"NAC "KAZATOMPROM" JSC

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022, AND OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2022

The following statement is made with a view to distinguish the respective responsibilities of management and those of the independent auditor's in relation to the consolidated financial statements of JSC National Atomic Company Kazatomprom ("Company") and its subsidiaries (hereinafter the "Group") for the year ended 31 December 2022 and operating and financial review for the year ended 31 December 2022.

Management of the Group is responsible for the preparation of consolidated financial statements of the Group for the year ended 31 December 2022, and operating and financial review for the year ended 31 December 2022, that presents fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and the consolidated results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

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

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, as well as other events and conditions on the Group's consolidated financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

Management is also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group;
- maintaining adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the consolidated financial position of the Group, and which enable them to ensure that the consolidated financial statements of the Group comply with IFRS;
- maintaining statutory accounting records in compliance with legislation and accounting standards of the Republic of Kazakhstan;
- taking all reasonably possible measures to safeguard the assets of the Group; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements for the year ended 31 December 2022 and operating and financial review for the year ended 31 December 2022 were authorised for issue by management of the Group on 16 March 2023.

BEKETAYEV R.B.
CHIEF FINANCIAL OFFICER

JAKYPBEKOVA S.J.
CHIEF ACCOUNTANT

National Atomic Company Kazatomprom JSC

Consolidated Financial Statements for the year ended 31 December 2022 and Independent Auditor's Report

Content

Independent Auditor's Report

To the Shareholders and the Board of Directors of National Atomic Company Kazatomprom JSC:

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Atomic Company Kazatomprom JSC (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

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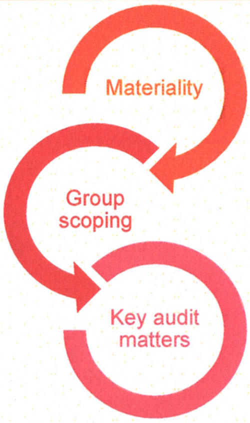
Independent auditor's report (Continued)

Our audit approach

Overview



Overall Group materiality: Kazakhstani Tenge ("Tenge") 19,000 million, which represents approximately 5% of three-year average profit before tax.

- Group audit scope included the Company, ten subsidiaries, three joint arrangements, two associates in Kazakhstan and one subsidiary in Switzerland.
- Our audit scope addressed 99% of the Group's revenues and 99% of the Group's absolute value of underlying profit before tax.

- Provision for asset retirement obligations

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	Tenge 19,000 million
How we determined it	approximately 5% of three-year average profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. Three-year average measure was applied to reflect high volatility of macroeconomic factors that significantly impact profits. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Provision for asset-retirement obligations

Notes 3, 4 and 34 to the consolidated financial statements

During 2022, the Group revised its methodology for calculation of the provision for the asset retirement obligations for its mining entities to a more detailed and standardized assessment of both the scope of obligations and the associated physical quantities as well as applicable unit cost rates for various decommissioning activities. The Group has also engaged external experts to review the Group's estimates of the provisions for the asset retirement obligations (ARO) for its mining entities. As of 31 December 2022, the Group's asset retirement obligations for its mining entities have increased to Tenge 38,116 million (2021: Tenge 31,431 million).

Furthermore, during 2022 the Group has developed the methodology for calculation of the provision for the asset retirement obligations in relation to its non-mining entities in response to the requirements of the Ecological Code of the Republic of Kazakhstan issued in 2021. As a result, as of 31 December 2022, the Group has assessed and recognized an additional Tenge 7,624 million liability for dismantlement of the Ulba Metallurgical Plant's buildings and constructions. The Group's other non-mining entities have also assessed their asset retirement obligations under the new Ecological Code but this did not result in significant additional provision being recognised.

We considered this matter to be one of the most significant in our audit because the calculation of provision for asset retirement obligations involves inherent subjectivity in estimating future nominal costs and uncertainty associated with the timing of the actual fulfillment of decommissioning obligations. The provision for asset retirement obligation is also significant in the consolidated financial

How our audit addressed the key audit matter

Our audit procedures included:

- We assessed the competence and objectivity of consultant engaged to review the Group's estimate of the provision for the asset retirement obligation for its mining entities. We reviewed consultant's report and reconciled ARO amounts in the report to values used by the Group in ARO provision estimates.
- We reviewed the Group's calculations, reconciled principal assumptions to external sources and tested on a sample basis input data used in nominal cost calculations, including physical volume of works, cost per unit and construction estimate norms.
- We engaged our legal experts to obtain an understanding of requirements of the Ecological Code that came into effect in July 2021 with regards to decommissioning process for non-mining entities and assessed management's interpretation and fulfillment of such requirements that resulted in the accrual of additional provisions as of 31 December 2022.
- We involved our accounting technical specialists to assist in the review of the accounting treatment of additional provisions for non-mining entities that arose as a result of introduction of the new Ecological Code.
- We engaged our valuation experts in the audit procedures in relation to the assessment of the reasonableness of the discount and inflations rates used by the Group in calculation of the provision for the asset retirement obligations for its mining and non-mining entities.
- We reviewed Group's disclosures in the consolidated financial statements for compliance with IFRS requirements.

statements. The Group's estimation of such a provision incorporates the effects of the expected approach to decommissioning and discount rates, effects of changes in local regulations along with the effects of changes in inflation.

How we tailored our Group audit scope

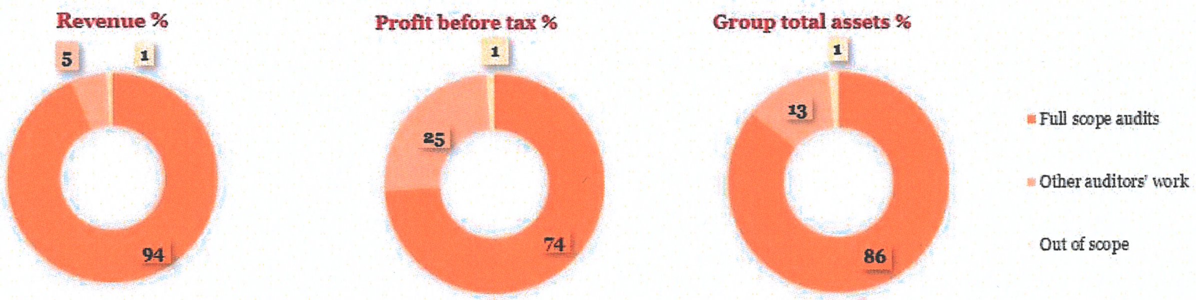
We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's major production facilities and uranium sites are located in the Republic of Kazakhstan. The Group's trading activities are carried out primarily out of Kazakhstan, as well as through operations of a trading subsidiary set up in Switzerland. The Group operates seven mining subsidiaries (under twelve subsurface contracts), four mining joint arrangements (under six subsurface use contracts) and four mining associates (under four subsurface use contracts). We audited six mining subsidiaries and one mining joint arrangement. Auditors of two mining joint arrangements, one mining subsidiary and two mining associates reported to us on their audits. The audit scope also included four non-mining subsidiaries, audited by us and one of PwC network firms.

Based on our continuous assessment, we included in our group audit scope the Company and sixteen entities (components), including five components audited by other auditors.

In order to achieve appropriate audit coverage of the audit risks and of each individually significant component of the Group, including each segment and group function:

- Significant components were subject to either a full scope audit, specified risk-focused audit procedures of specific account balances, or Group level procedures. Our selection was based on the relative significance of the entities within the Group or specific risks identified. The components within the scope of our work accounted for the following percentages of the Group's measures (1):



(1) Presented as a percentage of the Group's absolute values at 31 December 2022 and for the year then ended

Audit instructions set out the significant audit areas, materiality thresholds (which ranged from Tenge 958 million to Tenge 9,131 million) and specific reporting requirements. The Group audit team directed the work undertaken by component auditors, through a combination of related network and non-network firm reporting, regular interaction on audit and accounting matters, periodic site visits and review of specific audit work papers.

By performing the procedures above at the components in combination with additional procedures performed at a Group level, we have obtained sufficient and appropriate audit evidence regarding the consolidated financial statements as a whole that provides basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Annual report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Almaz Sadykov.

On behalf of PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Approved by:	Signed by:
Dana Inkarbekova Managing Director PricewaterhouseCoopers LLP (General State License of the Ministry of Finance of the Republic of Kazakhstan №0000005 dated 21 October 1999)	Almaz Sadykov Auditor in charge (Qualified Auditor's Certificate №0000745 dated 8 February 2019)

16 March 2023
Almaty, Kazakhstan

In millions of Kazakhstani Tenge	Note	For the year ended 31 December 2022	For the year ended 31 December 2021
Revenue	9	1,001,171	691,011
Cost of sales	10	(475,097)	(402,967)
Gross profit		**526,074**	**288,044**
Distribution expenses	11	(25,605)	(15,706)
General and administrative expenses	12	(44,507)	(34,105)
Net reversal/(impairment losses) on non-financial assets	13	176	(3,805)
Net reversal/(impairment losses) on financial assets		132	(208)
Net foreign exchange gain	15	17,304	3,345
Other income	14	21,717	7,525
Other expenses	15	(9,564)	(15,394)
Finance income	17	17,327	7,077
Finance costs	17	(8,425)	(6,712)
Share of results of associates	25	75,736	47,294
Share of results of joint ventures	26	13,340	4,289
Profit before tax		**583,705**	**281,644**
Income tax expense	18	(110,742)	(61,618)
PROFIT FOR THE YEAR		**472,963**	**220,026**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of entities with foreign functional currency		(46)	205
Items that will not be reclassified to profit or loss:			
Net gain/(losses) from investments in equity securities at fair value through other comprehensive income		14	(3)
Remeasurements of post-employment benefit obligations		(478)	66
Other comprehensive (loss)/income for the year		**(510)**	**268**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**472,453**	**220,294**
Profit for the year attributable to:			
- Owners of the Company		348,048	140,773
- Non-controlling interest	38	124,915	79,253
Profit for the year		**472,963**	**220,026**
Total comprehensive income attributable to:			
- Owners of the Company		347,589	141,043
- Non-controlling interest		124,864	79,251
Total comprehensive income for the year		**472,453**	**220,294**
Earnings per share attributable to the owners of the Company, basic and diluted (rounded to Tenge)	19	1,342	543

These consolidated financial statements were approved by management on 16 March 2023:

Beketayev R.B.
Chief Financial Officer

Jakypbekova S.J.
Chief Accountant

In millions of Kazakhstani Tenge	Note	31 December 2022	31 December 2021*
ASSETS			
Non-current assets			
Property, plant and equipment	21	188,300	171,487
Mine development assets	22	162,174	138,673
Mineral rights	23	525,140	552,957
Intangible assets	20	59,159	58,940
Exploration and evaluation assets	24	26,543	24,378
Investments in associates	25	154,124	116,892
Investments in joint ventures	26	44,208	37,803
Deferred tax assets	18	34,515	30,689
Other financial assets	28	59,371	23,671
Other non-financial assets	29	21,279	24,258
		1,274,813	**1,179,748**
Current assets			
Accounts receivable	27	270,921	220,138
Prepaid income tax		11,451	7,526
VAT recoverable		62,389	46,447
Inventories	30	392,621	275,856
Cash and cash equivalents	31	169,536	161,190
Other financial assets	28	20,678	52,249
Other non-financial assets	29	19,274	7,137
		946,870	**770,543**
Assets of disposal groups classified as held for sale	25	850	1,213
		947,720	**771,756**
TOTAL ASSETS		**2,222,533**	**1,951,504**

* *Certain amounts in this column do not correspond to the consolidated financial statements for the year ended 31 December 2021, since they comprise reclassifications that are described in Note 3.*

In millions of Kazakhstani Tenge	Note	31 December 2022	31 December 2021
EQUITY			
Share capital	32	37,051	37,051
Additional paid-in capital		2,539	2,539
Reserves		1,874	1,866
Retained earnings		1,268,580	1,148,387
Equity attributable to shareholders of the Company		1,310,044	1,189,843
Non-controlling interest	38	386,459	347,258
TOTAL EQUITY		**1,696,503**	**1,537,101**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	33	83,300	77,700
Provisions	34	43,475	32,192
Deferred tax liabilities	18	116,808	121,101
Employee benefits		1,731	1,168
Other liabilities	36	9,313	23,420
		254,627	**255,581**
Current liabilities			
Loans and borrowings	33	54,971	11,317
Provisions	34	4,506	869
Accounts payable	35	98,809	66,014
Other tax and compulsory payments liabilities		24,688	17,973
Employee benefits		325	215
Income tax liabilities		4,221	5,096
Other liabilities	36	83,883	57,338
		271,403	**158,822**
TOTAL LIABILITIES		**526,030**	**414,403**
TOTAL EQUITY AND LIABILITIES		**2,222,533**	**1,951,504**
Carrying value of one share (rounded to Tenge)	19	6,313	5,699

These consolidated financial statements were approved by management on 16 March 2023:

Beketayev R.B.
Chief Financial Officer

Jakypbekova S.J.
Chief Accountant

In millions of Kazakhstani Tenge	Note	For the year ended 31 December 2022	For the year ended 31 December 2021*
OPERATING ACTIVITIES			
Cash receipts from customers		1,213,489	779,981
VAT refund		74,910	45,204
Interest received		11,701	4,104
Payments to suppliers		(677,658)	(488,883)
Payments of wages and salaries		(87,317)	(63,236)
Income tax paid		(125,914)	(97,747)
Other taxes paid		(89,259)	(50,882)
Interest paid	33	(3,570)	(3,319)
Payment held as restricted funds	28	(14,812)	-
Compensation paid under subsoil use agreement	12	(7,310)	-
Social payments		(5,226)	(3,166)
Other payments, net		(5,175)	(3,327)
Cash flow from operating activities		**283,859**	**118,729**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(21,571)	(16,625)
Proceeds from disposal of property, plant and equipment		1,211	104
Acquisition of intangible assets		(1,013)	(754)
Acquisition of mine development assets		(48,670)	(28,233)
Acquisition of exploration and evaluation assets		(3,223)	(1,682)
Proceeds from disposal of subsidiary net of cash and cash equivalents of disposed subsidiary	39	-	1,339
Acquisition of short-term debt securities	28	(80,219)	(126,331)
Acquisition of long-term debt securities	28	(8,804)	-
Proceeds from redemption of short-term debt securities	28	86,006	127,341
Placement of term deposits and restricted cash	28	(12,486)	(51,158)
Redemption of term deposits and restricted cash	28	44,688	6,350
Loan repayments received from related parties		3,514	3,138
Acquisition of equity investments	28	(12,368)	-
Dividends received from associates, joint ventures	25,26	45,346	17,108
Other payments, net		(3,304)	(1,838)
Cash flow used in investing activities		**(10,893)**	**(71,241)**
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	33	70,905	65,525
Proceeds from sale of non-controlling interest in subsidiary	39	-	185,858
Repayment of loans and borrowings	33	(26,555)	(76,108)
Dividends paid to shareholders	32	(227,388)	(150,082)
Dividends paid to non-controlling interest		(85,667)	(26,584)
Payments under lease	33	(162)	(452)
Other payments, net		(10)	-
Cash flow used in financing activities		**(268,877)**	**(1,843)**
Net increase in cash and cash equivalents		**4,089**	**45,645**
Cash and cash equivalents at the beginning of the year		161,190	113,347
Effect of exchange rate fluctuations on cash and cash equivalents		4,245	2,201
Change in impairment provision for cash and cash equivalents		12	(3)
Cash and cash equivalents at the end of the year	**31**	**169,536**	**161,190**

* *Certain amounts in this column do not correspond to the consolidated financial statements for the year ended 31 December 2021, since they comprise reclassifications that are described in Note 3.*

These consolidated financial statements were approved by management on 16 March 2023:

Beketayev R.B.
Chief Financial Officer

Jakypbekova S.J.
Chief Accountant

	Attributable to the shareholders of the Company						
In millions of Kazakhstani Tenge	**Share capital**	**Reserves**	**Retained earnings**	**Additional paid-in capital**	**Total**	**Non-controlling interest**	**Total equity**
Balance at 1 January 2021	37,051	1,666	1,029,477	4,461	1,072,655	267,137	1,339,792
Profit for the year	-	-	140,773	-	140,773	79,253	220,026
Foreign currency translation difference	-	203	-	-	203	2	205
Remeasurements of post-employment benefit obligations	-	-	70	-	70	(4)	66
Other comprehensive loss	-	(3)	-	-	(3)	-	(3)
Total comprehensive income for the year	**-**	**200**	**140,843**	**-**	**141,043**	**79,251**	**220,294**
Dividends declared (Note 32)	-	-	(150,082)	-	(150,082)		(150,082)
Dividends declared by subsidiaries to other participants	-	-	-	-	-	(26,583)	(26,583)
Other operations (Note 39)	-	-	2,254	(1,922)	332	377	709
Change in ownership interest in a subsidiary without loss of control (Note 39)	-	-	125,895	-	125,895	27,076	152,971
Balance at 31 December 2021	**37,051**	**1,866**	**1,148,387**	**2,539**	**1,189,843**	**347,258**	**1,537,101**
Profit for the year	-	-	348,048	-	348,048	124,915	472,963
Foreign currency translation difference	-	(6)	-	-	(6)	(40)	(46)
Remeasurements of post-employment benefit obligations	-	-	(467)	-	(467)	(11)	(478)
Other comprehensive income	-	14	-	-	14	-	14
Total comprehensive income for the year	**-**	**8**	**347,581**	**-**	**347,589**	**124,864**	**472,453**
Dividends declared (Note 32)	-	-	(227,388)	-	(227,388)	-	(227,388)
Dividends declared by subsidiaries to other participants	-	-	-	-	-	(85,663)	(85,663)
Balance at 31 December 2022	**37,051**	**1,874**	**1,268,580**	**2,539**	**1,310,044**	**386,459**	**1,696,503**

These consolidated financial statements were approved by management on 16 March 2023:

Beketayev R.B.
Chief Financial Officer

Jakypbekova S.J.
Chief Accountant

1 NAC Kazatomprom JSC Group and its Operations

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended 31 December 2022 for National Atomic Company Kazatomprom JSC (the "Company") and its subsidiaries (hereinafter collectively referred to as "the Group" or "NAC Kazatomprom JSC").

The Company is a joint stock company set up in accordance with regulations of the Republic of Kazakhstan. The Company was established pursuant to the Decree of the President of the Republic of Kazakhstan on the establishment of National Atomic Company Kazatomprom No. 3593, dated 14 July 1997, and the Decree of the Government of the Republic of Kazakhstan on National Atomic Company Kazatomprom Issues No. 1148 dated 22 July 1997, as a closed joint stock company with a 100% government shareholding.

As of 31 December 2022, 75% of the Company's shares are held by Samruk-Kazyna JSC and 25% are on free float. Government is an ultimate controlling party of the Group. This is unchanged from the prior year end.

The Company's registered address is Syganak street, building 17/12, Astana city, the Republic of Kazakhstan. The principal place of business is the Republic of Kazakhstan.

The Group's principal activities include production of uranium and sale of uranium products. The Group is one of the leading uranium producing companies of the world. The Group is also involved in processing of rare metals, manufacture and sale of beryllium and tantalum products and scientific support of operational activities.

NAC Kazatomprom JSC is an entity representing interests of the Republic of Kazakhstan at the initial stages of the nuclear fuel cycle and production of fuel assemblies and their components. The Group is a participant in a number of associates and joint ventures which make a significant contribution to its profit (Notes 25 and 26). The Group's development strategy focuses on the core business activities of mining and processing of uranium and related natural resources. The development strategy is designed to ensure long term value growth for all stakeholders of the Group in accordance with the principles of sustainable development through aligning production volumes to market conditions and adopting a market centric focus to sales capabilities, applying best practices in business activities, and developing a corporate culture consistent with the Group's position as an industry leader.

As at 31 December 2022, the Group and its associates and joint ventures were a party to the following contracts for production and exploration of uranium:

Mine/area	Stage	Contract date	Contract term
Group			
Kazatomprom-SaUran LLP			
Kanzhugan	Production	27 November 1996	51 years
Uvanas	Liquidation	27 November 1996	26 years
Mynkuduk, East lot	Production	27 November 1996	31 years
Moinkum, lot 1 (South) (south part)	Liquidation	26 September 2000	20 years
Moinkum, lot 3 (Central) (north part)	Production	31 May 2010	29 years
DP Ortalyk LLP			
Mynkuduk, Central lot	Production	8 July 2005	28 years
Zhalpak	Production	14 December 2021	21 years
Appak LLP			
Mynkuduk, West lot	Production	8 July 2005	30 years
RU-6 LLP			
North and South Karamurun	Production	15 November 1996	44 years
JV Inkai LLP			
Inkai, block 1	Production	13 July 2000	45 years
Company			
Inkai, block 2	Exploration	25 June 2018	6 years
Inkai, block 3	Exploration	25 June 2018	4 years*
Baiken-U LLP			
North Khorasan, block 2	Production	1 March 2006	49 years
JV Khorassan-U LLP			
North Khorasan, block 1	Exploration and Production	8 May 2005	53 years
Karatau LLP			
Budenovskoe, block 2	Production	8 July 2005	35 years
JV Akbastau JSC			
Budenovskoe, block 1	Production	20 November 2007	30 years
Budenovskoe, blocks 3, 4	Production	20 November 2007	31 years

1 NAC Kazatomprom JSC Group and its Operations (Continued)

Mine/area	Stage	Contract date	Contract term
Associates			
JV KATCO LLP			
Southern Moinkum (Northern part and Tortkuduk)	Production	3 March 2000	39 years
JV Zarechnoye JSC			
Zarechnoye	Production	23 September 2002	23 years
JV South Mining Chemical Company LLP			
Akdala	Production	28 March 2001	25 years
Inkai, block 4	Production	8 July 2005	24 years
Joint Ventures			
Semizbay-U LLP			
Semizbai	Production	2 June 2006	25 years
Irkol	Production	14 July 2005	25 years
JV Budenovskoe LLP			
Block 6&7 Budenovskoye	Production	16 October 2020	25 years

** Exploration completed, the Group is in the process of developing the pilot production project.*

At 31 December 2022 the Group comprises 33 entities (2021: 33), including associates and joint ventures, located in six regions of the Republic of Kazakhstan: Turkestan region, East Kazakhstan region, Kyzylorda region, Akmola region, Pavlodar region and Almaty region. At 31 December 2022 the aggregate number of employees of the Group is 21 thousand (2021: 21 thousand) people.

