metrics).

4.7 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.

4.8 Transactions with subsidiaries, JVs, JOs and associates

The Company purchases U_3O_8 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 U_3O_8 purchased from JVs and associates, as well as from third parties, and
- the sale of U_3O_8 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 profit and should be considered in the assessment of the Group's financial results. In the first half of 2023, U_3O_8 was purchased at a weighted average discount of 3.61% on the prevailing spot price (3.77% in the first half of 2022).

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 such sales, the entire profit margin from uranium products, including uranium for export is reflected in the Group's consolidated results.

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

	Six months ended 30 June		
(tU)	**2023**	**2022**	**Change**
U_3O_8 purchased from JVs and associates	1,110	1,401	(21%)
U_3O_8 purchased from JOs and subsidiaries	5,155	3,841	34%
Total	**6,265**	**5,242**	**20%**

The volume of U_3O_8 purchased from JVs and associates, JOs and subsidiaries totalled 6,265 tonnes as at 30 June 2023 (5,242 tonnes as at 30 June 2022), an increase of 20% compared to the same period of 2022, mainly due to timing of customer requirements and the resulting differences in the timing of deliveries for the first halves of 2022 and 2023.

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

5.0 KEY PERFORMANCE INDICATORS ANALYSIS

5.1 Consolidated financial metrics

The analysis in this section of the report is performed on the basis of six months ended 30 June 2023 compared to six months ended 30 June 2022. The table below provides financial information related to the consolidated results of the Group for the first half of 2023 and 2022.

(KZT million)	Six months ended 30 June 2023	2022	Change
Revenue	**618,744**	**493,716**	25%
Cost of sales	(320,543)	(291,532)	10%
Gross profit	**298,201**	**202,184**	47%
Selling expenses	(13,521)	(10,592)	28%
G&A expenses	(32,183)	(18,774)	71%
Operating profit	**252,497**	**172,818**	46%
Other income/(loss)	(4,164)	17,585	(76%)
Share in the results of Associates	28,410	17,460	63%
Share of JVs' results	6,942	5,877	18%
Pre-tax income	**283,685**	**213,740**	33%
Corporate income tax	(61,352)	(46,366)	32%
Net profit	**222,333**	**167,374**	33%
Profit for the period attributable to owners of the Company	180,226	121,184	49%
Profit for the period attributable to non-controlling interest	42,107	46,190	(9%)
Adjusted Net profit (net of one-time effects)[1]	**222,333**	**167,374**	33%
Adjusted EBITDA[1]	331,248	224,457	48%
Attributable EBITDA[2]	278,257	182,825	52%
Earnings per share attributable to owners (basic and diluted), KZT/share[3]	695	467	49%

[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, MC Ortalyk 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 9.0 OUTSTANDING SHARES, rounded to the nearest KZT.

5.2 Consolidated revenue and other financial metrics

During the first half of 2023 the Group's consolidated revenue was KZT 618,744 million, an increase of 25% compared to the same period of 2022 (the first half of 2022 the Group's consolidated revenue was KZT 493,716 million). The increase is mainly due to:

- the growth in the average realized price associated with an increase in the market spot price for U_3O_8;
- an increase in sales volume in the first half of 2023 in comparison to the same period of 2022 (see Sections 5.3.2 Uranium segment production and sales metrics) mainly related to changes in the timing of customer requirements and the resulting differences in the timing of deliveries between first halves of 2023 and 2022;
- increase in revenue from uranium products (fuel pellets), and UMP segment rare metal products (see Section 5.3.2 Uranium segment production and sales metrics).

The main sources of revenue during the first half of 2023 compared to the same period of 2022, are presented below:

(KZT million)	Six months ended 30 June 2023	Six months ended 30 June 2022	Change	Proportion six month ended 30 June 2023	Proportion six month ended 30 June 2022
Uranium[1]	526,438	431,056	22%	85%	87%
Uranium products[2]	46,453	22,437	107%	8%	5%
Beryllium products	14,983	12,515	20%	2%	3%
Tantalum products	14,429	9,093	59%	2%	2%
Others	16,441	18,615	(12%)	3%	3%
Total Revenue	**618,744**	**493,716**	**25%**	**100%**	**100%**

[1] Includes only U_3O_8 sales proceeds (across the Group).

[2] Includes, but is not limited to production and sales of UO_2 powder and fuel pellets of UMP.

Operating profit in the first half of 2023 was KZT 252,497 million, an increase of 46% compared to the same period of 2022 (in the first half of 2022 was KZT 172,818 million). The increase was mainly due to a higher revenue in 2023 as indicated above.

Net profit in the first half of 2023 was KZT 222,333 million, an increase of 33% compared to the same period of 2022 (in the first half of 2022 was KZT 167,374 million). The increase was mainly due to a higher operating profit in the first half of 2023 as indicated above. There were no significant adjusting one-time effects during the first halves of 2023 and 2022. Profit for the period attributable to non-controlling interest decreased during the first half of 2023 compared to the same period of 2022, impacted by the compensation to the Government from MC Ortalyk LLP, for more details please see section 5.7 General & Administrative expenses (G&A).

Adjusted EBITDA totalled KZT 331,248 million in the first half of 2023, an increase of 48% compared to the same period of 2022 (KZT 224,457 million in the first half of 2022), while attributable EBITDA was KZT 278,257 million in the first half of 2023, an increase of 52% compared to the same period of 2022 (KZT 182,825 million in the first half of 2022). The changes were mainly driven by higher operating profit on consolidated level and higher EBITDA of JVs and associates mostly affected by the growth in the average realized price associated with an increase in the market spot price for U_3O_8.

5.3 Uranium segment

5.3.1 Uranium segment financial metrics

(KZT million unless noted)		Six months ended 30 June 2023	Six months ended 30 June 2022	Change
Average exchange rate for the period	KZT/USD	451.86	449.85	0%
Uranium segment revenue[1]		553,089	439,852	26%
Including U_3O_8 sales proceeds (across the Group)[2]		526,438	431,056	22%
Share of a revenue from uranium (only U_3O_8)	%	85%	87%	(3%)

[1] Calculated from Financial Statements Note 5 "Segment Information", as a sum of external revenue and revenues from other segments for uranium segment.

