

**National Maritime Shipping Company  
Kazmortransflot LLP**

**Separate financial statements**

*For the year ended 31 December 2022  
with independent auditor's report*



**RPC/ALM**

**№ 230068 -**

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Independent auditor's report

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## Independent auditor's report

To the Management and Participant of "National maritime shipping company "Kazmortransflot" Limited Liability Partnership

### Opinion

We have audited the separate financial statements of "National maritime shipping company "Kazmortransflot" Limited Liability Partnership (hereinafter, the "Company"), which comprise the separate statement of financial position as at 31 December 2022, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2022 and its separate financial performance and its separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### 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 separate financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### Responsibilities of management Supervisory Board for the separate financial statements

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

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

Supervisory Board is responsible for overseeing the Company's financial reporting process.

### ***Auditor's responsibilities for the audit of the separate financial statements***

Our objectives are to obtain reasonable assurance about whether the separate 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 separate financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Supervisory Board 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.

*Ernst & Young LLP*



Dinara Malayeva  
Auditor

Auditor qualification certificate  
No. MΦ-0000323 dated 25 February 2016

050060, Republic of Kazakhstan, Almaty  
Al-Farabi ave., 77/7, Esentai Tower

1 March 2023



Rustamzhan Sattarov  
General Director  
Ernst & Young LLP

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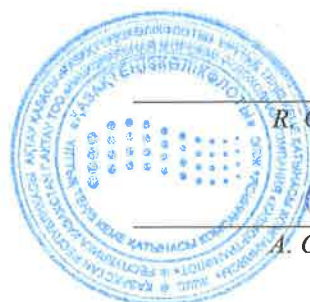
## SEPARATE STATEMENT OF FINANCIAL POSITION

At 31 December 2022

<i>In thousands of tenge</i>	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	15,120,802	15,840,138
Investment properties	6	468,427	481,054
Intangible assets	7	60,832	65,850
Restricted cash	8	1,000	216,900
Advances paid for non-current assets		33,152	—
Other non-current assets		49,292	35,883
		<b>15,733,505</b>	<b>16,639,825</b>
<b>Current assets</b>			
Inventories	9	117,535	149,631
Income tax prepaid		169,451	1,468,810
Trade and other accounts receivable	10	3,707,765	1,720,880
Other current assets	11	1,170,154	900,408
Restricted cash	8	1,061,616	774,927
Cash and cash equivalents	12	2,360,014	2,328,570
		<b>8,586,535</b>	<b>7,343,226</b>
<b>Total assets</b>		<b>24,320,040</b>	<b>23,983,051</b>
<b>Equity</b>			
Charter capital	13	11,575,721	11,575,721
Retained earnings		8,766,882	9,523,374
<b>Total equity</b>		<b>20,342,603</b>	<b>21,099,095</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Provisions		56,972	43,564
Deferred income tax liabilities	22	833,266	1,197,787
		<b>890,238</b>	<b>1,241,351</b>
<b>Current liabilities</b>			
Lease liabilities		—	254
Contract liabilities		—	169,715
Trade and other payables	14	2,723,007	1,320,937
Other current liabilities	15	364,192	151,699
		<b>3,087,199</b>	<b>1,642,605</b>
<b>Total liabilities</b>		<b>3,977,437</b>	<b>2,883,956</b>
<b>Total equity and liabilities</b>		<b>24,320,040</b>	<b>23,983,051</b>

Acting General Director

Chief Accountant



R. G. Suleimenov

A. O. Bekzhanova

The notes 5-38 are an integral part of these separate financial statements.

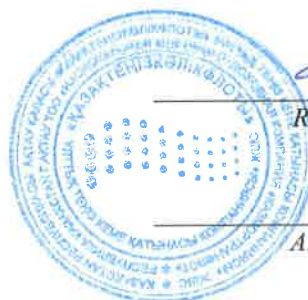
## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

<i>In thousands of tenge</i>	Note	2022	2021
Revenue from contracts with customers	16	7,583,792	4,491,635
Rental income	17	5,615,166	4,914,433
<b>Revenue</b>		<b>13,198,958</b>	<b>9,406,068</b>
Cost of services rendered	18	(11,740,016)	(8,698,979)
<b>Gross revenue</b>		<b>1,458,942</b>	<b>707,089</b>
General and administrative expenses	19	(1,887,406)	(4,368,894)
Selling expenses		(1,839)	—
Impairment loss	5	(1,801,374)	(4,452,723)
Other operating income	20	282,598	1,359,565
Other operating expenses	20	(91,037)	(1,003,774)
<b>Operating loss</b>		<b>(2,040,116)</b>	<b>(7,758,737)</b>
Finance income	21	55,461	40,045
Finance costs	21	—	(19,821)
Net foreign exchange difference		176,956	119,640
Dividend income	24	5,195,630	11,413
<b>Profit/(loss) before taxes</b>		<b>3,387,931</b>	<b>(7,607,460)</b>
Income tax (expense)/benefit	22	(4,144,423)	1,374,496
<b>Loss for the year</b>		<b>(756,492)</b>	<b>(6,232,964)</b>
<b>Total comprehensive loss for the year, net of taxes</b>		<b>(756,492)</b>	<b>(6,232,964)</b>

Acting General Director

Chief Accountant



R. G. Suleimenov

A. O. Bekzhanova



## SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

<i>In thousands of tenge</i>	Note	2022	2021
<b>Operating activities</b>			
Cash receipts from customers		12,045,474	14,331,660
Cash payments to suppliers		(9,608,648)	(11,012,127)
Cash payments to employees		(1,207,525)	(1,034,955)
Cash payments to budget and other		(626,755)	(324,892)
Interest received		47,142	94,785
Interest paid		—	(44,805)
Income tax paid		(3,388,120)	(567,546)
<b>Net cash flows (used in) / from operating activities</b>		<b>(2,738,432)</b>	<b>1,442,120</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment and other non-current assets		—	392,483
Return of bank deposits		—	850,185
Dividends received	24	5,184,910	11,413
Purchase of intangible assets		(8,189)	(6,501)
Purchase of property, plant and equipment		(2,441,095)	(3,108,637)
<b>Net cash flows from/(used in) investing activities</b>		<b>2,735,626</b>	<b>(1,861,057)</b>
<b>Financing activities</b>			
Repayment of finance lease		(254)	(983,127)
<b>Net cash flows used in financing activities</b>		<b>(254)</b>	<b>(983,127)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,060)</b>	<b>(1,402,064)</b>
Net foreign exchange difference on cash and cash equivalents		34,504	30,668
Cash and cash equivalents at 1 January		2,328,570	3,699,966
<b>Cash and cash equivalents as at 31 December</b>	12	<b>2,360,014</b>	<b>2,328,570</b>

### NON-CASH TRANSACTIONS - ADDITIONAL DISCLOSURES

During the year ended 31 December 2022, the Company offset taxes payable, including personal income tax, social tax and value added tax in the amount of 201,410 thousand tenge with income tax prepaid (31 December 2021: 201,421 thousand tenge).

Acting General Director

Chief Accountant



  
R. G. Suleimenov

  
A. O. Bekzhanova



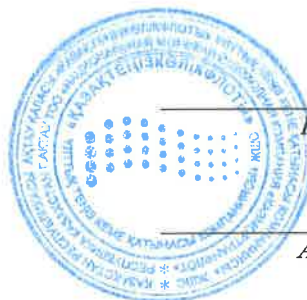
## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

<i>In thousands of tenge</i>	<b>Charter capital</b>	<b>Retained earnings</b>	<b>Total</b>
<b>At 1 January 2021</b>	11,575,721	15,756,338	27,332,059
<b>Loss for the year</b>	--	(6,232,964)	(6,232,964)
<b>Total comprehensive loss for the year</b>	--	(6,232,964)	(6,232,964)
<b>At 31 December 2021</b>	11,575,721	9,523,374	21,099,095
<b>Loss for the year</b>	--	(756,492)	(756,492)
<b>Total comprehensive loss for the year</b>	--	(756,492)	(756,492)
<b>At 31 December 2022</b>	11,575,721	8,766,882	20,342,603

Acting General Director

Chief Accountant



*[Signature]*

R. G. Suleimenov

*[Signature]*

A. O. Bekzhanova

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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### 1. GENERAL

JSC National Maritime Shipping Company “Kazmortransflot” was incorporated pursuant to the resolution of Government of the Republic of Kazakhstan dated 4 December 1998 and registered on 29 December 1998. On 21 October 2013 based on the decision of the Board of Directors, National Maritime Shipping Company “Kazmortransflot” JSC was reorganized into National Maritime Shipping Company “Kazmortransflot” Limited Liability Partnership (hereinafter, the “Company”). The Company was established for the purpose of forming a national marine trade fleet of the Republic of Kazakhstan and organisation of international marine shipping of domestic goods using own resources.