2 Environment of the Group

The economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other commodities, which constitute a major part of the country's exports. These characteristics include, but are not limited to, the existence of a national currency that is not freely convertible outside of the country and little presence of Kazakhstani debt and equity securities on foreign stock exchanges. Higher inflation, challenges posted by the domestic unrest in January 2022, ongoing political tension in the region and volatility of exchange rates have had and may continue to have a negative impact on the economy of the Republic of Kazakhstan, including decrease in liquidity, and creation of difficulties in attracting international financing.

On 20 August 2015 the National Bank and the Government of the Republic of Kazakhstan resolved to discontinue supporting the exchange rate of Tenge and implemented a new monetary policy, which is based on an inflation targeting regime, cancellation of exchange rate trading band and start of a free-floating exchange rate. However, the National Bank's exchange rate policy allows it to intervene to prevent dramatic fluctuations of the Tenge exchange rate and to ensure financial stability. As at the date of this report, the official exchange rate of the National Bank of the Republic Kazakhstan was Tenge 464.79 per 1 US Dollar compared to Tenge 462.65 per 1 US Dollar as at 31 December 2022 (31 December 2021: Tenge 431.67 per 1 US Dollar). The average exchange rate for 2022 was Tenge 460.85 per 1 US Dollar (2021: Tenge 426.03 per US Dollar 1). Uncertainty remains in relation to the exchange rate of Tenge and future actions of the National Bank and the Government of the Republic of Kazakhstan and the impact of these factors on the economy of the Republic of Kazakhstan.

COVID-19

In March 2020, the World Health Organisation declared the outbreak of COVID-19 a global pandemic. In response to the pandemic, the Kazakhstani authorities implemented numerous measures attempting to contain the spreading and impact of COVID-19, such as travel bans and restrictions, quarantines, shelter-in-place orders and limitations on business activity, including closures. Most of those measures were subsequently relaxed, however, as of 31 December 2022, there remains a risk that the authorities may impose additional restrictions in 2023 as a response to possible new variants of the virus.

Conflict between Russia and Ukraine

On 21 February 2022 the Russian President announced that the Russian government would recognise the Luhansk and Donetsk People's Republics. On 24 February the Russian president directed its military to mobilize troops to the territory of Ukraine. As a response to the Russian actions, the United States, the European Union and a number of other states imposed sanctions against Russia including the disconnection of a number of Russian financial institutions from SWIFT. Russia is Kazakhstan's largest trading partner and is a key country of transit for trade, notably via the Caspian Pipeline Consortium (CPC) pipeline, through which up to 80% of Kazakh crude is exported.

2 Environment of the Group (Continued)

CPC operations were temporarily interrupted in March 2022 officially due to storm damage, which did not have a significant budgetary economic impact because of rising oil prices. However, a prolonged closure by Russia of the CPC route for Kazakh crude oil would have serious consequences for Kazakh exports and the economy as a whole. The Kazakh authorities consider alternative routes to the Caspian Sea, including through Azerbaijan, Georgia and Turkey, but these will require significant additional infrastructure and it will take many years to replace the CPC route.

In connection with the Russian/Ukraine conflict and its consequences, the Tenge exchange rate began to be more volatile and the annual inflation rate was 20.3% in 2022. To date, the National Bank of the Republic of Kazakhstan has taken a number of measures to maintain the stability of the Kazakhstan financial system.

The Group's exported products are transported through Russia which creates risks associated with both transit through the territory of Russia and the delivery of cargo by sea vessels, logistical constraints could also increase import costs. 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. The Group also has permission to transit uranium through the Trans-Caspian International Transport Route (hereinafter referred to as the TITR), which the Group has successfully used as an alternative route since 2018 to help mitigate the risk of the primary route being unavailable, for any reason. There are also risks associated with Russian partners in Group's subsidiaries, associates and joint ventures, including reputational and corporate governance risks.

The Group has a Uranium Processing Agreement with the Uranium Enrichment Center (TsOU) (a resident of the Russia). At the date of these financial statements, the Group anticipates that provision of services under this agreement will continue as the situation should not affect the activities of the TsOU and its ability to enrich uranium for the Group.

As part of its ongoing risk assessment program, management is reviewing the impact of anti-Russian sanctions on the Group's operations. To date, the sanctions have not had a significant impact on the Group's operations, although the resulting market uncertainty caused by the conflict between Russia and Ukraine has led to significant volatility in the spot uranium price, the exchange rate of the national currency and the quotations of the Company's securities. During the reporting period, the Company experienced some difficulties with certain bank payments, as described in Note 28. As of December 31, 2022, all funds placed with financial institutions included in the sanctions list were withdrawn and transferred to other financial institutions.

The most significant factors that affected the Group's results of operations during the year included:

- A 31% increase in the average realized price of uranium during 2022 compared to 2021 due to a higher spot price for uranium (US Dollar 43.44 vs. US Dollar 33.11). Some long-term contract pricing mechanisms incorporated a portion of base (fixed) price components that were established prior to the increase in spot price during the current period. As a result, the increase in the Group's average realized prices during the reporting period were lower than the increase in the spot market price for uranium;
- US Dollar appreciation of approximately 8% during 2022 (8% increase in comparison with the prior period).

The above factors had a positive effect on revenue from sales of uranium in the current period that increased by approximately Tenge 245,318 million (Note 9).

Most of the Group's borrowings are denominated in US Dollars, including Tenge bonds with indexation to the US Dollar. As a result of depreciation of the Tenge against the US Dollar, loans and borrowings have increased by Tenge 4,758 million at 31 December 2022 (Note 15).

The net foreign exchange gain was larger in 2022 than in 2021 by approximately Tenge 13,959 million (Note 15) in line with the US Dollar appreciation because most of the Group's consolidated accounts receivable and cash are denominated in US Dollars.

The economic environment has a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict, and management's current expectations and estimates could differ from actual results. Additionally, the energy sector in the Republic of Kazakhstan is still impacted by political, legislative, fiscal and regulatory developments. The prospects for future economic stability in the Republic of Kazakhstan are largely dependent upon the effectiveness of any economic and public policy measures undertaken by the Government which are beyond the Group's control.

3 Significant Accounting Policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS under the historical cost convention, as modified by financial instruments categorised at fair value through profit or loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented. The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Presentation currency

These consolidated financial statements are presented in millions of Kazakhstani Tenge ("Tenge"), unless otherwise stated.

Consolidation

(i) Consolidated financial statements

Subsidiaries are those investees, including structured 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.

For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or applied only in exceptional circumstances, do not prevent the Group from controlling an investee.

Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account acquisition of subsidiaries other than those acquired from parties under common control. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation non-controlling interest's proportionate share of net assets of the acquiree.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Company and all of its subsidiaries use uniform accounting policies consistent with the Group's policies. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3 Significant Accounting Policies (Continued)

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. Non-controlling interest forms a separate component of the Group's equity.

(ii) Purchases and sales of non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. Any difference between the purchase consideration and the carrying amount of non-controlling interest acquired is recorded as a capital transaction directly in equity. The Group recognizes the difference between sales consideration and the carrying amount of non-controlling interest sold as a capital transaction in the consolidated statements of changes in equity.

(iii) Purchases of subsidiaries from parties under common control

Purchases of subsidiaries from parties under common control are accounted for using the predecessor values method. Under this method the consolidated financial statements of the combined entity are presented as if the businesses had been combined from the beginning of the earliest period presented or, if later, the date when the combining entities were first brought under common control. The assets and liabilities of the subsidiary transferred under common control are at the predecessor entity's carrying amounts.

The predecessor entity is considered to be the highest reporting entity in which the subsidiary's IFRS financial information was consolidated. Related goodwill inherent in the predecessor entity's original acquisitions is also recorded in these consolidated financial statements. Any difference between the carrying amount of net assets, including the predecessor entity's goodwill, and the consideration for the acquisition is accounted for in these consolidated financial statements as an adjustment to retained earnings within equity.

(iv) Associates

Associates are entities over which the Group has significant influence (directly or indirectly), but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Dividends received from associates reduce the carrying value of the investment in associates. Other post-acquisition changes in the Group's share of net assets of an associate are recognised as follows: (i) the Group's share of profits or losses of associates is recorded in the consolidated profit or loss for the year as the share of results of associates, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) other changes in the Group's share of the carrying value of net assets of associates are recognised in profit or loss within the share of results of associates.

However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(v) Joint arrangements

The Group is a party of joint arrangement when it exercises joint control over arrangement by acting collectively with other parties and decisions about the relevant activities require unanimous consent of the parties sharing control. The joint arrangement is either a joint operation or a joint venture depending on the contractual rights and obligations of the parties to the arrangement.

The Group's interests in joint ventures are accounted for using the equity method and are initially recognised at cost. Dividends received from joint ventures reduce the carrying value of the investment in joint ventures. Other post-acquisition changes in the Group's share of net assets of joint ventures are recognised as follows: (i) the Group's share of profits or losses of joint ventures is recorded in the consolidated profit or loss for the year as share of results of joint ventures, (ii) the Group's share of other comprehensive income is recognised in other comprehensive income and presented separately, (iii) other changes in the Group's share of the carrying value of net assets of joint ventures are recognised in profit or loss within the share of result of joint ventures. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

3 Significant Accounting Policies (Continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

If participants of joint arrangements have rights to assets and bear responsibility for obligations under joint arrangements, then the joint arrangement is classified as a joint operation. In relation to interest in joint operations the Group recognises: (i) its share of any assets held jointly, (ii) its share of any liabilities incurred jointly, (iii) revenue from the sale of its share of the output arising from the joint operation, (iv) its share of any expenses incurred jointly. In accordance with requirements of the relevant agreements, participants buy output of joint operations equally in accordance with their 50% ownership interest. If participants of the joint operations do not comply with this requirement during a period, a liability or receivable under joint operations is recognised for an amount equivalent to the corresponding gross margin. The liability/receivable is settled either when participants satisfy the parity requirements or participants mutually agree to discharge the liabilities/receivables, and a corresponding loss/gain is recognised in profit and loss. Receivables and payables between participants of the joint operations are presented on a gross basis in the financial statements. No revenue from joint operations is recognised in the financial statements until the Group sells the output to third parties.

(vi) Disposals of subsidiaries, associates or joint ventures

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Foreign currency translation

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its Kazakhstan subsidiaries, and the Group's presentation currency, is the national currency of Kazakhstan, Kazakhstani Tenge. Exchange restrictions and currency controls exist in relation of converting Tenge into other currencies. Currently, Tenge is not freely convertible outside of the Republic of Kazakhstan.

Monetary assets and liabilities are translated into each entity's functional currency at the official exchange rate at the respective end of the reporting period. The official exchange rate of Kazakhstan Stock Exchange (KASE) as of 31 December 2022 was Tenge 462.65 per 1 US Dollar (2021: Tenge 431.80 per 1 US Dollar). Foreign exchange gains and losses resulting from the settlement of the transactions and from the translation of monetary assets and liabilities into each entity's functional currency at year-end official exchange rates are recognised in profit or loss. Translation at year-end does not apply to non-monetary items that are carried at historic costs.

Loans between Group entities and related foreign exchange gains or losses are eliminated upon consolidation. However, where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss cannot be eliminated in full and is recognised in the consolidated profit or loss, unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in foreign operation. In such a case, the foreign exchange gain or loss is recognised in other comprehensive income.

The results and financial position of Group entities, which have financial statements with different functional currencies, are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position are translated at the closing rate at the end of the respective reporting period;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- components of equity are translated at the historic rate;
- all resulting exchange differences are recognised in other comprehensive income.

3 Significant Accounting Policies (Continued)

When control over a foreign operation is lost, the exchange differences recognised previously in other comprehensive income are reclassified to profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity.

Revenue recognition

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

(i) Sales of goods (uranium, tantalum, beryllium, niobium and other products)

Sales are recognised when control of the good has transferred, being when the goods are delivered to the customer, the customer has full discretion over the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from the sales with discounts is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with an average credit term of 30-270 days, which is consistent with market practice.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Delivery of uranium, tantalum and beryllium products vary depending on the individual terms of a sale contract usually in accordance with the Incoterms classification. Delivery of uranium products occurs: at the date of physical delivery in accordance with Incoterms or at the date of book-transfer to an account with a convertor specified by the customer. A book-transfer operation represents a transaction whereby the uranium account balance of the transferor is decreased with a simultaneous allocation of uranium to the transferee's uranium account with the same specialised conversion / reconversion entity.

(ii) Sales of services (transportation, drilling and other)

The Group may provide services under fixed-price and variable price contracts. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Where the contracts include multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.If the contract includes variable consideration, revenue is recognised only to the extent that it is highly probable that there will be no significant reversal of such consideration.

3 Significant Accounting Policies (Continued)

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(iv) Barter transactions and mutual cancellations

A portion of sales and purchases are settled by mutual cancellations, barter or non-cash settlements. These transactions are generally in the form of direct settlements by dissimilar goods and services from the final customer (barter), cancellation of mutual balances or through a chain of non-cash transactions involving several companies.

Sales and purchases that are expected to be settled by mutual settlements, barter or other non-cash settlements are recognised based on the management's estimate of the fair value to be received or given up in non-cash settlements. The fair value is determined with reference to observable market information.

Non-cash transactions have been excluded from the cash flow statement. Investing and financing activities and the total of operating activities represent actual cash flows.

Interest income

Interest income is recorded for all debt instruments, other than those at FVTPL, on an accrual basis using the effective interest method. This method defers, as part of interest income, all fee received between the parties to the contract that are an integral part of the effective interest rate, all other premiums or discounts. Interest income on debt instruments at FVTPL calculated at nominal interest rate is presented within 'finance income' line in profit or loss.

Fees integral to the effective interest rate include origination fees received or paid by the Group relating to the creation or acquisition of a financial asset (for example, fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents).

For financial assets that are originated or purchased credit-impaired, the effective interest rate is the rate that discounts the expected cash flows (including the initial expected credit losses) to the fair value on initial recognition (normally represented by the purchase price). As a result, the effective interest is credit-adjusted.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest revenue is calculated by applying the effective interest rate to their AC, net of the ECL provision, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

Income taxes

Income taxes have been provided for in the consolidated financial statements in accordance with legislation enacted by the end of the reporting period. The income tax charge/(credit) comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

Current tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if consolidated financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within operating expenses.

Deferred income tax is provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax liabilities are not recorded for temporary differences on initial recognition of goodwill, and subsequently for goodwill which is not deductible for tax purposes. Deferred tax balances are measured at tax rates enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets and liabilities are netted only within the individual companies of the Group.

3 Significant Accounting Policies (Continued)

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised. The Group controls the reversal of temporary differences relating to taxes chargeable on dividends from subsidiaries or on gains upon their disposal. The Group does not recognise deferred tax liabilities on such temporary differences except to the extent that management expects the temporary differences to reverse in the foreseeable future.

The Group's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted by the end of the reporting period, and any known court or other rulings on such issues.

Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

Property, plant and equipment

(i) Recognition and measurement of property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and provision for impairment, where required.

Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. The individual significant parts of an item of property, plant and equipment (components), whose useful lives are different from the useful life of the given asset as a whole are depreciated individually, applying depreciation rates reflecting their anticipated useful lives.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Specialised spare parts and servicing equipment with a significant initial value and a useful life of more than one year are recognised as an item of property, plant and equipment. Other spare parts and auxiliary equipment are recognised as inventories and accounted for in profit and loss for the year as retired.

Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is disposed. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

(ii) Depreciation

Land is not depreciated. Depreciation of items within buildings category that are used in extraction of uranium and its preliminary processing is charged on a unit-of-production (UoP) method in respect of items for which this basis best reflects the pattern of consumption. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Buildings	10 to 50
Machinery and equipment	3 to 50
Vehicles	3 to 10
Other	3 to 20

Each item's estimated useful life depends on its own useful life limitations and/or term of a subsurface use contract and the present assessment of economically recoverable reserves of the mine property at which the item is located.

The residual value of an asset is the estimated amount that the Group would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3 Significant Accounting Policies (Continued)

Mine development assets

Mine development assets are stated at cost, less accumulated depreciation and provision for impairment, where required. Mine development assets comprise reclassified exploration and evaluation costs, the capitalised costs of pump-in and pump-out well drilling, main external tying of the well with surface piping, equipment, measuring instruments, ion-exchange resin, estimated site restoration, acid costs and other development costs. Under existing production method the wellfields are progressively established over the orebody as uranium is depleted by blocks.

Mine development assets are amortised at the mine or block level using the unit-of-production method. Unit-of-production rates are based on proved and probable reserves, except for capitalised development costs that are amortised based on ready for extraction volumes. Ready for extraction volumes represent a portion of proved and probable reserves that management estimates to extract from a block/mine as a result of available capitalised costs. The estimate of proved and probable reserves is based on reserve reports which are an integral part of each subsoil use contract. These reserve reports are incorporated into feasibility models which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year. Since 2017, the Group uses reserve reports prepared by an independent consultant (Note 4).

Intangible assets

(i) Recognition and measurement of intangible assets

The Group's intangible assets other than goodwill have definite useful lives and primarily include capitalised production technology development costs, computer software, patents, and licences. Acquired computer software licences and patents are initially measured at costs incurred to acquire and bring them to use.

(ii) Amortisation of intangible assets

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful lives in years
Licences and patents	3 to 20
Software	1 to 14
Other	2 to 15

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell. Intangible assets not ready for use is not amortised being part of intangible assets under development.

(iii) Goodwill

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment.

Gains or losses on disposal of an operation within a cash-generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

(iv) Research and development costs

Research expenditure is recognised as an expense when incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and costs can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs with a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit.

3 Significant Accounting Policies (Continued)

Mineral rights

Mineral rights are stated at cost, less accumulated depreciation and provision for impairment, where required. Mineral rights acquired as part of business combinations are recognised at fair value. The capitalised cost of acquisition of mineral rights comprises subscription bonus, commercial discovery bonus, the cost of subsurface use rights and capitalised historical costs. The Group is obliged to reimburse historical costs incurred by the State in respect of mining rights prior to licence or subsoil use contracts being issued. These historical costs are recognised as part of the acquisition cost with a corresponding liability equal to the present value of payments made during the licence period or subsoil use contract.

Mineral rights are amortised using unit-of-production method based upon proved and probable reserves commencing when uranium first starts to be extracted.

The estimate of proved and probable reserves is based on reserve reports, which are an integral part of each subsoil use contract. These reserve reports are incorporated into feasibility models, which are approved by the government and detail the total proven reserves and estimated scheduled extraction by year. Since 2017, the Group uses reserve reports prepared by an independent consultant (Note 4).

Exploration and evaluation assets

Exploration and evaluation assets are measured at cost less provision for impairment, where required. The Group classifies exploration and evaluation assets as tangible or intangible according to the nature of the assets acquired.

Exploration and evaluation assets comprise the capitalised costs incurred by the Group prior to proving that viable production is possible and include geological and geophysical costs, the costs of exploratory wells and directly attributable overheads associated with exploration activities.

The decision to enter into or renew a subsoil use contract after the expiration of the exploration and appraisal period is subject to the success of the exploration and appraisal of mineral resources and the Group's decision to proceed to the production (development) stage.

Tangible exploration and evaluation assets are transferred to mine development assets upon demonstration of commercial viability of uranium production and amortised using unit-of-production method based upon proved reserves. Once commercial reserves (proved or commercial reserves) are found, intangible exploration and evaluation assets are transferred to mineral rights. Accordingly, the Group does not amortise exploration and evaluation assets before commercial reserves (proved or commercial reserves) are found. If no commercial reserves are found, exploration and evaluation assets are expensed.

Exploration and evaluation assets are tested by the Group for impairment whenever facts and circumstances indicate assets' impairment. An impairment loss is recognised for the amount by which exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is higher of the exploration and evaluation assets' fair value less costs to sell and their value in use.

One or more of the following facts and circumstances indicate that the Group should test its exploration and evaluation assets for impairment (the list is not exhaustive):

- the period for which the Group has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral reserves in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral reserves in the specific area have not led to the discovery of commercially viable quantities of mineral reserves and the Group has decided to discontinue such operations in the specific area;
- sufficient data exist to indicate that, although development works in the specific area are likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full resulting from efficient development or by sale.

Costs associated with activities undertaken prior to exploration such as design, technical and economical assessments are expensed as incurred.

3 Significant Accounting Policies (Continued)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell (the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date) and its value in use (being the net present value of expected future cash flows of the relevant cash-generating unit). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Basis for determination of cash-generating units is presented in Note 4.

The estimates used for impairment reviews are based on detailed life of mine plans and operating budgets, modified as appropriate to meet the requirements of IAS 36 "Impairment of Assets". Future cash flows are based on:

- estimates of the volumes of the reserves for which there is a high degree of confidence of economic extraction;
- future production and sales quantities;
- future commodity prices (assuming the current market prices will revert to the Group's assessment of the long term average price, generally over a period of three to five years); and
- future costs of production and other operating and capital expenditures.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to profit and loss for the year so as to reduce the carrying amount in the consolidated statements of financial position to its recoverable amount. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. This reversal is recognised in profit and loss for the year, and is limited to the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

Investment property

Investment property is property held by the Group to earn rental income or for capital appreciation, or both and which is not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and provision for impairment, where required. If any indication exists that investment properties may be impaired, the Group estimates the recoverable amount as the higher of value in use and fair value less costs of disposal. The carrying amount of an investment property is written down to its recoverable amount through a charge to profit or loss for the year. An impairment loss recognised in prior years is reversed if there has been a subsequent change in the estimates used to determine the asset's recoverable amount.

Subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an investment property becomes owner-occupied, it is reclassified to property, plant and equipment.

Earned rental income is recorded in profit or loss for the year within other income. Gains or losses on disposal of investment property are calculated as proceeds less the carrying amount.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its deemed cost for accounting purposes.

3 Significant Accounting Policies (Continued)

Assets classified as held for sale

Assets and disposal groups (which may include both non-current and current assets) are classified in the consolidated statements of financial position as 'Assets of disposal groups classified as held for sale' if their carrying amount will be recovered principally through a sale transaction (including loss of control of a subsidiary holding the assets) within twelve months after the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Group management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year; and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as held for sale in the current period's consolidated statements of financial position are not reclassified or re-presented in the comparative statements of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property, plant and equipment are not depreciated. Reclassified non-current financial instruments are not subject to write down to the lower of their carrying amount and fair value less costs to sell.

Liabilities directly associated with the disposal group that will be transferred in the disposal transaction are reclassified and presented separately in the consolidated statements of financial position.

Financial instruments

Key measurement terms

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

(i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

3 Significant Accounting Policies (Continued)

(ii) Amortised cost

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses *("ECL")*. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the consolidated statement of financial position.

(iii) The effective interest method

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates.

Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate. For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

Financial instruments – initial recognition

Financial instruments at FVTPL are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an ECL allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI, resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement

(i) Measurement categories

The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

(ii) Business model

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

3 Significant Accounting Policies (Continued)

(iii) Cash flow characteristics

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest (“SPPI”). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature.

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed.

Financial assets – reclassification

Financial instruments are reclassified only when the business model for managing the portfolio as a whole changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows after the change in the business model. The entity did not change its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL

The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments and financial guarantee contracts, for contract assets. The Group measures ECL and recognises Net impairment losses on financial and contract assets at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC and contract assets are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). Refer to Note 40 for a description of how the Group determines when a SICR has occurred.

If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group’s definition of credit impaired assets and definition of default is explained in Note 40. For financial assets that are purchased or originated credit-impaired (“POCI Assets”), the ECL is always measured as a Lifetime ECL.

Note 40 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Financial assets – write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. Indicators that there is no reasonable expectation of recovery include (i) court decision, (ii) liquidation of entity from which financial asset was acquired, (iii) overdue period of 3 years and more.

3 Significant Accounting Policies (Continued)

Derivative financial instruments

Derivative financial instruments are carried at their fair value. All derivative instruments are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

Certain derivative instruments embedded in financial liabilities and other non-financial contracts are treated as separate derivative instruments when their risks and characteristics are not closely related to those of the host contract.

Financial assets – derecognition

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Financial liabilities – measurement categories

Financial liabilities are classified as subsequently measured at AC, except for (i) financial liabilities at FVTPL (derivatives, financial liabilities held for trading, e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Financial liabilities – derecognition

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

3 Significant Accounting Policies (Continued)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank deposits with original maturities of three months or less. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL. Restricted balances are excluded from cash and cash equivalents. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period are included in other non-current assets.

Cash and cash equivalents also include reverse repurchase transaction (reverse repo), an investment in highly liquid government securities with the agreement to sell them at a higher price within 1 to 30 days. Repo transactions are readily convertible to cash and cash equivalents and are subject to insignificant risk of changes in value as they are backed by the government of the Republic of Kazakhstan.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on the normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Inventory loans

The Group enters into inventory loan agreements, according to which one party (the lender) undertakes to provide the other party (the borrower) with products, and the borrower obliges to return to the lender an identical amount of uranium products. The Group obtains inventory loans to facilitate the performance of its uranium supply obligations. The Group classifies inventory loans received as a non-financial liability.

Upon receipt of the inventory loan, the Group accounts for the inventory at the contracted cost. Liability arising from inventory loan are recognised as part of other liabilities at the fair value of the uranium products at the reporting date. Subsequent revaluation of the inventory loan is carried out through profit or loss as part of other income/expenses in accordance with changes in the fair value of uranium products.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments for assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group.

3 Significant Accounting Policies (Continued)

Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year. Non-current prepayments are not discounted.

Value added tax

Value added tax (VAT) related to sales is payable to the tax authorities when goods are shipped or services are rendered. Purchase VAT can be offset against sales VAT upon the receipt of a tax invoice from a supplier. Tax legislation allows the settlement of VAT on a net basis.

Accordingly, VAT related to sales and purchases unsettled at the reporting date is stated in the consolidated statements of financial position on a net basis separately for each consolidated entity. Recoverable VAT is classified as non-current if its settlement is not expected within one year after the reporting period. Non-current VAT is not discounted.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity. Additional paid-in capital primarily represents capital contributions made by non-controlling interests in excess of their ownership.

Dividends

Dividends are recorded as a liability and deducted from equity in the period in which they are declared and approved. Any dividends declared after the reporting period and before the financial statements are authorised for issue are disclosed in the subsequent events note.

Leases

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments) less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, collateral and conditions.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture with value of Tenge 500 thousand or less.

Operating leases

Where the Group is a lessor in a lease which does not transfers substantially all the risks and rewards incidental to ownership to the lessee (i.e. operating lease), lease payments from operating leases are recognised as other income on a straight-line basis.

Loans and borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at AC using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets. The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

3 Significant Accounting Policies (Continued)

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset.

Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Preference shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of profit or loss and other comprehensive income as interest expense.

Provisions for liabilities and charges

Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Group's provisions include site restoration, environment protection and other provisions (Note 34).

Provisions for asset retirement obligations

Provisions for assets retirement obligations include site restoration and environment protection provisions. Asset retirement obligations are recognised when it is probable that the costs would be incurred and those costs can be measured reliably. Asset retirement obligations include the costs of rehabilitation and costs of liquidation (demolition of buildings, constructions and infrastructure, dismantling of machinery and equipment, transportation of the residual materials, environmental clean-up, monitoring of wastes and land restoration). Provision for the estimated costs of liquidation, rehabilitation and restoration are established and charged to the cost of corresponding asset in the reporting period when an obligation arises from the respective land disturbance in the course of mine development or environment pollution, based on the discounted value of estimated future costs. Site restoration provisions are charged fully to the cost of mine development assets despite some of the costs might include decommissioning of property, plant and equipment in accordance with site liquidation plans and materiality grounds.

Movements in the provisions for asset retirement obligations, resulting from updated cost estimates, changes to the estimated term of operations and revisions to discount rates are capitalised within mine development assets. These amounts are then depreciated under unit of production method based on the produced volumes during the period, including losses, to the total number of proved reserves for each deposit.

Provisions for asset retirement obligations do not include any additional obligations which are expected to arise from future disturbances. The costs are estimated on the basis of a closure and restoration plan. The cost estimates are calculated annually during the course of the operations to reflect known developments, including updated cost estimates revised subsoil use terms and estimated lives of operations, and are subject to formal reviews on a regular basis.

Although the final cost to be incurred is uncertain, the Group estimates its costs based on feasibility and engineering studies using current restoration standards and techniques for conducting restoration and retirement works (Note 4).

The amortisation or "unwinding" of the discount applied in establishing the net present value of provisions is charged to profit and loss in each reporting period. The amortisation of the discount is disclosed as finance costs.

Financial guarantees

Financial guarantees require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the amount of the loss allowance for the guaranteed exposure determined based on the expected loss model and (ii) the remaining unamortised balance of the amount at initial recognition. In addition, an ECL loss allowance is recognised for fees receivable that are recognised in the consolidated statement of financial position as an asset.

3 Significant Accounting Policies (Continued)

Trade and other payables

Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Employee benefits

(i) Long-term employee benefits

The Group entities provide long-term employee benefits to employees in accordance with the provisions of the collective agreement. The agreements provide for financial aid for employees' disability, retirement, funeral aid and other payments to the Group's employees. The entitlement to some benefits is usually conditional on the employee remaining employed until the retirement age and the completion of a minimum service period.

The Group does not have any funded post-employment plans. Liability recognised at each reporting date represents the present value of the plan liabilities.

Actuarial gains and losses on post-employment obligations such as experience adjustments and the effects of changes in actuarial assumptions recognised in other comprehensive income in the period occurred. Other movements in the present value of the plan liabilities are also recognised in the profit or loss for the year, including current service cost.

The most significant assumptions used in accounting for defined benefit obligations are the discount rate, staff turnover and the mortality assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to profit or loss for the year. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Employee benefits, including financial aid for employees' disability and funeral aid to the Group's employees and other payments, are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan. The Group recognises changes in actuarial assumptions for other long-term employee benefits in profit or loss for the year. The Group receives services from an independent qualified actuary to evaluate long-term employee benefits on an annual basis.

(ii) Payroll costs and related contributions

Wages, salaries, contributions to pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the year in which the associated services are rendered by the employees of the Group. In this case, the Group applies the Defined Contribution Plans scheme. In accordance with the legal requirements of the Republic of Kazakhstan, the Group withholds pension contributions from employees' salary and transfers them into the united pension fund.

Upon retirement of employees, all pension payments are administered by the united pension fund. The Group does not have any legal or constructive obligation to pay additional contributions other than pension contributions withheld from the salaries of the Group's employees.

Earnings per share

Earnings per share are determined by dividing the profit or loss attributable to owners of the Company by the weighted average number of participating shares outstanding during the reporting year adjusted for share split.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. Reportable segments whose revenue, result or assets are ten percent or more of all the segments are reported separately.

3 Significant Accounting Policies (Continued)

Change in presentation

Certain amounts in the consolidated statement of cash flows for 2021 have been reclassified in accordance with the presentation applied in 2022. The effect on comparative information for the year ended 31 December 2021 is as follows:

In millions Tenge	As originally presented	Reclassification	As reclassified for 2021
Cash receipts from customers	782,316	(2,335)	779,981
Payments to suppliers	(503,301)	14,418	(488,883)
Payments to employees	(51,856)	(11,380)	(63,236)
Interest paid	(3,265)	(54)	(3,319)
Other taxes paid	(55,227)	4,345	(50,882)
Social payments	-	(3,166)	(3,166)
Net other (payments)/receipts	(1,499)	(1,828)	(3,327)

Certain amounts in the consolidated statement of financial position as at 31 December 2021 have been reclassified in accordance with the presentation applied as at 31 December 2022 as follows:

In millions Tenge	As originally presented	Reclassification	As reclassified as at 31 December 2021
Non-current assets			
Investment property	2,065	(2,065)	-
Right-of-use assets	838	(838)	-
Loans to related parties	5,493	(5,493)	-
Other financial assets	-	23,671	23,671
Other non-financial assets	-	24,258	24,258
Other non-current assets	39,533	(39,533)	-
Current assets			
Loans to related parties	3,357	(3,357)	-
Short-term securities	4,986	(4,986)	-
Term deposits	43,220	(43,220)	-
Other current assets	7,823	(7,823)	-
Other financial assets	-	52,249	52,249
Other non-financial assets	-	7,137	7,137

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

Ore reserves (estimates)

Uranium reserves are a critical component of the Group's projected cash flow estimates that are used to assess the recoverable values of relevant assets as well as depreciation and amortisation expense. Estimates of uranium reserves also determine the life of mines, which in turn affect asset retirement obligation calculations.

On an annual basis the Group engages an independent consultant to assess the Group's ore reserves and mineral resources in accordance with the Australasian Code for reporting on geological exploration works, mineral resources and ore reserves (hereinafter JORC Code). Independent assessment of reserves and resources was carried out as of 31 December 2022 and 2021. The consultant reviewed all key information upon which the reported mineral resource and ore reserve statements for the mining assets of the Group are based.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

The consultant's reports contain an assessment of the tons of uranium contained in ore which has the potential to be extracted by the existing and planned mining operations (the mineral resource), and also the tons of uranium contained in ore currently planned to be extracted as envisaged by the respective life-of-mine plans (the ore reserve). The Group used the ore reserves data for calculation of impairment of long-term assets, unit of production depreciation for each of the Group's mines as well as asset retirement obligation calculations.

Impairment of non-financial assets (estimates)

At the end of each reporting period, management assesses whether there is any indication of impairment of individual assets (or cash-generating units). If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which carrying amount exceeds recoverable amount. The Group tests goodwill for impairment at least annually.

The calculation of value in use requires management to make estimates regarding the Group's future cash flows. The estimation of future cash flows involves significant estimates and assumptions regarding commodity prices (uranium and other products), the level of production and sales, discount rates, growth rates, operating costs and other factors. The impairment review and calculations are based upon assumptions that are consistent with the Group's business plans. Due to its subjective nature, these estimates could differ from future actual results of operations and cash flows; any such difference may result in impairment in future periods which would decrease the carrying value of the respective asset.

Goodwill

Refer to Note 20 for details of the Group's impairment testing for goodwill at 31 December 2022.

Assets related to uranium production

Assets related to uranium mines include property, plant and equipment, mine development assets, mineral rights, exploration and evaluation assets, investments in associates, investments in joint ventures, and other investments.

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (termed as 'cash-generating units'). The Group has identified each mine (contract territory) as a separate cash-generating unit unless several mines are technologically connected with single processing plant in which case the Group considers such mines as one cash-generating unit.

As at 31 December 2022, management conducted an analysis and did not find any impairment indicators of assets (cash generating units) associated with the production of uranium products.

Provision for asset retirement obligations (estimates)

Site restoration provisions for mining assets

In accordance with environmental legislation and the subsurface use contracts, the Group has a legal obligation to remediate damage caused to the environment from its operations and to decommission its mining assets and landfills and restore landfill sites after closure of mining activities. Provision is made based upon the net present values of estimated site restoration and retirement costs as soon as the obligation arises from past mining activities.

The provision for asset retirement obligations is estimated based upon the Group's interpretation of current environmental legislation in the Republic of Kazakhstan and the Group's related programme for liquidation of subsurface use consequences on the contracted territory and other operations supported by the feasibility study and engineering research in accordance with the applicable restoration and retirement standards and techniques.

Provisions for asset retirement obligations are subject to potential changes in environmental regulatory requirements and the interpretation of the legislation. Provisions are recognised when there is a certainty of incurring of such liabilities and when it is possible to measure the amounts reliably. The scope of work stipulated by the legislation and included in the calculations of the asset retirement obligations contains the dismantling of facilities and infrastructure (pumping, injection and observation wells, technological units for acidification and distribution of solutions, pipelines, access roads, technological sites, landfills, buildings and other facilities) and subsequent restoration of land.

The calculation of the provision for production assets retirement as at 31 December 2022 was performed by the Group's internal specialists and reviewed by an independent consultant.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

At 31 December 2022, site restoration provision for mining assets was Tenge 38,116 million (2021: Tenge 31,431 million) (Note 34). The increase is mainly attributable to the update of prices for liquidation works that reflect the current economic environment, as well as the impact of introducing a unified calculation methodology across the Group mining entities that resulted in re-estimates of required liquidation works, including low radioactive waste management, dismantlement of process units and handling of construction debris.

Principal assumptions used in the estimations include:

- a discount rate that reflects the current market estimates of the time value of money and those risks specific to the liability not reflected in the best estimate of the costs. The discount rate is based on a risk-free rate determined by reference to the interest rate on government bonds with maturity matching the average period of the Group's subsoil use contracts, 11.55% (2021: 9.85%);
- average long-term inflation rate applied to the nominal costs calculated at current prices of 5.99% in 2022 (2021: 5.12%);
- discounting period in accordance with the estimated life of mines and reserves depletion period.
- low radioactive waste management program assumes removal and disposal at special landfills owned by the Group.

Sensitivity analysis of the principal assumptions as of 31 December 2022 is as follows:

In millions of Kazakhstani Tenge	**(Decrease)/Increase of assumptions**	**(Decrease)/Increase of decommissioning provisions**
Inflation rate	-1%	(4,469)
	+1%	5,288
Discount rate	-1%	5,052
	+1%	(4,229)

Sensitivity analysis of the principal assumptions as of 31 December 2021 is as follows:

In millions of Kazakhstani Tenge	**(Decrease)/Increase of assumptions**	**(Decrease)/Increase of decommissioning provisions**
Inflation rate	-1%	(4,360)
	+1%	5,139
Discount rate	-1%	4,948
	+1%	(4,152)

Provision for environment protection - decommissioning of Ulba metallurgical plant

The Group has previously recognised an obligation only for the disposal of radioactive waste, landfill restoration and asset remediation for Ulba Metallurgical Plant JSC (Note 34). In 2021 the Ecological Code of the Republic of Kazakhstan (the Code) came into effect. The Code stipulates that operators of assets that are considered to have a negative impact on the environment have an obligation to decommission such assets in accordance with the requirements of the legislation. Liquidation measures will depend on the assets' nature and the degree of their impact on the environment.

The Group has recognised for the first time a decommissioning provision as of December 31, 2022 of Tenge 7,624 million based on its current interpretation of the relevant legislation and technical analysis performed. The liability recognised includes dismantlement of facilities and infrastructure located at production facility sites (technological sites, landfills, buildings and other facilities), radioactive waste disposal and subsequent land restoration.

Principal assumptions used in the estimations include:

- current prices are inflated using the expected long-term inflation rate (of 7.7% for assets with liquidation term until 2027, 4.6% for assets with liquidation term until 2042, 3.93% for assets with liquidation term after 2044), and subsequently discounted;
- the discount rate for calculation of the provision as at 31 December 2022 is 14.4% for assets with liquidation term until 2027, 11.3% for assets with liquidation term until 2042, 10% for assets with liquidation term after 2044.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

- the discounting period equates to the remaining useful life of buildings and constructions, of not less than 50 years. All buildings and constructions are subject to annual technical reviews to determine required capital and operating expenditure requirements.

Total provision for the Ulba Metallurgical Plant JSC as of 31 December 2022 amounted to Tenge 9,243 million (2021: Tenge 1,339 million). Sensitivity analysis of the principal assumptions as of 31 December 2022 is as follows:

In millions of Kazakhstani Tenge	(Decrease)/Increase of assumptions	(Decrease)/Increase of decommissioning provisions
Inflation rate	-1%	(3,148)
	+1%	4,950
Discount rate	-1%	4,665
	+1%	(2,986)
Discount period	-10%	2,682
	+10%	(2,044)

Based on the Group's analysis of current regulation, management concluded that certain other Ulba metallurgical plant's assets should be excluded from asset retirement obligations as of 31 December 2022 since there is no reasonable calculation method for these types of assets and/or the potential amount of such liabilities is not significant. This judgement is based on the following:

- such assets do not have a significant negative impact on the environment and ecological legislation does not require financial provision for the assets,
- production processes involving these assets do not lead to consequences that would require dismantlement and recultivation works to mitigate the negative environmental impact.

As the requirements of the Environmental Code are relatively new, there is no practice of applying these requirements and there are ambiguities in the legislation, management has applied significant judgment in terms of assessing liabilities and their amounts. In case of changes in environmental legislation, its interpretation and practice of its application, as well as in the judgments and in the Group's estimates, such liabilities may be revised in the future.

Tax and transfer pricing legislation (judgements)

Kazakhstan tax and transfer pricing legislation is subject to varying interpretations (Note 37).

Swap transactions (judgements)

The Group sells part of its uranium products under swap transactions with separate agreements with the same counterparty, being for sales and purchase of the same volume of uranium for the same price at different delivery points or different timeframes. Effectively, this results in the exchange of own uranium (produced or purchased from the Group's entities) with purchased uranium.

Normally, under a swap transaction, the Group delivers physical uranium to one destination point, and purchases the same volume of uranium at a third-party converter for sale to end customers. Swap transactions are entered into primarily to reduce transportation costs for uranium delivery from Kazakhstan to end customers.

Despite the fact that swap agreements are not formally related to each other, management concluded that these transactions are in substance linked and would not have occurred on an isolated basis, driven by the existing market demand and supply forces. In management's view, supply of the same volume of homogeneous product (uranium) for the same price represents an exchange of products, which should be presented on a net basis in the consolidated financial statements, reflecting the economic substance of the transaction. Interpretation of terms and approach to the accounting for swap transactions requires judgement.

In 2022, the Group did not recognise sales revenue from swap transactions of Tenge 195,958 million and related cost of sales of Tenge 207,789 million. In 2021, the Group did not recognise sales revenue from swap transactions of Tenge 146,910 million, and cost of sales of Tenge 135,158 million. The Group has recognised liabilities under swap transactions in the amount of Tenge 4,709 million as of 31 December 2022 (2021: Tenge 15,355 million) for the volume of uranium that would be returned under swap transactions (Note 36) post balance date.

4 Critical Accounting Estimates and Judgements in Applying Accounting Policies (Continued)

Control over DP Ortalyk LLP (judgement)

On 22 July 2021 the Group completed the sale of a 49% interest in DP Ortalyk LLP (Note 39). The Group retains a 51% ownership interest and majority voting rights in the Supervisory Board of that entity. Sales activities of DP Ortalyk LLP are governed by the Marketing agreement, any amendments to which would require consent by both owners. The Group governs production activity within the 20% limit permitted by law through its power to approve the entity's budget by simple majority vote. Decisions about financing of DP Ortalyk LLP are made by unanimous consent of both owners. Currently, DP Ortalyk LLP does not rely on shareholders' or external financing. All production volumes are committed to be purchased by the Group and the minority shareholder based upon market prices. Production volumes and costs have a significant impact on financial results and are considered to be the most relevant activities for the purpose of the control assessment. Based on these facts, the Group management has concluded that the Group retains control over DP Ortalyk LLP.