[2] Includes only U_3O_8 sales proceeds (across the Group).

Consolidated U_3O_8 sales were KZT 526,438 million in the first half of 2023, an increase of 22% compared to the same period of 2022 (KZT 431,056 million in the first half of 2022) was due to:

- an increase in average realized price associated with an increase in the market spot price;
- an increase in sales volumes related to timing of customer requirements and the resulting differences in the timing of deliveries between the first halves of 2023 and 2022.

5.3.2 *Uranium segment production and sales metrics*

		Six months ended 30 June		
		2023	2022	Change
Production volume of U_3O_8 (100% basis)	tU	10,225	10,070	2%
Production volume of U_3O_8 (attributable basis)[1]	tU	5,411	5,414	(0%)
U_3O_8 sales volume (consolidated)[2]	tU	9,527	9,017	6%
Including KAP U_3O_8 sales volume[2]	tU	8,565	8,032	7%
Group inventory of finished goods (U_3O_8)	tU	7,644	9,276	(18%)
Including KAP inventory of finished goods (U_3O_8)[3]	tU	6,031	7,156	(16%)
Group average realized price	KZT/kg	55,257	47,807	16%
Group average realized price	USD/lb	47.04	40.88	15%
KAP average realized price[4]	USD/lb	46.63	39.70	17%
Average weekly spot price	USD/lb	52.16	50.31	4%
Average month-end spot price[5]	USD/lb	52.60	50.09	5%

[1] The Production volumes of U_3O_8 (attributable basis) are not equal to the volumes purchased by KAP headquarters (HQ) in the Section 4.8 Transactions with subsidiaries, JVs, JOs and associates.
[2] KAP U_3O_8 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. Yet, some part of Group U_3O_8 production goes to the production of EUP, fuel pellets and fuel assemblies (FA) at Ulba-FA LLP.
[3] KAP inventory of finished goods (incl. in Group): includes the inventories of KAP HQ and THK.
[4] 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.
[5] 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 (on both a 100% basis and an attributable basis) in the first half of 2023 were nearly on the same level compared to the same period in 2022.

In the first half of 2023, both Group and KAP sales volumes were higher compared to the same period in 2022, primarily due to timing of customer-scheduled deliveries, decreasing the inventory volumes on both consolidated (i.e., Group) and at the level of Kazatomprom HQ and THK (see footnote below the table above). Sales volumes may vary substantially each period based on timing of customer delivery requests during the year and terms of physical delivery activity.

Consolidated Group inventory of finished U_3O_8 products as at 30 June 2023 amounted to 7,644 tonnes, which was 18% lower than as at 30 June 2022 (as at 30 June 2022 amounted to 9,276 tonnes). At the level of Kazatomprom HQ and THK the inventory of finished U_3O_8 products was 6,031 tonnes, a decrease of 16% compared to 30 June 2022 (as at 30 June 2022 amounted to 7,156 tonnes). Overall, the decrease in inventory is attributed to the increased sales.

Average realized price for the first half of 2023 was higher compared to the same period in 2022 due to higher uranium spot price. The Company's current overall contract portfolio pricing correlates to uranium spot prices. However, deliveries under some long-term contracts in the first half of 2023 incorporated a proportion of fixed pricing that was negotiated during a lower price environment.

In the uranium market, the trends in quarterly metrics and interim results are rarely representative of annual expectations; for annual expectations as well as the price sensitivity table, please see the Section 10.0 "Guidance for 2023" and subsection 10.1 Uranium sales price sensitivity analysis, respectively.

5.3.3 Uranium segment production by operation

The information presented in the table below provides the total uranium production level at each asset (100% basis). The impact of delays and/or limited access to some key materials and equipment in the first half of 2023 (see Section 4.6 Inflation-related cost increase and availability of critical operating materials & equipment) was not the same across all operations due to the nature of the ISR mining process, differences in the mine plans and development phase at each operation.

		Six months ended 30 June		
(tU as U_3O_8)	**Ownership**	**2023**	**2022**	**Change**
Kazatomprom-SaUran LLP	100%	541	612	(12%)
RU-6 LLP	100%	402	423	(5%)
Appak LLP	65%	399	414	(4%)
JV Inkai LLP[1]	60%	1,640	1,371	20%
Baiken-U LLP	52.5%	493	602	(18%)
DP Ortalyk LLP	51%	762	724	5%
Semizbay-U LLP	51%	443	426	4%
JV Budenovskoye LLP	51%	118	–	–
Karatau LLP	50%	1,239	1,238	0%
JV Akbastau JSC	50%	810	768	5%
JV Khorassan-U LLP	50%	779	717	9%
JV Zarechnoye JSC	49.98%	395	361	9%
JV Katco LLP	49%	960	1,347	(29%)
JV South Mining Chemical Company LLP	30%	1,244	1,067	17%
Total		**10,225**	**10,070**	**2%**

[1] For JV Inkai LLP annual share of production on attributable basis is determined as per Implementation Agreement as disclosed in the IPO Prospectus. Company's annual attributable share of production at JV "Inkai" LLP in the first half of 2023 comprised 820 tU (in the first half of 2022 comprised 686 tU).

5.4 UMP Segment

5.4.1 UMP segment uranium product sales

		Six months ended 30 June		
UO_2 powder and Fuel pellets		**2023**	**2022**	**Change**
Fuel pellets	Sales, tonnes	93.8	79.6	18%
Ceramic powder	Sales, tonnes	48.0	68.9	(30%)
Dioxide from scraps	Sales, tonnes	7.6	8.0	(6%)

Sales volume of fuel pellets amounted to 93.8 tonnes – an increase of 18% compared to the same period of 2022 (79.6 tonnes in the first half of 2022), due to an increased demand for fuel pellets from Ulba-FA LLP. In the first half of 2023, there was a 30% reduction in the volume of ceramic powder due to the customer's request. A slight decrease in the volume of sales of dioxide from scraps is associated with a decrease in the volume of raw materials for processing.

