20 24 | PRODUCING TODAY. SHAPING TOMORROW

KMG ANNUAL REPORT 2024

ABOUT THE REPORT

Report boundaries

The Report of JSC National Company KazMunayGas for 2024 includes the performance results of the parent company and its subsidiaries and associates, referred to as JSC NC KazMunayGas (KMG, the Company, KMG Group), which are compiled using the principles of the KMG consolidated financial statements prepared under International Financial Reporting Standards (IFRS).

In the Annual Report, a number of production and economic performance indicators are determined under IFRS and in relation to the aggregate of KMG companies for the purposes of KMG's IFRS consolidated financial statements for the year ended 31 December 2024 and may differ from similar indicators of KMG's reporting documents prepared in accordance with the requirements of the legislation of the Republic of Kazakhstan.

However, some of the Company's performance indicators presented use the principles that are followed in the preparation of management statements and other statements. Due to variations in the procedures utilised to generate the consolidated financial statements and other statements, there may be inconsistencies in the indicators calculated using these procedures.

The analysis of financial performance must be viewed in the context of the Company's audited IFRS consolidated financial statements for the year ended 31 December 2024.

The Annual Report includes statements that are, or may be deemed to be, forward-looking statements relating to KMG's future operating performance based on projections and estimates of the Company's management based on the current situation. Forward-looking statements cover all matters that are not historical facts. They include, but are not limited to, statements regarding KMG's intentions, beliefs and current expectations concerning the Company's performance, financial condition, liquidity, prospects, growth, strategies and the industries in which the Company operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that may or may not occur, i.e., due to the influence of various objective factors, actual performance may differ from these projections and estimates.

In the comparison of periods, exact values were used without rounding. The Company believes that any possible adjustments related to rounding should not have a material impact on its results.

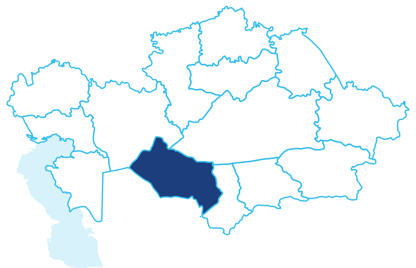
CONTENTS

PROMISING EXPLORATION INITIATIVES

KMG remains focused on adding new reserves sufficient both for conventional oil and gas operations and new promising areas of activity

Implementation of promising exploration projects in 2024, with total resources exceeding 800 mln tonnes in oil equivalent

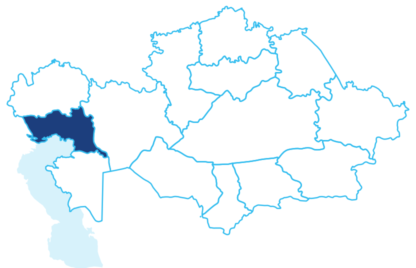
Strategic goal: resource base sufficient to support the Company's growth



Kyzylorda Region

Turgai Palaeozoic block

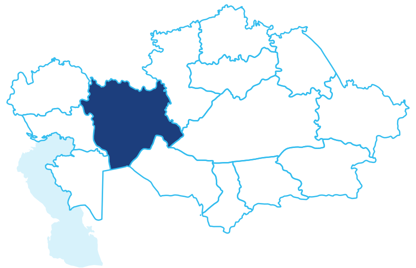
- Drilling has commenced on a 5,500 m deep PZ-1 prospecting and exploration well.
- This marks the first time wells of such depth have been attempted in this region.



Atyrau Region[1]

Karaton Subsalt block

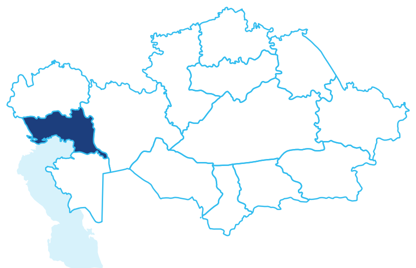
- Drilling has begun on the first prospecting well with a depth of 5,500 m.
- This is a joint project between KMG and Tatneft.



Aktobe Region[1]

Karazhar block

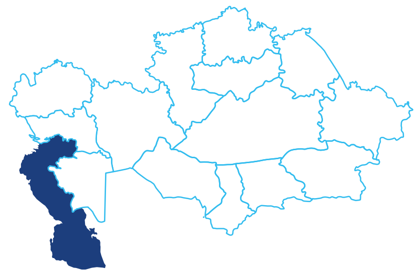
- The Company secured an exploration and production contract for this project during the reporting year.
- Drilling has begun on the first prospecting well with a depth of 3,000 m.



Atyrau Region[1]

Taisoigan block

- Drilling of the first prospecting wells has begun.
- By the end of 2025, drilling will expand to eight structures with depths varying from 400 to 3,800 m.



Caspian Sea

86 mln tonnes of oil
22 bln tonnes of gas
recoverable reserves

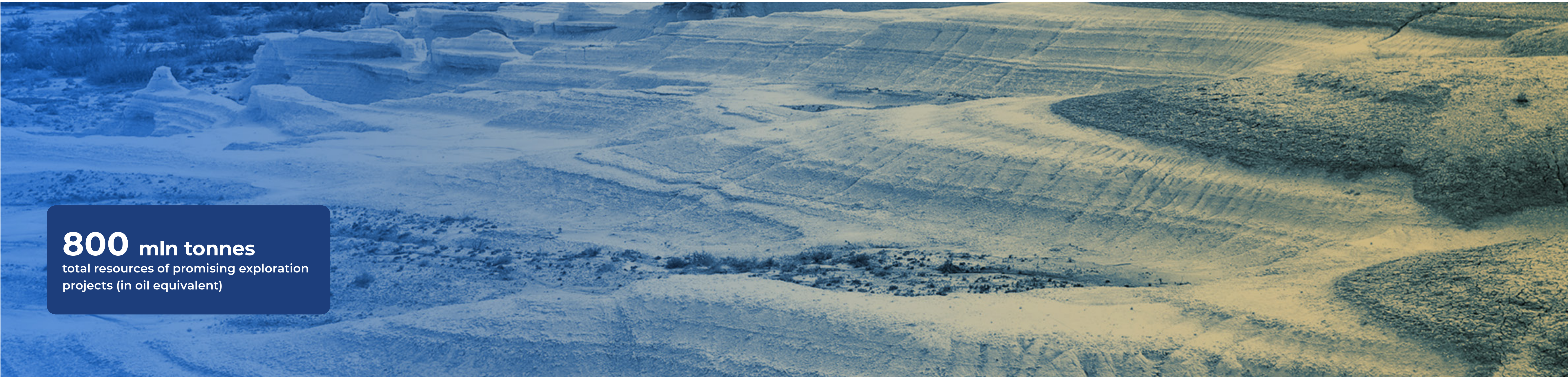
USD **6.4** bln
cost estimate of the project

Kalamkas-Sea offshore field development project

- This is a joint project between KMG and LUKOIL.
- 2024 saw the initiation of design document development (FEED phase), with offshore platform construction scheduled to begin in 2026, paving the way for production at the Kalamkas-Sea field.

~80 thous. bbl per day
4 mln tonnes of oil
expected annual production

[1] The project operates under the improved model contract, significantly enhancing the investment appeal of complex fields in Kazakhstan.



800 mln tonnes
total resources of promising exploration projects (in oil equivalent)

PETROCHEMICALS AS A NEW GROWTH DRIVER

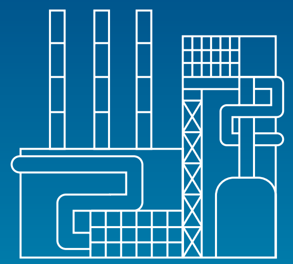
Leveraging our access to cost-effective raw materials and responding to projected growth in global petrochemical demand, KMG continues developing its petrochemical business segment, which offers significant multiplier effects for the entire national economy.

Gas separation unit construction project

The gas separation unit (GSU) is designed for deep processing of natural gas and separation of valuable components, ensuring stable supplies of ethane and propane for the petrochemical industry. Project operator: KMG PetroChem, a subsidiary of KMG. On 14 September 2024, KMG's Investment Committee resolved to proceed to the Implementation Phase

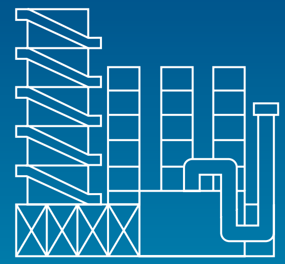
USD 3 bln
preliminary cost estimate of the project

GSU construction and installation are scheduled to commence in 2Q 2025. The commissioning is scheduled for 2028.

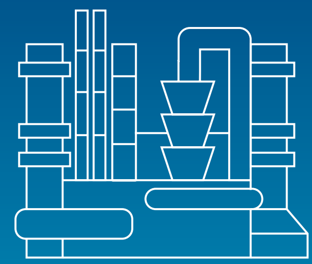


Polyethylene project

Strategic goal: business diversification and product portfolio expansion



KPI Inc. project



Gas separation unit construction project

Polyethylene project

In September 2024, the construction of a polyethylene plant started in the National Industrial Petrochemical Technopark special economic zone in the Atyrau Region. The project is expected to be completed in 2029.

1.25 mln tonnes per year
plant capacity

The project is being implemented following an order of Kazakhstan's President Kassym-Jomart Tokayev and will represent the largest processing industry project in the country.

The plant's launch will enable:

- substitution of imported polyethylene with that manufactured domestically
- growth in high value added exports.

Project implementation will deliver:

1.2%
potential contribution to GDP growth

800
permanent jobs following production launch

8,000
jobs during the construction phase

USD 7.4 bln
project investments

Planned production portfolio: 20 grades of polyethylene, with 40% classified as premium segment. The project is run by Silleno, whose shareholders are KMG (40%), Sinopec Overseas Investment Holding (30%), and SIBUR Holding (30%).

KPI Inc. project

The gasochemical complex of KPI Inc. continues its active development, making a substantial contribution to reducing Kazakhstan's import dependency.

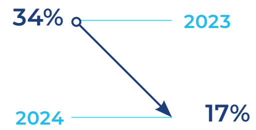
KMG has established large warehouses in Almaty and Astana, ensuring uninterrupted deliveries to processing companies. The Company continues to service the Kazakhstan market while simultaneously increasing export volumes to Russia, Turkey, and other countries.

249 thous. tonnes
of polypropylene made by the plant in 2024

10
target grades of polypropylene

230 thous. tonnes
exported to China, Europe, Turkey, and Russia

Domestic market supplies have reduced product imports to 17% compared to 34% in 2023.



MAINTAINING FINANCIAL STABILITY

The Company demonstrates robust financial performance, ensuring its development and consistent fulfilment of commitments.