5 Adoption of New or Revised Standards and Interpretations

The following amendments became effective from 1 January 2022, but did not have any material impact on the Group:

Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

- The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity will use IAS 2 to measure the cost of those items. Cost will not include depreciation of the asset being tested because it is not ready for its intended use. The amendment to IAS 16 also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.
- The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.
- IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.
- The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.
- Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.
- IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for annual periods beginning on or after 1 January 2023 or later, and which the Group has not early adopted. These are:

- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

The Group is currently assessing the impact of the amendments on its financial statements.

- Amendment to IFRS 16 – Leases on sale and leaseback (issued on 20 September 2022 and effective for annual periods beginning or after 1 January 2023).
- IFRS 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023). Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).
- Transition option for insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).

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

7 Segment Information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM) and for which discrete financial information is available. The CODM is the person or group of persons who allocates resources and assesses the performance for the entity. The CODM has been identified as the Management Board of the Group headed by the CEO.

(a) Description of products and services from which each reportable segment derives its revenue

The Group is a vertically integrated business involved in the production chain of end products – from geological exploration, mining of uranium and nuclear fuel production, to marketing and auxiliary services (transportation and logistics, procurement, research and other). The Group is organised on the basis of two main business segments:

- Uranium – uranium mining and processing from the Group's mines, purchases of uranium from joint ventures and associates, external sales and marketing of produced and purchased uranium. This segment includes the Group's share in the net results of joint ventures and associates engaged in uranium production, as well as the Group's head office (NAC Kazatomprom JSC);
- UMP (Ulba Metallurgical Plant JSC) – production and sales of products containing beryllium, tantalum and niobium, hydrofluoric acid and by-products, processing of uranium on tolling basis for the Group's uranium entities and production of uranium powders and pellets to external markets and its joint venture, Ulba-FA LLP.

The revenues and expenses of some of the Group's subsidiaries, which primarily provide services to the uranium segment (such as drilling, transportation, security and geological), are not allocated to the results of this operating segment. These Group's businesses are not included within reportable operating segments as their financial results do not meet the quantitative threshold. The results of these and other minor operations are included in the "Other" caption.

7 Segment Information (Continued)

(b) Factors that management used to identify the reportable segments

The Group's segments are strategic business units that focus on different customers. They are managed separately because of the differences in the production processes, the nature of products produced and required marketing and investment strategies. Segment financial information reviewed by the CODM includes:

- information about income and expenses by business units (segments) based on IFRS figures on a quarterly basis;
- assets and liabilities as well as capital expenditures by segment on a quarterly basis;
- operating data (such as production and inventory volumes) and revenue data (such as sales volumes per type of product, average sales price) are also reviewed by the CODM on a monthly and quarterly basis.

(c) Measurement of operating segment profit or loss, assets and liabilities

The CODM evaluates performance of each segment based on gross and net profit. Segment financial information is prepared on the basis of IFRS financial information and measured in a manner consistent with that in these consolidated financial statements. Revenues from other segments include transfers of raw materials, goods and services from one segment to another, amount is determined based on market prices for similar goods.

7 Segment Information (Continued)

(d) Information about reportable segment profit or loss, assets and liabilities

Segment information for the reportable segments for the years ended 31 December 2022 and 2021 is set out below:

	Uranium		UMP		Other		Eliminations		Total	
In millions of Kazakhstani Tenge	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
External revenue	856,952	616,860	114,555	55,323	29,664	18,828	-	-	1,001,171	691,011
Revenues from other segments	*63,141*	*4,846*	*6,855*	*4,908*	*70,008*	*54,083*	*(140,004)*	*(63,837)*	-	-
Cost of sales	(409,158)	(350,052)	(94,672)	(42,534)	(97,190)	(65,175)	125,923	54,794	(475,097)	(402,967)
Gross profit	**510,935**	**271,654**	**26,738**	**17,697**	**2,482**	**7,736**	**(14,081)**	**(9,043)**	**526,074**	**288,044**
Net reversal/(impairment losses)	(22)	(5,791)	(297)	(200)	421	1,978	206	-	308	(4,013)
Share of results of associates and joint ventures	89,442	52,341	(1,748)	(1,932)	1,382	1,174	-	-	89,076	51,583
Net foreign exchange gain	16,625	2,845	672	488	7	12	-	-	17,304	3,345
Finance income	15,626	6,390	743	246	958	441	-	-	17,327	7,077
Finance expense	(6,754)	(6,237)	(1,447)	(464)	(332)	(195)	108	184	(8,425)	(6,712)
Income tax expense	(105,947)	(58,759)	(4,165)	(2,606)	(630)	(253)	-	-	(110,742)	(61,618)
Profit/(loss) for the year	**467,382**	**212,963**	**12,803**	**7,085**	**(2,920)**	**4,222**	**(4,302)**	**(4,244)**	**472,963**	**220,026**
Depreciation and amortisation charge	**(77,951)**	**(63,348)**	**(2,066)**	**(1,924)**	**(4,914)**	**(4,718)**	**3,553**	**728**	**(81,378)**	**(69,262)**

7 Segment Information (Continued)

Segment information for the reportable segments for the years ended 31 December 2022 and 2021 is set out below (Continued):

	Uranium		UMP		Other		Eliminations		Total	
In millions of Kazakhstani Tenge	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Investments in associates and joint ventures	186,961	142,920	957	2,705	10,414	9,070	-	-	198,332	154,695
Total reportable segment assets	**2,361,914**	**2,061,161**	**155,011**	**111,224**	**89,774**	**77,142**	**(385,016)**	**(299,236)**	**2,221,683**	**1,950,291**
Assets of disposal groups classified as held for sale	-	-	-	-	850	1,213	-	-	850	1,213
Total assets	**2,361,914**	**2,061,161**	**155,011**	**111,224**	**90,624**	**78,355**	**(385,016)**	**(299,236)**	**2,222,533**	**1,951,504**
Total liabilities	**813,577**	**657,916**	**71,798**	**36,630**	**25,957**	**19,057**	**(385,302)**	**(299,200)**	**526,030**	**414,403**
Capital expenditure	**59,059**	**45,096**	**4,794**	**3,631**	**8,123**	**4,783**	**-**	**-**	**71,976**	**53,510**

Capital expenditure represents additions to non-current assets other than financial instruments, deferred tax assets, post-employment benefits assets and rights arising under insurance contracts.

7 Segment Information (Continued)

(e) Analysis of revenues by products and services

The Group's revenues are analysed by products and services in Note 9. Information about finance income and costs is disclosed in Note 17.

(f) Geographical information

The Group's main assets are located in the Republic of Kazakhstan. Distribution of the Group's sales between countries on the basis of the customer's country of domicile was as follows:

In millions of Kazakhstani Tenge	2022	2021
China	272,291	191,212
Canada	160,278	115,163
United Kingdom (including Jersey and Cayman Islands)	150,427	156,928
USA	112,590	94,114
Kazakhstan	109,595	25,113
Russia	87,877	10,952
France	68,054	50,134
Other countries	40,059	47,395
Total consolidated revenues	**1,001,171**	**691,011**

Major customers

The Group has a group of customers under common control that accounts for more than 10% of the Group's consolidated revenue. This revenue in the amount of Tenge 324,509 million (2021: Tenge 236,204 million) is reported under the Uranium segment.

8 Balances and Transactions with Related Parties

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, management has regard to the substance of the relationship, not merely the legal form.

Entities under common control include companies under control of Samruk-Kazyna JSC. Transactions with other government owned entities are not disclosed when they are entered into in the ordinary course of business with terms consistently applied to all public and private entities, when they are not individually significant, if the Group's services are provided on standard terms available for all customers, or where there is no choice of supplier of services such as electricity transmission services and telecommunications.

At 31 December 2022, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	Accounts receivable and other assets	Other financial assets	Accounts payable and other liabilities	Loans and borrowings
Associates	4,447	5,933	43,703	7,002
Joint ventures	6,559	94	48,428	-
Entities under common control	362	9,274	1,119	-
Controlling shareholder	-	-	17	-
Associates of the controlling shareholder	12	-	1,236	-
Total	**11,380**	**15,301**	**94,503**	**7,002**

8 Balances and Transactions with Related Parties (Continued)

Transactions with related parties for the year ended 31 December 2022 were as follows:

In millions of Kazakhstani Tenge	**Sale of goods and services**	**Dividends received**	**Purchase of goods and services**	**Dividends to the Shareholder**	**Finance and other income**	**Finance and other costs**
Associates	12,321	38,503	152,580	-	699	9
Joint ventures	53,111	6,934	39,490	-	28	-
Entities under common control	41	-	11,582	-	1,090	7,543
Controlling shareholder	-	-	-	170,541	-	1
Associates of the controlling shareholder	150	-	13,041	-	-	-
Total	**65,623**	**45,437**	**216,693**	**170,541**	**1,817**	**7,553**

From December 2015, JV Khorasan-U LLP (over which the Group obtained control in 2019) is a co-borrower and guarantor of a loan to Kyzylkum LLP given by the Company in 2010 in the amount of Tenge 5,945 million (2021: Tenge 8,716 million).

In June 2021, the Group provided to Uranenergo LLP repayable financial aid secured by that entity's property in the form of a revolving credit line with a term until 30 June 2023 in the amount of Tenge 187 million. As of December 31, 2022, the remaining amount repayable is Tenge 94 million (Note 28).

The Group is a guarantor for loans obtained by SKZ-U LLP in the amount of Tenge 1,864 million (2021: Tenge 5,220 million) and Ulba-FA LLP in the amount of Tenge 17,072 million (2021: Tenge 15,934 million) (Note 36).

In 2022 the Group transfers obligatory pension payments for its employees to the state-owned Unified Accumulative Pension Fund JSC in the amount of Tenge 7,543 million (2021: Tenge 5,329 million) (Note 16).

At 31 December 2021, the outstanding balances with related parties were as follows:

In millions of Kazakhstani Tenge	**Accounts receivable and other assets**	**Other financial assets**	**Accounts payable and other liabilities**	**Loans and borrowings**
Associates	1,458	8,663	29,961	10,514
Joint ventures	4,270	187	18,508	-
Entities under common control	238	-	606	-
Controlling shareholder	-	-	127	-
Associates of the controlling shareholder	11	-	1,013	-
Total	**5,977**	**8,850**	**50,215**	**10,514**

Transactions with related parties for the year ended 31 December 2021 were as follows:

In millions of Kazakhstani Tenge	**Sale of goods and services**	**Dividends received**	**Purchase of goods and services**	**Dividends to the Shareholder**	**Finance and other income**	**Finance and other costs**
Associates	7,833	15,028	90,966	-	912	-
Joint ventures	12,291	2,080	29,051	-	-	-
Entities under common control	79	-	5,867	-	-	-
Controlling shareholder	-	-	-	112,561	-	90
Associates of the controlling shareholder	130	-	5,599	-	-	-
Total	**20,333**	**17,108**	**131,483**	**112,561**	**912**	**90**

8 Balances and Transactions with Related Parties (Continued)

Key management personnel is represented by personnel with authority and responsibility in planning, management and control of the Group's activities, directly or indirectly. Key management personnel includes all members of the Management Board and the members of the Board of Directors. The table below represents remuneration of the key management personnel, paid by the Group in exchange for services provided. This remuneration includes salaries, bonuses, as well as associated taxes and payments. No remuneration is paid or payable to representatives of the Controlling shareholder in the Board of Directors.

	2022		2021	
In millions of Kazakhstani Tenge	**Expense**	**Accrued liability**	**Expense**	**Accrued liability**
Short-term benefits				
Salaries and bonuses	983	55	1,088	60
Total	**983**	**55**	**1,088**	**60**

9 Revenue

The Group's revenue arises from contracts with customers where performance obligations are satisfied mostly at a point in time.

In millions of Kazakhstani Tenge	2022	2021
Sales of uranium	851,427	606,109
Sales of uranium products	57,806	18,939
Sales of beryllium products	31,986	26,119
Sales of tantalum products	23,171	15,777
Sales of purchased goods	15,164	5,860
Sales of other services	11,147	6,459
Drilling services	3,730	4,357
Transportation services	3,586	3,413
Sales of materials and other goods	2,815	3,713
Research and development	339	265
Total revenue	**1,001,171**	**691,011**

10 Cost of Sales

In millions of Kazakhstani Tenge	2022	2021
Materials and supplies	261,825	241,695
Depreciation and amortisation	79,037	66,429
Payroll costs	49,348	33,294
Taxes other than income tax	32,216	25,474
Processing and other services	31,361	17,404
Transportation expenses	5,787	4,982
Maintenance and repair	5,082	4,918
Utilities	1,678	1,703
Rent expenses	234	210
(Reversal of inventory provision)/write off to net realizable value	(190)	615
Other	8,719	6,243
Total cost of sales	**475,097**	**402,967**

11 Distribution Expenses

In millions of Kazakhstani Tenge	2022	2021
Shipping, transportation and storage	20,331	11,110
Payroll costs	1,744	1,456
Commissions	952	502
Rent	214	105
Materials and supplies	199	306
Depreciation and amortisation	56	65
Other	2,109	2,162
Total distribution expenses	**25,605**	**15,706**

12 General and Administrative Expenses

In millions of Kazakhstani Tenge	2022	2021
Payroll costs	20,594	18,303
Consulting and information services	5,196	4,697
Compensation for overproduction	7,310	-
Depreciation and amortisation	2,110	2,493
Fines and penalties	2,068	1,527
Insurance	822	788
Communication	509	495
Business trip expenses	497	251
Rent	460	352
Maintenance and repairs	451	390
Training expenses	416	401
Taxes other than income tax	355	661
Security	186	184
Materials and supplies	173	179
Utilities	159	187
Representative expenses	114	41
Other	3,087	3,156
Total general and administrative expenses	**44,507**	**34,105**

Compensation for overproduction relates to JV Akbastau JSC (Note 39) as a result of an assessed breach of the terms of subsoil use contract #2488 dated 20 November 2007. Although the entity had been involved in negotiations with the regulator over an extended period as it finalized its reserves assessment, the production volume exceeded the contracted level. In 2021 the entity had reached a draft agreement with the regulator which was to provide social support to the Turkistan region in the amount of Tenge 3,000 million as a compensation for the breach of license terms. An expense for this social support was recognised as other expense in 2021 (Note 15). However, in 2022 the regulator rejected the draft agreement and reassessed the amount payable to be compensation for the overproduction of uranium in the amount of Tenge 7,310 million. The compensation was determined as the fair value of 249 tones of overproduced uranium based on current uranium spot prices. As a result, during 2022 the Group reversed social expenses in the amount of Tenge 3,000 million (Note 14) and recognized an expense of Tenge 7,310 million. On 30 December 2022 JV Akbastau JSC signed addendum #4 to the subsoil use contract #2488 and paid the compensation.

13 Net Reversal / (Impairment Loss) on non-financial assets

The Group recognised impairment losses for the following non-financial assets:

In millions of Kazakhstani Tenge	2022	2021
Property, plant and equipment (Note 21)	(1)	356
Intangible assets (Note 20)	-	(2,169)
Mine development assets	-	199
Impairment of assets held for sale	-	(1,084)
Other assets	177	(1,107)
Net reversal / (impairment loss) on non-financial assets	**176**	**(3,805)**

14 Other Income

In millions of Kazakhstani Tenge	2022	2021
Income from an associate development agreement (Note 25)	7,671	-
Gain from joint operations	4,217	3,513
Reversal of social expenses (Note 12)	3,000	-
Insurance receipt	1,981	-
Income from disposal of property, plant and equipment	1,384	160
Income from a joint venture development agreement	985	-
Gain from fines and penalties	306	138
Gain on disposal of subsidiary	-	915
Other	2,173	2,799
Total other income	**21,717**	**7,525**

The Group has fulfilled its obligations under one of its joint operation agreements for the purchase of equal volume of uranium in 2022 and 2021; however, volatility of exchange rates and spot prices resulted in disproportionate Tenge amounts contributed by each participant and a gain in the amount of Tenge 4,217 million was recognised by the Group.

The Group received an insurance payment for losses incurred in 2016 as a result of an accident in the Indian sea.

15 Other Expenses and Net Foreign Exchange Gain

In millions of Kazakhstani Tenge	2022	2021
Remeasurement of non-financial liabilities, net of gain on disposal (Note 36)	1,906	2,872
Social expenses	1,130	4,537
Loss on suspension of production	1,126	1,626
Research expenses	887	725
Non-recoverable VAT	620	2,235
Depreciation and amortisation	175	275
Loss on disposal of property, plant and equipment	175	-
Loss on disposal of intangible assets	93	-
Loss on disposal of non-current assets	-	411
Other	3,452	2,713
Total other expenses	**9,564**	**15,394**

Social expenses in 2021 include social sphere contributions to Turkistan region in the amount of Tenge 3,000 million (Note 12).

Net foreign exchange gain

In millions of Kazakhstani Tenge	2022	2021
Foreign exchange loss on financing activities, net	(4,758)	(1,696)
Foreign exchange gain on operating activities, net	22,062	5,041
Total foreign exchange gain, net	**17,304**	**3,345**

16 Payroll Costs

In millions of Kazakhstani Tenge	2022	2021
Wages and salaries	89,208	64,580
Including Pension contributions	*7,543*	*5,329*
Social tax and social payments	10,427	6,904
Total payroll costs	**99,635**	**71,484**

17 Finance Income and Costs

In millions of Kazakhstani Tenge	2022	2021
Interest income calculated using the effective interest rate		
Cash and cash equivalents	10,433	3,087
Government securities	1,262	959
Loans at amortised cost	699	912
Term deposits	111	129
Other	-	114
Other financial income		
Revaluation of other investments (Note 28)	4,699	-
Financial derivative asset	-	1,732
Other	123	144
Total finance income	**17,327**	**7,077**
Finance costs		
Interest expense on loans and borrowings	3,689	3,546
Unwinding of discount on provisions	2,892	2,259
Other	1,844	907
Total finance costs	**8,425**	**6,712**

18 Income Tax Expense

(a) Components of income tax expense

Income tax expense recorded in profit or loss comprises the following:

In millions of Kazakhstani Tenge	2022	2021
Current income tax	118,853	85,345
Deferred income tax	(8,111)	(23,727)
Total income tax expense	**110,742**	**61,618**

18 Income Tax Expense (Continued)

The income tax rate applicable to the majority of the Group's profits in 2022 and 2021 is 20%. Income tax in the amount of Tenge 33,466 million that relates to the sales of interest in subsidiary (Note 39) was recognised in equity directly in 2021.

A reconciliation between the expected and the actual taxation charge is provided below:

In millions of Kazakhstani Tenge	2022	2021
Profit before tax	583,705	281,644
Theoretical tax charge at statutory tax rate of 20%	116,741	56,329
Prior periods adjustments of income tax	2,065	5,401
Transfer pricing adjustment	7,298	5,371
Profit on income from controlled foreign company	294	1,383
Withholding tax on dividend payments	677	1,240
Share of results of joint ventures and associates	(17,815)	(10,317)
Other items	1,482	2,211
Income tax expense	**110,742**	**61,618**

(b) Deferred taxes analysed by type of temporary difference

Differences between IFRS and statutory taxation regulations in Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below at 20%.

In millions of Kazakhstani Tenge	1 January 2022	Credited/ (charged) to profit or loss	Exchange differences arising on translation of entities with foreign functional currency	31 December 2022
Tax effect of deductible/(taxable) temporary differences				
Property, plant and equipment, intangible assets and mineral rights	(123,495)	4,442	11	(119,042)
Accounts receivable	(208)	(164)	-	(372)
Loans and borrowings	3	9	-	12
Provisions	1,572	(1,548)	-	24
Accrued liabilities on vacation payments and bonuses	1,663	604	-	2,267
Taxes	1,509	318	-	1,827
Inventories	28,076	4,347	(4)	32,419
Other assets	158	88	1	247
Other liabilities	310	15	-	325
	(90,412)	**8,111**	**8**	**(82,293)**
Recognised deferred tax asset	30,689	3,818	8	34,515
Recognised deferred tax liabilities	(121,101)	4,293	-	(116,808)

18 Income Tax Expense (Continued)

Management estimates that investments in subsidiaries, associates and joint ventures will be recovered primarily through dividends. Dividends from subsidiaries, associates and joint ventures are not taxable, accordingly the Group did not recognise deferred tax on undistributed earnings from investments.

The tax effect of the movements in the temporary differences for the year ended 31 December 2021 is:

In millions of Kazakhstani Tenge	1 January 2021	Credited/ (charged) to profit or loss	Exchange differences arising on translation of entities with foreign functional currency	Disposal of companies	31 December 2021
Tax effect of deductible/(taxable) temporary differences					
Property, plant and equipment, intangible assets and mineral rights	(129,120)	5,483	6	136	(123,495)
Accounts receivable	(374)	166	-	-	(208)
Loans and borrowings	-	3	-	-	3
Provisions	438	1,134	-	-	1,572
Accrued liabilities on vacation payments and bonuses	1,155	508	-	-	1,663
Taxes	916	593	-	-	1,509
Inventories	12,513	15,563	-	-	28,076
Other assets	(111)	269	-	-	158
Other liabilities	306	8	(4)	-	310
	(114,277)	**23,727**	**2**	**136**	**(90,412)**
Recognised deferred tax asset	13,206	17,483	-	-	30,689
Recognised deferred tax liabilities	(127,483)	6,244	2	136	(121,101)

In the context of the Group's structure, tax losses of different Group companies may not be offset against current tax liabilities and taxable profits of other Group companies and, accordingly, taxes may accrue even where there is a consolidated tax loss. Therefore, deferred tax assets and liabilities are offset only when they relate to the same taxable entity.