5.4.2 UMP segment rare metal product sales

		Six months ended 30 June		
Rare metals products		**2023**	**2022**	**Change**
Beryllium products	Sales, tonnes	405.74	579.04	(30%)
	KZT/kg	36,928	21,384	73%
Tantalum products	Sales, tonnes	81.06	75.80	7%
	KZT/kg	178,016	119,932	48%
Niobium products	Sales, tonnes	1.09	11.78	(91%)
	KZT/kg	76,073	17,853	>200%

The sales of beryllium products in the first half of 2023 decreased by 30% compared to the same period in 2022 due to change in the product mix towards higher value-added refined products at higher prices – technical beryllium and beryllium products.

The sales of tantalum products in the first half of 2023 increased by 7% compared to the same period in 2022 due to the increase in sales of higher value-added products at higher prices: rolled products and powders from own raw materials.

Sales volumes of niobium significantly decreased in the first half of 2023 compared to the same period in 2022 due to a lack of orders for niobium hydroxide and niobium-content products, whereas prices for the sale of niobium products in the first half of 2023 increased compared to the same period in 2022 due to changes in product mix of the realized products.

5.5 Cost of sales

The table below illustrates the components of the Group's cost of sales for the first half of 2023 and the same period of 2022:

	Six months ended 30 June			Proportion six month ended 30 June	
(KZT million)	**2023**	**2022**	**Change**	**2023**	**2022**
Materials and supplies	194,574	202,194	(4%)	61%	69%
Depreciation and amortization	46,442	33,858	37%	14%	12%
Wages and salaries	28,419	19,387	47%	9%	7%
Taxes other than income tax	20,967	12,506	68%	7%	4%
Processing and other services	19,221	11,307	70%	6%	4%
Write-off of inventories to net realizable value	96	3,713	(97%)	0%	1%
Other	10,824	8,567	26%	3%	3%
Cost of Sales	**320,543**	**291,532**	**10%**	**100%**	**100%**

Cost of sales totalled KZT 320,543 million in the first half of 2023, an increase of 10% compared to the same period of 2022 (totalled KZT 291,532 million in the first half of 2022) mainly due to higher sales volume of U_3O_8 in the first half of 2023.

The cost of materials and supplies was KZT 194,574 million in the first half of 2023, a decrease of 4% compared to the same period of 2022 (KZT 202,194 million in the first half of 2022) due to a decrease 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). However, the purchase price of materials and supplies, including U_3O_8, increased as a result of inflationary pressure and an increase in the spot prices.

Depreciation and amortisation totalled KZT 46,442 million as at 30 June 2023, an increase of 37% compared to 30 June 2022 (totalled KZT 33,858 million as at 30 June 2022), mainly due to higher sales volume of consolidated subsidiaries and JOs' produced uranium, as well as an increase in the costs of repayment of the PGR (see section 6.0 CAPITAL EXPENDITURES REVIEW).

Wages and salaries totalled KZT 28,419 million in the first half of 2023, an increase of 47% compared to the same period of 2022 (KZT 19,387 million in the first half of 2022) due to a higher sales volume of consolidated subsidiaries and JOs' produced material as well as due to an increase in the payroll of main production personnel and introduced standardisation of remuneration packages across the Group.

The taxes other than income tax, mainly attributable to MET, for the first half of 2023 totalled KZT 20,967 million, an increase of 68% compared to the same period of 2022, due to an increase in spot prices as per formula mentioned in section 4.4Taxation and Mineral Extraction Tax (MET)

The cost of processing and related services was KZT 19,221 million in the first half of 2023, an increase of 70% compared to the same period of 2022, mainly due to an increase in costs connected to refining.

The other categories of costs, including items such as maintenance and repair, transportation and other expenses totalled KZT 10,824 million in the first half of 2023, an overall increase of 26% compared to the same period of 2022 mainly due to inflationary pressure.

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

		Six months ended 30 June		
(KZT million unless noted)		**2023**	**2022**	**Change**
C1 Cash cost (attributable basis)	USD/lb	12.18	9.97	22%
Capital cost (attributable basis)	USD/lb	7.22	5.33	35%
All-in sustaining cash cost (attributable C1 + capital cost)[1]	USD/lb	19.40	15.30	27%
Capital expenditures of mining companies (100% basis)[2]		76,845	56,293	37%

[1] For the first half of 2023 the all-in sustaining cash cost excluding the expenditures for the expansion is 18.80 USD/lb. In the first half of 2022 significant CAPEX for expansion projects are excluded.

[2] Excludes liquidation funds and closure costs. Note that in Section 6.0 CAPITAL EXPENDITURES REVIEW total results include liquidation funds and closure cost.

C1 Cash cost (attributable) increased by 22% and All-in-sustaining cash costs (AISC) (attributable C1 + capital cost) increased by 27% in USD equivalent for the first half of 2023 compared to the same period of 2022. The increase in C1 Cash cost was primarily due to an increase in the MET tax expenses related to its changes introduced from 2023, see section 4.4 Taxation and Mineral Extraction Tax (MET), as well as increase in wages and salaries of the production personnel and inflationary pressure on services, certain materials and reagents. AISC increased due to an overall increase in capital cost on an attributable basis due to the partial shift of the wellfield development activities from 2022 to 2023.