Early bond redemption

In September 2024, the Company made a partial early redemption of bonds due 2027 for a total of USD 750 mln. As a result, total debt as at the end of the reporting year came in at KZT 4.0 tln or USD 7.6 bln, decreasing by 8.6% in USD terms compared to 2023.

Early redemption is one of the measures regularly implemented by KMG to enhance the Company's financial stability, reduce leverage, and improve credit ratings.

The early redemption was executed following a successful vote by bondholders on KMG's public tender offer.

USD 92.7 mln
in future savings on coupon payments following partial early redemption

Maintaining relatively high credit rating levels

Ratings from Moody's and Fitch are on par with the sovereign level, underscoring the Company's financial stability and reliability.

26 December 2023

The S&P international rating agency affirmed KMG's BB+ rating, outlook stable, due to strong financial results, while upgrading its standalone credit profile from bb- to bb.

20 June 2024

Fitch Ratings reaffirmed KMG's long-term credit rating at BBB, with a stable outlook.

11 September 2024

Moody's upgraded KMG's credit rating from Baa2 to Baa1, also changing the outlook to stable. The credit rating upgrade stems from the improvement in the sovereign rating of Kazakhstan, KMG's strategic importance to the state, and its sustained standalone credit profile, complemented by an acceptable loan repayment schedule and sufficient liquidity levels.

KMG's credit ratings

Rating agency	Moody's Investors Service	S&P	Fitch Ratings
Date	11 September 2024	26 December 2023	20 June 2024
Rating	Baa1	BB+	BBB
Outlook	Stable	Stable	Stable

Kazakhstan's credit ratings

Rating agency	Moody's Investors Service	S&P	Fitch Ratings
Date	9 September 2024	3 March 2023	15 November 2024
Rating	Baa1	BBB–	BBB
Outlook	Stable	Stable	Stable

SUPPORTING GLOBAL CLIMATE AGENDA

NEW GOALS

In November 2024, KMG's Board of Directors approved an updated Low-Carbon Development Programme 2060.

The action plan to achieve the targets covers the following areas:

1. renewable energy development
2. sustainable aviation fuel (SAF)
3. hydrogen energy
4. introduction of methane management
5. carbon capture, utilisation and storage (CCUS) project

Reduction in direct and indirect CO_2 emissions (Scope 1+2)

2031 goal: 9.1 mln tonnes of CO_2e (**15%**)

2060 goal: 3.4 mln tonnes of CO_2e (**64%**)

Reduction of methane emissions

2031 goal: 36 thous. tonnes of CH_4 (**32%**)

2060 goal: 2 thous. tonnes of CH_4 (**96%**)

Reduction of carbon intensity

2031 goal: **(15%)**

2060 goal: **(60%)**

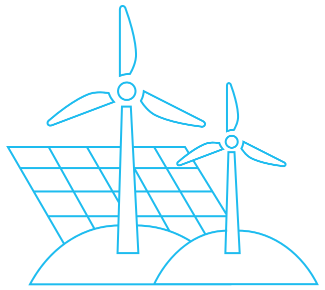
Share of renewable energy sources in KMG's electricity consumption mix vs the baseline

2031 goal: **15%**

2060 goal: **50%**

Renewable energy projects

KMG actively supports projects aimed at developing renewable energy and reducing carbon footprint.



Hybrid power plant in Zhanaozen: cooperation with Eni

On 18 January 2024, KMG and Italy's Eni signed the joint confirmation agreement on the initiation of a hybrid power plant construction project in Zhanaozen (Mangistau Region).

This project will be the first hybrid solution in Kazakhstan combining three types of generation:

- 77 MW wind power plant;
- 50 MW solar power plant;
- 120 MW gas power plant.

On 16 July 2024, a ceremony to mark the start of the hybrid power plant's construction was held, with KMG and Eni management taking part.
In December 2024, early works on the solar power plant site were completed, and construction and installation works for the main equipment began. Full completion of the project is expected by the end of 2026.

The hybrid power plant project in Zhanaozen will create:

up to 80 permanent jobs

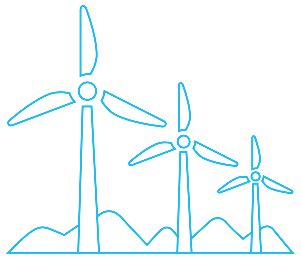
ca. 800 temporary jobs during the construction period

The key partners are:

51% Eni S.p.A

49% KMG

Project schedule: **2024–2026**



Wind power plant in the Zhambyl Region (Mirny project): cooperation with TotalEnergies

Implementation of a joint project for a 1 GW Mirny wind power plant (WPP) in the Zhambyl Region. The WPP will be located in the settlement of Mirny and will be equipped with a 300 MW / 600 MWh energy storage system, ensuring stability of power supply and reducing risks associated with intermittent wind generation.

Feasibility study preparations have been completed, the region's wind potential has been analysed, and work is underway to select a supplier of key equipment.
The project's key partners are Total Eren (60%), Samruk-Kazyna (20%), and KMG (20%).

The Mirny project will create:

up to 250 permanent jobs

ca. 2,000 temporary jobs during the construction period

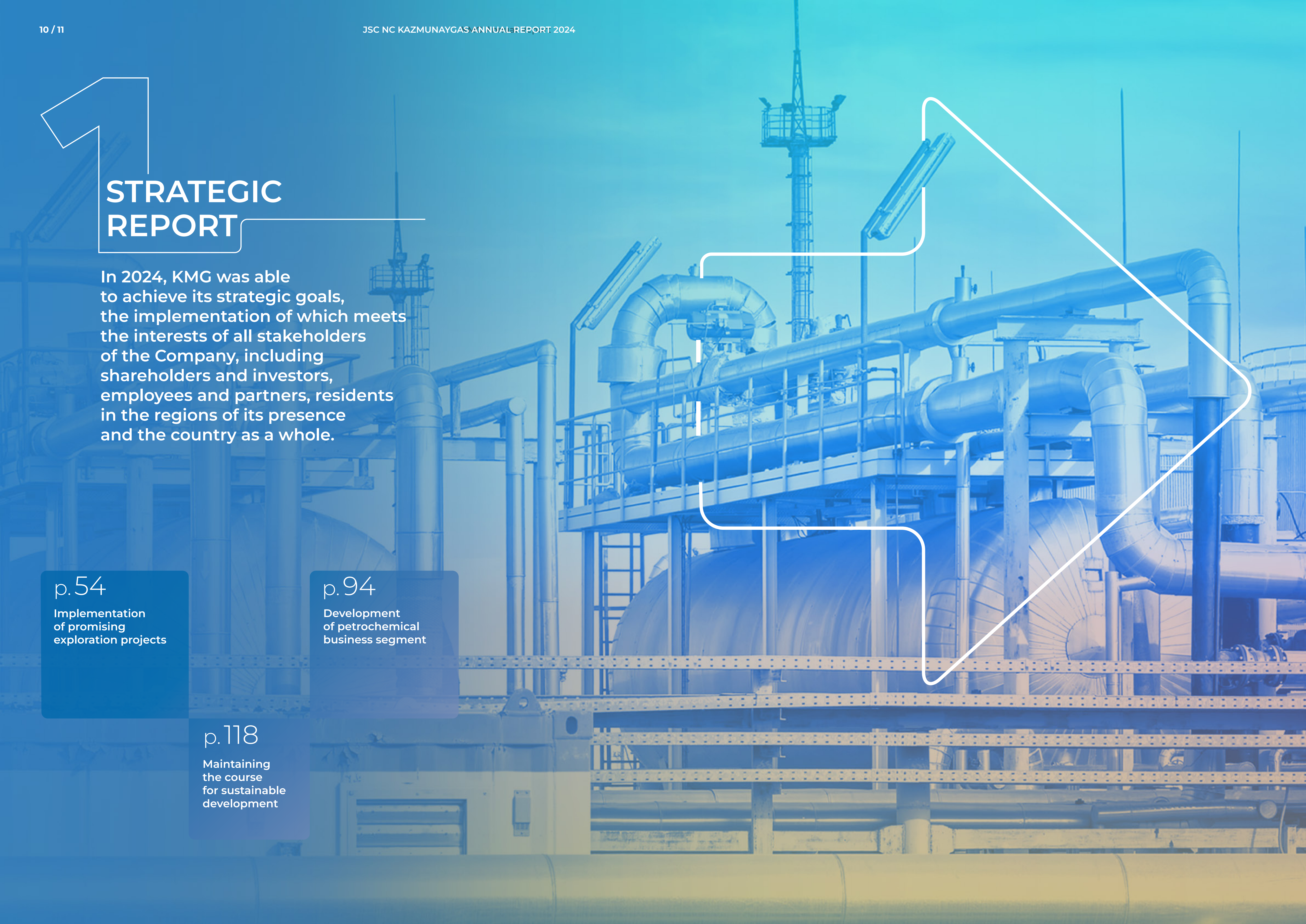
The key partners are:

60% Total Eren

20% Samruk-Kazyna

20% KMG

Project schedule: **2023–2027**



1 STRATEGIC REPORT

In 2024, KMG was able to achieve its strategic goals, the implementation of which meets the interests of all stakeholders of the Company, including shareholders and investors, employees and partners, residents in the regions of its presence and the country as a whole.

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Implementation of promising exploration projects

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Development of petrochemical business segment

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Maintaining the course for sustainable development

COMPANY OVERVIEW

SCOPE OF OPERATION

JSC National Company KazMunayGas ("JSC NC KazMunayGas", "KMG", the "Company") is Kazakhstan's leading vertically integrated oil and gas company.

KMG operates assets across the entire production cycle from exploration and production of hydrocarbons to transportation, refining and provision of services. Established in 2002, the Company represents the interests of the Republic of Kazakhstan in the national oil and gas industry.

83.5 mln tonnes
oil transportation

9,091 km
total length of oil trunk lines

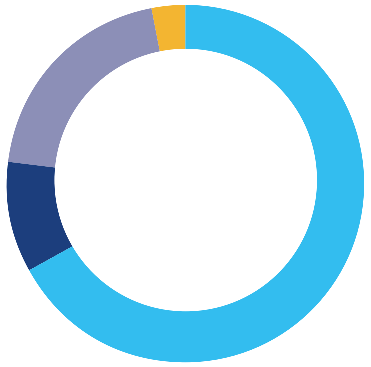
19.2 mln tonnes
oil refining

9.6 bln m³
gas production

23.8 mln tonnes
oil and condensate production

SHAREHOLDERS

Shareholders of JSC NC KazMunayGas, %



67.42
Sovereign Wealth Fund Samruk-Kazyna

20
Kazakhstan's Ministry of Finance

9.58
The National Bank of Kazakhstan

3
Free float on the KASE and AIX

KMG is owned by Sovereign Wealth Fund Samruk-Kazyna (the Fund, Samruk-Kazyna) – 67.42%, Kazakhstan's Ministry of Finance – 20%, the National Bank of Kazakhstan – 9.58%, and public investors – 3% (free float on the KASE and AIX). The shares owned by the National Bank of the Republic of Kazakhstan and the Ministry of Finance of the Republic of Kazakhstan are under Samruk-Kazyna's trust management.