The Group has unrecognised deferred tax assets in respect of unused tax loss carry forwards of Tenge 1,274 million in 2022 (2021: Tenge 602 million) and excluded from the calculation the tax losses for the enterprises sold in 2022 with unrecognized tax losses. The tax loss carry forwards expire as follows:

In millions of Kazakhstani Tenge	2022	2021
2030	-	368
2031	470	234
2032	804	-
Total unrecognised deferred tax asset on tax losses	**1,274**	**602**

19 Earnings per Share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the number of ordinary shares in issue during the year (Note 32). The Company has no dilutive potential ordinary shares; therefore, the diluted earnings per share equals the basic earnings per share. Earnings per share from continuing operations is calculated as follows:

In millions of Kazakhstani Tenge	2022	2021
Profit for the year for the year attributable to owners of the Company (in millions of Kazakhstani Tenge)	348,048	140,773
Number of ordinary shares (in thousands)	259,357	259,357
Earnings per share attributable to the owners of the Company, basic and diluted (rounded to Tenge)	1,342	543

The Company issued bonds which were included in the official list of Kazakhstan Stock Exchange JSC (hereinafter - the "KASE"). The Company is required to present information on the book value of one share calculated in accordance with the KASE Listing Rules.

Book value per share is calculated as follows:

In millions of Kazakhstani Tenge	2022	2021
Total assets of the Group (in millions Tenge)	2,222,533	1,951,504
Intangible assets (in millions Tenge)	(59,159)	(58,940)
Total liabilities of the Group (in millions Tenge)	(526,030)	(414,403)
	1,637,344	**1,478,161**
Number of ordinary shares (in thousands)	259,357	259,357
Book value of one share (Tenge per share)	6,313	5,699

20 Intangible Assets

In millions of Kazakhstani Tenge	Licences and patents	Software	Goodwill	Other	Total
At 1 January 2021					
Cost	2,322	12,219	54,953	1,216	70,710
Accumulated amortisation and impairment	(1,065)	(2,756)	(6,459)	(524)	(10,804)
Carrying value	**1,257**	**9,463**	**48,494**	**692**	**59,906**
Additions	204	631	-	19	854
Disposals	(4)	(218)	-	(13)	(235)
Depreciation charge and impairment losses on disposals/transfers	4	218		13	235
Amortisation charge	(284)	(1,163)	-	(96)	(1,543)
Impairment	-	(2,169)	-	(777)	(2,946)
Transfers from property, plant and equipment (Note 21)	2	834	-	1,833	2,669
At 31 December 2021					
Cost	2,524	13,466	54,953	3,055	73,998
Accumulated amortisation and impairment	(1,345)	(5,870)	(6,459)	(1,384)	(15,058)
Carrying value	**1,179**	**7,596**	**48,494**	**1,671**	**58,940**
Additions	136	345	-	908	1,389
Disposals	(328)	(784)	-	(259)	(1,371)
Depreciation charge and impairment losses on disposals/transfers	289	188	-	35	512
Amortisation charge	(284)	(875)	-	(110)	(1,269)
Impairment reversal	-	590	-	222	812
Transfers from right of use assets	737	-	-	-	737
Transfers to property, plant and equipment (Note 21)	-	-	-	(591)	(591)
Transfers	-	(1,706)	-	1,706	-
At 31 December 2022					
Cost	3,069	11,321	54,953	4,819	74,162
Accumulated amortisation and impairment	(1,340)	(5,967)	(6,459)	(1,237)	(15,003)
Carrying value	**1,729**	**5,354**	**48,494**	**3,582**	**59,159**

Goodwill impairment test

DP Ortalyk LLP, JV Akbastau JSC and Karatau LLP

Goodwill relates to business combinations in prior periods being: Tenge 5,166 million relates to subsurface use operations of DP Ortalyk LLP at the area Central on Mynkuduk mine, Tenge 24,808 million relates to Karatau LLP and Tenge 18,520 million relates to JV Akbastau JSC, which independently perform subsurface use operations at the Budenovskoye mine. At least annually, goodwill is tested for impairment. The carrying value of goodwill applicable to each of these entities is allocated to their respective cash generating units and the recoverable amount was determined on a value in use basis from forecast cash flows over the term of subsurface use contracts. Forecast cash flows are based on the approved volume of proven reserves, estimated volumes of production and sales over a life of mine plan approved by management, using a discount rate of 18.49% for 2022 year (2021: 12.97%). Production volumes are consistent with those agreed with the competent authority and independent consultant's report and are based on the production capacity of the cash-generating units. Key assumptions used in calculations include forecast sales prices, production costs and capital expenditures. Sales prices used in developing forecast cash flows were determined using an independent official source Ux Consulting LLC published in the fourth quarter of 2022. Production costs and capital expenditures are based on approved budgets for 2023-2027 and growth of 6.16% which approximates long-term average inflation rates. The estimated values in use significantly exceed the carrying amounts of the non-current assets of the three cash-generating units, including goodwill, and therefore even reasonably possible changes in key assumptions would not lead to impairment losses being recognised.

At 31 December 2022, the Group had contractual commitments to acquire intangible assets for Tenge 544 million (2021: 425 million).

21 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In millions of Kazakhstani Tenge	Land	Railway infra-structure	Buildings	Machinery and equipment	Vehicles	Other	Const-ruction in progress	Total
At 1 January 2021								
Cost	413	2,035	139,335	90,655	22,015	6,777	11,183	272,413
Accumulated depreciation and impairment	-	(946)	(37,938)	(42,856)	(12,528)	(3,639)	(1,759)	(99,666)
Carrying amount	**413**	**1,089**	**101,397**	**47,799**	**9,487**	**3,138**	**9,424**	**172,747**
Additions	-	-	47	3,997	2,987	414	11,450	18,895
Transfers	-	-	2,004	1,772	94	96	(3,966)	-
Depreciation charge	-	(89)	(5,563)	(6,802)	(1,612)	(799)	-	(14,865)
Impairment loss	-	-	-	-	-	-	(9)	(9)
Reversal of impairment losses recognised in prior periods	-	-	10	41	-	-	314	365
Disposals	(6)	-	(284)	(1,486)	(540)	(220)	(442)	(2,978)
Impairment disposals	-	-	-	-	-	-	2	2
Transfer from inventories	-	-	-	271	-	9	659	939
Transfers to intangible assets (Note 20)	-	-	-	-	-	-	(2,669)	(2,669)
Impairment in construction in progress (transfers to intangible assets)	-	-	-	-	-	-	777	777
Transfer from/(to) investment property	-	-	3	89	-	(29)	-	63
Depreciation charge and impairment losses on disposals/transfers	-	-	191	1,385	521	212	7	2,316
Changes in estimates (Note 34)	-	-	(1,859)	13	-	-	-	(1,846)
Transfer to mine development assets (Note 22)	-	-	-	-	-	-	(2,255)	(2,255)
Translation to presentation currency	-	-	-	-	4	1	-	5
At 31 December 2021								
Cost	407	2,035	139,246	95,311	24,560	7,048	13,960	282,567
Accumulated depreciation and impairment	-	(1,035)	(43,300)	(48,232)	(13,619)	(4,226)	(668)	(111,080)
Carrying amount	**407**	**1,000**	**95,946**	**47,079**	**10,941**	**2,822**	**13,292**	**171,487**
Additions	17	-	107	7,334	5,225	431	11,011	24,125
Transfers	-	38	1,941	1,150	43	104	(3,276)	-
Depreciation charge	-	(89)	(5,633)	(6,742)	(1,934)	(732)	-	(15,130)
Impairment loss	-	-	-	-	-	-	(409)	(409)
Reversal of impairment losses recognised in prior periods	-	-	245	156	-	-	7	408
Disposals	-	-	(211)	(1,765)	(288)	(143)	(7)	(2,414)
Impairment disposals	-	-	-	-	-	-	2	2
Transfer from inventories	-	-	38	506	-	6	445	995
Transfers to intangible assets (Note 20)	-	-	-	102	-	-	489	591
Transfer from/(to) investment property	-	-	(17)	-	-	-	-	(17)
Depreciation charge and impairment losses on disposals/transfers	-	-	207	1,525	369	136	-	2,237
Changes in estimates (Note 34)	-	-	8,630	585	-	-	-	9,215
Transfer to mine development assets (Note 22)	-	-	-	-	-	-	(2,789)	(2,789)
Translation to presentation currency	-	-	-	-	(1)	-	-	(1)
At 31 December 2022								
Cost	424	2,073	150,996	101,960	28,082	7,446	19,833	310,814
Accumulated depreciation and impairment	-	(1,124)	(49,743)	(52,030)	(13,727)	(4,822)	(1,068)	(122,514)
Carrying amount	**424**	**949**	**101,253**	**49,930**	**14,355**	**2,624**	**18,765**	**188,300**

21 Property, Plant and Equipment (Continued)

Depreciation expense of Tenge 12,774 million (2021: Tenge 12,773 million) was charged to cost of sales, Tenge 56 million (2021: Tenge 65 million) to distribution expenses, Tenge 1,257 million (2021: Tenge 1,243 million) to general and administrative expenses, Tenge 137 million (2021: 170 million tenge) to other expenses. The remaining depreciation expense is included in finished goods, work-in-process and other inventory.

At 31 December 2022 construction in progress included technical re-equipment of Ulba Metallurgical Plant JSC in the amount of Tenge 1,087 million (2021: Tenge 1,311 million),construction of a refinery in the amount of Tenge 3,267 million at JV Inkai LLP, construction of facilities for the development of a mine at Appak LLP in the amount of Tenge 681 million.

At 31 December 2022, the Group had contractual capital expenditure commitments in respect of property, plant and equipment of Tenge 5,310 million (2021: Tenge 5,615 million).

There are no capitalized borrowing costs in 2022 (2021: nil).

At 31 December 2022, the gross carrying value of fully depreciated property, plant and equipment still in use was Tenge 34,870 million (2021: Tenge 25,943 million).

Depreciation and amortisation charged on long-term assets for the years ended 31 December are as follows:

In millions of Kazakhstani Tenge	**2022**	**2021**
Mine development assets	42,045	34,185
Mineral rights	28,237	27,917
Property, plant and equipment	15,130	14,865
Intangible assets	1,269	1,543
Right-of-use assets	19	148
Total accrued depreciation and amortisation	**86,700**	**78,658**

Depreciation and amortisation charged to profit or loss for the years ended 31 December are as follows:

In millions of Kazakhstani Tenge	**2022**	**2021**
Cost of sales	79,037	66,429
General and administrative expenses	2,110	2,493
Distribution expenses	56	65
Other expenses	175	275
Total depreciation and amortisation charged to profit or loss	**81,378**	**69,262**

22 Mine Development Assets

In millions of Kazakhstani Tenge	**Field preparation**	**Site restoration costs**	**Ion exchange resin**	**Total**
At 1 January 2021				
Cost	285,442	8,134	17,890	311,466
Accumulated depreciation and impairment	(172,979)	(4,310)	(5,858)	(183,147)
Carrying amount	**112,463**	**3,824**	**12,032**	**128,319**
Third-party services	27,870	-	-	27,870
Material used	6,823	-	867	7,690
Transfer from property, plant and equipment (Note 21)	2,255	-	-	2,255
Transfer from exploration and evaluation assets (Note 24)	649	384	-	1,033
Depreciation charge	(33,260)	(193)	(732)	(34,185)
Reversal of impairment	-	199	-	199
Changes in accounting estimates (Note 34)	631	4,861	-	5,492
At 31 December 2021				
Cost	317,560	13,532	18,757	349,849
Accumulated depreciation and impairment	(200,129)	(4,457)	(6,590)	(211,176)
Carrying amount	**117,431**	**9,075**	**12,167**	**138,673**
Third-party services	43,649	-	-	43,649
Material used	16,238	-	966	17,204
Transfer from property, plant and equipment (Note 21)	2,789	-	-	2,789
Depreciation charge	(40,940)	(590)	(515)	(42,045)
Changes in accounting estimates (Note 34)	693	1,211	-	1,904
At 31 December 2022				
Cost	380,929	14,743	19,723	415,395
Accumulated depreciation and impairment	(241,069)	(5,047)	(7,105)	(253,221)
Carrying amount	**139,860**	**9,696**	**12,618**	**162,174**

Estimated site restoration costs are capitalised when the Group recognises a provision for site restoration. The carrying value of the provision and site restoration assets is reassessed at each reporting period end (Notes 4 and 34).

23 Mineral Rights

In millions of Kazakhstani Tenge	
At 1 January 2021	
Cost	646,153
Accumulated amortisation and impairment	(68,642)
Carrying amount	**577,511**
Additions	2,466
Transfer from exploration and evaluation assets (Note 24)	897
Amortisation for the period	(27,917)
At 31 December 2021	
Cost	649,452
Accumulated amortisation and impairment	(96,495)
Carrying amount	**552,957**
Additions	420
Amortisation for the period	(28,237)
At 31 December 2022	
Cost	649,872
Accumulated amortisation and impairment	(124,732)
Carrying amount	**525,140**

24 Exploration and Evaluation Assets

In millions of Kazakhstani Tenge	**Tangible assets**	**Intangible assets**	**Total**
At 1 January 2021	19,523	3,422	22,945
Additions	3,425	-	3,425
Transfer to mine development assets (Note 22)	(1,033)	-	(1,033)
Transfer to mineral rights (Note 23)	-	(897)	(897)
Changes in accounting estimates	(62)	-	(62)
At 31 December 2021	**21,853**	**2,525**	**24,378**
Additions	2,393	-	2,393
Changes in accounting estimates	(228)	-	(228)
At 31 December 2022	**24,018**	**2,525**	**26,543**

25 Investments in Associates

The table below summarises the movements in the carrying amount of the Group's investment in associates:

In millions of Kazakhstani Tenge	2022	2021
Carrying value at 1 January	116,892	84,626
Share of results of associates	75,736	47,294
Dividends received from associates	(38,504)	(15,028)
Carrying value at 31 December	**154,124**	**116,892**

The Group's interests in its principal associates were as follows:

			2022		2021	
	Country of incorpora-tion	Principal activities	% ownership interest held / % of voting rights	Carrying value in millions of Tenge	% ownership interest held / % of voting rights	Carrying value in millions of Tenge
JV KATCO LLP	Kazakhstan	Extraction, processing and export of uranium products	49%	113,920	49%	85,123
JV Zarechnoye JSC	Kazakhstan	Extraction, processing and export of uranium products	49.98%	18,197	49.98%	10,968
JV South Mining Chemical Company LLP	Kazakhstan	Extraction, processing and export of uranium products	30%	16,147	30%	13,196
Kyzylkum LLP	Kazakhstan	Extraction, processing and export of uranium products	50%	5,017	50%	6,616
Caustic JSC	Kazakhstan	Supply of caustic soda	28%	-	40%	-
SSAP LLP	Kazakhstan	Production of sulphuric acid	9.89%	742	9.89%	693
JV Rusburmash Kazakhstan LLP	Kazakhstan	Geological exploration, drilling services	49%	-	49%	183
Zhanakorgan-Transit LLP	Kazakhstan	Transportation	40%	101	40%	113
Total investments in associates				**154,124**		**116,892**

On 22 January 2018 JV KATCO LLP ("the Partnership") received a new mining allotment for site #2 (Tortkuduk) where additional uranium reserves were found. Development of the South Tortkuduk project was approved by the participants during 2017-2018. However, no formal addendum to the Subsoil use contract was signed for the extension of the exploration period in 2015-2018. In November 2020 the Ministry of Energy refused application of the Partnership to conclude an addendum to the Subsoil use contract for commercial development of the South Tortkuduk field. In December 2020, the Partnership applied to the Supreme Court to appeal against the actions of the Ministry of Energy. On May 24, 2021, the Supreme Court issued a decision on leaving the Partnership's claim without consideration. On November 19, 2021, the Partnership filed an appeal against this decision.

On 17 January 2022, the Supreme Court of the Republic of Kazakhstan rejected the appeal. In 2021, the Partnership and the Government of the Republic of Kazakhstan represented by the Ministry of Energy and Ministry of Justice commenced negotiations to settle the dispute. As a result of the negotiations, on 16 August 2022, Addendum No. 10 to the Subsoil use contract was signed to extend the exploration period, a mining allotment was received and the work program was approved. Also on 31 December 2022, Addendum No. 11 to the Subsoil use contract was signed with an update of the work program.

On 11 August 2022, the Partnership participants made amendments to the Partnership Agreement on further development of JV KATCO LLP dated 10 April 2017, under which the Group became entitled to compensation in the amount of Tenge 7,671 million from the second participant, which was recognized as income in 2022 (Note 14) and other receivables (Note 27).

According to the Partnership Agreement, the Group also became entitled to an additional 11% of the Partnership's annual profit allocation starting from 2022 and until the end of JV KATCO LLP operations, with the ownership interest being unchanged.

25 Investments in Associates (Continued)

This additional 11% impacts the allocation of JV KATCO LLP dividends, therefore, in these consolidated financial statements the Group recognized a share in the results of the Partnership for 2022 in the amount of 60%. Net assets are still recognized as 49% in accordance with the participants initial agreement.

Sales of share in Caustic JSC

On 30 December 2021 the Group concluded an agreement for the sale of its 40% stake in Caustic JSC to Trade House "United Chemical Technologies" LLP, one of the major shareholders of Caustic JSC. The selling price is Tenge 1,214 million based upon an independent appraisal of fair market value. According to the terms of the sales contract, payment and corresponding transfer of the ownership shares is to be made in instalments. The first tranche of Tenge 363 million was received in January 2022. The act of transfer of ordinary shares equivalent to 12% of the Group's holding in Caustic JSC was signed on February 2022. The remaining consideration must be paid by the buyer within 24 months from the date of signing the contract. As of 31 December 2022 the remaining 28% investment in Caustic JSC is presented as an asset held for sale in the amount of Tenge 850 million.

25 Investments in Associates (Continued)

Summarised financial information for 2022 in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

In millions of Kazakhstani Tenge	Kyzylkum LLP	JV KATCO LLP	JV South Mining Chemical Company LLP	JV Zarechnoye JSC	Other	Total
Current assets	6,757	132,298	77,223	26,011	2,515	244,804
Including cash	5	97,300	13,855	7,147	338	118,645
Non-current assets	15,619	132,022	42,114	19,593	11,493	220,841
Total assets	**22,376**	**264,320**	**119,337**	**45,604**	**14,008**	**465,645**
Current liabilities	(6,766)	(8,822)	(33,059)	(4,068)	(5,099)	(57,814)
Including financial liabilities net of trade and other accounts payable and provisions	(3,397)	(82)	(21,920)	(32)	(894)	(26,325)
Incl. loan from the Company	(3,397)	-	-			(3,397)
Non-current liabilities	(4,038)	(20,139)	(10,060)	(3,973)	(1,308)	(39,518)
Including financial liabilities net of trade and other accounts payable and provisions	(2,852)	-	(3,286)	-	(835)	(6,973)
Incl. loan from the Company	(2,852)	-	-	-	-	(2,852)
Total liabilities	**(10,804)**	**(28,961)**	**(43,119)**	**(8,041)**	**(6,407)**	**(97,332)**
Net assets	**11,572**	**235,359**	**76,218**	**37,563**	**7,601**	**368,313**
Group's share of net assets of associates	5,786	115,326	22,865	18,774	390	163,141
Unrealised profit in the Group	-	(10,592)	(6,719)	(619)	-	(17,930)
Additional allocation of profits	-	9,118	-	-	-	9,118
Other	(768)	-	-	42	371	(355)
Goodwill	-	68	-	-	82	150
Carrying value of investments in associates	**5,018**	**113,920**	**16,146**	**18,197**	**843**	**154,124**
Total revenue	10,572	146,304	131,039	44,538	13,757	346,210
Depreciation and amortisation	(682)	(12,262)	(6,328)	(6,218)	(643)	(26,133)
Finance income	162	127	655	109	87	1,140
Finance costs	(435)	(1,282)	(1,393)	(347)	(314)	(3,771)
Foreign exchange gain/(loss)	(642)	4,931	(1,331)	(1,288)	-	1,670
(Impairment losses)/reversal of impairment losses	(2)	180	26	1	(1)	204
Income tax	(368)	(24,035)	(21,706)	(5,073)	(338)	(51,520)
Profit for the year	(1,039)	82,891	76,114	18,939	(567)	176,338
Total comprehensive income	**(1,039)**	**82,891**	**76,114**	**18,939**	**(567)**	**176,338**
Unrealised profit	-	(2,141)	(4,307)	777	-	(5,671)
Share in accumulated unrecognized losses	-	-	-	-	519	519
Share of result of associates	(520)	47,593	18,528	10,242	(107)	75,736
Dividends received	1,080	18,796	15,576	3,013	39	38,504

25 Investments in Associates (Continued)

Summarised financial information for 2021 in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

In millions of Kazakhstani Tenge	Kyzylkum LLP	JV KATCO LLP	JV South Mining Chemical Company LLP	JV Zarechnoye JSC	Other	Total
Current assets	3,897	125,413	57,210	15,224	2,742	204,486
Including cash	*2,243*	*88,359*	*31,079*	*5,610*	*461*	*127,752*
Non-current assets	22,383	85,480	35,287	15,777	11,510	170,437
Total assets	**26,280**	**210,893**	**92,497**	**31,001**	**14,252**	**374,923**
Current liabilities	(4,318)	(10,192)	(29,373)	(4,671)	(5,283)	(53,837)
Including financial liabilities net of trade and other accounts payable and provisions	(3,171)	(329)	(22,143)	(1,595)	(3,266)	(30,504)
Incl. loan from the Company	(3,169)	-	-	-	-	(3,169)
Non-current liabilities	(7,192)	(9,874)	(11,099)	(1,676)	(408)	(30,249)
Including financial liabilities net of trade and other accounts payable and provisions	(6,152)	(64)	(7,645)	(27)	-	(13,888)
Incl. loan from the Company	*(6,152)*	-	-	-	-	*(6,152)*
Total liabilities	**(11,510)**	**(20,066)**	**(40,472)**	**(6,347)**	**(5,691)**	**(84,086)**
Net assets	**14,770**	**190,827**	**52,025**	**24,654**	**8,561**	**290,837**
Group's share of net assets of associates	7,384	93,506	15,608	12,321	1,052	129,871
Unrealised profit in the Group	-	(8,451)	(2,412)	(1,396)	-	(12,259)
Other movements	(768)	-	-	43	(145)	(870)
Goodwill	-	68	-	-	82	150
Carrying value of investments in associates	**6,616**	**85,123**	**13,196**	**10,968**	**989**	**116,892**
Total revenue	**12,486**	**116,791**	**91,587**	**23,727**	**10,166**	**254,757**
Depreciation and amortisation	(672)	(9,571)	(5,904)	(5,781)	(612)	(22,540)
Finance income	66	18	381	-	31	496
Finance costs	(510)	(857)	(1,263)	(166)	(430)	(3,226)
Net foreign exchange gain/(loss)	(270)	2,032	(125)	126	-	1,763
(Impairment losses)/reversal of impairment losses	(2)	(1,542)	(16)	(11)	1	(1,570)
Income tax	(536)	(16,130)	(13,210)	(1,818)	(24)	(31,718)
Profit/(loss) for the year	2,385	61,016	52,477	6,853	101	122,832
Total comprehensive income	**2,385**	**61,016**	**52,477**	**6,853**	**101**	**122,832**
Unrealised profit	-	(620)	(1,408)	(872)	-	(2,900)
Share of result of associates	1,193	29,278	14,334	2,553	(64)	47,294
Dividends received	-	-	12,459	2,569	-	15,028

26 Investments in Joint Ventures

The table below summarises the movements in the carrying amount of the Group's investment in joint ventures:

In millions of Kazakhstani Tenge	2022	2021
Carrying value at 1 January	37,803	35,261
Share of results of joint ventures	13,340	4,289
Dividends received from joint ventures	(6,935)	(2,080)
Other	-	333
Carrying value at 31 December	**44,208**	**37,803**

The Group's interests in its principal joint ventures were as follows:

			2022		2021	
	Country of incorpora-tion	Principal activity	% ownership interest held	Carrying value in millions of Tenge	% ownership interest held	Carrying value in millions of Tenge
Semizbay-U LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	28,252	51.00%	20,945
Ulba-FA LLP	Kazakhstan	Production of fuel assemblies and their components	51.00%	957	51.00%	2,705
JV Budenovskoe LLP	Kazakhstan	Extraction, processing and export of uranium products	51.00%	5,428	51.00%	6,071
Uranenergo LLP	Kazakhstan	Transfer and distribution of electricity, grid operations	79.23%	3,078	79.23%	3,095
SKZ-U LLP	Kazakhstan	Production of sulphuric acid	49.00%	6,493	49.00%	4,987
JV UKR TVS CJSC	Ukraine	Production of nuclear fuel	33.33%	-	33.33%	-
Total investments in joint ventures				**44,208**		**37,803**

Ulba-FA LLP

In December 2020 the Group together with China General Nuclear Power Corporation (CGNPC) finished construction of a fuel assembly plant in Kazakhstan with a capacity to supply Chinese nuclear power plants with up to 200 tons of enriched uranium per annum. The plant is owned by Ulba-Fa LLP, a joint-venture between subsidiaries of the Company and CGNPC with 51% and 49% respective interests.