Capital expenditures of mining companies (100% basis) in the first half of 2023 totalled KZT 76,845 million (in 2022: KZT 56,293 million), a significant increase compared to the same period of 2022, primarily due to a shift in wellfield development activities as described above, as well as a rise in purchase prices for materials, supplies, equipment and cost of drilling (see Section 6.0 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):

	Six months ended 30 June	
General Attributable Cash cost (C1) Categories	**2023**	**2022**
Material and supplies	23%	25%
MET	26%	23%
Processing and other services	18%	18%
Wages and salaries	21%	21%
General and administrative expenses	6%	7%
Selling expenses	3%	3%
Others	3%	3%
Total	**100%**	**100%**

5.6 Selling expenses

(KZT million)	Six months ended 30 June 2023	2022	Change	Proportion six month ended 30 June 2023	2022
Shipping, transportation and storing	11,240	8,392	34%	83%	79%
Wages and salaries	851	678	26%	6%	6%
Materials	75	100	(25%)	1%	1%
Rent	23	162	(86%)	0%	2%
Depreciation and amortisation	46	30	53%	0%	0%
Others	1,286	1,230	5%	10%	12%
Selling expenses	**13,521**	**10,592**	**28%**	**100%**	**100%**

Selling expenses totalled KZT 13,521 million (totalled KZT 10,592 million in the first half of 2022) in the first half of 2023, a significant increase compared to the same period of 2022. The increase is mainly due to an increase in transportation tariffs.

5.7 General & Administrative expenses (G&A)

(KZT million)	Six months ended 30 June 2023	2022	Change	Proportion six month ended 30 June 2023	2022
G&A expenses	32,183	18,774	71%	100%	100%
Incl. Depreciation and amortisation	1,069	1,161	(8%)	3%	6%

The increase in G&A expenses includes amount of KZT 11,357 million payable to the government, which the entity is remitting to the Republic's budget for the unaccounted volume of extracted uranium by MC Ortalyk LLP. Additionally, the Company has accrued a provision for the payment of compensation to the second party of the entity, amounting to KZT 4,657 million as explained below.

Provision for compensation payment for unauthorised volume of uranium produced at Zhalpak field

Provision for payment of compensation for the unauthorised volume of uranium relates to MC Ortalyk LLP (hereinafter- Partnership). In October 2017, the Partnership obtained a Contract for uranium exploration at Zhalpak field for a period up to 31 May 2018. In May 2018, the Ministry of Energy of the Republic of Kazakhstan agreed to extend the exploration period under the Contract until 31 December 2022 for performing evaluation works. However, the approval process of the Project of Evaluation Works by the Ministry of Energy of the Republic of Kazakhstan was delayed. In May 2020, the Partnership stopped all work that was reported to the Ministry of Energy of the Republic of Kazakhstan by information letter. Test production was stopped in April 2020. In December 2021, the Company transferred subsoil use rights to the Partnership. The volume of unauthorised uranium at the Zhalpak field for the period from June 2018 to April 2020 amounted to 162.454 tons. In early 2023 the issue of paying compensation for the unauthorised volume of uranium began to be actively discussed with the government authorities. According to preliminary calculations, as of the reporting date, the amount of compensation to the Government is KZT 11,357 million.

On 15 August 2023 MC Ortalyk LLP paid a compensation of KZT 11,404 million to the Government for unauthorised volume of uranium including exchange rate difference at the date of payment.

Provision for compensation payment to the second participant of the subsidiary

According to the sale and purchase agreement of the 49% stake (hereinafter- “Agreement”) in the MC Ortalyk LLP, in the event of an obligation of the Partnership in respect of any unpaid amount in exceeding the threshold of 2,000,000 US dollars not accounted for as part of the sale and purchase of stake in the Partnership, and that occurred before the second participant joined the Partnership, the Company is obliged to reimburse 49% of the compensation amount to the second participant, except for the amount at the established threshold in accordance with the Agreement. Taking into account the obligation of the Partnership to pay compensation for the unsettled volume of uranium, the preliminary cost of which is KZT 11,357 million, the Company has accrued a provision for payment of compensation to the second participant of the Partnership in the amount of KZT 4,657 million.

5.8 The share of associates' and JVs' results

The share of results of associates and JVs in the first half of 2023 was KZT 35,352 million, an increase of 51% compared to the same period of 2022 (in the first half of 2022: KZT 23,337 million). The increase was related to a growth in the average realized price associated with an increase in the market spot price for U_3O_8, in the first half of 2023.

5.9 Profit before tax and tax expense

	Six months ended 30 June		
(KZT million)	**2023**	**2022**	**Change**
Profit before tax	283,685	213,740	33%
Total income tax expense, including:	61,352	46,366	32%
Current income tax	56,217	51,085	10%
Deferred income tax	5,135	(4,719)	>200%

The Group's profit before tax was KZT 283,685 million in the first half of 2023 (KZT 213,740 million in the first half of 2022), a significant increase compared to the same period of 2022, due to the increase in operating income in the first half of 2023 driven by an increase in sales volume, growth in the average realized price associated with an increase in the market spot price for U_3O_8.

In the first half of 2023, corporate income tax expense was KZT 61,352 million (KZT 46,366 million in the first half of 2022), a significant increase compared to the same period of 2022 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 2023 is 20% (six-months period ended 30 June 2022: 20%). The effective tax rate insignificantly differs from the Kazakhstani corporate income tax rate.

6.0 CAPITAL EXPENDITURES REVIEW

Most capital expenditures of the Group are incurred by its 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 on the 100% basis for the periods indicated. Capital expenditure amounts shown were derived from stand-alone unaudited management information of certain entities within the Group based on a stand-alone account information of these entities, and they are therefore not comparable with or reconcilable to the amounts of additions to property, plant and equipment as presented in the Consolidated Financial Statements, therefore, investors are strongly advised not to place undue reliance on such capital expenditure information:

(KZT million)	Ownership	30 June 2023				30 June 2022			
		WC[1]	**S&E[2]**	**LF/C[3]**	**Total**	**WC[1]**	**S&E[2]**	**LF/C[3]**	**Total**
Kazatomprom-SaUran LLP	100%	6,793	1,620	(133)	**8,280**	4,602	565	910	**6,077**
RU-6 LLP	100%	3,064	142	233	**3,439**	2,195	22	324	**2,541**
Appak LLP	65%	2,681	310	(96)	**2,895**	2,084	118	211	**2,413**
JV Inkai LLP	60%	5,873	583	(7)	**6,449**	4,788	286	23	**5,097**
Baiken-U LLP	52.5%	3,432	206	(38)	**3,600**	1,860	88	147	**2,095**
DP Ortalyk LLP	51%	7,454	283	(73)	**7,664**	5,075	271	146	**5,492**
Semizbay-U LLP	51%	2,846	901	(80)	**3,667**	2,277	254	184	**2,715**
JV Budenovskoye LLP	51%	112	108	(1)	**219**	156	426	57	**639**
Karatau LLP	50%	2,708	374	(58)	**3,024**	364	32	105	**501**
JV Akbastau JSC	50%	3,765	80	(46)	**3,799**	2,517	163	138	**2,818**
JV Khorassan-U LLP	50%	4,829	89	(53)	**4,865**	3,228	77	107	**3,412**
JV Zarechnoye JSC	49.98%	3,290	81	(50)	**3,321**	3,642	12	145	**3,799**
JV Katco LLP	49%	13,011	9,892	(526)	**22,377**	9,436	9,052	3,278	**21,766**
JV South Mining Chemical Company LLP	30%	2,027	289	(111)	**2,205**	2,355	348	258	**2,961**
Total of mining assets		**61,885**	**14,958**	**(1,039)**	**75,804**	**44,579**	**11,714**	**6,033**	**62,326**

[1] Well construction.
[2] Sustaining. Includes total expansion investments.
[3] Liquidation fund / closure.

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

The negative balance in the liquidation fund for subsoil use for the first half of 2023 is attributed to the strengthening of the KZT against the USD:

	Six months ended 30 June		
(KZT million)	**2023**	**2022**	**Change**
Well construction	61,885	44,579	39%
Sustaining[1]	7,424	6,126	21%
Total wellfield construction and sustaining costs	**69,309**	**50,705**	**37%**
Expansion	7,534	5,587	35%
Capital expenditures of mining companies (100% basis)[2]	**76,843**	**56,292**	**37%**

[1] Excludes total expansion investments.

2 Excludes liquidation funds and closure costs.

The wellfield construction and sustaining costs for 14 mining entities in the first half of 2023 amounted to KZT 69,309 million (compared to KZT 50,705 million in the first half of 2022), which significantly exceeds the level of the first half of 2022. This is due to the necessity of fulfilling the production plan for 2023, as well as inflationary pressure caused by the increase in procurement prices for raw materials, materials, equipment, and drilling services.

The information presented in the table below reflects the wellfield development depreciation (commonly known as PGR), property, plant and equipment, construction in progress and depreciation and amortization data for each mining asset in the first half of 2023:

(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)
MC Ortalyk LLP	3,280	20,437	1,093	20,448	11,127	443
Kazatomprom-SaUran LLP	2,654	20,229	2,368	24,485	12,785	589
RU-6 LLP	2,513	8,586	-	12,509	8,484	324
Appak LLP	1,679	12,001	1,745	10,903	5,756	233
JV Inkai LLP	4,607	27,527	16,039	104,500	59,332	1,201
Baiken-U LLP	1,889	9,970	5,039	21,353	9,323	496
Semizbay-U LLP	1,988	9,084	36	18,641	8,319	681
JV Budenovskoye LLP	296	597	12,622	2,127	1,658	276
Karatau LLP	1,622	7,734	2,368	28,943	13,965	478
JV Akbastau JSC	2,048	12,623	5,745	11,225	6,376	259
JV Khorassan-U LLP*	3,235	13,919	8,042	1,840	1,553	90
JV KATCO LLP	4,722	42,691	3,519	82,156	44,193	916
JV Zarechnoye JSC	1,929	9,503	2,534	9,122	1,763	226
JV South Mining Chemical Company LLP	3,864	11,096	5,647	24,958	10,912	920

* Includes the fixed assets of Kyzylkum LLP.

7.0 LIQUIDITY AND CAPITAL RESOURCES

Kazatomprom's management aims to preserve financial stability in a constantly changing market environment. The Group's financial management policy is intended to maintain an appropriate amount of cash reserves to support existing operations and business development.

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 on 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. It is expected that there will be no significant change in the sources of the Group's liquidity in the foreseeable future. If required, the Company will consider entering into project financing arrangements to fund certain investment projects.

7.1 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 undermining its reputation.

(KZT million)	As at June 30, 2023	As at December 31, 2022	As at June 30, 2022	Change for six months of 2023
Cash and cash equivalents	268,467	169,536	380,394	58%
Current term deposit	18,947	930	8	>200%
Total cash	**287,414**	**170,466**	**380,402**	**69%**
Undrawn borrowing facilities	83,714	84,665	165,560	(1%)

The Group's total cash and cash equivalents, including current term deposits at 30 June 2023 were KZT 287,414 million, increasing by 69% compared to KZT 170,466 million as at 31 December 2022, mainly due to the accumulation of cash prior to the distribution of the 2022 dividend. The Group's total cash and cash equivalents of KZT 287,414 million, including current term deposits at 30 June 2023 were lower in comparison to KZT 380,402 million as of 30 June 2022, mainly due to investments made during the first half of 2023 in short-term debt securities amounted to KZT 211,309 million. Other explanations are presented below in the Section 7.4 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 2023, the Group's available limit of revolving credit lines comprised a total of KZT 106,340 million (USD 235 million), of which KZT 83,714 million (USD 185 million) were available for use, while as at 31 December 2022 the Group's available limit of revolving credit lines comprised a total of KZT 108,723 million (USD 235 million) of which KZT 84,665 million (USD 183 million) were available for use; as at 30 June 2022, the Group's available limit of revolving credit lines available in full comprised a total of KZT 165 560 million (USD 352 million). The decrease in undrawn borrowing facilities balance as at December 31, 2022 in comparison to June 30, 2022 was primarily related to the closure of unused credit lines.