Samruk-Kazyna is a sovereign wealth fund with the Government of the Republic of Kazakhstan as its sole shareholder. The Fund's mission is to improve the sovereign wealth of the Republic of Kazakhstan and ensure long-term sustainability for future generations. The Fund's portfolio includes companies operating in the oil and gas, transport, logistics, chemical, nuclear, mining and metals, energy, and real estate industries.

The Ministry of Finance of the Republic of Kazakhstan manages and performs inter-sectoral coordination in the financial sphere to the extent permitted by law.

The National Bank of Kazakhstan (the "National Bank") is the central bank of Kazakhstan representing the upper (first) tier of the banking system of Kazakhstan. Within its remit, the National Bank acts on behalf of the Republic of Kazakhstan when liaising with other countries' banks and central banks, as well as international banks and other financial institutions. The primary goal of the National Bank is to ensure price stability in Kazakhstan.

ASSET STRUCTURE

EXPLORATION AND PRODUCTION

OPERATING ASSETS

- 100% Ozenmunaigas (OMG)
- 50% Mangistaumunaigaz (MMG)
- 100% Embamunaigas (EMG)
- 50% JV Kazgermunai (KGM)
- 33% PetroKazakhstan Inc. (PKI)
- 50% Karazhanbasmunai (KBM)
- 50% Kazakhoil Aktobe (KOA)
- 100% Kazakhturkmunay (KTM)
- 100% Urikhtau Operating (UO)
- 60% Dunga Operating GmbH (Dunga)
- 50% Ural Oil and Gas (UOG)

MEGAPROJECTS

- 20% Tengizchevroil (Tengiz)
- 10% Karachaganak Petroleum Operating (KPO)[1]
- 16.88% North Caspian Operating Company (NCOC, Kashagan)[2]

REFINING AND PETROCHEMICALS

- 100% Pavlodar Refinery
- 99.53% Atyrau Refinery
- 49.72% PetroKazakhstan Oil Products
- 50% Caspi Bitum
- 100% KMG International N.V.
  - 54.6% Rompetrol Rafinare SA (Petromidia Refinery)
  - 54.6% Rompetrol Rafinare SA (Vega Refinery)
- 49.5% Kazakhstan Petrochemical Industries (KPI)
- 40% Silleno LLP
- 100% KMG PetroChem LLP

OIL TRANSPORTATION

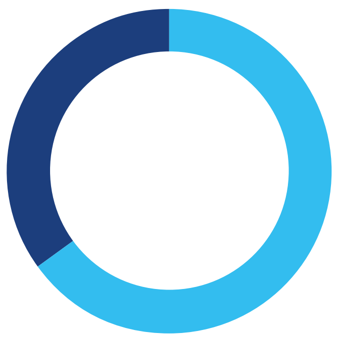
- 90% KazTransOil (KTO)
  - 50% Kazakhstan–China Pipeline (KCP)
  - 51% MunayTas North-West Pipeline Company
  - 100% Batumi Oil Terminal
- 20.75% Caspian Pipeline Consortium-R (CPC-R)[3]
- 20.75% Caspian Pipeline Consortium-K (CPC-K)[3]
- 100% NMSC Kazmortransflot (KMTF)

OILFIELD SERVICES AND OTHER

- 100% KMG Drilling & Services
- 100% Oil Services Company
- 100% Oil Construction Company
- 100% Ken-Kurylys-Service
- 50% KazRosGas
- 100% KazGPP

FOOTHOLD IN KEY MARKETS

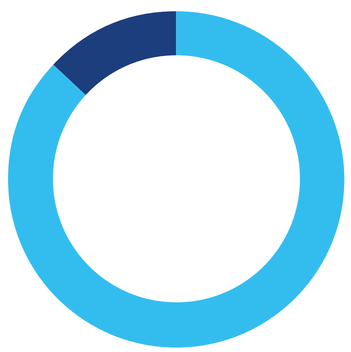
Oil sales, %



65 Exports (primarily to Europe)

35 Domestic market

Oil product sales, %



86 Domestic market

14 Exports (Russia, China, Europe)

[1] The Company holds a 100% stake in KMG Karachaganak, which, in its turn, owns 10% of the Karachaganak Production Sharing Agreement.
[2] The Company holds a 100% stake in KMG Kashagan B.V., which, in its turn, owns 16.88% of the North Caspian Production Sharing Agreement.
[3] 19% held via KMG and 1.75% held via Kazakhstan Pipeline Ventures (KPV).

BUSINESS MODEL

COMPETITIVE ADVANTAGES

Unique geography

Kazakhstan has an extensive resource base, favourable location, and unique opportunity to export to Europe and fast-growing Asian markets

Full integration across the value chain

KMG is the national leader in Kazakhstan's oil and gas industry with a fully integrated value chain

Financial stability

The Company maintains its financial stability and provides sufficient conditions for its long-term development

Diversified upstream portfolio

KMG has a diversified portfolio of oil and gas production assets with an attractive growth potential

Leading position in Kazakhstan's midstream sector

KMG has a 57% share in the national oil transportation market and is involved in all of its projects

Advanced oil refineries

The Company operates four largest refineries in Kazakhstan and two in Romania

Petrochemical projects as a new growth driver

KMG is tapping into a new business of petrochemicals. A polypropylene plant came on-stream, while a polyethylene project is in progress and construction of a gas separation unit has been approved

Advanced corporate governance and commitment to sustainability

INTEGRATED VALUE ADDED CHAIN

EXPLORATION AND PRODUCTION

OIL TRANSPORTATION

OIL REFINING

RESOURCES

Oil and condensate production

23.8 mln tonnes

490 thous. bbl per day

Gas production

9.6 bln m³

Proved plus Probable Reserves (2P)

716 mln toe

5,551 mln boe

Oil transportation

83.5 mln tonnes:

70.3 pipeline transportation

13.2 marine transportation

Total length of oil trunklines

9,091 km

Oil refining

19.2 mln tonnes:

14.2 Kazakhstan refineries

4.9 Romania refineries

STAKEHOLDER VALUE

With leadership and presence across all sectors of Kazakhstan's oil and gas industry, from exploration to product sales, KMG is well-positioned to create value for a wide range of stakeholders. KMG makes regular payouts to shareholders, duly meets its obligations to investors and creditors and is a major employer and taxpayer. The Company promotes mutually beneficial cooperation with partners, invests in social projects and ensures high standards of environmental protection.

KZT 300 bln
Dividends to shareholders

KZT 1,995 bln
Taxes and other mandatory payments to the national budget, including those from joint ventures and associates

52.6 thous.
Permanent jobs

KZT 25 bln
Social assistance to employees

KZT 3.7 bln
Social investments under subsoil use contracts

KZT 2,054 bln
Total volume of procured goods, works and services, excluding procurements conducted under special procedures

81%
Share of local content in procurement

PERFORMANCE HIGHLIGHTS

Social highlights

Employee headcount[1]

2024	52,600
2023	51,405
2022	48,744

Lost Time Injury Rate (LTIR)

2024	0.22
2023	0.30
2022	0.36

Social stability level (Samruk Research Services index), %

2024	79
2023	75
2022	74

Fatal Accident Rate (FAR)

2024	1.03
2023	2.11
2022	1.00

Financial performance, USD mln

EBITDA

2024	4,264
2023	4,398
2022	5,502

CAPEX on an accrual basis

2024	1,526
2023	1,761
2022	1,161

Share in the earnings of joint ventures and associates

2024	1,132
2023	1,171
2022	2,151

Revenue

2024	17,750
2023	18,236
2022	18,845

Net profit

2024	2,332
2023	2,031
2022	2,858

CAPEX on a cash basis

2024	1,374
2023	1,498
2022	979

Net debt

2024	2,214
2023	3,620
2022	4,655

Free cash flow

2024	2,555
2023	2,157
2022	2,421

Net debt / EBITDA

2024	0.52
2023	0.82
2022	0.85

Operational highlights

2P hydrocarbon reserves, mln toe

2024	716
2023	733
2022	708

Oil and gas condensate production, thous. tonnes

2024	23,837
2023	23,532
2022	22,012

Natural and associated gas production, mln m^3

2024	9,554
2023	9,459
2022	8,241

Oil refining, thous. tonnes

2024	19,158
2023	19,593
2022	19,900

Oil transportation, thous. tonnes

2024	83,478
2023	80,359
2022	74,658

Environmental highlights

NOx emissions, tonnes per 1,000 tonnes of produced hydrocarbons

2024	0.39
2023	0.35
2022	0.31

SOx emissions, tonnes per 1,000 tonnes of produced hydrocarbons

2024	0.23
2023	0.23
2022	0.21

APG flaring rate, tonnes per 1,000 tonnes of produced hydrocarbons

2024	1.45
2023	1.4
2022	1.5

[1] Includes employees from consolidated companies with an ownership interest of 51% or above.

STATEMENT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

> KMG was successful in accomplishing its strategic goals, which align with the interests of all the Company's stakeholders

DEAR SHAREHOLDERS, INVESTORS AND PARTNERS

In 2024, Kazakhstan's oil and gas industry, in general, and the Company's operations, in particular, were under pressure from a host of global macro factors, such as geopolitical tensions, OPEC+ decisions, economic slowdown in China, and the growth of shale oil production in the USA. Despite these macroeconomic headwinds, KMG was able to achieve its strategic goals that serve the best interests of all stakeholders, including its shareholders and investors, employees, partners, communities in the regions of operation, and the entire nation.

Ensuring a sufficient resource base

In line with its Development Strategy (the "Strategy"), KMG remains focused on adding new reserves sufficient both for conventional oil and gas operations and new promising areas of activity through organic growth and strategic partnerships and acquisitions. That said, we pay a lot of attention to exploration initiatives implemented independently and jointly with other international oil and gas players. In the reporting period, we started drilling at Turgai Palaeozoic, Karaton Subsalt, Karazhar and Taisoigan wells boasting resources in excess of 800 mln tonnes in oil equivalent, and embarked on the Kalamkas-Sea project whose recoverable oil reserves amount to 86 mln tonnes of oil and 22 bln m^3 of gas.

Improving efficiency across the value chain

KMG seeks to improve the efficiency of its entire value chain comprising production, transportation, refining and marketing of oil, while also achieving operational excellence across all key segments.

At our operating assets, we take measures to streamline and increase the efficiency of oil production, including projects to boost energy security, extend time between repairs, optimise costs, and reclaim Ozenmunaigas fields, investment projects at Embamunaigas, upgrade of motor vehicles and special-purpose machinery, production automation, and digitalisation.