The Company’s sole participant is National Company KazMunayGas JSC (“NC KMG” or the “Parent”). The controlling shareholder of NC KMG is Sovereign Wealth Fund Samruk-Kazyna JSC with a 90% ownership share (hereinafter, the “SWF Samruk-Kazyna”), which is controlled by the Government of the Republic of Kazakhstan, 10% of which belongs to the National Bank of Kazakhstan.

The Company’s principal business activities are marine shipping of Kazakhstani crude oil from Aktau port to international markets, marine shipping of dry cargoes as well as provision of support fleet services.

The Company’s own fleet consists of five oil tankers (“Almaty”, “Astana”, “Aktau”), two container ships (“Barys” and “Sunkar”), one self-propelling barge (“Berkut”), two two bulk carriers (“Beket-Ata” and “Turkestan”) and marine support fleet comprising three tugboats and four dump barges.

The legal address of the Company is: Building 70, microdistrict 14, Aktau 130000, Republic of Kazakhstan.

The accompanying separate financial statements of the Company were approved for issue by the acting General Director and Chief Accountant on 1 March 2023.

These separate financial statements were issued in addition to the consolidated financial statements of the Company and its subsidiaries (hereinafter, the “Group”) for the same reporting period. The accompanying consolidated financial statements of the Company were approved for issue by the acting General Director and Chief Accountant on 21 February 2023.

### 2. BASIS OF PREPARATION AND CHANGES IN THE COMPANY'S ACCOUNTING POLICY

The separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

These separate financial statements are prepared under the historical cost basis, except as described in the accounting policies and the notes to the separate financial statements. All values in these separate financial statements are rounded to the nearest thousands, except when otherwise indicated.

The preparation of the separate 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 Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4. These estimates are based on information available as of the date of the separate financial statements. Actual results, therefore, could differ from these estimates in the future.

#### Going concern

The separate financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the year ended 31 December 2022, the Company incurred a loss in the amount of 756,492 thousand tenge (for the year ended 31 December 2021: loss of 6,232,964 thousand tenge). As at 31 December 2022, the current assets of the Company exceeded its current liabilities by 5,499,336 thousand tenge (as at 31 December 2021: 5,700,621 thousand tenge).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

#### Going concern (continued)

The management believes that the Company will continue its activity in accordance with the principle of going concern, and in making such a judgement, the management took into account current intentions of the Company and its financial position. In particular, the following factors were reviewed in estimating the ability of the Company to continue its activities in accordance with the going concern principle:

- The Company has sufficient cash to support activities;
- The Company has taken actions to preserve liquidity;
- Consideration of the business model and related risks.
- The Company is actively involved in the transportation of cargo between the ports of "Turkmenbashi" and "Alyat" in the Caspian Sea;
- The management of the Company is confident that the Company will become one of the main container carriers in the Caspian Sea;
- The Company is actively involved in the Zhenis hydrocarbon exploration and production project, providing supply vessels for lease;
- The Company agreed on the terms of the contract with Socar Midstream Operations LLC for the transportation of 750,000 tons of hydrocarbons at a price of at least 15 US dollars per ton.

#### Investment in subsidiaries

As at 31 December 2022 and 31 December 2021, the Company had interest ownership in the following subsidiaries:

Company	Principal activities	Place of registration	Ownership interest	
			31 December 2022	31 December 2021
Kazmortransflot Ltd	Maritime transportation of crude oil in the Black and Mediterranean Seas Operates as Agent Company, which provides services to the Group and receives income in accordance with the commercial management agreement	Isle of Man	100%	100%
Kazmortransflot UK Ltd	Marine shipping of crude oil and oil products to international markets and leasing out of own tanker	Great Britain	100%	100%
Altai Shipping Ltd	Marine shipping of crude oil and oil products to international markets and leasing out of own tanker	Marshall Islands	100%	100%
Alatau Shipping Ltd	Marine shipping of crude oil and oil products to international markets and leasing out of own tanker	Marshall Islands	100%	100%

In these separate financial statements, investments of the Company in its subsidiaries are accounted for at cost.

#### New and amended standards and interpretations

In 2022, certain standards and amendments to standards and interpretations were applied for the first time, which are effective for annual periods beginning on or after 1 January 2022 and have no impact on the Company separate financial statements. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

#### *Amendments to IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract*

An onerous contract is a contract in which the unavoidable costs of meeting the obligations (i.e., costs that the Company cannot avoid because it is bound by the contract) exceed the economic benefits expected to be received under it.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

#### New and amended standards and interpretations (continued)

##### *Amendments to IAS 37 – Onerous Contracts - Costs of Fulfilling a Contract (continued)*

The amendments clarify when assessing whether a contract is onerous or loss making, an entity should take into account the costs that relate directly to a contract to provide goods or services, which include both incremental costs (for example, direct labour and materials costs) and allocation of costs directly related to the contract activities (for example, depreciation costs of equipment used for the contract execution, as well as the costs of maintenance and control of the contract execution). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments to IAS 37 – *Onerous Contracts: Costs of Fulfilling a Contract* had no impact on the Company's separate financial statements.

##### *Reference to the Conceptual Framework — Amendments to IFRS 3*

The amendments are intended to replace a reference to the IASB IFRS Conceptual Framework with a reference to the *Conceptual Framework* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. According to this exception, instead of applying the provisions of the *Conceptual Framework*, entities should apply the criteria of IAS 37 or IFRIC 21 to determine whether there is an obligation at the acquisition date.

The amendments to IFRS 3 add a new paragraph clarifying that recognition of a contingent asset is not allowed at the acquisition date.

This amendment to IFRS 3 *References to Conceptual Framework* had no impact on the Company's separate financial statements.

##### *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items and the costs of producing those items in profit or loss.

In accordance with the transitional provisions, the Company applies the amendments retrospectively only to those items of property, plant and equipment that became available for use on or after the beginning of the earliest period presented in the financial statements when the entity first applies the amendment. These amendments did not have any impact on the Company's separate financial statements, as the Company did not sell such items produced in the process of bringing property, plant and equipment into a condition that is suitable for use from the beginning of the earliest recorded period.

##### *Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS, if no adjustments have been made for the purposes of consolidation and reflection of the results of business combinations, under which the parent acquired the specified subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the Company's separate financial statements as the Company is not the first-time adopter of international financial reporting standards.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

#### New and amended standards and interpretations (continued)

##### *Amendment to IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. Similar amendments to IAS 39 *Financial Instruments: Recognition and measurement* have not been proposed.

##### *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (continued)*

Under the transitional provisions, the Company applies the amendments to financial liabilities that have been modified or replaced at or after the beginning of the annual reporting period in which it first applies the amendment (date of first application). These amendments did not have any impact on the Company's separate financial statements, as the Company had no modifications to financial instruments during the reporting period.

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments did not have any impact on the Company's separate financial statements, as the Company had no assets covered by IAS 41 at the reporting date.

#### Standards that have been issued but not yet effective

New standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards, amendments and interpretations if applicable, when they become effective.

#### Standards issued but not yet effective

##### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 replaces IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. There are several scope exceptions. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for insurance contracts with direct participation terms (the variable fee approach);
- A simplified approach (the premium allocation approach) is mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

##### *Amendments to IAS 1 Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 2. BASIS OF PREPARATION AND CHANGE IN THE GROUP'S ACCOUNTING POLICY (continued)

#### Standards issued but not yet effective (continued)

##### *Amendments to IAS 1 Classification of Liabilities as Current or Non-current (continued)*

These amendments are effective for annual reporting periods beginning on or after 1 January 2023 and are applied retrospectively. The Company is currently assessing the possible impact the amendments will have on current liabilities and whether existing loan agreements may require renegotiation.

##### *Amendments to IAS 8: Definition of Accounting Estimates*

In February 2021, the IASB issued amendments to IAS 8, which introduce the definition of "accounting estimates". The amendments clarify the difference between changes in accounting estimates and changes in accounting policies and correction of errors. It also explains how organizations use measurement methods and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start date of the specified period. Early application as long as this fact is disclosed.

Earlier application is permitted and must be disclosed.

These amendments are not expected to have an impact on the Company.

##### *Amendments to IAS 1 and IFRS Practice Statement No. 2 - Accounting Policies Disclosures*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgments*, which provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Amendments to IAS 1 are applied for annual periods beginning on or after 1 January 2023, with earlier application allowed. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Company is currently assessing the impact these amendments may have on disclosures of the Company's accounting policies.

##### *Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction;*

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

The Company is currently evaluating the impact these amendments may have on disclosures of the Company's accounting policies.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Foreign currency translation

The separate financial statements are presented in Tenge, which is the Company's functional and presentation currency.