7.2 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 2023 and 2022, the Group received dividends of KZT 41 924 million and KZT 36 888 million, respectively, from its JVs and associates, and from other investments. The increase in the first half of 2023, compared to the same period in 2022, is primarily due to growth in the operating results of the JVs and associates. 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. Also, compensation of a dividend payment by the second participant of JV KATCO LLP of an additional 11% of profit in the amount KZT 5,458 million was received in July 2023.in accordance with the Agreement on the further development of JV KATCO LLP.

In the first half of 2023, the Company announced dividendы of KZT 200,970 million which was paid to its shareholders in July 2023 based upon the results of 2022 operations (KZT 227,388 million in the first half of 2022 which was paid to its shareholders in July 2022 based upon the results of 2021 operations). The dividends paid based upon 2022 results represented a slight decrease of about 12%, when compared to dividends paid based upon the results of 2021, mainly due to the absence of the one-time proceeds from the divestments of assets.

The dividends for the 2021 included proceeds from the sale of a 49% share in MC Ortalyk LLP received in 2021, which were included as one-time effect into the calculation of the consolidated free cash flow in accordance with the Company's dividend policy.

7.3 Working capital

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

(KZT million)	As at June 30, 2023	As at December 31, 2022	As at June 30, 2022	Change for six months of 2023
Inventory	392,796	392,621	310,844	0%
Receivables	141,593	270,921	198,505	(48%)
Recoverable VAT	82,081	62,389	72,806	32%
Other financial assets[1]	241,162	19,748	19,509	>200%
Other non-financial assets	27,491	19,274	16,620	43%
CIT prepayment	17,858	11,451	16,112	56%
Payables	(157,448)	(98,809)	(96,325)	(59%)
Employee remuneration liabilities	(227)	(325)	(158)	30%
Income tax liabilities	(8,640)	(4,221)	(13,599)	(105%)
Other taxes and compulsory payments liabilities	(23,240)	(24,688)	(15,001)	6%
Other current liabilities	(286,462)	(83,883)	(203,057)	(<200%)
Net working capital	**426,964**	**564,478**	**306,256**	**(24%)**

[1] Excludes term deposits in amount of KZT 18,947 million in first half of 2023 (first half of 2022: KZT 930 million) as these deemed as equivalent to cash (see Section 7.1 Cash, cash equivalents and available source of financing).

Other financial assets as at 30 June, 2023, include:

- the Group's investments in short-term debt securities issued by the National Bank of the Republic of Kazakhstan, the U.S. Department of the Treasury, and foreign commercial banks. As of June 30, 2023, the volume of investments amounted to KZT 211,309 million;
- dividends receivable from related parties in the amount of KZT 20,551 million and the dividend compensation of an additional 11% of profit from the second participant of JV KATCO LLP in the amount of KZT 5,458 million.

Other current liabilities as at 30 June 2023 include:

- dividends payable in the amount of KZT 201,178 million, of which KZT 200,970 million were paid in July 2023;
- liabilities under inventory loan agreement for KZT 58,753 million between the Group and ANU Energy that was concluded under the Framework Agreement between the Group and Genchi Global Limited, which will be repaid before the 2023-year end.

Uranium loans are part of the Group's normal inventory management policy, required to mitigate logistical risks that could affect the timely delivery of Kazakhstani uranium to Western conversion enterprises due to heightened geopolitical instability.

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, 2023	As at December 31, 2022	As at June 30, 2022	Change for six months of 2023
Finished goods and goods for resale	325,269	309,950	247,866	5%
Including uranium products	*322,714*	*308,168*	*244,891*	5%
Work-in-process	38,232	40,899	38,996	(7%)
Raw materials	19,979	19,633	19,618	2%
Materials in processing	3,651	15,198	4,157	(76%)
Spare parts	1,136	989	686	15%
Fuel	1,717	1,488	569	15%
Other materials	5,498	7,486	6,074	(27%)
Provision for obsolescence and write-down to net realizable value	(2,686)	(3,022)	(7,122)	(11%)
Total inventories	**392,796**	**392,621**	**310,844**	**0%**

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 U_3O_8 and other uranium products. An increase in the inventory balance was due to an increase in spot price of U_3O_8 during the first half of 2023, which increased the cost of purchased uranium from JVs, associates and third parties (see section 5.3.2. Uranium segment production and sales), as well as a slight increase in production volumes. 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.

7.4 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 2023	For the six-month period ended 30 June 2022
Cash flows from operating activities[1]	419,776	256,227
Cash flows from/ (used in) investing activities	(220,680)	28,936
Cash flows (used in) financing activities	(95,334)	(81,293)
Net increase/(decrease) in cash and cash equivalents	**103,762**	**203,870**

[1] Includes income tax and interest paid.

7.4.1 Cash Flows from Operating Activities

Operating cash flows for the first half of 2023 totalled KZT 419,776 million, a significant increase compared to KZT 256,227 million during the same period of 2022 mainly due to:

- a KZT 159,547 million increase in cash receipts from customers during the first half of 2023 compared to the same period of 2022, due to differences in the timing of the sales schedule for the first halves of 2022 and 2023, growth in the average realized price associated with an increase in the market spot price for U_3O_8, as well as increase in the sales volume;
- offset by a KZT 14,822 million increase in payments for accounts payable to suppliers during the first half of 2023 mostly due to change in timing of the purchases schedule for the first halves of 2022 and 2023 and growth in the average purchase price associated with an increase in the market spot price for U_3O_8;

- other receipts include:
    - the return of the funds amounting to KZT 14,844 million, which previously were not cleared by the intermediary financial institution, due to counterparty's bank account being subsequently included in the list of legal entities that fell under the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctions, taking into account the exchange rate difference;
    - a KZT 14,626 million increase in VAT refund from the budget;
- offset by KZT 12,888 million due to an increase in other taxes paid, primarily from the higher amount of accrued value-added tax resulting from an increase in intra-group sales within the territory of Republic of Kazakhstan, along with an in increase in the mineral extraction tax;
- increase in corporate income tax paid by KZT 6,928 million due to the increase in profit before tax.