In the short term, we plan to boost output at Tengiz where we are currently stepping up production for the Future Growth Project to reach its full design capacity.
In March 2024, with a view to developing the Trans-Caspian route, KMG and SOCAR signed an agreement for a phased stepping up of oil transportation, which provides for an increase in the transit of Kazakhstan's oil via the Baku–Tbilisi–Ceyhan pipeline to 2.2 mln tonnes per year.

2.2 mln tonnes per year
increase in the transit of Kazakhstan's oil via the Baku–Tbilisi–Ceyhan pipeline

The Company is actively advancing maritime routes in the Caspian, Black and Mediterranean Seas. As part of the partnership with AD Ports Group, Taraz and Liwa tankers acquired in 2023 transported 874 thous. tonnes of oil along the Aktau–Makhachkala route in 2024.

874 thous. tonnes of oil
transported along the Aktau–Makhachkala route in 2024

Given the projected growth in consumption, one of KMG's key objectives in the coming years is to ensure the supply of locally refined oil products to Kazakhstani domestic market, which necessitates the expansion of existing capacities. For this purpose, KMG is doubling Shymkent Refinery capacities to 12 mln tonnes by 2030. To date, adjustments are made to the pre-feasibility study. In 2025, we also plan to increase refining capacities at Caspi Bitum by 500 thous. tonnes to 1.5 mln tonnes.

Expanding product portfolio

As part of its strategic goal to expand the product portfolio, the Company places a strong emphasis on major petrochemical projects that are primarily geared towards the growing export markets, while also aiming to fully meet domestic demand for polypropylene and polyethylene to provide additional economic incentives for related industries in Kazakhstan.

The reporting year marked an important milestone in our progress towards the strategic goal, as we launched construction under the Polyethylene project and adopted the final investment decision on building a gas separation unit. Analysis of the Polyethylene project shows that with exports of up to 1 mln tonnes per year it could generate export revenues of up to USD 2.5 bln, bolstering the country's GDP by up to 1.2% and fostering SMEs.

1.2 %
potential growth the country's GDP thanks to Polyethylene project

We also made important progress on other petrochemical projects of the Company. A pre-feasibility study was approved for the Polyethylene Terephthalate project, with active steps taken to team up with strategic partners. Under the Urea project, an agreement was reached to establish a joint venture with CNPC. Furthermore, KMG PetroChem (100% subsidiary of KMG) and CNPC International Aktobe Petroleum signed an agreement of intent on raw material supply.

Ensuring sustainable development

In line with the global climate goals of achieving carbon neutrality by 2060 and reducing GHG emissions by 15% from the 1990 level, the Board of Directors of KMG approved the Group's 2060 Low-Carbon Development Programme (LCDP) in November 2024. This LCDP replaces the previous programme, which covered a period from 2021 to 2031. The updated 2060 LCDP embraces three scenarios for reducing GHG emissions: a realistic scenario with a 48% decline in GHG emissions, a green development scenario with a reduction of up to 58%, and a deep decarbonisation scenario envisaging a drop in GHG emissions of up to 64%.

48 %
minimum decline in GHG emissions by 2060

Key initiatives to achieve these goals include the development of renewable energy, introduction of methane management, the carbon capture, utilisation and storage (CCUS) project, promotion of hydrogen energy, and production of sustainable aviation fuel (SAF).

In 2024, Sustainalytics assessed KMG's ESG risk management at 32.8. The Company's risk of exposure to ESG factors is high. The Company received a "strong" score for its ESG risk management from Sustainalytics. At the same time, ESG risk exposure was rated as "high". According to the analysts, KMG's high exposure to ESG risks is on a par with the industry average, i.e. risks inherent in the oil and gas industry.

Ensuring financial stability

The financial results for the reporting year show predominantly positive changes compared to 2023. While net profit increased by 18.1% to KZT 1.094 bln and free cash flow rose by 21.8% to KZT 1.199 bln, the Company's revenue and EBITDA remained practically flat year-on-year.

18.1 %
net profit growth in 2024

As part of effective debt management, in September 2024, the Company made a partial early redemption of bonds due 2027 for a total of USD 750 mln. As a result, total debt as at the end of the reporting year came in at KZT 4.0 tln or USD 7.6 bln, increasing by 5.6% in tenge terms and decreasing by 8.6% in USD terms compared to 2023.

Despite significant macroeconomic risks for KMG, the Company maintains relatively high credit ratings from the leading rating agencies: Moody's upgraded KMG's rating from Baa2 to Baa1 (stable outlook), while Fitch reaffirmed the rating at BBB (stable outlook).

As regards market capitalisation, the price of one KMG share stood at KZT 14,621 as at the end of the reporting year, reflecting a 27% increase over the year. As a result, the Company's total market capitalisation reached KZT 8.9 tln or USD 17 bln. With dividend payments considered, the total shareholder return for 2024 amounted to 31%, highlighting KMG's strong investment potential.

Conclusion

As we conclude the reporting year, I would like to extend my sincere gratitude to the employees of the Company, the management team, our partners and all stakeholders for their collective efforts in driving the growth of KMG, Kazakhstan's national oil and gas operator. I am confident that the achievements of this year lay a strong foundation for even greater successes in the future.

Yernat Berdigulov

Chairman of the Board of Directors

STATEMENT FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

> The company was able to ensure the positive stability of its production activities

DEAR SHAREHOLDERS, INVESTORS AND PARTNERS

In 2024, the Company maintained operational stability and implemented significant initiatives to advance its breakthrough projects, adhering to the strategic direction as Kazakhstan's national oil and gas operator. During the reporting year, oil and gas condensate production, including KMG's shares in joint ventures and associates, rose by 1.3% year-on-year, reaching 23.8 mln tonnes. The total oil pipeline and sea transportation volume grew by 3.9% to 83.5 mln tonnes. Our refineries in Kazakhstan and Romania cumulatively processed 19.2 mln tonnes of hydrocarbons.

In 2024, we observed a slight decline in the average global price of Brent and KEBCO crude oil by 2.3% and 1.2%, respectively. Despite this, key financial indicators showed predominantly positive trends. For instance, net profit increased by 18.1% to KZT 1,094 bln, while free cash flow rose by 21.8% to KZT 1,199 bln. In June 2024, for the second consecutive year the Company paid a record high dividend of KZT 300 bln, or KZT 491.71 per ordinary share, to shareholders.

Exploration

Given the significant share of mature fields in the Company's portfolio of operating oil assets, KMG is actively developing exploration projects independently and in collaboration with international partners.

At the end of May 2024, we started drilling an exploration well with a target depth of 5,500 m at the Turgai Palaeozoic block, Kyzylorda Region. In late November, the Company began drilling an exploration well at the Karaton Subsalt project in Atyrau region run in partnership with Tatneft, also targeting a depth of 5,500 m. An exploration and production contract for the Karazhar project in the Aktobe Region was secured, and drilling of a 3,000 m exploration well started in December. Apart from that, in December, we commenced drilling at the Taisoigan project in Atyrau region, where eight independent exploration wells with depths ranging from 400 to 3,800 m are planned as part of the first exploration phase. Drilling and testing of these wells are scheduled for completion in 2025.

ASKHAT KHASSENOV
Chairman of the Management Board

USD 6.4 bln
cost of the Kalamkas Sea project

We are making progress on the Kalamkas Sea major exploration project worth USD 6.4 bln, currently in the FEED (Front End Engineering Design) phase with design documents being developed. KMG implements this project, located in Kazakhstan's part of the Caspian Sea, jointly with LUKOIL. The expected annual peak production will be 4 mln tonnes of oil or around 80 thous. bbl per day.

As part of the Subsoil Exploration investment project, seismic surveys, processing, and interpretation were completed for the Northern Ozen, Zharkyn, Bolashak (Mangystau region) and Berezovsky blocks (West Kazakhstan region), with plans to secure contracts and attract strategic partners in place and a strategic parrner for the Bolashak block determined.

Hydrocarbon production

In the reporting year, production grew by 1.3% to 23.8 mln tonnes. The sizable contributions to this year-on-year growth came from the Dunga field acquisition in late 2023, rise in production by 221 thous. tonnes at Ozenmunaigas and an increase at the Urikhtau Rozhkovskoe field by 110 thous. tonnes driven by the commissioning of new wells.

1.3 %
growth of hydrocarbon production in 2024

A major investment project at the Tengiz field is nearing completion. In April 2024, KMG started to commission the Wellhead Pressure Management Project facilities, and launched crude oil production at the new Third-Generation Plant as part of the Future Growth Project in January 2025. We are ramping up production in stages to reach the full design capacity of the project, with an expected growth in KMG's share of 2.4 mln tonnes of oil.

Advanced technologies, such as polymer flooding, multistage hydraulic fracturing, radial fracturing, and others, are being actively studied and deployed to raise the oil recovery factor in mature fields. It is expected that these technologies will enable the extraction of more than 60 million tonnes of oil over 25 years, significantly improving the economic efficiency of mature field operations.

Oil transportation

The Company continues to focus on maximising the operating rate of KMG's oil transportation systems and diversifying export routes.

55.7 mln tonnes of oil
transported by the Caspian Pipeline Consortium (CPC) pipeline

In 2024, oil shipments from the Port of Aktau via the Baku–Tbilisi–Ceyhan route went up by 34% to 1.4 mln tonnes. Oil transportation to Germany increased by 50% year-on-year, with about 1.5 mln tonnes transported via the Atyrau–Samara pipeline and further through Transneft's pipelines. The Caspian Pipeline Consortium (CPC) pipeline remains the main export route, transporting 55.7 mln tonnes of Kazakhstan's oil, which accounted for 81% of total exports in 2024.

Refining and marketing

In the reporting year, KMG ensured stable operation of all its four Kazakhstan refineries, providing the domestic market with stable supplies of fuels and lubricants. Petrol production in Kazakhstan increased by 1% to 4.3 mln tonnes, while diesel output rose by 2.1% to 4.4 mln tonnes attributable to KMG.

In 2024, three refineries worked to increase the output of light oil products by 370 thous. tonnes, with plans to further ramp up the output.

1 %
growth of petrol production in 2024

2.1 %
growth of diesel output in 2024

As part of the project to boost the refining capacity of the Shymkent Refinery from 6 to 12 mln tonnes, adjustments to the pre-feasibility study by 2030 have been made, and we are planning to move to the feasibility study stage in 2025. Currently, we are exploring options to expand Caspi Bitum's oil refining capacity from 1 mln tonnes to 1.5 mln tonnes per year, along with the production of 750 thous. tonnes of road bitumen per year. The project is slated for completion in 2025.