Transactions in foreign currency are initially recorded at the functional currency rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Any exchange gains and losses arising from assets and liabilities denominated in foreign currencies subsequent to the date of the underlying transaction are credited or charged to the separate statement of comprehensive income.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currency translation (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Weighted average currency exchange rates established by Kazakhstani stock exchange ("KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

The following exchange rates of major foreign currencies against the Kazakhstan tenge have been used in the preparation of these separate financial statements:

Exchange rate as at	31 December 2022	31 December 2021
US dollar	462,65	431,80
Euro	492,86	489,10
Great Britain Pound (GBP)	556,57	583,32

#### Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of any decommissioning obligation, if any. Such cost includes the cost of replacement of equipment parts and borrowing costs in case of long-term construction projects if capitalisation criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the separate statement of comprehensive income as incurred. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Depreciation of property, plant and equipment is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Useful life In years
Buildings	8-50
Machinery and equipment	3-30
Vehicles	3-30
Other	3-20

The expected useful lives, residual lives and depreciation methods of property, plant and equipment are reviewed on an annual basis and, if necessary, respective changes are accounted for prospectively.

The carrying amount of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Cost related to repairs and renewals are charged when incurred and included either in cost of sales or general and administrative expenses, depending on the function of property, plant and equipment, unless they qualify for capitalisation.

#### Provision for mineral deposit recovery

Provision for mineral deposit recovery is recognized in relation to future liquidation and recovery of production assets at the end of their useful lives.

In accordance with the Ainazar field subsurface use contract the Company is obliged to liquidate consequences of its operations including removal or dismantlement of constructions and equipment on the contractual area. Provision for mineral raw materials field recovery is estimated on the basis of current judicial and constructive requirements, level of technologies and prices.



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

#### Provision for mineral deposit recovery (continued)

Since actual expenses for recovery may differ from their estimations due to changes in requirements and interpretations of legislation, technologies, prices and other condition, and these expenses will be incurred at a distant date, the carrying amount of provision is reviewed and adjusted on a regular basis in order to account such changes. As at 31 December 2022 the carrying amount of the provision for recovery of mineral raw materials field was 56,972 thousand tenge (31 December 2021: 43,564 thousand tenge).

#### Investment properties

Investment properties are measured initially at cost, including transaction costs less accumulated depreciation and impairment. When significant parts of investment property are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciate them appropriately. All other repair and maintenance costs are recognised in the separate statement of comprehensive income as incurred.

Depreciation of investment property is calculated on the basis of the straight-line method over the estimated useful lives of buildings and structures from 8 to 50 years.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the separate statement of comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in the nature of use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the net book value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### Intangible assets

Intangible assets are stated at initial cost, less accumulated amortization and accumulated impairment losses. Intangible assets are amortised on a straight-line basis over 2 to 15 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the separate statement of comprehensive income in the expense category consistent with the function of the intangible assets.

#### Inventories

Inventories are valued at the lower of cost or net realisable value. Cost of inventory is determined based on FIFO method (first-in, first-out).

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Non-current assets held for sale (continued)

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

#### Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. The distribution is approved by the shareholders. A corresponding amount is recognised directly in equity. When distributing assets other than cash (non-cash assets) as dividends to their owners, the obligation to distribute non-cash assets as dividends to their owners is measured at the fair value of the assets to be distributed.

#### Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Company as a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *Right-of-use assets*

The Company recognizes the right-of-use assets at the commencement date of the lease (that is, the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Right-of-use assets are recognized within property, plant and equipment and are not separately recorded in the statement of financial position.

#### *Lease liabilities*

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, a change in future payments due to a change in the index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Lease (continued)

##### *Company as a lessee (continued)*

##### *Short-term lease and lease of assets of low value*

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., contracts that, at the commencement date, have a lease term of 12 months or less and do not contain an option to purchase an underlying asset). The Company also applies the recognition exemption for leases of low value assets. Lease payments on short-term leases and lease of low value assets are recognised as expense on a straight-line basis over the lease term.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

#### Taxes

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax law used to compute the amount are those that are enacted or substantially enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in a joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Taxes (continued)

##### *Deferred tax (continued)*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

##### *Value added tax (VAT)*

Value added tax related to sales is payable to tax authorities on delivery of the goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on sales and purchases on a net basis. VAT related to sales and purchases is recognised in the separate statement of financial position on a net basis.

#### **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the separate statement of comprehensive income, except for properties previously revalued with the revaluation taken to OCI.

For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Impairment of non-financial assets (continued)**

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the separate statement of comprehensive income unless the asset is carried at a revalued amount. In this case the reversal is treated as a revaluation increase.

#### **Financial assets**

##### ***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, through profit or loss, transaction costs. Trade accounts receivable that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets of the Company comprise cash and cash equivalents, cash restricted in use, short-term bank deposits, trade and other accounts receivable.

##### ***Subsequent measurement***

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

The category of financial assets measured at amortized cost is the most relevant for the Company, and accordingly it applies to all current financial assets of the Company.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial assets (continued)

##### *Subsequent measurement (continued)*

##### *Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade accounts receivable.

##### *Trade and other accounts receivable*

Trade and other accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial assets are measured at amortised cost using the effective interest rate method (EIR), and are subject to impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the separate statement of comprehensive income. The losses arising from impairment are recognised in the separate statement of comprehensive income in general and administrative costs.

##### *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised in the separate statement of financial position when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount that the Company could be required to repay.

##### *Impairment of financial assets*

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or from other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial assets (continued)

##### *Impairment of financial assets (continued)*

For trade and other receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term high-liquid deposits with a maturity of 3 months or less, which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

For the purpose of the separate statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Balances restricted within 12 (twelve) months after the reporting date are recorded as a separate item within non-current assets.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities within the scope of IAS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, lease liabilities.

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the separate statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss, are classified to this category as at the date of initial recognition and solely subject to criteria of IAS 9. The Company has not designated any financial liabilities as at fair value through profit or loss.

##### *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the separate statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the separate statement of comprehensive income.

##### *Derecognition*

A financial liability is derecognised in the separate statement of financial position when the obligation under the liability is discharged or cancelled or expired.



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial liabilities (continued)

##### *Derecognition (continued)*

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised through the separate statement of comprehensive income.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the separate statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded at an active market, the fair value is determined by using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 — valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are revalued in the separate financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as finance costs.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue and expense recognition

##### *Revenue from contracts with customers*

The Company's activities are related to the provision of cargo transportation services, support fleet services, as well as transportation management services. Revenue under contracts with customers is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, irrespective of the period of payment. Revenue is measured at fair value of consideration received or receivable, taking into account payment terms defined in a contract and net of taxes or duties. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

The Company provides freight transportation, support fleet and transportation management services, which are either provided separately or included in a comprehensive agreement. The Company recognizes revenue from these services based on the degree of completeness of a particular operation, assessed proportionally to the share of actually provided services in the total scope of services to be provided under the contract, as the buyer simultaneously receives and consumes benefits provided by the Company.

The Company recognizes revenue from services rendered on transportation of crude oil and other goods upon the fact of transportation services implementation, based on the volumes of goods, accepted and agreed by all transaction parties, and fixed tariffs, established in the contracts between the Company and freighters.

##### *Lease element in contracts with customers*

The Company may enter into an agreement involving one or several interrelated operations, which in its legal form is not a lease agreement, but transfers the right to use the asset in exchange for a payment or a series of payments. The Company may transfer such a right to use the asset to another organization along with related services.

The Company separates payments related to the lease element and related to other elements of the agreement, based on the relative fair value of all elements.

##### *Significant financing component*

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company also received long-term advance payments from customers in case of transportation management services. To reflect the significant component of financing, the transaction price under such agreements is discounted using the rate that would be applied for a separate financing operation between the Company and its customers at the time of signing the agreement.

##### *Trade receivables*

Trade accounts receivable represent the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

##### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue and expense recognition (continued)

##### *Expenses*

Expenses are accounted for at the time the actual flow of the related goods or services occur, regardless of whether payment is made, and are reported in the separate financial statements in the period to which they relate.

##### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### **Current versus non-current classification**

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification.

##### **Current versus non-current classification**

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled within normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period;

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS

The preparation of the Company's separate financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of these items and contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements:

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS (continued)

#### Useful life of property, plant and equipment

The Company assessed useful lives of items of property, plant and equipment using professional judgement based on the experience regarding similar assets. Future economic benefits related to these assets will mainly flow as a result of their use. However, other factors, such as technical or commercial obsolescence, as well as equipment deterioration often result in a decrease in economic benefits associated with these assets. The management assesses the remaining useful lives of property, plant and equipment based on the current condition of the assets, and subject to the accounting period during which these assets will bring economic benefits to the Company. At that, the following major factors are taken into account: (a) the expected life of assets; (b) the expected physical wear, which depends on the performance characteristics and maintenance program; and (c) the obsolescence of assets subject to technological and commercial review as a result of changes in the market conditions.