During 2021 the plant was certified by the owner of the technology for the production of fuel assemblies and was also recognised as a certified supplier of nuclear fuel to nuclear power plants in China from the end user of the plant's products (CGNPC Uranium Resources Company Limited (CGNPC-URC). A long-term contract for the supply of fuel assemblies between Ulba-FA LLP and CGNPC-URC was entered into in May 2021 and in 2022 the entity started its sales activities.

Uranenergo LLP

Management concluded that the Group does not have the ability to exercise control over Uranenergo LLP. Accordingly, this investment is classified as an investment in a joint venture.

26 Investments in Joint Ventures (Continued)

Summarised financial information on respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRS, adjusted by the Group for equity accounting purposes.

	Semizbay-U LLP		JV Budenovskoe LLP		Ulba-FA LLP		Other		Total	
In millions of Kazakhstani Tenge	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Current assets	37,976	30,089	153	29	121,989	51,164	5,121	3,974	165,239	85,256
Including cash	18,725	13,132	114	22	19,791	5,747	1,164	219	39,794	19,120
Non-current assets	25,111	20,687	28,801	25,791	26,142	21,939	24,808	24,846	104,862	93,263
Total assets	**63,087**	**50,776**	**28,954**	**25,820**	**148,131**	**73,103**	**29,929**	**28,820**	**270,101**	**178,519**
Current liabilities	(6,153)	(7,090)	(1,079)	(296)	(92,883)	(35,769)	(9,675)	(9,735)	(109,790)	(52,890)
Including financial liabilities net of trade and other accounts payable and provisions	(66)	(3,183)	(31)	(15)	(4,147)	(1,680)	(3,219)	(6,007)	(7,463)	(10,885)
Non-current liabilities	(6,100)	(4,412)	(5,320)	(1,933)	(53,373)	(32,031)	(2,354)	(4,239)	(67,147)	(42,615)
Including financial liabilities net of trade and other accounts payable and provisions	-	(66)	(5,123)	(1,933)	(30,818)	(31,241)	-	(2,877)	(35,941)	(36,117)
Total liabilities	**(12,253)**	**(11,502)**	**(6,399)**	**(2,229)**	**(146,256)**	**(67,800)**	**(12,029)**	**(13,974)**	**(176,937)**	**(95,505)**
Net assets	**50,834**	**39,274**	**22,555**	**23,591**	**1,875**	**5,303**	**17,900**	**14,846**	**93,164**	**83,014**
Group's share of net assets of joint ventures	25,925	20,030	11,503	12,031	957	2,705	10,213	8,724	48,598	43,490
Goodwill	4,105	4,105	-	-	-	-	(1,374)	(1,374)	2,731	2,731
Impairment losses	-	-	-	-	-	-	(21)	(21)	(21)	(21)
Other	149	120	(115)	-	-	-	753	753	787	873
Unrealised gain	-	-	(5,960)	(5,960)	-	-	-	-	(5,960)	(5,960)
Unrealised profit in the Group	(1,927)	(3,310)	-	-	-	-	-	-	(1,927)	(3,310)
Carrying value of investments in joint ventures	**28,252**	**20,945**	**5,428**	**6,071**	**957**	**2,705**	**9,571**	**8,082**	**44,208**	**37,803**
Total revenue	55,660	40,913	-	-	22,929	-	15,708	12,769	94,297	53,682
Depreciation and amortisation	(5,758)	(4,836)	(13)	-	(292)	(559)	(1,342)	(1,337)	(7,405)	(6,732)
Finance income	498	62	4	-	35	4	11	33	548	99
Finance costs	(501)	(501)	(252)	(1)	(1,489)	(1,466)	(119)	(107)	(2,361)	(2,075)
Foreign exchange gain/(loss)	807	(146)	(98)	5	(2,374)	(592)	(455)	(236)	(2,120)	(969)
Impairment losses	(387)	-	(40)	(14)	(1)	(11)	(5)	-	(433)	(25)
Income tax	(6,243)	(3,978)	(149)	(61)	(425)	(397)	(792)	(642)	(7,609)	(5,078)
Profit/(loss) for the year	25,215	15,569	(1,261)	(280)	(3,428)	(3,788)	3,098	2,505	23,624	14,006
Other comprehensive income/(loss)	-	34	-	-	-	-	-	2	-	36
Total comprehensive income/(loss)	**25,215**	**15,603**	**(1,261)**	**(280)**	**(3,428)**	**(3,788)**	**3,098**	**2,507**	**23,624**	**14,042**
Other	1,382	(2,815)	-	-	-	-	-	-	1,382	(2,815)
Share of results of joint ventures	**14,242**	**5,125**	**(643)**	**(142)**	**(1,749)**	**(1,932)**	**1,490**	**1,238**	**13,340**	**4,289**
Dividends received	6,935	2,080	-	-	-	-	-	-	6,935	2,080

27 Accounts Receivable

In millions of Kazakhstani Tenge	2022	2021
Trade accounts receivable	251,697	215,483
Trade accounts receivable from related parties	7,024	4,713
Total gross trade accounts receivable	**258,721**	**220,196**
Provision for impairment of trade receivables	(87)	(148)
Provision for impairment of trade receivables from related parties	(3)	(24)
Total current net trade accounts receivable	**258,631**	**220,024**
Other accounts receivable	12,389	175
Other accounts receivable from related parties	81	44
Total gross other accounts receivable	**12,470**	**219**
Provision for impairment of other receivables	(180)	(105)
Total net other accounts receivable	**12,290**	**114**
Total current accounts receivable	**270,921**	**220,138**

Other accounts receivable include:

- joint operations receivable of Tenge 4,568 million that represent receivable of the Group from the second participant under the terms of the joint operations contractual agreements that require equal volumes of uranium to be purchased during the period by the participants. In 2022 the second participant of joint operation did not purchase the required volume; and
- compensation from the second participant of JV KATCO LLP of Tenge 7,374 million, adjusted for foreign exchange loss from initial amount of Tenge 7,671 million (Note 25).

Information on the Group's exposure to credit and currency risks and provision for impairment for accounts receivable is disclosed in Note 40.

28 Other Financial Assets

In millions of Kazakhstani Tenge	2022	2021
Non-current assets		
Restricted cash	29,044	17,654
Investment in ANU Energy	17,066	-
Long-term debt securities	9,202	-
Loans to related parties	2,536	5,493
Other	1,523	524
Total other non-current assets	**59,371**	**23,671**
Current assets		
Restricted cash	15,923	427
Loans to related parties	3,491	3,357
Short-term debt securities	72	4,986
Term deposit	930	43,220
Other	262	259
Total other current assets	**20,678**	**52,249**

28 Other Financial Assets (Continued)

Restricted cash

In accordance with the terms of its subsoil use contracts, the Group transfers cash to long-term bank deposits to finance future site restoration activities. As at 31 December 2022 the balance of restricted cash held in long-term bank deposits related to financing of future site restoration activities was Tenge 29,044 million (2021: Tenge 17,654 million).

Short-term restricted cash includes payments of 32.3 million US Dollar, or Tenge 14,812 adjusted for foreign exchange gains and amounting to Tenge 14,956 million as at 31 December 2022, made by the Group in March 2022 to a uranium enrichment service provider whose Russian bank was subsequently included in the list of legal entities that fell under the sanctions of the Office of Foreign Assets Control of the US Department of the Treasury (OFAC).The correspondent bank which initially blocked the payment funds returned the amount to the Group (including interest) after the reporting period (Note 43).

Investments in ANU Energy

In accordance with the Framework Agreement signed on November 22, 2021, the Group and Genchi Global Limited, agreed to establish ANU Energy OEIC Ltd. The purpose of ANU Energy OEIC Ltd. is to store physical uranium as a long-term investment. The Group made an investment of 24.25 million US dollars in March 2022 (equivalent to Tenge 12,368 million), which is 32.7% of the entity's shares. The Group does not have representation in the governing body of the entity and does not take part in making decision key strategic issues of the entity. Accordingly, the Group does not have a significant impact on the management of the Fund, and therefore the Group recognizes this investment at fair value through profit or loss. As of December 31, 2022, the Group's investment in ANU Energy OEIC Ltd. amounts to Tenge 17,066 and the Group recognized the fair value adjustment of Tenge 4,699 million as finance income (Note 17).

In accordance with the Framework Agreement, the Group and ANU Energy OEIC Ltd. signed a short-term contract for the sale and purchase of natural uranium concentrates, under which the Group delivered natural uranium concentrates on May 12, 2022. Under the terms of the same Framework Agreement the Group has received a uranium loan from ANU Energy OEIC Ltd. in May 2022 (Note 36).

Debt securities

On May 12, 2022, in order to diversify its treasury portfolio, the Group invested in Eurobonds issued by Development Bank of Kazakhstan JSC, in the amount of 19.9 million US dollars, or Tenge 8,804 million with a maturity of 3 years and a coupon rate of 5.75%. The bonds are measured at amortized cost. As of 31 December 2022 the amount of the long-term investment is Tenge 9,274 million.

The Group also purchases short-term debt securities. During the year the Group purchased Tenge 80,219 million and redeemed Tenge 86,006 million (2021: Tenge 126,331 and Tenge 127,341) of such securities, mainly issued by the National Bank of the Republic of Kazakhstan. As of 31 December 2021 short-term securities were represented by investment in corporate bonds of Eurasian Bank of Development JSC, denominated in Tenge with a maturity of 3 months expiring on 12 January 2022 with a discount rate of 9.6%.

Loans to related parties

In millions of Kazakhstani Tenge	**2022**	**2021**
Non-current		
Kyzylkum LLP	2,548	5,547
Provision for impairment	(12)	(54)
Total non-current loans	**2,536**	**5,493**
Current		
Kyzylkum LLP	3,397	3,170
Uranenergo LLP	95	189
Provision for impairment	(1)	(2)
Total current loans	**3,491**	**3,357**

28 Other Financial Assets (Continued)

In 2010, the Group provided an interest-bearing long-term loan to Kyzylkum LLP with maturity to 2024. The loan is collateralised by the property of Kyzylkum LLP. From December 2015, JV Khorasan-U LLP is a co-borrower and guarantor of a loan to Kyzylkum LLP.

In June 2021, the Group provided repayable financial assistance to Uranenergo LLP secured by property in the form of a revolving credit line with a term until June 30, 2023 to replenish working capital. As part of this line, cash tranches for up to 12 months can be provided.The weighted average annual interest rate on loans to related parties in 2022 was 8.5% (2021: 8.5%). According to internal estimates, the level of credit risk for these loans is at an acceptable level.

29 Other Non-Financial Assets

In millions of Kazakhstani Tenge	2022	2021
Non-current		
VAT recoverable	8,725	11,315
Long-term inventories	7,299	7,247
Investment property	2,046	2,065
Advances for non-current assets	1,782	1,857
Prepaid expenses	789	926
Other assets	638	848
Total other non-current assets	**21,279**	**24,258**
Current		
Advances for goods and services	11,085	3,026
Advances to related parties for goods and services	3,834	1,244
Prepaid expenses	2,059	1,465
Prepaid insurance	1,309	1,025
Prepaid taxes other than income tax	443	371
Other assets	544	6
Total other current assets	**19,274**	**7,137**

30 Inventories

In millions of Kazakhstani Tenge	2022	2021
Finished goods and goods for resale	309,950	223,750
Including uranium products	*308,168*	*222,195*
Work-in-process	40,899	30,409
Raw materials	19,633	14,879
Materials in processing	15,198	3,091
Other materials	7,486	5,709
Fuel	1,488	479
Spare parts	989	789
Provision for obsolescence and write-down to net realisable value	(3,022)	(3,250)
Total inventories	**392,621**	**275,856**

Movements in the provision for obsolescence are as follows:

In millions of Kazakhstani Tenge	2022	2021
Balance at 1 January	(3,250)	(2,755)
Reversal of provision during the year	1,011	623
Inventory write off during the year	77	130
Accrual of provision during the year	(821)	(1,238)
Translation of foreign currency	(39)	(10)
Balance at 31 December	**(3,022)**	**(3,250)**

31 Cash and Cash Equivalents

In millions of Kazakhstani Tenge	**2022**	**2021**
Current bank accounts	131,260	138,867
Demand deposits	38,274	22,338
Cash in hand	14	8
Provision for impairment	(12)	(23)
Total cash and cash equivalents	**169,536**	**161,190**

32 Share Capital

At 31 December 2022 the total number of authorised and paid ordinary shares is 259,356,608 (2021: 259,356,608) of which 75% is owned by Samruk-Kazyna JSC and 25% of the shares/GDRs are freely floated with listing on the Astana International Exchange (AIX) and the London Stock Exchange (LSE). One GDR represents a share in one share. Each ordinary share carries the right to one vote. Registered share capital is Tenge 37,051 million.

Dividends declared and paid during the year were as follows:

In millions of Kazakhstani Tenge	**2022**	**2021**
Dividends payable at 1 January	-	-
Dividends declared during the year	227,388	150,082
Dividends paid during the year	(227,388)	(150,082)
Dividends payable at 31 December	**-**	**-**
Dividends declared during the year per share, in Tenge	**877**	**579**

33 Loans and Borrowings

In millions of Kazakhstani Tenge	**2022**	**2021**
Non-current		
Bonds	83,300	77,700
Total non-current loans and borrowings	**83,300**	**77,700**
Current		
Promissory notes issued	7,002	10,514
Bonds	24,016	803
Bank loans	23,953	-
Total current loans and borrowings	**54,971**	**11,317**
Total loans and borrowings	**138,271**	**89,017**

The company placed US Dollar-indexed bonds on 27 September 2019 with a maturity of 27 October 2024 and a coupon of 4% per annum. The nominal value of one bond is Tenge 1,000, total volume is 70 million.

In December 2022, the Company placed short-term commercial bonds in the amount of US Dollar 50 million on the trading floor of Kazakhstan Stock Exchange JSC ("KASE") with a maturity in January 2023 and a coupon of 4.32% (Note 43).

Current bank borrowings primarily include short-term loan from ForteBank JSC in amount 50 million US dollars with a maturity in January 2023. Bank loans were obtained for liquidity needs.

33 Loans and Borrowings (Continued)

Promissory notes were issued by a subsidiary of the Group JV Khorasan-U LLP in December 2014 to repay amounts owing for mine development assets. According to the terms, the promissory notes are payable on demand at an interest rate of 0.1%. As of 31 December 2022, the right of claim under these promissory notes belongs to Kyzylkum LLP, an associate of the Group (Note 8).

Information about the Group's loans and borrowings is presented as follows:

In millions of Kazakhstani Tenge	Currency	Maturity	2022	2021
Bank loans				
Fortebank JSC	US Dollar	2023	23,202	-
Halyk Bank JSC	Tenge	2023	751	-
Total bank loans			**23,953**	**-**
Bonds				
Bonds	US Dollar	2024, 2023	107,316	78,503
Total bonds			**107,316**	**78,503**
Promissory notes issued				
Kyzylkum LLP	Tenge	on demand	7,002	10,514
Total promissory notes issued			**7,002**	**10,514**

The Group's loans and borrowings were unsecured. In 2022, the Group's weighted average interest rate on fixed interest rate loans was 3.62% (2021: 3.52%).

Reconciliation of debt

The table below shows an analysis of the debt amount and changes in the Group's liabilities arising from financing activities for each of the periods presented:

In millions Kazakhstani Tenge	Loans and borrowings	Lease liabilities	Liability of ownership interest in a subsidiary	Total
Debt at 31 December 2020	97,826	746	-	98,572
Proceeds from loans and borrowings	65,525	-	-	65,525
Foreign currency translation	1,749	7	-	1,756
Interest accrued	3,168	60	-	3,228
Repayment	(76,108)	(452)	-	(76,560)
Interest paid	(3,143)	(122)	-	(3,265)
Recognition of liability related to put option	-	-	185,210	185,210
De-recognition of liability related to put option (Note 39)	-	-	(185,210)	(185,210)
Other non-cash changes	-	52	-	52
Debt at 31 December 2021	**89,017**	**291**	**-**	**89,308**
Proceeds from loans and borrowings	70,905	-	-	70,905
Foreign currency translation	4,760	(2)	-	4,758
Interest accrued	3,689	20	-	3,709
Repayment	(26,555)	(162)	-	(26,717)
Interest paid	(3,545)	(25)	-	(3,570)
Other non-cash changes	-	51	-	51
Debt at 31 December 2022	**138,271**	**173**	**-**	**138,444**

34 Provisions

In millions of Kazakhstani Tenge	Compensation for occupational diseases	Environment protection	Site restoration	Other	Total
At 1 January 2021					
Non-current	154	3,061	23,135	43	26,393
Current	77	96	706	-	879
Total	**231**	**3,157**	**23,841**	**43**	**27,272**
Provision for the year	14	(1)	-	32	45
Unwinding of discount	23	241	1,993	2	2,259
Disposals	-	-	(78)	-	(78)
Provision used	(72)	-	272	-	200
Change in estimates	-	(2,040)	5,403	-	3,363
At 31 December 2021					
Non-current	129	1,261	30,725	77	32,192
Current	67	96	706	-	869
Total	**196**	**1,357**	**31,431**	**77**	**33,061**
Provision for the year	45	28	-	197	270
Transfers	-	77	-	(44)	33
Unwinding of discount	19	128	2,745	-	2,892
Provision used	(61)	(10)	-	-	(71)
Change in estimates	-	7,811	3,940	45	11,796
At 31 December 2022					
Non-current	133	9,268	34,074	-	43,475
Current	66	123	4,042	275	4,506
Total	**199**	**9,391**	**38,116**	**275**	**47,981**

Provision for environmental protection

The Group has a legal obligation to dispose of radioactive waste, eliminate and decommission contaminated items of property, plant and equipment after the closure of the facility (liquidation of the consequences of the operation of facilities). The amount of the provision for landfill restoration and asset remediation is determined using the nominal prices effective at the reporting dates, using the projected rate of long-term average inflation for the expected period of operation of landfills and the discount rate at the end of the reporting period. The change in estimate in 2022 mainly relates to inclusion of provision of Ulba Metallurgical Plant JSC as described in Note 4.

The nominal cost of restoration of liquidation facilities as of 31 December 2022 is Tenge 134,438 million (2021: Tenge 5,710 million). Key assumptions used in estimations are described in Note 4.

Provision for restoration of mine sites

The Group estimates the site restoration costs for each mine operated by the Group. The nominal cost of restoration of mine sites as of 31 December 2022 is Tenge 84,209 million (2021: Tenge 63,989 million). The amount of provision for restoration of mine sites was calculated using current prices (the prices effective at the reporting date) for expenditures to be incurred and then inflated using the forecast inflation rate effective for the period until the settlement of restoration.

In view of the long-term nature of provisions, there is uncertainty concerning the actual amount of expenses that will be incurred in performing site restoration activities for each mine (Note 4). Changes in estimates occur due to annual revision of costs for site liquidation including newly drilled wells, sand traps and other facilities subject to subsequent liquidation.