Petrochemicals

Leveraging our access to cost-effective raw materials and responding to projected growth in global petrochemical demand, KMG continues developing its petrochemical business segment, which offers significant multiplier effects for the entire country.

In 2024, final investment decisions were made on interrelated petrochemical projects: construction of a gas separation unit and polyethylene plant. In September 2024, the Company commenced the construction of a 1.25 mtpa polyethylene plant in the special economic zone of the Atyrau Region, with investments rounding some USD 7.4 bln. As of today, engineering preparations have been completed at the sites of pyrolysis and polymerisation units, logistics complex, and continue at off-site facilities.

During the reporting year, the integrated KPI gas chemical complex produced ten product grades totaling 249 thous. tonnes of polypropylene, with 230 thous. tonnes exported to China, Europe, Turkey, and Russia. Domestic market supplies have reduced product imports to 17% compared to 34% in 2023.

In addition to the abovementioned projects, two more are planned to help KMG realise its full potential in the petrochemical sector. The first is the construction of a urea production plant with a capacity of 1 mtpa to supply nitrogen fertilisers for both the domestic and global markets. The second project is a polyethylene terephthalate plant with a capacity of 735 thous. tonnes per year, which will reduce dependence on imports of terephthalic acid and ensure stable supplies to the domestic market.

Ensuring sustainable development

KMG continues strengthening its sustainable development and gradual reduction in carbon intensity of production, supporting global initiatives. The Company is actively advancing renewable energy projects. In July 2024, construction began on a 247 MW hybrid power plant in partnership with Eni. By December, we completed early works on the solar plant site and initiated construction and installation of the main equipment. Full completion of the project is expected by the end of 2026.

As part of the global climate agenda and in support of national carbon neutrality goals, KMG adopted an updated Low Carbon Development Programme until 2060, which aims to reduce CO_2 emissions by 15% by 2031 and 64% by 2060 from 2019 levels. The programme will focus on the following key areas: improving energy efficiency, developing renewable energy sources, monitoring methane emissions, and others.

Importantly, in December 2023, KMG joined the OGMP 2.0 (The Oil & Gas Methane Partnership) initiative for methane emissions reporting, and in May 2024, it submitted its first methane emissions report on the OGMP 2.0 platform.

KMG devotes considerable attention to ensuring safe working conditions and protecting the health of its personnel and the population living in the areas where the Company's production facilities operate. In the reporting year, the number of people injured in work-related accidents and the number of road traffic accidents decreased by 28% and 68%, respectively, compared to the previous year.

KZT 1,995 bln
taxes paid

In 2024, the Company paid KZT 1,995 bln (including joint ventures) as taxes and other mandatory contributions to the country's budget. Additionally, KMG independently implements several socially significant projects, including a multifunctional sports complex in Uralsk with a total area exceeding 20 thous. m² and spectator capacity for 1,200 people. This complex was officially opened in December of the reporting year. The project cost totalled KZT 19.9 bln.

Conclusion

In closing, I extend my sincere gratitude to every contributing employee of our Company and all stakeholders who make constructive contributions to our shared mission. KMG's dedicated team has achieved remarkable results in 2024, and I am confident that even greater accomplishments await us in the future.

Askhat Khassenov

Chairman of the Management Board

STRATEGY

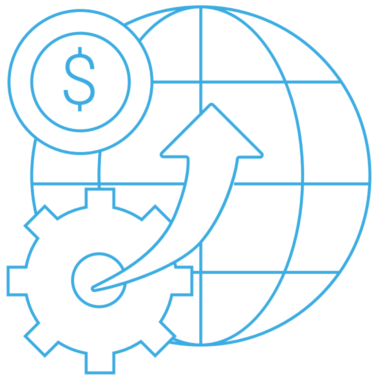
MARKET OVERVIEW

Global trends and their impact on KMG's Development Strategy implementation

In 2024, the global oil and gas industry was affected by numerous factors significantly impacting KMG's operations.

Key trends

1. OPEC+ decisions
2. China's economic slowdown
3. Growth of shale oil production in the USA
4. Geopolitical tensions
5. Decarbonisation and transition to a low-carbon economy
6. Development of the petrochemical industry
7. Cyber security and digitalisation



OPEC+ decisions on oil production

In 2024, OPEC+ countries' decisions continued to shape the global oil market. Despite the overall policy of production cuts, Kazakhstan, as a member of OPEC+, committed to reducing production by 1.5% under the agreements to some 1.64 mln bbl per day (vs 1.66 mln bbl per day in 2023).

According to S&P Global, this helped keep Brent oil prices within the USD 70–85 per bbl range in 1H 2024. However, some OPEC+ members initiated a gradual increase in production in 2H 2024, thus bringing prices down to USD 75 per bbl by year-end.

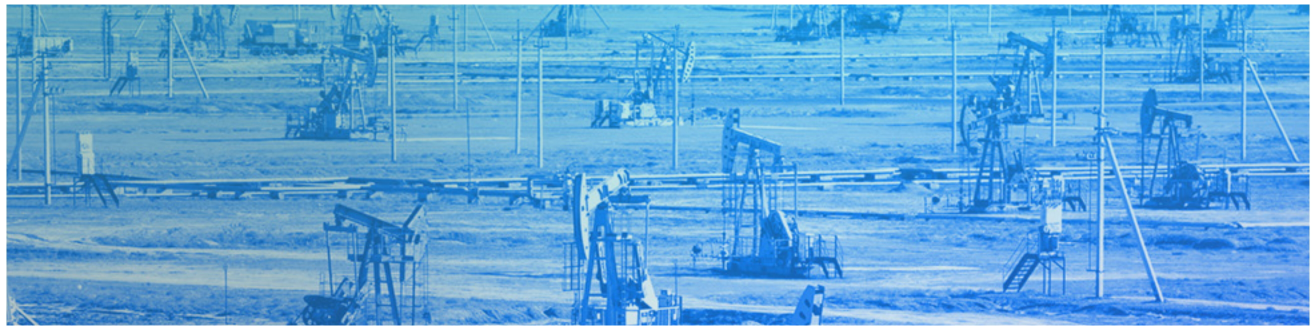
Source: S&P Global Commodity Insights, 2024.

Impact on KMG

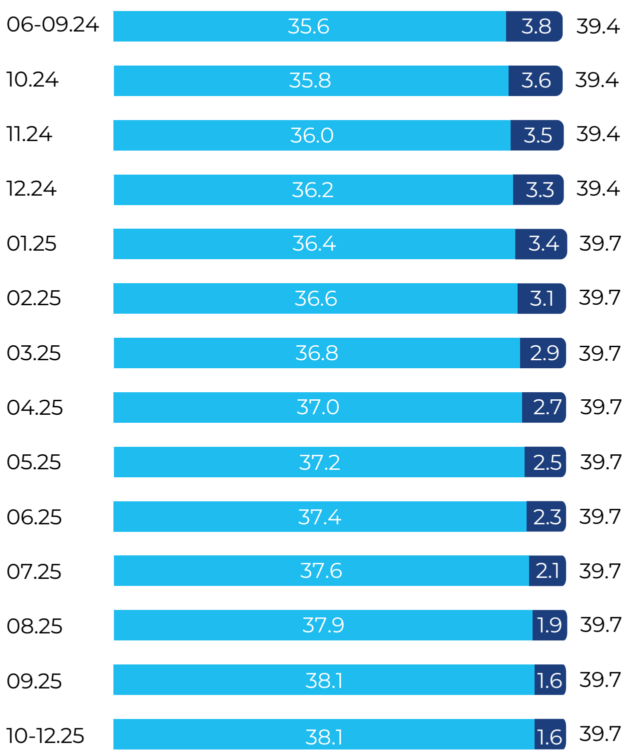
As an oil and gas subsoil user, KMG adheres to production quotas and compliance with them as stipulated by the Ministry of Energy of the Republic of Kazakhstan, the industry's governing body. Kazakhstan remains committed to the OPEC+ agreement and manages production in accordance with the Government's directives. According to the statement of the Ministry of Energy, Kazakhstan acknowledges the need to compensate for any production overruns and reaffirms its commitment to fulfilling its obligations under the OPEC+ agreement.

OPEC+ quotas for Kazakhstan for 2024, 2025, and 2026, mln bbl per day

Source: Kazakhstan's Ministry of Energy.



Distribution of OPEC+ total quota in 2024–2025, mln bbl per day



- OPEC+ production target
- Voluntary production cuts

Source: OPEC.

China's economic slowdown

According to China's National Bureau of Statistics, the country's economy met the government's target of 5% growth in 2024. In 4Q 2024, GDP growth spiked to 5.4% year-on-year, the highest in a year and a half, mostly driven by increased industrial production and exports. However, domestic demand remained weak: retail sales were up only 3.5% year-on-year and inflation was at 0.2%, indicating subdued consumer spending. In addition, investment in the real estate sector dropped by 10.6%, in line with the recent years' trend.

Thus, despite achieving its growth target, the Chinese economy faces domestic challenges such as weak consumer demand and a downturn in the real estate sector, which puts pressure on the earnings of China's importers.

Lower real GDP growth, construction sector challenges, and a decline in industrial activity resulted in diminished oil demand. In 2024, the increase was only 0.8% and is expected at 1.3% in 2025. This is due to the rising popularity of electric vehicles and a shift towards liquefied natural gas in cargo vehicles. Sinopec, China's largest petrochemical company, forecasts that domestic oil consumption will peak at 16 mln bbl per day by 2027, followed by a gradual decline. The rapid spread of electric vehicles in China is significantly reducing the demand for petrol and diesel fuel. By the end of 2025, petrol demand is expected to decline by 6.4% from its 2021 peak.

These trends highlight structural changes in Chinese oil demand, which could have long-term implications for the global oil market.