#### Impairment of non-current assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, also in cases when circumstances indicate that its carrying value may be impaired, the Company estimates the asset's recoverable amount. When analyzing indicators of impairment, the Company, among other factors, takes into account the demand for transportation of oil and cargo, and the lease of tugboats and barges in the Caspian sea.

The management tested fixed assets (vehicles - marine vessels, buildings) and investment property of the Company for impairment as at 31 December 2022.

The Company carried out a test for impairment of assets for which indicators of potential impairment were identified. The Company divided these assets into the following cash-generating units:

- Investment property – office building;
- Fixed assets – office building (administrative part);
- Fixed assets – container ships "Barys" and "Sunkar";
- Property, plant and equipment – self-propelled barge MCV "Berkut";
- Property, plant and equipment - oil tanker "Aktau";
- Property, plant and equipment - bulk carriers "Beket-Ata" and "Turkestan".

#### *Investment property - office building*

As at 31 December 2022 the recoverable amount of the investment property amounted to 468,427 thousand tenge. It has been determined based on a value in use calculation using cash flow projections from financial budgets covering a five-year period. The projected cash flows were calculated to reflect the stability of the leased premises and the gradual increase in rental payments. The discount rate applied to the cash flow projections is 15,2%, and cash flows beyond the five-year period are extrapolated using a 5% growth rate that is consistent with the long-term average growth rate of the industry. The Company did not recognize impairment of investment property for the year ended 31 December 2022 (Note 6).

#### *Fixed assets - office building (administrative part)*

The recoverable amount of an administrative part of the office building was determined by applying the ratio of the percentage of impairment of investment property to its value before impairment. The Company did not recognize impairment of an administrative part of the building for the year ended 31 December 2022 (Note 5).

#### *Support fleet*

In view of the idle service fleet and a decrease in demand in the Caspian Sea, the management of the Company has fully impaired the carrying value of the service fleet in 2018. As at 31 December 2022, the Company does not see clear prospects for operating the support fleet. During 2022, the Company carried out major repairs on the KMG-108 vessel in accordance with the manual on technical supervision of vessels in operation in the amount of 23,560 thousand tenge. The Company recognized this amount as an impairment of the service fleet.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ASSUMPTIONS (continued)

#### Impairment of non-current assets (continued)

##### *Container ships "Barys" and "Sunkar"*

Upon termination of the contract under the TCO Future Growth Project (FGP), within the framework of cooperation with the ALE, the International Association "Trans-Caspian International Transport Route", the vessel "Barys" was containerized in 2020, which has been operating since March 2021, in 2022, the vessel "Sunkar", which has been operating since September 2022, was containerized. Both vessels are operating on the Aktau–Baku–Aktau feeder line. The Group performed an impairment test on the vessels "Barys" and "Sunkar" as at 31 December 2022 by determining the value in use.

The recoverable amount has been determined based on the assets' value in use calculation using cash flow projections from financial budgets of the Company. The cash flow projections were based on the useful life of the vessel until 2033. Projected cash flows have been calculated to reflect the stability of container transportation. The discount rate applied to the forecast cash flows was 14,4% to discount cash flows in US dollars. The cash flows in the forecast period were recorded with consideration of expected price changes adjusted for inflation. As a result of the analysis, the recoverable amount of "Barys" was lower than its carrying amount by 240,932 thousand tenge. A decrease in the volume of container transportation within the allowable limits of 10% will result in an additional impairment loss in the amount of 1,045,952 thousand tenge.

##### *Self-propelled barge MCV "Berkut"*

Due to the lack of production plans in 2021, the Company has fully impaired the carrying amount of the vessel "Berkut". In 2022, the Company recognized an impairment in the amount of 230,542 thousand tenge for the amount of capital repairs carried out. As at 31 December 2022, the vessel is undergoing containerization.

##### *Oil tanker "Aktau"*

As at 31 December 2022, the recoverable amount of the "Aktau" tanker corresponded to the carrying amount. Accordingly, the Company has not accrued any impairment losses for the "Aktau" tanker. It has been determined based on the tanker's value in use calculation using cash flow projections from financial budgets of the Company. The cash flow projections were based on the useful life of the tanker until 2031. The projected cash flows were calculated in order to reflect the gradual drop in oil transportation volumes due to the obsolescence of the tanker. The discount rate applied to the cash flow projections is 14,4%. The cash flows in the forecast period were recorded with consideration of expected price changes adjusted for inflation. This analysis in the current year showed that the recoverable amount of the tanker corresponds to its carrying amount. The main significant assumptions used in the valuation model are the volumes of oil transported, which are decreasing starting from 2026, taking into account the technical capabilities of the tanker. A decrease in the volume of oil transportation within the allowable limits of 10% will result in an impairment loss in the amount of 473,020 thousand tenge.

##### *Bulk carriers "Beket Ata" and "Turkestan"*

The recoverable amount has been determined based on the bulk carriers' value in use calculation using cash flow projections from financial budgets of the Company. The cash flow projections were based on the useful life of the vessel until 2033. The projected cash flows have been calculated to reflect the stability of bulk carriers transportation. The discount rate applied to the forecast cash flows was 14,4% to discount cash flows in US dollars.

The cash flows in the forecast period were recorded with consideration of expected price changes adjusted for inflation. However, as a result of the analysis, the recoverable amounts of bulk carriers "Beket Ata" and "Turkestan" turned out to be lower than their carrying amounts by 879,455 thousand tenge and 426,885 thousand tenge.

A decrease in the volume of cargo transportation within the allowable limits in the amount of 10% will lead to an additional impairment loss on the bulk carrier "Beket Ata" in the amount of 880,720 thousand tenge and the bulk carrier "Turkestan" in the amount of 830,607 thousand tenge.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 5. PROPERTY, PLANT AND EQUIPMENT

Movement of property, plant and equipment for the year ended 31 December 2022 is presented as follows:

<i>In thousands of tenge</i>	Land	Buildings	Machinery and equipment	Motor vehicles	Other	Construc- tion-in- progress	Total
<b>Cost</b>							
<b>At 1 January 2021</b>	2,362	1,141,213	2,643,273	47,387,466	258,303	312,533	51,745,150
Additions	-	-	-	3,351,754	8,623	1,370,436	4,730,813
Disposals	-	(6,763)	(1,211,017)	(2,915,854)	-	-	(4,133,634)
Transfer from investment property	-	-	-	-	7,199	-	7,199
Transfers	-	(4,237)	-	1,601,581	4,237	(1,601,581)	-
<b>At 31 December 2021</b>	2,362	1,130,213	1,432,256	49,424,947	278,362	81,388	52,349,528
Additions	-	-	51,354	1,951,703	24,169	170,400	2,197,626
Disposals	-	(3,789)	(211,561)	(40,594)	(48,061)	(4,695)	(308,700)
Transfers	-	-	(18,757)	12,129	22,411	(15,783)	-
<b>At 31 December 2022</b>	2,362	1,126,424	1,253,292	51,348,185	276,881	231,310	54,238,454
<b>Accumulated depreciation and impairment</b>							
<b>As at 1 January 2021</b>	-	(798,610)	(2,444,008)	(30,671,43)	(228,834)	(36,413)	(34,179,30)
Accruals	-	(10,644)	(14,422)	(1,005,894)	(37,625)	-	(1,068,585)
Disposals	-	6,763	1,211,017	1,974,085	-	-	3,191,865
Transfer from investment property	-	377	-	-	(1,020)	-	(643)
Impairment charge	-	-	-	(4,452,723)	-	-	(4,452,723)
<b>At 31 December 2021</b>	-	(802,114)	(1,247,413)	(34,155,97)	(267,479)	(36,413)	(36,509,39)
Accruals	-	(8,384)	(19,486)	(1,057,327)	(25,696)	-	(1,110,893)
Disposals	-	3,789	211,561	40,594	48,061	-	304,005
Transfers	-	1,412	793	(26,257)	24,052	-	-
Impairment charge	-	-	(23,560)	(1,777,814)	-	-	(1,801,374)
<b>At 31 December 2022</b>	-	(805,297)	(1,078,105)	(36,976,77)	(221,062)	(36,413)	(39,117,65)
<b>Carrying amount</b>							
<b>At 31 December 2021</b>	2,362	328,099	184,843	15,268,976	10,883	44,975	15,840,138
<b>At 31 December 2022</b>	2,362	321,127	175,187	14,371,410	55,819	194,897	15,120,802

The Company uses part of the building, whose net book value as at 31 December 2022 amounts to 272,915 thousand tenge for own needs (as at 31 December 2021: 280,167 thousand tenge).