In accordance with the terms of the subsurface use agreements the Group places cash in long-term bank deposits to finance future site restoration activities. As at 31 December 2022, the accumulated transfers to restricted deposits amounted to Tenge 33,371 million (2021: Tenge 21,963 million) (Note 28).

34 Provisions (Continued)

Key assumptions which serve as the basis for determining the carrying value of the provision for restoration of mine sites provision are as follows:

- there is a high probability that the Group will proceed to development and production stages for its fields which are currently under exploration. This creates a constructive obligation for the Group to recognise a site restoration provision for all mining and exploration licenses;
- the expected term for future cash outflows for the mine sites is based on the life of the mines. A substantial part of the expenditures is expected to occur starting from 2045, at the end of the expected life of the mines.

35 Accounts Payable

In millions of Kazakhstani Tenge	**2022**	**2021**
Trade accounts payable to related parties	58,668	33,620
Trade accounts payable	39,794	29,302
Total current trade accounts payable	**98,462**	**62,922**
Other accounts payable	346	3,092
Other accounts payable to related parties	1	-
Total current other accounts payable	**347**	**3,092**
Total current accounts payable	**98,809**	**66,014**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 40.

36 Other Liabilities

In millions of Kazakhstani Tenge	2022	2021
Non-current		
Liabilities under contracts with customers	2,746	2,564
Advances received	2,276	3,740
Deferred income from subsidies received	1,820	1,356
Preferred shares	265	265
Issued financial guarantees	633	133
Liabilities under inventory loan agreements	-	13,461
Other	1,573	1,901
Total non-current other liabilities	**9,313**	**23,420**
Current		
Liabilities under contracts with customers	35,139	16,598
Liabilities under inventory loan agreements	19,147	99
Accrued unused vacation payments and bonuses	11,453	8,425
Amounts due under uranium swap contracts (Note 4)	4,709	15,355
Joint operations liabilities	4,569	4,569
Wages and salaries payable	2,420	1,561
Social contributions payable	1,795	1,301
Advances received	1,795	1,280
Advances received from related parties	735	46
Issued financial guarantees	653	90
Dividends payable to other participants	259	263
Deferred income	161	166
Liability for social sphere contributions	-	3,600
Other	1,048	3,985
Total current other liabilities	**83,883**	**57,338**

Liabilities under uranium loan agreements

In 2020 the Group obtained uranium under commodity loans totalling US Dollar 21.9 million. A liability was initially recognised to return inventory at a cost of Tenge 8,597 million. This liability is subsequently measured at fair value in accordance with changes in market prices for uranium and foreign exchange rates. Accrued revaluation loss for the year ended 31 December 2022 amounted to Tenge 5,445 million (2021: Tenge 2,872 million). As of 31 December 2022, the Group reclassified inventory loans from long-term to short-term, as the repayment period is up to May and June 2023. The Group intends to extend the repayment period.

On 19 May 2022 the Group obtained a uranium loan totalling US Dollar 113.5 million from ANU Energy OEIC Ltd. that was concluded under the Framework Agreement between the Group and Genchi Global Limited (Note 28). A liability was initially recognised to return inventory at a cost of Tenge 49,089 million and subsequently measured at fair value in accordance with changes in market prices for these goods and foreign exchange rates – the revaluation loss for the year ended 31 December 2022 amounted to Tenge 4,712 million. On 20 December the Group returned the inventory, the fair value of which amounted to Tenge 53,802 million on the date of return, which was greater than the cost of inventory returned for Tenge 8,251 million.

Losses from revaluation of uranium loans to fair value as well as net gain from disposal of the loan returned to ANU Energy OEIC Ltd. are recognised in profit and loss and presented as other loss (Note 15).

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 the current unstable geopolitical situation.

Joint operations liabilities

Joint operations liabilities represent obligations of the Group under the terms of the joint operations contractual agreements that require equal volumes of uranium to be purchased during the period by the participants. In 2021 the Group did not purchase the required volume.

36 Other Liabilities (Continued)

The Group reports the following liabilities related to contracts with customers:

In millions of Kazakhstani Tenge	**2022**	**2021**
Non-current contract liability	2,746	2,564
Current contract liability - advances received under contracts with customer for uranium pellets	35,139	16,598
	37,885	**19,162**

Non-current contract liabilities are rights granted to the customers to acquire additional volumes of uranium. The Group expects that revenue will be recognized in future period(s) once the associated right is executed or expires.

Current contract liabilities include advances for uranium pellets for Tenge 35,082 million under contracts with Ulba-FA LLP (2021: Tenge 16,420 million). During 2022, the Group has recognized revenue, which was included in the balance of advances received as at 31 December 2021 in the amount of Tenge 16,420 million (2021: none).

37 Contingencies and Commitments

Compliance with Kazakhstan Tax legislation

The tax environment in the Republic of Kazakhstan is subject to change and inconsistent application and interpretations. Kazakhstani tax legislation and practice is in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for five years.

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

(a) Transfer pricing legislation

In 2021 transfer pricing tax audits were started by the relevant Kazakhstan authorities across all subsoil use entities of the Group, but were not completed at 31 December 2022 due to the suspension of the audits by the tax authorities. During these audits, the tax authorities enquired into the documentary support for certain transport arrangements included in sales contracts of subsidiaries and affiliates. The legislation requires, in part, that Kazakhstani companies maintain and, if required, provide supporting evidence for the determination of prices used in international transactions.

The Company received preliminary assessments for additional income tax in the amount of Tenge 5,754 million related to transfer pricing for the period 2016-2020. In addition, the tax authorities raised a transfer pricing matter common to the Group relating to documenting the transport differential in China for subsidiaries and affiliates, the maximum estimated amount of which is Tenge 10,764 million for 2016-2022 (2021: Tenge 9,135 million). The Group introduced amendments to transfer pricing methodology in 2021 to include supporting documentation for transportation differential on sales made to China but still uncertainty exists about tax authorities interpretations.

To date, these tax audits were not finalised. Uncertainty exists as to the validity of the positions taken by the tax authorities regarding the preliminary assessments issued by and interpretations of the documentation requirements discussed above. The management of the Group believes that it will be able to sustain its position if the transfer pricing practices of the Group are challenged by the tax authorities. Accordingly, no liability has been recognised.

The Group recognized additional income tax related to transfer pricing of Tenge 7,298 million in 2022 (2021: Tenge 5,371 million), which does not relate to 2016-2020, following a review by management of compliance with Group transfer pricing methodology.

(b) Complex tax inspections of Group entities

In 2021, most of the Group's entities underwent comprehensive tax audits, the results of which are reflected in the financial statements prepared as at 31 December 2021. Pending comprehensive tax audits at certain Group entities as of December 31, 2022 have been completed, the results of the audits are reflected in the financial statements as of December 31, 2022.

37 Contingencies and Commitments (Continued)

According to the results of the thematic audit of income tax at the source of payment from the income of non-residents for 2014-2018, completed in 2021, additional charges of JV KATCO LLP amounted to CIT on payments of dividends and loyalties in the amount of Tenge 10,482 million and penalties of Tenge 9,441 million. By decision of the Appellate Commission of the Ministry of Finance, the amount of the fine was reduced to Tenge 5,358 million. In 2022, JV KATCO LLP continued to appeal to the judiciary, and by the decisions of the court of first instance and the court of appeal, the amount of additional charges was reduced by Tenge 15,761 million. In November 2022, the State Revenue Department filed a complaint with the Supreme Court to overturn the decision of the Court of Appeal, and the issue is currently being considered. As at 31 December 2022, the entity or the Group did not record any liability in respect of these contested assessments.

Compliance with subsoil use contractual obligations

In accordance with the terms of the subsoil use contracts, the Group mining entities are required to comply with the obligations specified therein. Failure to comply with the conditions stipulated by subsoil use contracts may lead to negative consequences, including termination of contracts, fines and penalties. Under current subsoil use legislation, the payment of penalty does not relieve subsurface user from fulfillment of stated obligations in full.

As of December 31, 2022, at some enterprises, the underproduction of uranium exceeds the legally allowed threshold of 20%, which is associated with a shortage of strategic materials. In addition, mining enterprises failed to meet their financial obligations under subsoil use contracts, which could result in penalties of 1% of the defaulted obligation or Tenge 150-200 million for 2022. The Group has not recognized additional liabilities in the financial statements as at 31 December 2022 as it plans to settle financial liabilities in future periods in accordance with revised work programs.

Insurance

The Kazakhstani insurance industry is in development stage, and many forms of insurance protection common in other countries are not yet available. Since 2021, the Corporate Property Insurance Program of the Company's enterprises has been implemented against the "risks" of death, loss or damage as a result of accidental and unforeseen direct physical impact (excluding equipment breakdown/failure and interruption in production).

The Company does not have full insurance coverage for risks related to mining activities and production facilities, including for damages caused by the stoppage of production or obligations incurred to third parties in connection with damages caused to the property or the environment resulting from accidents or operations.

The Company provides Directors' & Officers' Liability insurance (D&O). D&O insurance policies offer liability cover for the Company's managers to protect them from claims which may arise from decisions and actions taken ("alleged wrongful acts") within the scope of their regular duties. The terms of the policy prohibit disclosure of the amount of the insurance coverage.

Environmental obligations

Changes in the Environmental Code

In 2021, a new Environmental Code (hereinafter referred to as the "Code") came into force. The Code provides for the division of objects that have a negative impact on the environment into four categories, depending on their level of impact, which implies the differentiation of environmental requirements for each of the categories. Operators of facilities that have a negative impact on the environment have obligations to eliminate the consequences of the operation of facilities in accordance with the requirements of the legislation of the Republic of Kazakhstan.

The changes in the Code mainly affected non-mining companies of the first category, which include: Ulba Metallurgical Plant JSC (Note 4), JV SSAP LLP, SKZ-U LLP and Kyzylkum LLP. Following detailed technical and commercial assessments during the current year, the Group recognized in 2022 obligations to remediate the consequences of the operation of facilities (Note 34).

According to the Code, category I companies, such as Ulba Metallurgical Plant JSC also have an obligation to provide financial security to the state until July 2024 for the full amount of provision (Note 34). The Management of the Group is currently in discussions with the competent authorities regarding the method and timing of funding the liability.

As a result of the assessment of liabilities, non-mining enterprises of categories II-IV did not have significant obligations as of the reporting date.

37 Contingencies and Commitments (Continued)

Guarantees

Guarantees are irrevocable assurances that the Group will make payments in the event that another party cannot meet its obligations. The maximum exposure to credit risk under financial guarantees provided to secure financing of certain related parties at 31 December 2022 is Tenge 18,937 million (2021: Tenge 21,154 million) (Note 8).

Compliance with covenants

The Group is subject to certain covenants related primarily to its liabilities under credit lines and guarantee agreements. The Group complied with all applicable covenants as of 31 December 2022 and 31 December 2021 and during the periods then ended.

Legal proceedings

Administrative offense of JV Inkai LLP in terms of environmental requirements

The Department of Ecology imposed a fine in the amount of Tenge 1,639 million for the entity exceeding the permitted wastewater rate. JV Inkai LLP believes that there were errors in the calculation of the fine. JV Inkai LLP paid the fine, however, JV Inkai LLP is taking measures to dispute the fine through legal proceedings.

38 Non-controlling Interest

The following table provides information about each significant subsidiary that has a non-controlling interest that is material to the Group at 31 December 2022:

In millions of Kazakhstani Tenge	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Name				
Ulba Metallurgical Plant JSC	Kazakhstan	5.67%	819	8,088
Appak LLP	Kazakhstan	35%	8,029	15,449
JV Inkai LLP	Kazakhstan	40%	48,497	129,891
JV Khorasan-U LLP	Kazakhstan	50%	24,044	112,584
Baiken-U LLP	Kazakhstan	47.5%	17,452	77,558
DP Ortalyk LLP	Kazakhstan	49%	26,195	42,730
Volkovgeologiya JSC	Kazakhstan	1.04%	(121)	159
Total			**124,915**	**386,459**

The following table provides information about each significant subsidiary that has non-controlling interest that is material to the Group at 31 December 2021:

In millions of Kazakhstani Tenge	Country of incorporation and principal place of business	Ownership rights held by non-controlling interest	Profit or loss attributable to non-controlling interest	Accumulated non-controlling interest
Name				
Ulba Metallurgical Plant JSC	Kazakhstan	5.67%	568	7,491
Appak LLP	Kazakhstan	35%	4,614	11,113
JV Inkai LLP	Kazakhstan	40%	45,556	123,120
JV Khorasan-U LLP	Kazakhstan	50%	11,839	110,290
Baiken-U LLP	Kazakhstan	47.5%	9,034	60,106
DP Ortalyk LLP	Kazakhstan	49%	7,780	34,857
Volkovgeologiya JSC	Kazakhstan	3.38%	(138)	281
Total			**79,253**	**347,258**

38 Non-controlling Interest (Continued)

The summarised financial information of these subsidiaries is as follows:

	Ulba Metallurgical Plant JSC		Appak LLP		JV Inkai LLP		Baiken-U LLP		JV Khorasan-U LLP		DP Ortalyk LLP		Volkovgeologiya JSC	
In millions of Kazakhstani Tenge	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Current assets	112,643	74,957	24,853	17,164	133,314	108,441	86,830	44,227	90,905	89,727	59,750	54,052	9,097	8,042
Non-current assets	42,479	37,032	27,752	20,538	215,967	216,565	102,771	106,269	181,990	182,054	36,564	29,228	11,208	8,054
Current liabilities	(57,444)	(31,240)	(4,088)	(2,880)	(11,812)	(11,199)	(6,629)	(5,060)	(14,560)	(16,990)	(4,781)	(8,569)	(15,954)	(7,820)
Non-current liabilities	(14,355)	(5,390)	(4,218)	(2,910)	(34,053)	(35,022)	(19,529)	(18,733)	(33,004)	(34,049)	(4,329)	(3,573)	(162)	(91)
Equity, incl.	83,323	75,359	44,299	31,912	303,416	278,785	163,443	126,703	225,331	220,742	87,204	71,138	4,189	8,185
Equity attributable to the Group	75,235	67,868	28,850	20,799	173,525	155,665	85,885	66,597	112,747	110,452	44,474	36,281	4,030	7,904
Non-controlling interest	8,088	7,491	15,449	11,113	129,891	123,120	77,558	60,106	112,584	110,290	42,730	34,857	159	281
Revenue	121,435	60,254	45,050	30,902	165,966	131,866	74,579	49,981	90,156	63,117	95,240	59,195	29,742	23,513
Depreciation and amortisation	(2,066)	(1,924)	(4,084)	(3,184)	(11,812)	(10,913)	(11,921)	(12,694)	(14,823)	(13,842)	(6,490)	(4,971)	(1,503)	(1,424)
Including depreciation and amortisation at fair value	-	-	-	-	(3,088)	(2,205)	(5,996)	(6,985)	(8,588)	(8,868)	-	-	-	-
Finance income	855	360	576	278	633	127	619	340	217	116	26,375	8,045	61	22
Finance costs	(1,864)	(467)	(428)	(218)	(1,114)	(359)	(244)	(69)	(203)	(72)	(26,469)	(8,186)	(85)	(319)
Income tax expense	(4,165)	(2,606)	(5,688)	(3,932)	(26,047)	(20,547)	(11,082)	(6,219)	(14,162)	(8,584)	(13,982)	(7,218)	69	61
Including tax effect of depreciation and amortisatioı of adjustments to fair value	-	-	-	-	616	441	1,202	1,404	1,718	1,774	-	-	-	-
Net foreign exchange gain	953	488	229	12	1,542	404	529	91	3,729	613	1,686	56	(4)	-
(Impairment losses)/reversal of impairment losses	1,054	(198)	(20)	9	-	(478)	57	(164)	-	-	(41)	22	(18)	60
Profit for the year	**12,699**	**5,606**	**22,940**	**13,183**	**96,995**	**76,693**	**36,740**	**19,019**	**48,089**	**23,679**	**53,458**	**27,016**	**(4,844)**	**(1,511)**
Profit attributable to the owners of the Company	11,880	5,038	14,911	8,569	48,498	31,137	19,288	9,985	24,045	11,840	27,263	19,236	(4,723)	(1,373)
Profit attributable to non-controlling interest	819	568	8,029	4,614	48,497	45,556	17,452	9,034	24,044	11,839	26,195	7,780	(121)	(138)
Profit/(loss) for the year	**12,699**	**5,606**	**22,940**	**13,183**	**96,995**	**76,693**	**36,740**	**19,019**	**48,089**	**23,679**	**53,458**	**27,016**	**(4,844)**	**(1,511)**
Other comprehensive income/(loss)	(726)	16	(7)	1	-	-	-	(8)	-	-	(11)	2	(16)	(9)
Total comprehensive income/(loss) for the year	**11,973**	**5,622**	**22,933**	**13,184**	**96,995**	**76,693**	**36,740**	**19,011**	**48,089**	**23,679**	**53,447**	**27,018**	**(4,860)**	**(1,520)**
Dividends declared to non-controlling interest	177	360	3,691	2,879	41,727	17,117	-	6,225	21,750	-	18,316	-	1	1
Net cash inflow/(outflow) from:														
- operating activities	9,777	7,561	18,166	13,376	87,391	26,366	27,041	13,777	48,124	12,606	40,252	17,440	1,719	109
- investing activities	(2,383)	(2,838)	(10,287)	(6,160)	(10,649)	(8,894)	(7,433)	(3,585)	(13,525)	(8,557)	(12,488)	(2,527)	(3,837)	(1,057)
- financing activities	(4,023)	(3,812)	(10,547)	(8,278)	(75,305)	(28,832)	-	(11,869)	(47,000)	(3,504)	(37,382)	(3)	2,791	750
Net cash inflow/(outflow)	3,371	911	(2,668)	(1,062)	1,437	(11,360)	19,608	(1,677)	(12,401)	545	(9,618)	14,910	673	(198)

38 Non-controlling Interest (Continued)

Allocation of profit between the non-controlling interest of JV Inkai LLP and the Group is impacted by the allocation of JV Inkai LLP dividends. The distribution of dividends is made in accordance with the amendment to the agreement between the parties, and is not based on ownership interests. For 2021, dividends were distributed between the non-controlling interest and the Company in the amount of 59.4% and 40.6%, respectively, for 2022 - in the amount of 50% and 50%, respectively. This amendment was agreed by the parties to compensate the non-controlling interest for losses due to a 20% reduction in production in 2021-2022. Accordingly, the amount reclassified from profit attributable to the Group to profit attributable to non-controlling interests during 2022-2020 amounted to Tenge 30,556 million (2021-2020: Tenge 20,857 million).

39 Principal Subsidiaries

These consolidated financial statements include the following subsidiaries:

	Principal activity	Ownership 2022	Ownership 2021
KAP Technology JSC	Communication services	100%	100%
Qorgan-Security LLP	Security services	100%	100%
Appak LLP	Exploration, production, processing and sale of uranium products	65%	65%
Ulba Metallurgical Plant JSC	Production and processing of uranium materials, production of rare metals and semiconductor materials	94.33%	94.33%
Volkovgeologiya JSC	Exploration and research of uranium reserves, drilling services, monitoring of radiation level and environment conditions	98.96%	96.62%
High Technology Institute LLP	Research, project, development and engineering consulting services	100%	100%
DP Ortalyk LLP	Exploration, production, processing and sale of uranium products	51%	51%
RU-6 LLP	Exploration, production, processing and sale of uranium products	100%	100%
Kazatomprom-SaUran LLP	Exploration, production, processing and sale of uranium products	100%	100%
KAP Logistics LLP (former Trade and Transportation Company LLP)	Procurement and transportation services	99.9999%	99.9999%
Kazakatom TH AG	Marketing function for sale of uranium, investment and administration of finances, goods and rights	100%	100%
JV Inkai LLP	Exploration, production, processing and sale of uranium products	60%	60%
Baiken-U LLP	Exploration, production, processing and sale of uranium products	52.5%	52.5%
JV Khorasan-U LLP	Exploration, production, processing and sale of uranium products	50%	50%

These consolidated financial statements include the following joint operations:

	Principal activity	Ownership 2022	Ownership 2021
Karatau LLP	Exploration, production, processing and sale of uranium products	50%	50%
JV Akbastau JSC	Exploration, production, processing and sale of uranium products	50%	50%
Energy Asia (BVI) Limited (EAL)	Commercial and investment activities	50%	50%

All entities are incorporated and operate on the territory of the Republic of Kazakhstan, except for Kazakatom TH AG, which is incorporated in Switzerland and EAL that is registered in the British Virgin Islands.

Disposal of a 49% non-controlling share in DP Ortalyk LLP

In April 2021, a sale and purchase agreement was signed between the Company and CGNM UK Limited, where the value of a 49% stake in DP Ortalyk LLP was determined in the amount of 435 million US Dollar (equivalent to Tenge 186,437 million) based on fair value assessment by an independent appraiser.

39 Principal Subsidiaries (Continued)

On July 22, 2021, the sale of the share in DP Ortalyk LLP was completed after obtaining all state permits and fulfilling all the preconditions of the sale and purchase agreement.

The management of the Company has concluded that the Company retains control over DP Ortalyk LLP, as the Group has significant rights to manage the enterprise's production activities and influence the profits earned.

In millions of Kazakhstani tenge	
Selling price at the exchange rate as of April 22, 2021	186,437
Less foreign exchange loss	*(579)*
Consideration received	185,858
Net assets of the subsidiary at the date of disposal of the interest	*55,258*
Non-controlling interest, 49%	27,076
Selling price at the exchange rate as of April 22, 2021	186,437
Less Non-controlling interest	*(27,076)*
Minus corporate income tax	*(33,466)*
Increase in equity attributable to the owners of the Company	125,895

Mutual cooperation between the Group and CGNM and its related entities involved (CGNM Group) is governed by commercial agreements that contain put and call options.