Sources: China National Bureau of Statistics, World Bank, wsj.com, reuters.com

Impact on KMG

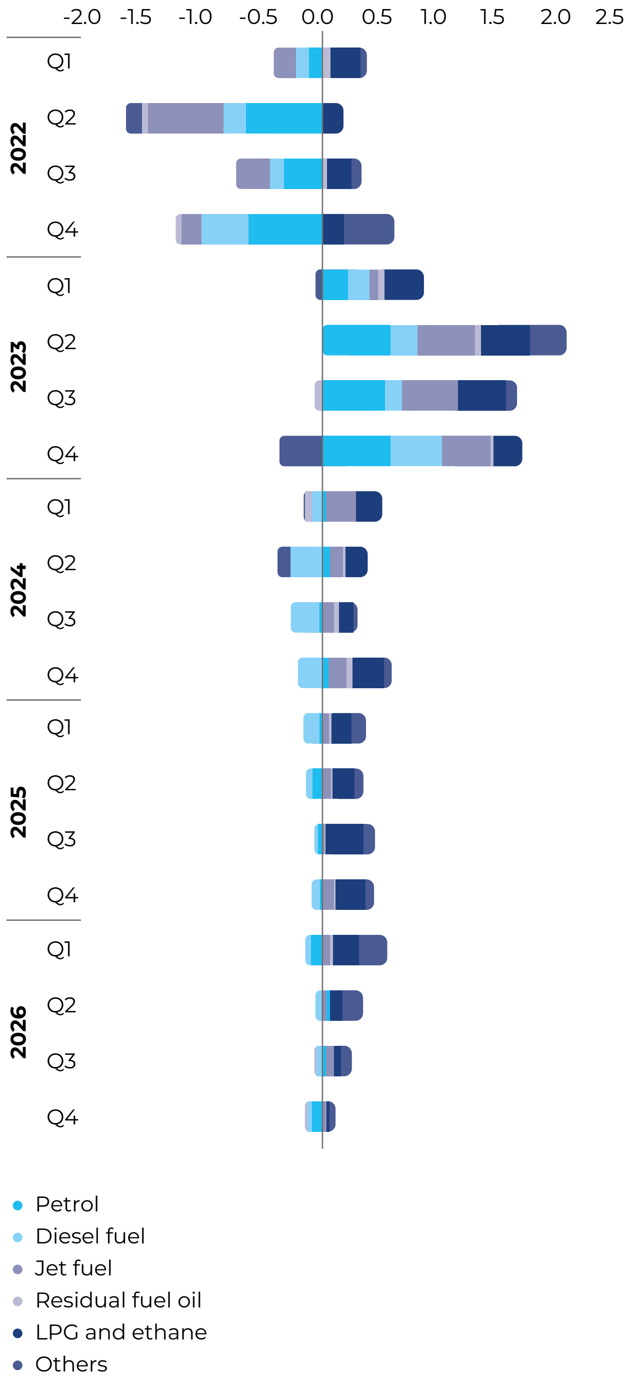
Although KMG's share of exports to China remains insignificant, the slowdown in China's economic growth has an indirect impact on the Company through lower global oil prices. Lower domestic demand in China and challenges within its construction sector contributed to depressed global oil demand, thereby placing pressure on KMG's export revenues.

China's economic outlook

	2023	2024F	2025F	2026F
Real GDP growth (%)	5.2	4.9	4.5	4.0
Consumer price index (% change, average)	0.2	0.4	1.1	1.6
Consolidated fiscal balance (% of GDP)	1.4	1.6	0.9	0.2

Source: World Bank.

China's growth in demand for oil products, mln barrels per day



Geopolitical tensions and their impact on the global oil and gas industry

Geopolitical conflicts continued to significantly influence the global oil market throughout 2024. According to S&P Global, the escalation of conflict in the Middle East and the continued sanctions against Russia created temporary disruptions to oil supplies, pushing prices up to USD 89 per bbl in 3Q.

The intensification of the Middle Eastern conflict disrupted oil supplies from key regional exporters, including Iran and Iraq. Attacks on oil infrastructure, increased sanctions, and shipping disruptions through the Strait of Hormuz, a crucial route for approximately 20% of global oil shipments, further contributed to price increases.

In addition, Red Sea tensions, marked by repeated Houthi attacks on commercial vessels, forced oil traders and shipping companies to alter routes, thus increasing oil and oil products' transportation costs and exacerbating price volatility.

Prolonged and strengthened sanctions against Russia, including restrictions on oil and oil product exports, reshaped global supply patterns. Although Russia kept finding alternative markets (primarily China and India), sanctions impacted global oil logistics, increasing the demand for alternative supply sources.

Additional restrictions on Russian "shadow" tanker fleets and G7 price caps forced Russian exporters to opt for longer and more circuitous routes, further raising global logistics costs.

Consequently, the average Brent price reached USD 89 per bbl in 3Q 2024, one of the year's highest points. However, prices began to decline in the second half of the year due to increased production from OPEC+ countries and a surge in US oil supply.

Impact on KMG

Apart from the volatility in oil prices, these events highlighted the necessity for Kazakhstan and KMG to diversify their export routes. A significant step was the March 2024 agreement with SOCAR for a phased stepping up of oil transportation volumes, providing for an increase in transit of Kazakhstan's oil via the Baku–Tbilisi–Ceyhan pipeline to 2.2 mln tonnes per year. In 2024, KMG ramped up transportation via the Trans-Caspian route by 34% to 1.4 mln tonnes.

Sources: S&P Global, 2024; International Energy Agency (IEA)

Growth of shale oil production in the USA

The US oil production grew by 10% year-on-year, boosting global supply and toughening competition in international markets. According to the US Energy Information Administration (EIA), shale oil production in the US hit a record of 13.4 mln bbl per day in 2024, a 2.3% increase year-on-year.

The US liquid hydrocarbon production significantly expanded between 2005 and 2024, profoundly impacting the global oil market. Daily production rose from some 5.2 mln bbl in 2005 to a record 13.4 mln bbl in 2024. This is attributable to advancements in hydraulic fracturing and horizontal drilling technologies, enabling the efficient exploitation of shale reserves.

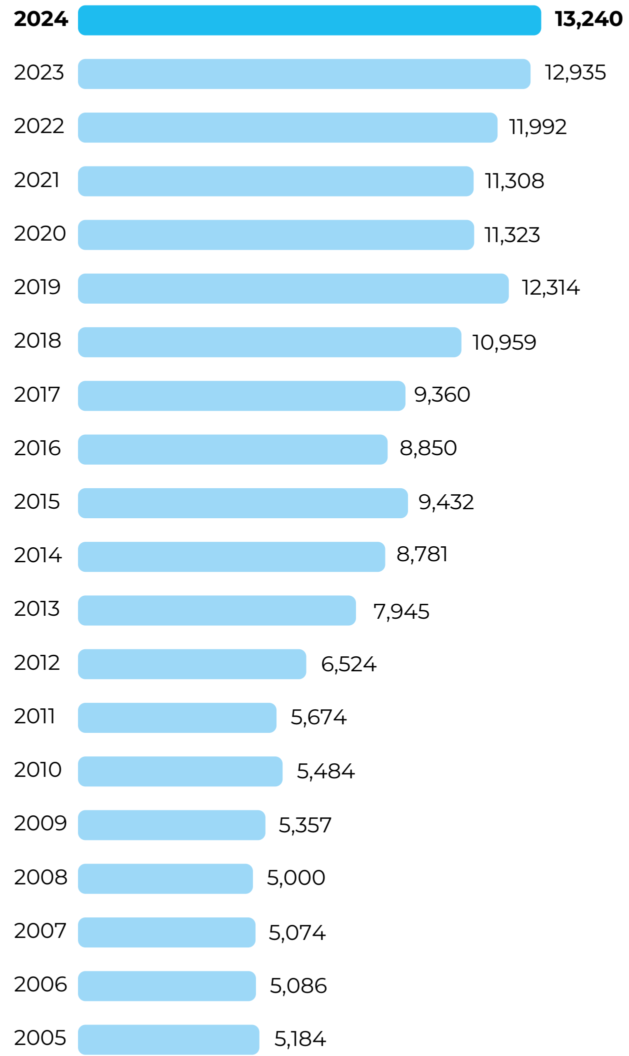
The increased US oil production led to a rise in global supply, putting downward pressure on prices and heightening competition in international markets. This resulted in significant shifts in the global oil market landscape, including realigned trade flows and altered price dynamics. Furthermore, the high price elasticity of the US shale oil production allows for rapid responses to market fluctuations, making strategic planning more difficult for other producers.

Impact on KMG

For KMG, the rise in the US shale oil production translates to intensified competition in export markets and downward pressure on export prices. While increased US oil exports in 2024 tilted the global market balance, this was partially offset by slower Chinese economic growth and heightened geopolitical tensions in key regions. These countervailing factors contributed to relatively stable average oil prices.

Consequently, the ongoing growth in the US shale oil production necessitates strategic adaptation and enhanced efficiency for KMG to maintain its market position, focusing on operational efficiency improvements and cost structure optimisation.

Average production, thous. bbl per day, by year



Source: The US Energy Information Administration (EIA)

Decarbonisation and transition to a low-carbon economy

The global energy transition is gathering momentum, progressively encompassing more economic sectors and reshaping the demand landscape for traditional hydrocarbons. In 2024, global investment in the energy transition reached a record USD 2 tln, an 11% increase year-on-year.

Key areas included:
- electrified transport, with investment up 14% to USD 720 bln;
- renewable energy, attracting USD 680 bln in investment (up 9%);
- carbon capture, utilisation, and storage technologies[1] and hydrogen energy, attracting greater interest due to tightening climate policies.

China, the EU, and the US remain transition leaders:
- China invested USD 750 bln (37% of global investment);
- the European Union contributed USD 420 bln, which was significantly driven by the REPowerEU[2] plan aimed at phasing out carbon-intensive energy sources;
- the US invested USD 310 bln primarily in electric vehicle infrastructure and carbon capture, utilisation, and storage technologies.

On 1 January 2024, the EU implemented the first phase of the Carbon Border Adjustment Mechanism[3], designed to combat climate change and reduce greenhouse gas emissions. This will extend to oil products and other energy-intensive goods by 2026. Similar measures are under development in the UK and Canada, while China is introducing a new CO_2 emissions trading system. In August 2024, the EU adopted a regulation to reduce methane emissions in the energy sector (crude oil, gas, and coal).

In addition, G7 nations agreed to further restrict funding for carbon-intensive projects, limiting capital access for traditional oil and gas assets. Institutional investors, including major sovereign wealth funds and development banks, are increasingly restricting investments in high-carbon companies.

Impact on KMG

1. EU carbon regulation

The introduction of the Carbon Border Adjustment Mechanism means that from 2026, oil products exported to the EU will be subject to carbon pricing. Preliminary estimates suggest additional carbon levies could reach USD 20–30 per tonne of oil and oil products, increasing KMG's export costs and eroding its competitive edge in the European market.