The Company leases out to related parties a part of the building, the net book value of which amounts to 468,427 thousand tenge as at 31 December 2022. This part of the building was classified by the Company as investment property as at 31 December 2022 (Note 6).

In 2022, the Company performed a test for the impairment of fixed assets (marine vessels). As a result of the impairment test, property, plant and equipment was impaired by 1,801,374 thousand tenge (in 2021: 4,452,723 thousand tenge) (Note 4).

As at 31 December 2022, the cost of fully depreciated but still in use property, plant and equipment amounted to 193,054 thousand tenge (as at 31 December 2021: 194,411 thousand tenge).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 6. INVESTMENT PROPERTY

The movements in investment property for the year ended 31 December 2022 were as follows:

*In thousands of tenge*

<b>Cost</b>	
<b>As at 1 January 2021</b>	<b>1,837,614</b>
Transfer to property, plant and equipment	(7,199)
Transfers	404
<b>At 31 December 2021</b>	<b>1,830,819</b>
<b>At 31 December 2022</b>	<b>1,830,819</b>
<b>Accumulated depreciation and impairment</b>	
<b>At 1 January 2021</b>	<b>(1,337,366)</b>
Depreciation charge	(12,638)
Transfer to property, plant and equipment	643
Transfers	(404)
<b>At 31 December 2021</b>	<b>(1,349,765)</b>
Depreciation charge	(12,627)
<b>At 31 December 2022</b>	<b>(1,362,392)</b>
<b>Carrying amount</b>	
<b>At 31 December 2021</b>	<b>481,054</b>
<b>At 31 December 2022</b>	<b>468,427</b>

Investment property of the Company comprises a part of an office building built in May 2015 by Taymas Construction Company LLP in Aktau, Kazakhstan.

<i>In thousands of tenge</i>	<b>2022</b>	<b>2021</b>
Profit from investment property	<b>237,549</b>	168,603
Direct operating expenses (including repair and technical maintenance), which resulted in deriving of lease income (included within cost) (Note 18)	<b>(167,954)</b>	(166,455)
<b>Profit from investment property</b>	<b>69,595</b>	2,148

As at 31 December 2022 and 2021, the fair value of investment property approximates its carrying amount.

The Company does not impose any restrictions on the sale of its investment property. The Company also has no contractual obligations for the acquisition, construction or improvement of investment property.

As a result of the impairment test performed as at 31 December 2022, the Company did not recognize any impairment (2021: 0 tenge).



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 7. INTANGIBLE ASSETS

Movement of intangible assets for the year ended 31 December 2022 is presented as follows:

<i>In thousands of tenge</i>	<b>Computer software</b>	<b>Other</b>	<b>Total</b>
<b>Cost</b>			
<b>At 1 January 2021</b>	376,633	144,247	520,880
Additions	1,301	–	1,301
<b>At 31 December 2021</b>	377,934	144,247	522,181
Additions	3,873	4,405	8,278
<b>At 31 December 2022</b>	381,807	148,652	530,459
<b>Accumulated depreciation</b>			
<b>At 1 January 2021</b>	(332,392)	(105,111)	(437,503)
Charge	(10,772)	(8,056)	(18,828)
<b>At 31 December 2021</b>	(343,164)	(113,167)	(456,331)
Charge	(6,996)	(6,300)	(13,296)
<b>At 31 December 2022</b>	(350,160)	(119,467)	(469,627)
<b>Net book value</b>			
<b>At 31 December 2021</b>	34,770	31,080	65,850
<b>At 31 December 2022</b>	31,647	29,185	60,832

### 8. RESTRICTED CASH

As at 31 december 2022 cash restricted in use in the amount of 1,061,616 thousand tenge (as at 31 December 2021: 990,827 thousand tenge) is represented by an Escrow account in Altyn Bank JSC (SB Halyk Bank JSC) opened as financial security for the proper fulfillment of its obligations under the Consortium Agreement with Blue Water Shipping Kazakhstan LLP.

The remaining portion of cash restricted in use in the amount of 1,000 thousand tenge represents a liquidation fund for the restoration of the ainazar limestone quarry.

<i>In thousands of tenge</i>	<b>Currency</b>	<b>Date of elimination of restrictions</b>	<b>Interest rate</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Altyn Bank JSC	US dollars	May 2023	0%	1,061,616	990,827
Halyk Bank JSC	Tenge	January 2029	4%	1,000	1,000
Less: current portion				(1,061,616)	(774,927)
				1,000	216,900

### 9. INVENTORIES

As at 31 December 2022 and 31 December 2021 inventory is presented as follows:

<i>In thousands of tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Fuel	110,121	126,388
Spare parts	57,234	60,360
Limestone	4,486	4,486
Other materials	110,616	114,667
Provision for inventory	(164,922)	(156,270)
	117,535	149,631

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 9. INVENTORIES (continued)

Movements in the provision for inventories were as follows:

<i>In thousands of tenge</i>	2022	2021
<b>At 1 January</b>	<b>156,270</b>	117,769
Charge	15,227	50,259
Write-off	(6,575)	(11,758)
<b>At 31 December</b>	<b>164,922</b>	156,270

### 10. TRADE AND OTHER ACCOUNTS RECEIVABLE

As at 31 December 2022 and 31 December 2021 trade and other accounts receivable are presented as follows:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Trade accounts receivable	8,077,708	5,245,570
Other accounts receivable	100	355,488
Less: provision for expected credit losses	(4,370,043)	(3,880,178)
	<b>3,707,765</b>	1,720,880

Trade receivable resulted from the recognition of revenue from contracts with customers in accordance with IFRS 15.

As at 31 December 2022 and 31 December 2021, trade and other accounts receivable are expressed in the following currencies:

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
Tenge	2,426,833	685,486
US dollars	1,251,707	1,035,394
Other currencies	29,225	—
	<b>3,707,765</b>	1,720,880

The average maturity of accounts receivable is 30 days. During 2022 and 2021 interest on unpaid balances was not accrued.

Movements in the allowance for expected credit losses are as follows:

<i>In thousands of tenge</i>	2022	2021
<b>Provision for expected credit losses as at 1 January</b>	<b>3,880,178</b>	668,950
Charge for the year	245,597	3,164,971
Write-off	(31,780)	—
Foreign exchange difference	276,048	46,257
<b>Provision for expected credit losses at 31 December</b>	<b>4,370,043</b>	3,880,178

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 10. TRADE AND OTHER ACCOUNTS RECEIVABLE (continued)

The ageing analysis of trade and other receivables is as follows:

	Past due					
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
<b>31 December 2022</b>						
Percentage of expected credit losses	0,08%	0,16%	75,00%	18,14%	92,94%	
Estimated total gross carrying amount at default	3,284,005	74,231	105,645	441	4,613,486	8,077,808
Expected credit losses	2,736	120	79,231	80	4,287,876	4,370,043

	Past due					
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
<b>31 December 2021</b>						
Percentage of expected credit losses	0,07%	0,27%	1,31%	16,94%	99,04%	
Estimated total gross carrying amount at default	1,399,798	1,886	243,846	50,447	3,905,081	5,601,058
Expected credit losses	977	5	3,203	8,547	3,867,446	3,880,178

### 11. OTHER CURRENT ASSETS

As at 31 December 2022 and 31 December 2021 other current assets were presented as follows:

	31 December 2022	31 December 2021
<i>In thousands of tenge</i>		
VAT prepaid	838,116	731,640
Contract performance security	159,351	—
Other taxes prepaid	146,990	101,676
Deferred expenses	13,341	20,712
Advances paid	9,249	43,363
Due from employees	2,436	3,017
Other	671	—
	<b>1,170,154</b>	<b>900,408</b>

### 12. CASH AND CASH EQUIVALENTS

As at 31 December 2022 and 31 December 2021, cash and cash equivalents were as follows:

	31 December 2022	31 December 2021
<i>In thousands of tenge</i>		
Cash in bank in US dollars	2,266,998	1,720,849
Cash in bank in tenge	61,548	583,641
Cash in bank in euro	22,345	1,208
Cash in bank in other foreign currencies	9,123	22,872
	<b>2,360,014</b>	<b>2,328,570</b>

The accrued interest income on short-term deposits with maturity of up to 3 months in 2022 amounted to 55,461 thousand tenge (in 2021: 40,045 thousand tenge) (Note 21).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 13. CHARTER CAPITAL

As at 31 December 2022 and 2021 the charter capital was fully paid and was presented as follows:

<i>In thousands of tenge</i>	<b>Ownership interest, %</b>	<b>Amount</b>
NC KMG	100,00%	11,575,721
	<b>100,00%</b>	<b>11,575,721</b>

For the year ended 31 December 2022, the Company neither declared nor paid dividends to the Parent (2021: 0 tenge).