7.4.2 Cash Flows from Investing Activities

Net cash outflows from investing activities were KZT 220,680 million in the first half of 2023 compared to Net cash inflows KZT 28 936 million in the same period of 2022 mainly due to:

- an increase in investments for the purchase of short-term debt securities issued by the National Bank of the Republic of Kazakhstan, the US Department of the Treasury and foreign commercial banks, net of the amount – KZT194,025 million;
- investment in term deposits during the first half of 2023 for USD 41.9 million due to an increase in rates of USD deposits in Kazakhstani banks;
- an increase in acquisition of property, plant and equipment, acquisition of mine development assets and acquisition of exploration and evaluation assets for KZT 10,532 million as per reasons explained in Section 6.0 CAPITAL EXPENDITURES REVIEW;
- offset by an increase in the amounts of dividends received from associates, JVs and other investments by KZT 5,036 million (see Section 7.2 Dividends received and paid).

7.4.3 Cash Flows from financing activities

Net cash outflows from financing activities in the first half of 2023 were KZT 95,334 million compared to KZT 81,293 million in the same period of 2022.

The principal factors affecting the comparable cash flows used in financial activities was:

- an increase in the net of cash outflow from proceeds and repayment of loans and borrowings totalling KZT 28,059 million;
- offset by a decrease in the payment of dividends to non-controlling interests by KZT 14,018 million.

8.0 INDEBTEDNESS

The total debt and guarantees of the Group as at 30 June 2023 were KZT 127,380 million (KZT 157,381 million as at 2022 year-end; KZT 119,118 million as at 30 June 2022), including:

(KZT million)	As at June 30, 2023	As at December 31, 2022	As at June 30, 2022	Change for six months of 2023
Bank loans	22,650	23,953	–	(5%)
Non-bank loans	88,032	114,491	97,971	(23%)
Guarantees	16,698	18,937	21,147	(12%)
Total debt and guarantees	**127,380**	**157,381**	**119,118**	**(19%)**

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

(KZT million)	As at June 30, 2023	As at December 31, 2022	As at June 30, 2022	Change for six months of 2023
Non-current	**82,027**	**83,441**	**84,847**	**(2%)**
Bank loans	-	-	-	
Non-bank loans, including:	82,027	83,441	84,847	
Bonds issued	81,900	83,300	84,700	
Lease liabilities	127	141	147	
Current	**28,655**	**55,003**	**13,124**	**(48%)**
Bank loans	22,650	23,953	-	
Non-bank loans, including:	6,005	31,050	13,124	
Promissory note issued	3,504	7,002	10,519	
Lease liabilities	16	32	35	
Bonds issued	2,485	24,016	2,570	
Total debt	**110,682**	**138,444**	**97,971**	**(20%)**

As at 30 June 2023, the Group has no long-term bank loans.

The amount of current bank loans as at 30 June 2023 was KZT 22,650 million and mainly include debt repayable for up to 12 months under short-term revolving credit lines.

The amount of non-bank loans comprised KZT 88,032 million and includes:

- long-term USD-indexed Company coupon bonds with a nominal amount of KZT 70 billion with maturity in October 2024, issued in September 2019 on the Kazakhstan Stock Exchange (KASE);
- promissory notes owned by JV Khorasan-U LLP with an "on-demand" repayment term. As of 30 June 2023, 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.

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

(%)	As at June 30, 2023	As at December 31, 2022	As at June 30, 2022
Weighted average interest rate, including:	3.80	3.62	3.55
Fixed interest rate	3.80	3.62	3.55
Floating interest rate	-	-	-

As of 30 June 2023, the weighted average interest rate increased to 3.80% (as of 30 June 2022 – 3.55%). The Group's weighted average interest rate on loans and borrowings in the first half of 2023 was mainly influenced by the long-term borrowings with a fixed interest rate.

As of 30 June 2023, all of the Group's loans and borrowings were fully at fixed interest rates.

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

- Baa2 with a stable outlook by Moody's Investors Service (confirmed on 28 December 2022);
- BBB- with a stable outlook by Fitch Ratings (confirmed on 15 December 2022).

8.1 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, 2023	As at December 31, 2022	As at June 30, 2022	Change for six months of 2023
Total debt (excluding guarantees)	110,682	138,444	97,971	(20%)
Total cash balances (see Section 7.1)	(287,414)	(170,466)	(380,402)	69%
Net debt	(176,732)	(32,022)	(282,431)	>200%
Adjusted EBITDA*	737,689	630,898	475,356	17%
Net debt / Adjusted EBITDA (coefficient)	(0.24)	(0.05)	(0.59)	>200%

* For the purposes of "Net debt/Adjusted EBITDA (coefficient)" calculation Adjusted EBITDA for the six-month 2023 and 2022 was calculated 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.

9.0 OUTSTANDING SHARES

There were no changes to the Company's share structure during the first half of the year. As of 30 June 2023, the number of outstanding ordinary shares of the Company was 259,356,608 (same in the first half of 2022), of which 75% are held by Samruk-Kazyna JSC and 25% of shares/global depositary receipts listed on the Astana International Exchange (AIX) and the London Stock Exchange (LSE) are free floated. One global depositary receipt represents one ordinary share. Each ordinary share grants the right to one vote.