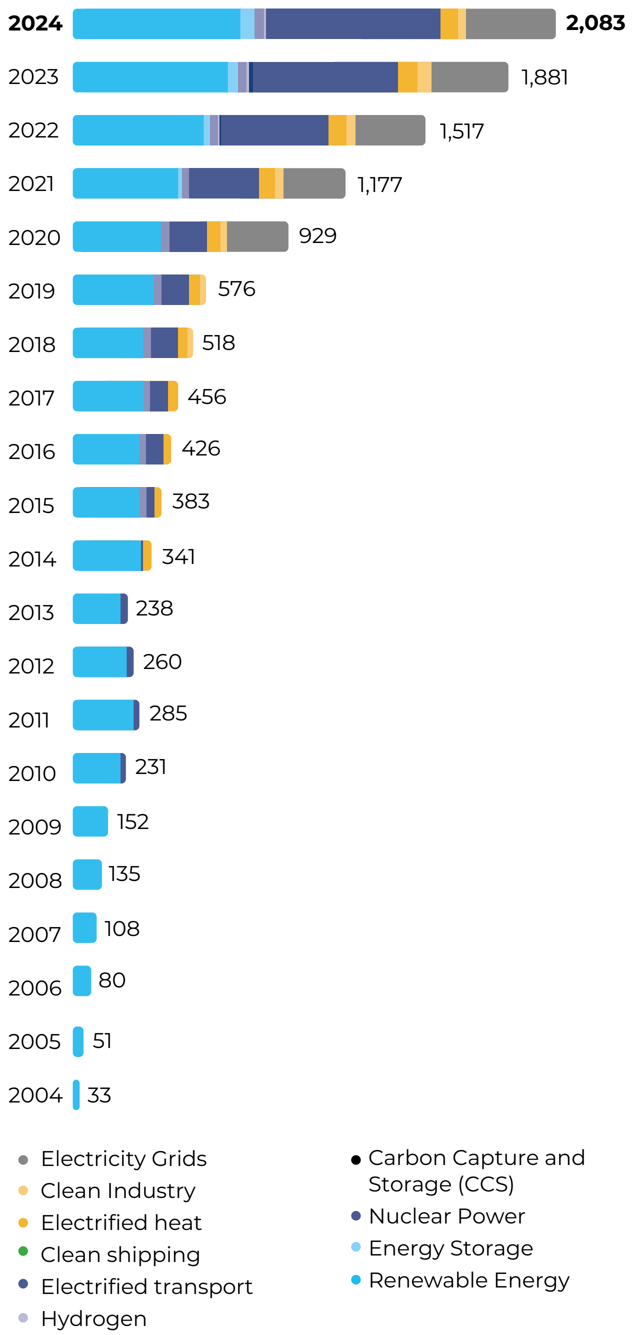
In response, KMG focuses on:
- exploring export diversification opportunities in Asia and Central Asia;
- negotiating with European partners on potential mechanisms for carbon offsets;
- optimising the carbon footprint of its refineries to reduce carbon levies;
- implementing its newly approved Low-Carbon Development Programme (LCDP) 2060, which includes:
  - adopting carbon capture, utilisation, and storage technologies across production facilities;
  - upgrading refineries to reduce CO_2 emissions;
  - developing renewable energy projects and decarbonising production assets' energy supply.

2. Financial challenges and access to capital

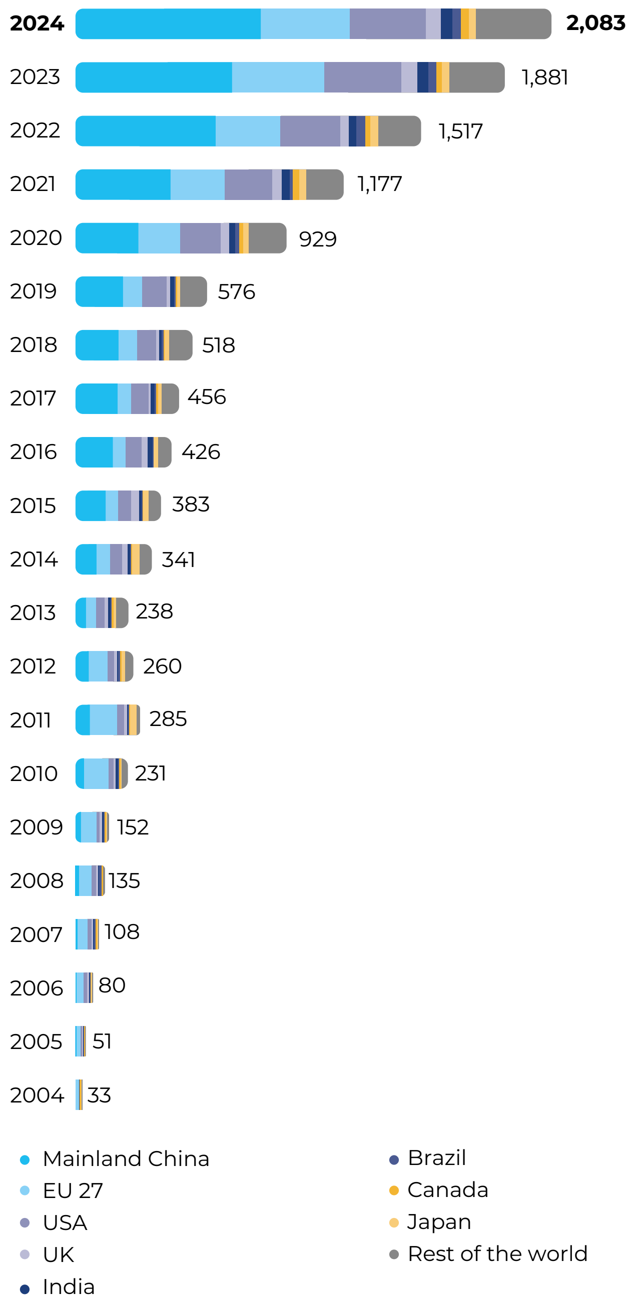
The global trend of divestment from carbon-intensive projects hinders KMG's access to green financing.

In response, KMG focuses on:
- actively engaging ESG investors to support low-carbon projects;
- exploring the possibility of issuing green bonds through joint ventures;
- participating in the OGMP 2.0 global initiative to reduce methane emissions, thus enhancing the Company's investment case;
- implementing a major renewable energy project, 1 GW Mirny wind power plant in the Zhambyl Region, with the first phase to be completed in 2027:
  - the project incorporates battery energy storage systems;
  - generation of over 3.2 bln kWh of electricity annually;
  - emissions reduction by 2 mln tonnes of CO_2 per year.

Global investment in energy transition by sector, USD bln



Global investment in energy transition by economy/bloc, USD bln



Sources: BloombergNEF, Energy Transition Investment Trends 2024; European Commission

[1] Carbon capture, utilization and storage (CCUS) — emission reduction technologies that can be applied throughout the energy system.
[2] The European Commission's plan to eliminate reliance on Russian fossil fuels by 2030, focusing on energy efficiency measures, energy source diversification, and widespread adoption of renewable energy.
[3] Carbon Border Adjustment Mechanism (CBAM) — the mechanism of carbon adjustment of imports.

Development of the global oil and gas market

The global oil and gas market continues to expand despite the economic slowdown.

According to Research Nester, the global polymer market exceeded USD 760.36 bln in 2024 and is expected to reach USD 1.51 tln by 2037, with a CAGR of 5.4% between 2025 and 2037.

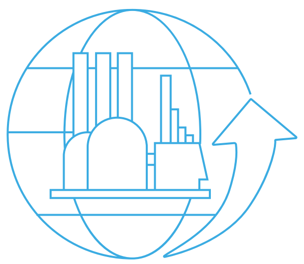
The IEA reports that demand for polymers such as polyethylene and polypropylene rose by 3.8% year-on-year, reaching 335 mln tonnes. China and India are key contributors to this growth, accounting for over 50% of global consumption. Mordor Intelligence projects the propylene market growth to come in at 121.81 mln tonnes by 2029, with a CAGR of 5.78% between 2024 and 2029.

Key drivers of increased polyethylene and polypropylene demand:
- packaging: the growth of e-commerce and a shift in consumer preferences towards convenient and flexible packaging are stimulating demand;
- cars: the drive to reduce vehicle weight for improved fuel efficiency leads to increased use of plastics, including polyethylene and polypropylene, in automotive components;
- construction: higher construction activity, particularly in emerging markets, is fuelling the use of the above polymers in construction materials and products.

Impact on KMG

As part of the state oil and gas development programme, KMG increased polypropylene production by 12% to 249 thous. tonnes at its KPI plant commissioned in late 2022. Construction of a large-scale polyethylene plant (1.25 mln tonnes per year capacity) commenced in 2024, strengthening Kazakhstan's position as a key player in Central Asia. These major petrochemical projects are primarily geared towards the expanding export markets, while also aiming to fully meet domestic demand for polypropylene and polyethylene, providing additional economic incentives for related industries in Kazakhstan.

Sources: IEA; BloombergNEF, 2024; Research Nester; Mordor Intelligence



Cyber security and digitalisation

Deloitte reports a 37% year-on-year increase in cyber attacks targeting the oil and gas industry in 2024. Attacks on critical infrastructure, including pipelines and automation systems, pose a major challenge: if successful, they could lead to data breaches, industrial espionage, damage to expensive equipment, and disruption of operational processes. The average cost of a data breach in the industry is estimated at USD 3.86 mln per company.

This problem is exacerbated by a shortage of cyber security experts. Only 13% of companies actively implement modern technologies or have in place a digital transformation strategy, with a mere 3.5% of their employees fully meeting current requirements. The global gap of cyber security skills stands at approximately 4.07 mln people.

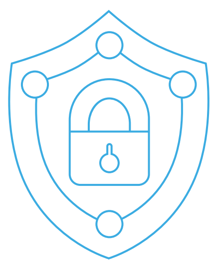
Digital transformation has become a key development focus for leading players in the oil and gas market. The adoption of digital technologies such as artificial intelligence, machine learning, big data, and digital twins helps enhance productivity, improve safety, and bring down costs. For instance, engineering simulators enable real-time modelling of production processes, facilitating prompt adjustments to plans and the prediction of potential equipment failures.

Impact on KMG

KMG recognises the importance of cyber security and digitalisation in today's world. The Company actively implements advanced digital solutions to enhance operational efficiency and security. KMG also executes a comprehensive cyber security programme to protect its critical infrastructure and data, including regular software updates, the deployment of state-of-the-art security tools, and staff training.

KMG aims to align with global trends, ensuring the reliability and resilience of its production processes in the face of digital transformation and escalating cyber threats.

Sources: Deloitte, Oil & Gas Cybersecurity Report 2024; Innostage Cyber Roadshow 2024



Oil price dynamics

The global oil market in 2024 was highly volatile due to a number of economic, geopolitical, and technological factors.

Brent oil prices fluctuated between USD 70 and USD 85 per bbl throughout the year. 1H 2024 saw prices rise, peaking at USD 86 per bbl in 3Q, which was driven by seasonal demand growth and reduced oil inventories in OECD countries[1]. By year-end, prices fell to USD 75 per bbl due to increased supply and weakening demand.