Call option grants the Group the right to demand CGNM Group to sell their interest in DP Ortalyk LLP and Ulba-FA LLP after occurrence of any of the following events: (1) there is a deadlock situation for a decision made by the Group and CGNM Group as participants of DP Ortalyk LLP and Ulba-FA LLP, (2) CGNM Group ceases to own its interest in Ulba-FA LLP, (3) CGNM Group submits a notice of liquidation, (4) CGNM Group causes a material breach of commercial terms of Ulba-FA LLP that has not been addressed, (5) Ulba-FA LLP does not complete any of its planned activities on the specified date because of unfulfilled liabilities by the CGNM Group, including shipment of fuel tablets within 24 months after the first order placed. CGNM Group has 60 days to eliminate an event occurred before the option is exercised. Call option is exercised at fair value of shares as of the date the notice of option exercise.

Put option grants the CGNM Group the right to demand the Group to buy their interest in DP Ortalyk LLP and Ulba-FA LLP after occurrence of any of the following events: (1) there is a deadlock situation for a decision made by the Group and CGNM Group as participants of DP Ortalyk LLP and Ulba-FA LLP, (2) CGNM Group ceases to own its interest in DP Ortalyk LLP, (3) the Group submits a notice of liquidation, (4) the Group causes a material breach of commercial terms of Ulba-FA LLP that has not been addressed, (5) Ulba-FA LLP does not complete any of its planned activities on the specified date because of unfulfilled liabilities by the Group, including shipment of fuel tablets within 24 months after the first order placed. The Group has 60 days to eliminate an event occurred before the option is exercised. Put option is exercised at fair value of shares as of the date the notice of option exercise. With respect of valuation of derivative instruments relating to above mentioned put and calls options the Group determined that such value is immaterial as the exercise price is set at the fair value of the shares.

The Group considered the impact of above mentioned call and put options on the financial statements. In particular the Group considered whether the existence of a put option requires recognition of financial liabilities at the amount equal to net present value of the redemption amount pursuant to requirement of IAS 32. Consequently, as at the date of transaction and as at 30 September 2021 the Group has recognised a liability in the amount of Tenge 185,210 million in accordance with the terms of the sale and purchase agreement of a 49% stake in DP Ortalyk LLP, which provides the right to CGNM to request the Group to buy back that entity's ownership interest in DP Ortalyk LLP at fair value on the date of purchase if DP Ortalyk LLP does not receive a new subsoil use contract on the Zhalpak field by 31 December 2021. The Group assessed that obtaining that subsoil use contract was outside of control of the Group. The subsoil use contract was received on 14 December 2021 and accordingly the liability was derecognised. There was no material change to its fair value between initial recognition date and extinguishment date.

As of 31 December 2022 and 2021 the Group has not recognised financial liability to purchase shares in DP Ortalyk LLP as required by IAS 32 because management believes that other conditions requiring purchase of shares listed above are under the Group's control, i.e. the Group does not have unavoidable obligation to pay cash.

39 Principal Subsidiaries (Continued)

Sales of 100% interests in subsidiaries - KazPV project

On 10 June 2021 the Group signed an agreement for the sale of the Group's entire interest in Kazakhstan Solar Silicon LLP. The sale was completed on 12 July 2021 upon receipt of full payment of Tenge 323 million.

On 16 July 2021 the Group signed an agreement for the sale of the Group's entire interest in Astana Solar LLP and on 23 August 2021 signed the act of acceptance after receiving full payment under the contract. The payment received amounted to Tenge 380 million.

On 26 October 2021, an agreement for the sale of the Group's entire interest in MK Kazsilicon LLP was signed. On 19 November 2021 after receiving full payment under the contract the Group signed an act of acceptance certificate. The payment received amounted to Tenge 652 million.

Total proceeds from sales of KazPV entities was Tenge 1,355 million less Tenge 16 million cash and cash equivalents of disposed entities at the disposal date.

Liquidation of Kazatomprom-Damu LLP

In April 2021, the Group liquidated Kazatomprom-Damu LLP. As a result of the liquidation, the Group wrote off additional paid-in capital of Tenge 2,254 million and the accumulated loss attributable to non-controlling interest of Tenge 377 million.

40 Financial Risk Management

Accounting policies and disclosures in respect of financial instruments are applied to the following classes of financial instruments:

In millions of Kazakhstani Tenge	Note	2022	2021
Financial assets			
Trade accounts receivable	27	258,631	220,024
Current bank accounts	31	131,248	138,844
Restricted cash	28	44,967	18,081
Demand deposits	28	38,274	22,338
Investments in debt securities	28	9,274	4,986
Investment in ANU Energy	28	17,066	-
Other accounts receivable	27	12,290	114
Loans to related parties	28	6,027	8,850
Term deposits	28	946	43,220
Cash in hand	31	14	8
Other	28	1,785	783
Total financial assets		**520,506**	**457,248**
Financial liabilities			
Bonds	33	107,316	78,503
Trade and other accounts payable	35	98,809	66,014
Bank loans	33	23,953	-
Promissory note issued	33	7,002	10,514
Issued financial guarantees	36	1,286	133
Preferred shares	36	265	265
Dividends payable to other participants	36	259	263
Lease liabilities	33	173	291
Historical costs liabilities	36	-	437
Liability for social sphere contributions	36	-	3,600
Total financial liabilities		**239,063**	**160,020**

40 Financial Risk Management (Continued)

Financial risks are monitored by the Group's risk management function and comprise market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The objectives of the Group's financial risk management policy are to establish risk limits, and then ensure that exposure to risks stays within these limits. Risk management policies and systems are regularly analysed for the need of revision due to changes in market conditions and the Group operations. The Group's risk management function monitors compliance with approved policies and procedures.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's policy for management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Management Board has established a Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Management Board and the Board of Directors on its activities.

Credit risk

The Group has exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets. Financial assets, which potentially expose the Group to credit risk, consist mainly of trade and other receivables, cash and cash equivalents, term deposits, investments in securities and loans to related parties.

The Group's maximum exposure to credit risk by class of assets is reflected in the carrying amounts of financial assets in the statements of financial position and the nominal amount of financial guarantees (Note 37).

The table below shows credit ratings of banks where the Group had financial assets as at 31 December 2022:

In millions of Kazakhstani Tenge	**Rated Standard & Poor's AAA to A-**	**Rated Standard & Poor's BBB+ to BBB-**	**Rated Standard & Poor's BB+ to B-**	**Total**
Current bank accounts	33,291	17,183	80,774	131,248
Restricted cash	9,908	2,842	32,217	44,967
Demand deposits	2,968	3,216	32,090	38,274
Term deposits	-	-	946	946
Investment in debt securities	-	9,274	-	9,274
Total	**46,167**	**32,515**	**146,027**	**224,709**

The table below shows credit ratings of banks where the Group had financial assets as at 31 December 2021:

In millions of Kazakhstani Tenge	**Rated Standard & Poor's AAA to A-**	**Rated Standard & Poor's BBB+ to BBB-**	**Rated Standard & Poor's BB+ to B-**	**Total**
Restricted cash	7,449	1,206	9,426	18,081
Term deposits	-	-	43,220	43,220
Current bank accounts	49,430	27,613	61,801	138,844
Demand deposits	3,024	337	18,977	22,338
Investment in debt securities	-	-	4,986	4,986
Total	**59,903**	**29,156**	**138,410**	**227,469**

The Group applies the simplified approach permitted in IFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 month before 31 December 2022 or 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are not adjusted to reflect forward-looking information on macroeconomic factors because those factors do not significantly affect the risk profile.

40 Financial Risk Management (Continued)

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

In millions of Kazakhstani Tenge	Loss rate	Gross carrying amount	Lifetime ECL
2022			
Trade receivables			
- current	0.03%	258,607	(70)
- less than 30 days overdue	10.53%	38	(4)
- 30 to 90 days overdue	20%	30	(6)
- 90 to 180 days overdue	20%	46	(10)
Total trade receivables (gross carrying amount)		**258,721**	
Credit loss allowance			(90)
Total trade receivables from contracts with customers (carrying amount)		**258,631**	

In millions of Kazakhstani Tenge	Loss rate	Gross carrying amount	Lifetime ECL
2021			
Trade receivables			
- current	0.06%	220,084	(132)
- less than 30 days overdue	32.04%	104	(32)
- over 360 days overdue	100%	8	(8)
Total trade receivables (gross carrying amount)		**220,196**	
Credit loss allowance			(172)
Total trade receivables from contracts with customers (carrying amount)		**220,024**	

The following table explains the changes in the credit loss allowance for trade and other receivables between the beginning and the end of 2022 as well as impairment provision for trade and other receivables during 2021:

In millions of Kazakhstani Tenge	Trade accounts receivable	Other accounts receivable
Provision at 1 January 2021	109	74
Provision for the year	184	34
Recalculation of foreign currency	1	-
Reversal	(121)	(2)
Amounts written-off	(1)	-
Provision at 31 December 2021	**172**	**106**
Provision for the year	90	76
Reversal	(172)	-
Amounts written-off	-	(2)
Provision at 31 December 2022	**90**	**180**

40 Financial Risk Management (Continued)

The Group's exposure to credit risk in respect of trade accounts receivable is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has no significant influence on credit risk. The Group is exposed to concentrations of credit risk. Approximately 75% of the Group's revenue for 2022 (84% of trade receivables as of 31 December 2022) is attributable to sales transactions with eleven main customers (2021: 65% of Group's revenues and 53% of trade receivables attributable to seven customers). The Group defines counterparties as having similar characteristics if they are related entities.

The Group applies a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

The Group does not require collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

In millions of Kazakhstani Tenge	**2022**	**2021**
China	143,154	68,397
Canada	54,239	60,276
United Kingdom	30,712	11,929
Russia	12,989	20,134
USA	8,338	46,564
Kazakhstan	8,100	5,792
Japan	696	1,287
European Union	403	5,645
Total	**258,631**	**220,024**

The average credit period on sales of goods is 30 days. No interest is charged on receivables for the first 30 days from the date of the invoice.

Credit risk exposure in respect of loans to related parties (Note 28) arises from possibility of non-repayment of loans. For loans to joint ventures and associates, the Group manages the credit risk by requirement to provide collateral in lieu of borrowers' property. Borrowers do not have a credit rating.

Expected Credit Loss (ECL) measurement

Measurement of ECLs is an estimate that involves determination methodology, models and data inputs. The following components have a major impact on credit loss allowance: definition of default, SICR, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"), as well as models of macro-economic scenarios. The Group regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience of issued loans and guarantees.

The Group used supportable forward looking information for measurement of ECL, primarily an outcome of its own macro-economic forecasting model. Several assumptions that are easily interpretable can be selected for analysis: GDP growth rate, inflation rate, exchange rate, crude oil price and current economic indicator. Final macroeconomic scenario includes only historically observed values of the inflation rate and the share of overdue loans. Forward-looking information is included in parameters of PD within the horizon of the next year after the reporting date. In addition, to calculate credit losses, the corporate average cumulative default probabilities are updated annually according to S&P's Annual Global Corporate Default Study and Rating.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group is exposed to daily calls on its available cash resources. Liquidity risk is managed by the treasury department of the Group. Management monitors monthly rolling forecasts of the Group's cash flows.

The Group seeks to maintain a stable funding base primarily consisting of borrowings, trade and other payables and debt securities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group invests available cash funds in diversified portfolios of liquid assets, in order to be able to respond quickly to unforeseen liquidity requirements.

40 Financial Risk Management (Continued)

The Group ensures that it has sufficient cash on demand to meet expected operational expense or financial obligations which excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Below is a summary of the Group's undrawn borrowing facilities and available cash and cash equivalents, including current term deposits, which are the important instruments in managing the liquidity risk:

In millions of Kazakhstani Tenge	2022	2021
Current bank accounts	131,248	138,844
Undrawn borrowing facilities	84,665	177,902
Current term deposits	39,204	65,558
Total	**255,117**	**382,304**

The table below shows liabilities at the reporting date by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount included in the statements of financial position because the statement of financial position amount is based on discounted cash flows.

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

The following are the contractual maturities of financial liabilities at 31 December 2022:

In millions of Kazakhstani Tenge	Carrying value	Contractual cash flows	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
Bonds	107,316	114,706	-	23,216	861	90,629	-
Trade and other accounts payable	98,809	98,809	-	98,809	-	-	-
Bank loans	23,953	24,161	-	24,161	-	-	-
Promissory note issued	7,002	7,002	7,002	-	-	-	-
Issued financial guarantees	1,286	18,937	18,937	-	-	-	-
Preferred shares	265	265	-	-	-	265	-
Dividends payable to other participants	259	259	-	-	259	-	-
Lease liabilities	173	259	-	12	38	154	55
Total	**239,063**	**264,398**	**25,939**	**146,198**	**1,158**	**91,048**	**55**

The following are the contractual maturities of financial liabilities at 31 December 2021:

In millions of Kazakhstani Tenge	Carrying value	Contractual cash flows	On demand and less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years
Bonds	78,503	88,550	-	-	3,080	85,470	-
Trade and other accounts payable	66,014	66,014	-	66,014	-	-	-
Promissory note issued	10,514	10,514	10,514	-	-	-	-
Liability for social sphere contributions	3,600	3,600	-	-	3,600	-	-
Historical costs liabilities	437	437	-	90	271	76	-
Lease liabilities	291	350	-	52	156	102	40
Issued financial guarantees	133	21,154	21,154	-	-	-	-
Preferred shares	265	265	-	-	-	265	-
Dividends payable to other participants	263	263	-	263	-	-	-
Total	**160,020**	**191,147**	**31,668**	**66,419**	**7,107**	**85,913**	**40**

40 Financial Risk Management (Continued)

Market risk

The Group has exposure to market risks. Market risk is the risk that changes in market prices will have a negative impact on the Group's income or the value of its financial instrument holdings. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity products, all of which are exposed to general and specific market movements. The objective of market risk management is to monitor and control market risk exposures within acceptable limits, while optimising the return on investments. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings which are denominated in currencies other than the functional currency. Borrowings are denominated in currencies that match the cash flows generated by operating entities in the Group. Therefore, in most cases, economic hedging is achieved without derivatives. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by planning future expenses taking into consideration the currency of payment. The Group is mainly exposed to the risk of US Dollars currency fluctuations.

The Group's exposure to currency risk was as follows:

In millions of Kazakhstani Tenge	**2022**	**2021**
Denominated in US Dollars		
Trade accounts receivable	248,201	207,325
Current bank accounts	97,471	95,630
Other investments	26,487	-
Other accounts receivable	7,508	1
Loans to related parties*	5,933	8,663
Term deposits	922	43,212
Demand deposits	385	-
Other assets	1,646	17,252
Total assets	**388,553**	**372,083**
Bonds*	(107,316)	(78,503)
Bank and non-bank loans	(23,202)	-
Trade and other accounts payable	(6,350)	(13,110)
Other financial liabilities	(21,740)	(34,048)
Total liabilities	**(158,608)**	**(125,661)**
Net exposure to currency risk	**229,945**	**246,422**

* - loan given to Kyzylkum LLP and bonds are nominated in Tenge, but are subject to indexation for changes in US Dollar/Tenge exchange rate.

A 21% weakening and 21% strengthening of Tenge against US Dollar as at 31 December 2022 (2021: 13% weakening and 10% strengthening) would increase/(decrease) equity and profit or loss by the amounts shown below.

In millions of Kazakhstani Tenge	**2022**	**2021**
US Dollar strengthening by 21% (2021: 13%)	38,631	25,628
US Dollar weakening by 21% (2021:10%)	(38,631)	(19,714)

Movements of Tenge against US Dollar above represent reasonably possible changes in market risk estimated by analysing annual standard deviations based on the historical market data for 2022 and 2021.

40 Financial Risk Management (Continued)

Price risk on uranium products

The Group is exposed to the effect of fluctuations in the price of uranium, which is quoted in US Dollar on the international markets. The Group prepares an annual budget based on future uranium prices.

Uranium prices historically fluctuate and are affected by numerous factors outside of the Group's control, including, but not limited to:

- demand for uranium used as fuel by nuclear power stations;
- depleting levels of secondary sources such as recycling and blended down highly enriched stocks available to close the gap of the excess demand over supply;
- impact of regulations by the International Agency on Nuclear Energy;
- other factors related specifically to uranium industry.

At the end of the reporting period there was no significant impact of commodity price risk on the Group's financial assets and financial liabilities except for investments in ANU Energy OEIC Ltd. (Note 28).

A 40% weakening and 40% strengthening of Tenge against spot price as at 31 December 2022 would increase/(decrease) equity and profit or loss by the amounts shown below.

In millions of Kazakhstani Tenge	**2022**
Spot price increase by 40%	5,324
Spot price increase by 40%	(5,324)

Interest rate risk

Changes in interest rates impact loans and borrowings by changing either their fair value (fixed rate debt) or their future cash flows (floating rate debt). At the time of raising new loans or borrowings, management uses its judgement to decide whether it believes that a fixed or a floating rate would be more favourable to the Group over the expected period until maturity. As at 31 December 2022 approximately 100% (2021: 100%) of the Groups borrowings have a fixed interest rate.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

In millions of Kazakhstani Tenge	**2022**	**2021**
Fixed rate instruments		
Restricted cash	44,967	18,081
Demand deposits	38,274	22,338
Securities	9,274	-
Loans to related parties	6,027	8,850
Term deposits	946	43,235
Bonds	(107,316)	(78,503)
Bank loans	(23,953)	-
Promissory note issued	(7,002)	(10,514)
Net position	**(38,783)**	**3,487**

Fair value sensitivity analysis for fixed rate instruments

The Group has only fixed rate instruments. The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss. However, fixed rate financial assets and financial liabilities are exposed to fair value risk from change in interest rates. Reasonably possible changes in interest rates do not significantly affect fair values of those financial assets and financial liabilities.

40 Financial Risk Management (Continued)

Capital management

The Group's policy is to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern, to maintain investor, creditor and market confidence, to provide returns for shareholders, to maintain an optimal capital structure to reduce the cost of capital, and to sustain future development of the business. Capital includes all capital and reserves of the Group as recorded in the consolidated statements of financial position.

The Group's loan agreements with banks include covenants, pursuant to which the Group must comply with applicable laws and regulations, cannot create or permit any security over its assets or dispose assets, unless allowed by the loan agreements, and must obtain the lenders' approval for any acquisitions, mergers and disposals. The Group may also sell uranium for non-military purposes and only to customers residing in countries which signed the Nuclear Non-Proliferation Treaty and are members of the International Agency on Nuclear Energy. In addition, the Group must maintain certain key financial covenants based on the Group's consolidated financial information, such as:

- the debt to equity ratio;
- the debt ratio to earnings before interest, taxes, depreciation and amortisation (Debt/EBITDA).

The Group's internal quantitative capital management targets are similar to externally imposed requirements.

The Group applies the Policy on borrowings and financial sustainability management, which is aimed to manage financial risks by adopting common principles and rules of debt management and financial sustainability for non-financial organisations.

The Group has complied with all externally and internally imposed capital requirements during 2022 and 2021, requirements associated with borrowing facilities.

41 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Financial assets carried at amortised cost

Estimate of all financial assets carried at amortised cost is level 3 measurement, except for cash and cash equivalents, which is in Level 2. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risks and remaining maturities. Discount rates used depend on the credit risk of the counterparty.

All financial assets of the Group as of the end of the reporting period are carried at amortised cost except as disclosed below.

Financial assets carried at FVTPL

Financial assets carried at FVTPL include derivative asset and investment in ANU Energy OEIC Ltd. (Note 28) that are recognised at fair value through profit and loss. Fair value measurements for both assets fall in Level 2. The Group estimates fair value of investment in ANU Energy OEIC Ltd. as a percentage of Group's owned share multiplied by the fair value of uranium held by the entity as of the date. The main inputs used in fair value estimation are spot prices of uranium as of the reporting date. Fair value of a derivative asset are determined based on binominal model with uranium spot price forecasts.

Liabilities carried at amortised cost

Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturities were estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The weighted average discount rate is 4.94% p.a (2021: 4.5%).

41 Fair Value Disclosures (Continued)

Fair values versus carrying amounts

With the exception of instruments specified in the following table, the Group believes that the carrying value of financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair value:

	2022		2021	
In millions of Kazakhstani Tenge	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Financial liabilities				
Bonds	83,300	82,288	77,700	76,305
Historical costs liabilities	-	-	437	326
Total	**83,300**	**82,288**	**78,137**	**76,631**

In assessing fair values, management uses the following major methods and assumptions: (a) for interest free financial liabilities and financial liabilities with fixed interest rate, financial liabilities were discounted at effective interest rate which approximates the market rate; (b) for financial liabilities with floating interest rate, the fair value is not materially different from the carrying amount because the effect of the time value of money is immaterial.

42 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9 Financial Instruments classifies financial assets into the following categories: (a) financial assets at FVTPL; (b) debt instruments at FVOCI, (c) financial assets at AC. Financial assets at FVTPL have two sub-categories: (i) assets mandatorily measured at FVTPL, and (ii) assets designated as such upon initial recognition or subsequently. All of the Group's financial assets as of the end of reporting period fell into the category AC, except for the financial derivative asset and investment in ANU Energy OEIC Ltd. (Note 28), classified as FVTPL upon initial recognition. All of the Group's financial liabilities were carried at AC. Fair value is approximate to carrying amount and there were no reclassifications during the period.

43 Events after the Reporting Period

Restricted cash

On 13 January 2023 the Office of Foreign Assets Control of the US Department of the Treasury (OFAC) issued a license to return blocked funds. On 30 January 2023 the correspondent bank returned the funds in the amount of 32.7 million US Dollars, including 0.4 million US Dollars of accrued interest.

Commercial bonds issue

Short-term commercial bonds issued in 2022 were redeemed on 23 January 2023. The payment made was 50.18 million US Dollars, including a coupon amount of 0.18 million US Dollars.