(at 30 June 2023)	Shares and GDRs	%
Samruk-Kazyna	194,517,456	75
Public free-float	64,839,152	25
Total share capital	**259,356,608**	**100**

10.0 GUIDANCE FOR 2023

	2023	
	previous exchange rate USD / KZT 470	**revised exchange rate USD / KZT 460**
Production volume U_3O_8 (tU) (100% basis)[1]	20,500 – 21,500[2]	20,500 – 21,500[2]
Production volume U_3O_8 (tU) (attributable basis)[3]	10,600 – 11,200[2]	10,600 – 11,200[2]
Group U_3O_8 sales volume (tU) (consolidated)[4]	15,400 – 15,900	17,500 – 18,000
Incl. KAP U_3O_8 sales volume (incl. in Group) (tU)[5]	12,100 – 12,600	14,500 – 15,000
Revenue - consolidated (KZT billions)[6]	1,080 – 1,090	1,270 – 1,310
Revenue from Group U_3O_8 sales, (KZT billions)[6]	820 – 840	1,020 – 1,060
C1 cash cost (attributable basis) (USD/lb)[*]	$12.00 – $13.50	$13.00 – $14.50
All-in sustaining cash cost (attributable C1 + capital cost) (USD/lb) [7*]	$20.00 – $21.50	$21.00 – $22.50
Total capital expenditures of mining entities (KZT billions) (100% basis) [8]	240 – 250	220 – 230

[1] Production volume U_3O_8 (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. Actual drummed production volumes remain subject to converter adjustments and adjustments for in-process material.

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

[3] Production volume U_3O_8 (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 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 U_3O_8 by Kazatomprom's sales and those of its consolidated subsidiaries (companies that KAP 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 KAP has power to control another entity). For consistency, Group U_3O_8 sales volumes do not include other forms of uranium products (including, but not limited to, the sales of fuel pellets and EUP). Yet, some part of Group U_3O_8 production goes to the production of EUP, fuel pellets and fuel assemblies (FA) at Ulba-FA LLP.

[5] KAP sales volume: includes only the total external sales of U_3O_8 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 uranium prices taken at a single point in time using third-party sources and on an internal exchange rate assumption of KZT/USD 460. 2023 revenue could be materially impacted by how actual uranium prices and exchange rates vary from the described assumptions.

[7] Excluding capital expenditure for expansion, the project range will be $20.5 - $22.00 USD/lb.

[8] Total capital expenditures (100% basis): includes only capital expenditures of the mining entities, includes significant CAPEX for investment and expansion projects. Excludes liquidation funds and closure costs. For 2023 includes new well construction and mine development costs of JV Budenovskoye LLP and JV KATCO LLP (South Tortkuduk) for a total amount of approximately KZT 50 billion.
Excluding capital expenditure for expansion, the projected range will be KZT 200 – 210 billion.

* Please note that the conversion of kgU to pounds U_3O_8 is 2.5998.

As was previously disclosed in *Kazatomprom 2Q2023 Operations and Trading Update*, available on the corporate website, www.kazatomprom.kz all 2023 guidance metrics except for production volumes on both 100% and attributable basis were revised using the updated spot prices estimates, exchange rates and sales portfolio expansion. The Company expects increased sales volume compared to previous guidance indicators due to additional requests from customers to flex up their annual delivery quantities within the frame of existing contracts, some new long-term contracts with the delivery in a prompt window during 2023, as well as Yellow Cake plc.'s execution of its annual option to purchase uranium from KAP.

At this time, all 2023 guidance metrics remain unchanged from previously disclosed expectations in *Kazatomprom 2Q2023 Operations and Trading Update*.

Revenue, C1 cash cost (attributable basis) and All-in Sustaining Cash Cost (attributable C1 + capital cost) may vary from the ranges shown, depending on the extent that the USD / KZT exchange rate and uranium spot price differ 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 or adjustments made due to high volatility in the current year; such assumptions will only be updated on an interim basis in exceptional circumstances.

10.1 Uranium sales price sensitivity analysis

The table below indicates how the Group's U_3O_8 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 U_3O_8 average annual sales prices are closely related 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 U_3O_8 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 11.1 Forward-looking statements for more information.

Average Annual Spot Price (USD)	2023E	2024E	2025E	2026E	2027E
20	40	25	26	24	25
30	42	32	32	32	32
40	45	40	39	39	39
50	48	48	47	48	48
60	51	56	55	57	57
70	54	63	63	66	65

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 for the purposes of this analysis.
- Analysis is as of 30 June 2023 and prepared for 2023–2027 on the basis of minimum average Group annual sales during the specified period of approximately 18 thousand tonnes of uranium in the form of U_3O_8, of which the volumes contracted as of 30 June 2023 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 2023, since deliveries under some long-term contracts in 2023 incorporate a proportion of fixed pricing that was negotiated during a lower price environment.
- For the purpose of the table, uncommitted volumes of U_3O_8 are assumed to be sold under short-term contracts negotiated directly with the customers and based on spot prices.

11.0 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, including but not limited to State Atomic Energy Corporation Rosatom (the Russian state atomic enterprise) and its subsidiaries, and risks related to the current situation in Ukraine, which could 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 and suspension of shipment of goods through the territory of the Russian Federation;
- the Group's profitability is directly related to the market prices of uranium, which are volatile;
- 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 and fuel, 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 regulatory burden on 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 a significant customer could have a material impact;
- certain customers and business associates of the Group may be subjected to international sanctions, and such sanctions could have a material impact;
- the Group is a major taxpayer and is exposed to tax risks, the most significant being changes in the mineral extraction tax rate for uranium and transfer pricing within the limitation period;
- the US or other uranium importers could impose tariffs or quotas on uranium imports;
- the Group may continue to hold significant U_3O_8 inventories throughout the U_3O_8 pricing cycle if production exceeds sales;
- 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 availability to procure and the 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 IT systems or cyber-attacks against the Group may negatively affect the results of activities;

- failure to achieve planned uranium production or products (U_3O_8) output volumes, sales, or production costs of products and services;
- failure to successfully improve corporate governance systems and health, safety, and environmental programs;
- failure to fulfil the plan for production and sale of fuel assemblies in the Republic of Kazakhstan;
- 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 civil or labour unrest or increased social tension in Kazakhstan;
- the Group's results of operations are subject to economic, political and legal developments in China, India and South-East Asia, Russia and other countries with an increased risk of direct and secondary sanctions;
- unexpected catastrophic events, including acts of vandalism and terrorism;
- deterioration of the epidemiological situation on the territory of Kazakhstan and in other countries may lead to deterioration of the financial stability of the Group, an increase in social tension and the inability to purchase basic operating materials.

11.1 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.