### 14. TRADE AND OTHER PAYABLES

As at 31 December 2022 and 31 December 2021 trade and other accounts payable are presented as follows:

<i>In thousands of tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Trade payables for goods and services	2,617,839	1,034,996
Trade payables for non-current assets	105,168	285,941
	<b>2,723,007</b>	<b>1,320,937</b>

As at 31 December 2022 and 31 December 2021, trade accounts payable are expressed in the following currencies:

<i>In thousands of tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Tenge	2,538,024	899,354
US dollars	144,386	408,895
Euro	40,597	11,288
Other	—	1,400
	<b>2,723,007</b>	<b>1,320,937</b>

### 15. OTHER CURRENT LIABILITIES

As at 31 December 2022 and 31 December 2021, other current liabilities were as follows:

<i>In thousands of tenge</i>	<b>31 December 2022</b>	<b>31 December 2021</b>
Due to employees (including a provision for vacations)	251,199	85,083
Other taxes payable	7,745	1,096
VAT payable	3,102	—
Other	102,146	65,520
	<b>364,192</b>	<b>151,699</b>

### 16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	<b>2022</b>	<b>2021</b>
<b>Type of services</b>		
Dry cargo transportation	4,217,629	2,220,243
Revenue from crude oil transportation	2,553,110	2,062,188
Demurrage on oil / cargo transportation	454,992	104,957
Technical management	302,686	—
Revenue from management of transportation of structural modules	55,375	81,234
Interest income from contract liabilities	—	23,013
	<b>7,583,792</b>	<b>4,491,635</b>

Revenue from transportation of crude oil is related to the provision of marine transportation services in the Caspian sea. The buyer of this service during 2022 was Eurasian Trading and Shipping FZE.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 16. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

Revenue from demurrage during the transportation of oil/cargo is represented by compensation received by the Company from the freighter for the vessel idle time at the ports of loading and unloading in excess of the standard time specified in the contract.

Revenue from the transportation of dry cargo is represented by the transportation of containers on the vessels "Barys", "Sunkar", "Turkestan" and "Beket-ata" on the Caspian Sea routes.

Revenues from all services of the Company, except for crude oil transportation services, are recognized over a period of time. Revenue from crude oil transportation services is recognized as transportation services are provided, based on the volumes accepted and agreed by all transaction parties, and fixed tariffs, established in the contracts between the Company and freighters. During 2022, the Company did not recognize revenue in respect of the amounts included in the contract liabilities (2021: 27,420 thousand tenge).

### 17. RENTAL INCOME

Rental income for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2022	2021
Income from transfer of tankers to operating lease	1,947,725	1,676,153
Income from transfer of replenishment ships to operating lease	1,850,514	–
Income from transfer of tugboats, barges to operating lease	1,438,017	1,841,379
Income from investment property (Note 6)	237,549	168,603
Income from transfer of self-propelled barges to operating lease	79,687	121,362
Income from transfer of dry cargo to operating lease (bareboat charter)	61,674	1,106,936
	<b>5,615,166</b>	<b>4,914,433</b>

In May 2022, the Company transferred the tugboats "Emba", "Talas" and "Irgiz" to an operating lease of SK "SpetsMontazhStroy" LLP. The tankers "Almaty" and "Astana" have been leased by Eurasian Trading and Shipping FZE since March 2021, with the lease ending in December 2022. In 2022, direct operating expenses amounted to 1,386,314 thousand tenge (2021: 968,467 thousand tenge).

In 2022, income from transfer of replenishment ships to the operating lease in the amount of 1,850,514 thousand tenge was received at the expense of replenishment ships "Jabrayil", "Guba", "Savalan", "Shahdag", anchor cutters "Jura", "Islay", which in November 2022 were transferred to the operating lease of Zhenis Operating LLP for a period of 110 days. The company Zhenis Operating LLP together with LUKOIL Kazakhstan Upstream LLP is engaged in the exploration and production of hydrocarbons at the Zhenis site.

### 18. COST OF SERVICES RENDERED

Cost of services rendered for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2022	2021
Transportation of crude oil	2,593,895	1,945,725
Dry cargo operating expenses	2,293,564	1,649,243
Expenses for leasing replenishment ships	1,742,867	–
Cargo transportation	1,506,237	982,571
Expenses related to lease out of tankers	1,386,314	968,467
Expenses for leasing tugboats and barges	1,058,467	1,480,028
Service fleet costs	643,759	724,469
Technical management	272,859	–
Maintenance of investment property	167,954	166,455
Rent of vessels for transportation of dry cargo	45,049	717,125
Demurrage on oil / cargo transportation	–	45,913
Other	29,051	18,983
	<b>11,740,016</b>	<b>8,698,979</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 18. COST OF SERVICES RENDERED (continued)

<i>In thousands of tenge</i>	2022	2021
Technical maintenance and management of vessels	4,425,859	3,599,352
Lease of fleet	1,765,790	1,015,469
Fuel and other materials	1,657,805	775,879
Port charges	1,218,384	726,785
Depreciation and amortisation	1,101,494	1,047,096
Insurance expenses	530,437	452,402
Salary and related taxes	513,051	390,961
Agency services for ships	149,066	117,699
Maintenance of investment property	144,656	143,631
Other taxes excluding income tax	68,945	50,415
Repair of property, plant and equipment	4,919	142,599
Towing operation services	—	76,159
Other	159,610	160,532
	<b>11,740,016</b>	<b>8,698,979</b>

### 19. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2022	2021
Salary and related taxes	944,635	650,717
Accrual of provision for expected credit losses	245,597	3,164,963
Other taxes	169,477	119,709
Provision on bonuses	125,282	(82,505)
Repair and maintenance	97,158	91,262
Business trips	68,499	39,033
Professional services	48,491	158,354
Depreciation and amortisation	35,322	52,955
Membership contributions	28,862	30,816
Insurance	19,342	18,712
Аренда	18,088	6,730
Communications	8,280	4,422
Materials	5,759	9,200
Representation	4,821	2,604
Bank fees	4,723	4,998
Trainings	4,333	7,055
Social expenses	4,197	1,007
Other	54,540	88,862
	<b>1,887,406</b>	<b>4,368,894</b>

### 20. OTHER OPERATING INCOME / (EXPENSES)

Other operating income/(expenses) for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of tenge</i>	2022	2021
Income from disposal of other non-current assets	151,786	198,900
Reimbursement of expenses	100,994	1,058,619
Income from sales of inventories	9,296	—
Income from fines and penalties	2,026	861
Other	18,496	101,185
	<b>282,598</b>	<b>1,359,565</b>
Loss on disposal of property, plant and equipment	(4,695)	(941,769)
Accrual of provision for inventories	(15,227)	(50,259)
Other	(71,115)	(11,746)
	<b>(91,037)</b>	<b>(1,003,774)</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 21. FINANCE INCOME / (COSTS)

Finance income/(expenses) for the years ended 31 December 2022 and 2021 are as follows:

<i>In thousands of tenge</i>	2022	2021
Interest income (Note 12)	55,461	40,045
	<b>55,461</b>	<b>40,045</b>
Finance costs on finance lease liabilities	–	(19,499)
Interest on revenue generating contracts	–	(322)
	<b>–</b>	<b>(19,821)</b>

### 22. INCOME TAX EXPENSE / (BENEFIT)

Income tax costs for the years ended 31 December comprised the following:

<i>In thousands of tenge</i>	2022	2021
Current income tax expense	4,234,827	306,665
Adjustment with respect to current income tax for prior periods	274,117	30,281
Deferred tax benefit	(364,521)	(1,711,442)
	<b>4,144,423</b>	<b>(1,374,496)</b>

A reconciliation of income tax expenses applicable to income before taxation at the official income tax rate, with the income tax expenses benefit for the years ended 31 December is set out below:

<i>In thousands of tenge</i>	2022	2021
<b>Profit/(loss) before taxes</b>	<b>3,387,931</b>	<b>(7,607,460)</b>
Statutory rate	20%	20%
<b>Income tax expense/(benefit) at the statutory rate</b>	<b>677,586</b>	<b>(1,521,492)</b>
Profit of subsidiaries registered in countries with preferential taxation treatment	4,224,055	133,783
Exempt income and expenses on vessels registered in the international vessel register	85,175	(145,891)
Dividend income	(1,039,126)	–
Adjustment with respect to current income tax for prior periods	274,117	30,281
Other permanent differences	(77,384)	128,823
<b>Income tax expense / (benefit)</b>	<b>4,144,423</b>	<b>(1,374,496)</b>



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 22. INCOME TAX EXPENSE/(BENEFIT) (continued)

Movement of deferred taxes for the years ended 31 December is presented as follows:

<i>In thousands of tenge</i>	31 December 2022	Origination and reversal of temporary differences in the statement of comprehen- sive income	31 December 2021	Origination and reversal of temporary differences in the statement of comprehen- sive income	31 December 2020
<b>Deferred tax assets</b>					
Contract liabilities	–		–	(6,871)	6,871
Provision for expected credit losses	874,009	97,973	776,036	641,992	134,044
Provision for bonuses	27,437	27,437	–	(50,376)	50,376
Other accruals	69,898	17,095	52,803	2,898	49,905
<b>Deferred tax assets</b>	<b>971,344</b>	<b>142,505</b>	<b>828,839</b>	<b>587,643</b>	<b>241,196</b>
<b>Deferred tax liabilities</b>					
Property, plant and equipment and investment property	1,804,610	(222,016)	2,026,626	(1,123,799)	3,150,425
<b>Deferred tax liabilities</b>	<b>1,804,610</b>	<b>(222,016)</b>	<b>2,026,626</b>	<b>(1,123,799)</b>	<b>3,150,425</b>
<b>Net deferred tax liability</b>	<b>833,266</b>	<b>(364,521)</b>	<b>1,197,787</b>	<b>(1,711,442)</b>	<b>2,909,229</b>

### 23. FINANCIAL GUARANTEE OBLIGATION

In June 2009, the Company issued a financial guarantee for the associate Mangistau Oblast Boat Yard LLP (hereinafter, "Boat Yard") on the borrowing obtained from European Bank for Reconstruction and Development (the "EBRD"). According to the financial guarantee agreement, the Company is obliged to pay 30% of Boat Yard debt (proportionate to share in equity) in case that the Boat Yard is not able to repay the debt.

As at 31 December 2012 the Boat Yard failed to pay interest and principal to EBRD in time and violated certain obligations associated with the loan. Also, Topaz Energy, which owns a 50% stake in the Boat Yard, has withdrawn from the guarantee agreement. Thus, the share was distributed between the Company and Balykshy LLP in the amount of 30% and 20%, respectively. As a result, the Company owns 60% stake.

As at 31 December 2012 the Boat Yard's payables to EBRD amounted to 11,603,268 US dollars. On 1 August 2013 the Company sold 30% of interest in the charter capital of Balykshy LLP. According to the terms and conditions of the financial guarantee agreement, the Company is not entitled to transfer the financial guarantee liability to the third parties without the consent of EBRD. As a result, the rights under the guarantee did not transfer to Balykshy LLP and the Company still bears responsibility for a 60% stake.

In 2020, hearings were held in the Arbitration Court on the EBRD's claim, where the EBRD's claim was partially satisfied as follows:

- 4,223,796 US dollars (the principal debt on the guarantee obligations), as well as a penalty in the amount of 543.29 US dollars for each day of delay, starting from 22 June 2021, until the obligations are fulfilled;
- 610,000 pounds sterling (reimbursement of the arbitration costs, in solidarity) in the amount of 7,9%, starting from the date of payment of these costs by EBRD until payment by KMTF, in solidarity with Caspian Services Inc;
- 51,670 pounds sterling for the reimbursement of the arbitrator's fee, with interest accrued in the amount of 7,9%, starting from the date of payment of costs by EBRD until payment by KMTF in solidarity with Caspian Services Inc;
- 4,245.64 pounds sterling for payment of LCIA fee, with interest accrued in the amount of 7,9% starting from the date of payment of costs by EBRD until payment by KMTF in solidarity with Caspian Services Inc

As at 31 December 2022, the Company settled all financial guarantee liabilities.

In 2020, the Company applied to the Specialized Interdistrict Economic Court of the Mangistau Region to recover from Balykshy LLP all liabilities settled in favor of the EBRD. As a result of the litigation, the Company and Balykshy LLP signed an amicable agreement to pay the amount of 2,555,360 thousand tenge by 6 July 2021.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 23. FINANCIAL GUARANTEE OBLIGATION (continued)

During 2021-2022, the Company did not receive formal information on the company's financial position to analyze the creditworthiness of Balykshy LLP. As of the reporting date, the Company did not recognize any receivables due to the low probability of fulfillment of obligations by Balykshy LLP.

In August 2022, the decision of the specialized interdistrict economic court of the Mangistau region on the approval of the amicable agreement was cancelled by the decision of the Mangistau region court.

In May 2022, the specialized interdistrict economic court of the Mangistau region received a statement of claim from Balykshy LLP requesting to invalidate:

- The purchase and sale agreement of an interest in the Boat Yard and the transfer of warranty obligations to the EBRD between KMTF and Balykshy LLP dated 29.07.2013;
- Minutes of the general meeting of the Boat Yard participants (GMP) dated 10.12.2013 on the Board Yard re-registration due to the change of participants;
- The Boat Yard re-registration in the judicial authorities due to the withdrawal of the KMTF from the membership (the plaintiff's arguments: the contract for the purchase and sale of an interest in the Boat Yard and the transfer of warranty circumstances could not be concluded without the EBRD consent; the signature of the director of Balykshy LLP in the GMP minutes was put by another person, the GMP was not entitled to make a decision in absentia, the GMP for notification routine procedure was violated).

In August 2022, the plaintiff's claim to recognize the purchase and sale agreement and the Boat Yard GMP minutes invalid was satisfied by the decision of the specialized interdistrict economic court of the Mangistau region.

In November 2022, the KMTF appeal was left without satisfaction by the decision of the judicial board of the Mangistau region court, the decision of the court of first instance was unchanged.

### 24. RELATED PARTY DISCLOSURE

Related parties include key management personnel of the Company, entities in which a substantial interest in the voting power is owned, directly or indirectly, by the Company's key management personnel, NC KMG group companies and other companies under control of SWF Samruk-Kazyna.

Transactions with related parties are made at terms agreed between the parties that are not necessarily market conditions. Outstanding balances at the year-end are unsecured, non-interest bearing and settlement occurs in cash, except as indicated below. As at 31 December 2022, the Company recorded expected credit losses on receivables related to receivables from related parties in the amount of 4,174,979 thousand tenge (31 December 2021: 3,822,669 thousand tenge).

This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Significant related parties' transactions for the years ended 31 December 2022 and 2021, and balances as at 31 December 2022 and 2021 are as follows:

#### Revenue

<i>In thousands of tenge</i>	2022	2021
<b>Companies controlled by SWF Samruk-Kazyna</b>		
KTZ EXPRESS JSC	1,409,194	1,171,314
Transtelecom JSC	9,470	11,701
Port Kuryk LLP	30,126	3,766
<b>Companies under control or significant influence of NC KazMunayGas</b>		
Zhenis Operating LLP	1,887,764	—
Tengizchevroil LLP	135,062	198,132
Other	85,549	65,784
	<b>3,557,165</b>	<b>1,450,697</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 24. RELATED PARTY DISCLOSURE (continued)

#### Acquisitions

<i>In thousands of tenge</i>	2022	2021
<b>Companies controlled by SWF Samruk-Kazyna</b>		
KTZ EXPRESS SHIPPING LLP (Subsidiary KTZ EXPRESS JSC)	34,633	3,713,379
NC Aktau International Sea Trade Port JSC	419,169	271,056
Transtelecom JSC	5,092	3,538
Port Kuryk LLP	–	180
Other	22,888	17,221
<b>Companies under control or significant influence of NC KazMunayGas</b>		
TenizService LLP	80,313	111,536
Other	16,230	15,348
	<b>578,325</b>	<b>4,132,258</b>

In 2021, the Company received bulk carriers “Beket Ata” and “Turkestan” through advance payments under an agreement with KTZ Express Shipping in the amount of 3,046,978 thousand tenge.

#### Subsidiaries

Kazmortransflot UK Ltd	–	(2,746)
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#### Dividends from subsidiaries of the Company

<i>In thousands of tenge</i>	2022	2021
Kazmortransflot Ltd	5,195,630	–
Kazmortransflot UK Ltd	–	11,413
	<b>5,195,630</b>	<b>11,413</b>

During 2022, the Company received dividends in the amount of 5,195,630 thousand tenge (the equivalent of 11,000 US dollars). Dividends were announced at a meeting of the Company's Management Board based on the performance of the subsidiary Kazmortransflot Ltd for 9 months of 2022.

In 2021, the Company received dividends in the amount of 11,413 thousand tenge from the subsidiary Kazmortransflot UK Ltd.

#### Trade and other receivables and advances paid

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
<b>Companies controlled by SWF Samruk-Kazyna</b>		
KTZ EXPRESS JSC	154,659	111,121
KTZ EXPRESS SHIPPING LLP (Subsidiary KTZ EXPRESS JSC)	8,526	–
Port Kuryk LLP	2,812	2,812
NC Aktau International Sea Trade Port JSC	–	9,147
Transtelecom JSC	–	1,092
<b>Companies under control or significant influence of NC KazMunayGas</b>		
Zhenis Operating LLP	2,076,201	–
Other	11,878	4,437
	<b>2,254,076</b>	<b>128,609</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 24. RELATED PARTY DISCLOSURE (continued)

#### Trade and other payables and advances received

<i>In thousands of tenge</i>	31 December 2022	31 December 2021
<b>Companies controlled by SWF Samruk-Kazyna</b>		
NC KTZh JSC	121,849	62,046
Transtelecom JSC	671	330
Other	1,818	1,181
<b>Companies under control and significant influence of NC KazMunayGas</b>		
TenizService LLP	9,579	12,520
Other	2,297	1,853
	<b>136,214</b>	<b>77,930</b>

#### Compensation to key management personnel

As at 31 December 2022, key management personnel consisted of 3 persons (2021: 3 persons). Total compensation to the key management personnel for the year ended 31 December 2022, included in general and administrative expenses in the accompanying separate statement of comprehensive income is 84,203 thousand tenge (2021: 171,074 thousand tenge). In 2022, remuneration to key management personnel consists mainly of salaries and bonuses based on the results of the year (2021: mainly consists of salaries and bonuses).

### 25. COMMITMENTS AND CONTINGENCIES

#### The war on the territory of Ukraine

The war on the territory of Ukraine, which began in 2022, led to the emergence of a number of IFRS accounting features affecting financial statements.

A number of countries have imposed and continue to impose new sanctions on specified Russian entities and individuals. Sanctions have also been imposed on Belarus.

The situation together with potential fluctuations in commodity prices, foreign exchange rates, restrictions to imports and exports, availability of local materials and services and access to local resources will directly impact entities that have significant operations or exposures in, or with Russia, Belarus or Ukraine.

The war itself and its direct or indirect effects can affect not only entities directly related to the warring countries, for example, through fluctuations in commodity prices and exchange rates, as well as through a protracted economic downturn.

The overall effect of a continuing war and the imposition of new sanctions remains uncertain. Since it also strongly depends on the nature of a particular business, these separate financial statements do not contain illustrations of possible effects.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility in the stock and currency markets, as well as a significant depreciation of tenge against the US dollar and euro.

The Company's management is currently analysing the possible impact of changing micro- and macroeconomic conditions on the financial position and performance of the Company.

#### Taxation

Kazakhstan's tax, currency and customs legislation and regulations are subject to ongoing changes and varying interpretations. Management's interpretation of such legislation as applied to the transactions and activity of the Company may be challenged by the relevant authorities. Recent events within Kazakhstan suggest that the tax authorities are taking a more assertive position in interpretation of the legislation and check of tax calculation. As consequence, tax bodies can make a complaint on those deals and methods of the account on which earlier they did not show claims. As such, significant additional taxes, penalties and interest may be assessed. Fiscal periods remain open to review by the authorities in respect of taxes for five (5) calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions on recording of income and expense and other items in the IFRS separate financial statements.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 25. COMMITMENTS AND CONTINGENCIES (continued)

Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2022. As at 31 December 2022, management of the Company believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Company's tax, currency and customs positions will be sustained.

During 2021, there were changes in tax legislation affecting the Company, which entered into force on 1 January 2021. In particular, a corporate tax on income from the transportation of goods and income from bare-boat charter and demise charter earned by vessels registered in the international ship registry of the Republic of Kazakhstan is reduced by 100%. This means that such vessels are exempt from income tax. In 2021-2022, the Group re-registered its vessels (except tugboats) in the international ship registry of the Republic of Kazakhstan.

#### Legal claims

In the ordinary course of business, the Company can be subject to legal actions and complaints. In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the result of operations or financial position of the Company.

The Company assesses the likelihood of material liabilities arising from individual circumstances and makes provision in its separate financial statements only where it is probable that actual events giving rise to liability will occur and the amount of the liability can be reliably estimated. No provision has been made in these separate financial statements as at 31 December 2022 and 2021 for legal actions and claims.

#### Environmental issues

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Penalties for violations of Kazakhstan's environmental laws can be severe. Potential liabilities which may arise as a result of stricter enforcement of existing regulations, civil litigation or changes in legislation cannot be reasonably estimated. According to current legislation, management believes that there are no probable or possible environmental liabilities which could have a material adverse effect on the Company's operation activities and its separate financial position.

#### Future operating lease commitments – Company as lessor

The Company entered into a number of operating lease agreements for self-propelled barges, tankers and office premises. These lease agreements are concluded for periods of up to 2 years. The minimum lease payments to be received in future periods under the operating lease agreements as well as contracts with customers containing leases as at 31 December amount to:

<i>In thousands of tenge</i>	<b>2022</b>	<b>2021</b>
Within one year	<b>3,788,272</b>	3,320,714
More than 1 year but less than 5 years	–	–
Over five years	–	–

### 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Main financial instruments of the Group comprise cash and cash equivalents, short-term bank deposits, trade and other accounts receivable, trade and other accounts payable, loans received that arise directly from business operations. The Company did not trade financial instruments.

The Company is exposed to currency risk, credit risk and liquidity risk. The Company's management oversees the management of these risks.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This instrument considers the term of settlement of financial investments and financial assets.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Liquidity risk (continued)

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2022 based on contractual undiscounted payments.

<i>In thousands of tenge</i>	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>At 31 December 2022</b>						
Trade and other payables	244,958	2,478,049	–	–	–	2,723,007
	244,958	2,478,049	–	–	–	2,723,007
<b>At 31 December 2021</b>						
Lease liabilities	–	254	–	–	–	254
Trade and other payables	57,474	1,313,003	210	–	–	1,370,687
	57,474	1,313,257	210	–	–	1,370,941

#### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of exchange rates changes. The Company's exposure to foreign currency risk mainly relates to the outstanding loans and the Company's trade accounts payable denominated in US dollars and Euro. Thus, changes in currency rates might have a significant effect to the Company's financial position.

The following table demonstrates the sensitivity to a reasonably possible changes in the US dollar and euro exchange rates as at 31 December 2022 and 31 December 2021, with all the variables held constant, of the Company's profit before income tax (due to changes in the fair value of monetary assets and liabilities).

<i>In thousands of tenge</i>	31 December 2022		31 December 2021	
	Increase / (decrease) in exchange rate	Effect on profit before tax	Increase / (decrease) in exchange rate	Effect on profit before tax
US dollars	+21,00%	931,574	+13,00%	433,963
	-21,00%	(931,574)	-10,00%	(333,818)
Euro	+17,99%	(3,283)	+13,00%	(1,310)
	-17,99%	3,283	-10,00%	1,008

#### Credit risk

Generally, the credit risk arises on cash and cash equivalents and with respect to the clients including unsettled accounts receivable and confirmed transactions. With respect to the banks and financial institutions, only institutions with high rating are accepted. The Company renders its services only to several major clients with stable financial position and appropriate credit story. Carrying amount of cash and cash equivalents and accounts receivable less allowance for expected credit losses represent the maximal amount of credit risk exposure. The Company does not have the policy of assigning internal ratings and establishing credit limits for counterparties.

#### Fair value of financial instruments

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties according to arm's length conditions, other than in a forced or liquidation sale.

To calculate the fair value of financial instruments, the model of cash flow discounting at market interest rate is used considering the period remaining until repayment for financial instruments with similar terms and credit risk. In case of assets and liabilities for which fair values are disclosed in the financial statements, future cash flows are discounted using the average market rate of financial instruments with similar maturities based on statistics published by the National Bank of the Republic of Kazakhstan ("NBRK").

As at 31 December 2022 and 2021, the carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables approximates to their fair values due to their short-term maturity.

## **NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)**

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### **26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

#### **Capital management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity structure.

The Company capital management strictly depends on the capital management strategy of the participant. The majority of decisions on capital management are adopted in consultation with the relevant committees of the Participant. To maintain and adjust the structure of the capital the participant may make increase the Company charter capital and/or authorize the Company to obtain debt financing from the third parties by providing guarantees for all existing external loans.

### **27. SUBSEQUENT EVENTS**

In January 2023, the Board of Directors of JSC NC KazMunayGas approved the participation of the Company with a 49% participation share together with International Maritime Investments Ltd, UAE, with a 51% stake in the establishment of a private company “Caspian Integrated Maritime Solutions Ltd” on the territory of Astana International Financial Center. The purpose of the company is participation in offshore projects in the Caspian Sea, the quantitative growth of tanker and merchant fleets for transportation in the Caspian and Black Seas, the development of coastal infrastructure. In February 2023, International Maritime Investments Ltd was registered on the territory of the Astana International Financial Center.