Analyst forecasts

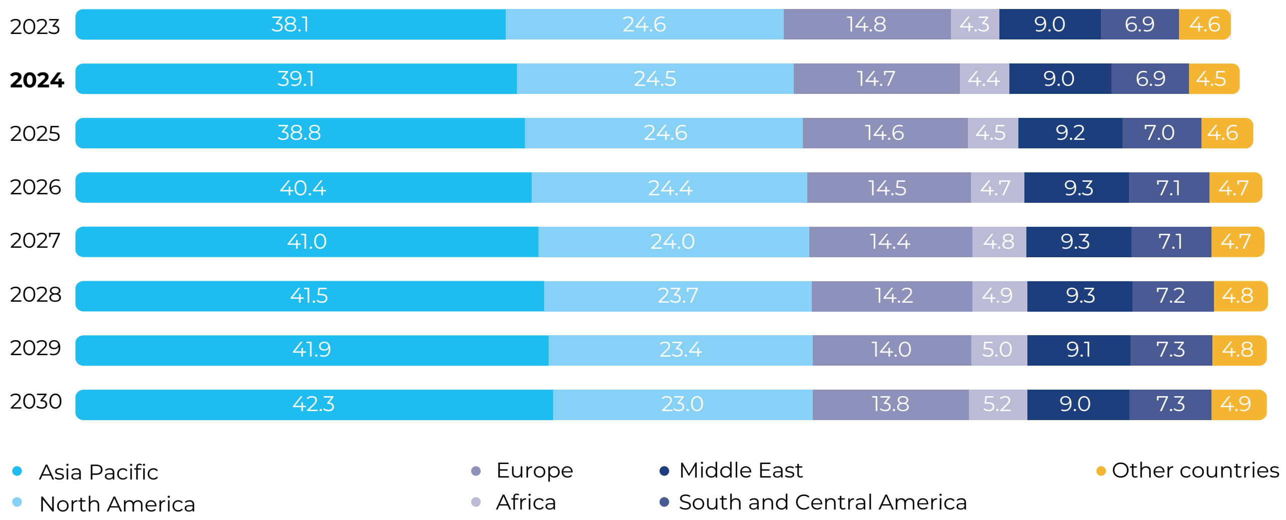
1. J.P. Morgan[2] forecasts an average Brent oil price of USD 73 per bbl in 2025, potentially falling below USD 70 by year-end, as it expects a supply surplus of 1.3 mln bbl per day.

2. Bank of America Global Research[4] lowered its Brent oil price forecast for 2025 from USD 80 to USD 75 per bbl, citing waning global demand, particularly from China, and rising global oil inventories.

3. Morgan Stanley[3] revised its forecast upward, predicting a Brent price of USD 70 per bbl in the second half of 2025, due to OPEC+ decision to postpone and slow down planned production increases.

4. Goldman Sachs[3] believes prices could reach USD 93 per bbl due to potential supply cuts resulting from sanctions and geopolitical tensions; however, its base case forecast remained at an average of USD 78 per barrel in 2025.

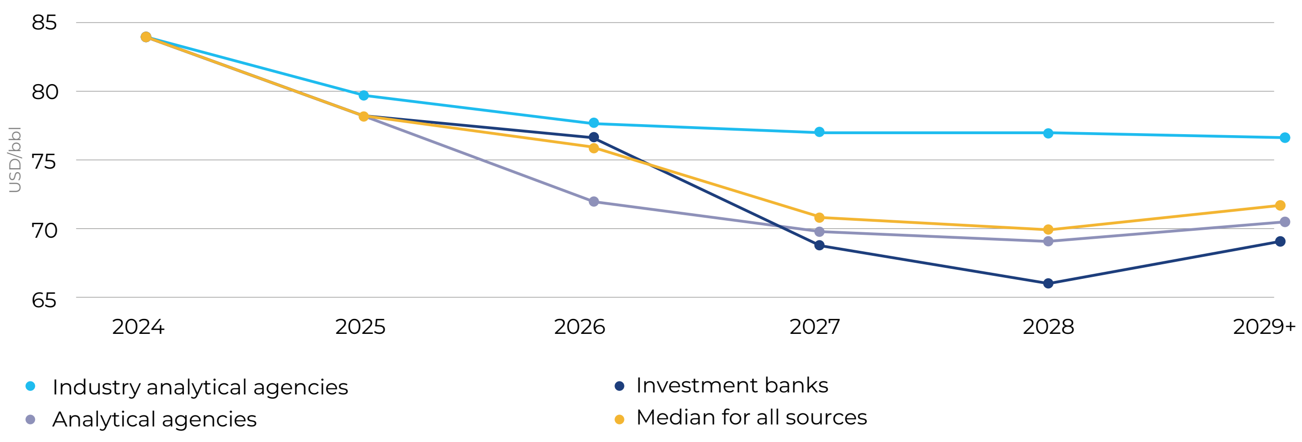
Global oil demand by region in 2023–2030, mln bbl per day



Source: IEA

[1] Organisation for Economic Cooperation and Developmen
[2] November 2024 forecast
[3] December 2024 forecast
[4] September 2024 forecast

Brent oil price forecast in real terms (2024 prices), USD/bbl



Sources: data from oil companies, analytical agencies, and investment banks

Internal drivers and their impact on Strategy[1] implementation

Kazakhstan's oil and gas industry in 2024

The oil and gas industry, including related sectors such as transportation, construction of production facilities, and geology, remains a cornerstone of Kazakhstan's economy, contributing around 17% to the GDP.

Upstream

87.7 mln tonnes
Oil production in 2024

Oil production in 2024 totalled 87.7 mln tonnes, a 2.5% decrease vs 89.9 mln tonnes in 2023. This is attributable to temporary repair shutdowns at major fields, including Tengiz, Karachaganak, and Kashagan.

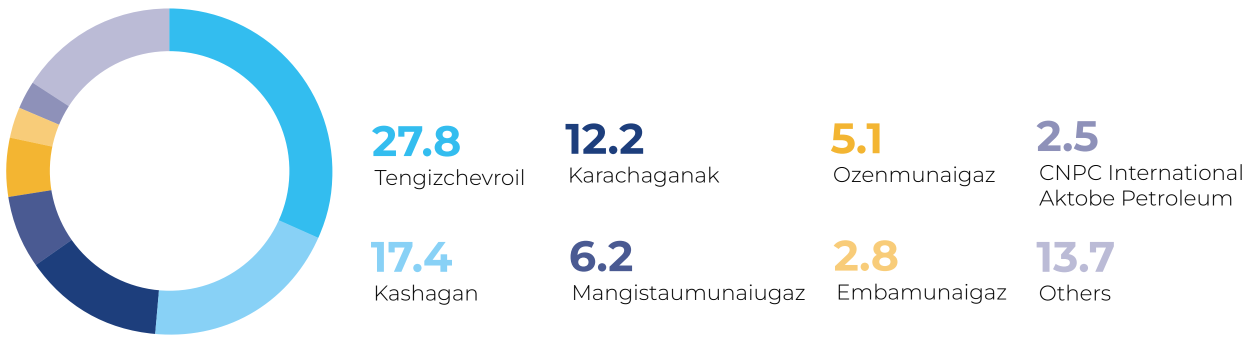
Oil and gas condensate exports in 2024 came in at 68.6 mln tonnes, 2.8% down year-on-year (70.5 mln tonnes) due to a decrease in production volumes.

As production expanded over the past decades, Kazakhstan has significantly strengthened its position in the global hydrocarbon market. According to the U.S. Energy Information Administration (EIA), Kazakhstan has 30 bln bbl of proved oil reserves, ranking 12th globally. The International Energy Agency (IEA) similarly places Kazakhstan 15th worldwide in natural gas reserves (2.4 tln m³), with production reaching 58.9 bln m³ in 2024.

KMG's position

KMG holds a leading position in Kazakhstan's oil and condensate production. In 2024, the share of KMG in the nation's oil and condensate production was 27%, while its share in gas production came in at 16%.

Oil and condensate output in Kazakhstan in 2024, mln tonnes



Oil transportation

Kazakhstan boasts modern oil transportation infrastructure, ensuring stable hydrocarbon supplies to global markets. Key export routes utilise KazTransOil and the Caspian Pipeline Consortium (CPC) pipeline systems, with Kazmortransflot handling Caspian Sea transportation.

In 2024, 68.6 mln tonnes of oil were exported via these systems, including 55.7 mln tonnes through Caspian Pipeline Consortium, which accounted for 81% of total exports[2].

KMG's position

KMG manages a diversified oil transportation infrastructure with significant transit and export capacity. In 2024, the Company controlled 57% of the oil transportation sector, encompassing both trunk pipeline and marine transportation.

Oil refining

According to the Information and Analytical Centre of Oil and Gas of the Ministry of Energy, the throughput at Kazakhstan refineries in 2024 was 17.6 mln tonnes, down 0.7% year-on-year. This reduction stemmed from lower refining volumes at Caspi Bitum and Condensate plants.

- Conversely, the production of all grades of petrol grew to 5.5 mln tonnes, up 2.5% year-on-year.
- Jet fuel production rose by 16.9% to 746 thous. tonnes.
- Diesel fuel production increased by 4.3% to 5.4 mln tonnes.

KMG's position

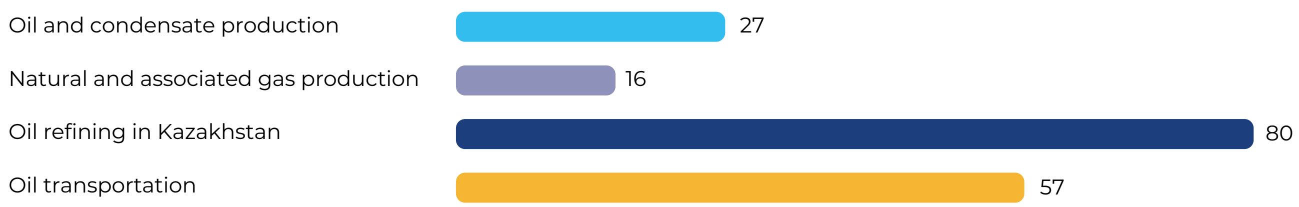
KMG controls four of Kazakhstan's largest refineries, holding an 80% market share in oil refining. In 2024, the Company proceeded with its upgrade programme for three key refineries, which will increase future diesel production at Pavlodar Refinery and enhance oil product quality at Atyrau Refinery. These measures seek to fully meet domestic demand for oil products and expand export capacity to regional markets.

Strategic direction

KMG focuses closely on further development of the nation's oil and gas industry, while also helping the Government to address the challenges of social and economic development in Kazakhstan. The Company acts on behalf of the Government in the oil and gas industry and demonstrates strong social responsibility. Successful and sustainable business development is inextricably linked to the nation's economic competitiveness, social welfare, conservation, and efficient use of natural resources. KMG sees its mission in the effective and sustainable use of natural resources to ensure energy security, development and prosperity of Kazakhstan, while caring about future generations. In line with the KMG mission, we have set out four strategic goals:

1. resource base sufficient to support the Company's growth;
2. improved efficiency across the Company's value chain;
3. business diversification and product portfolio expansion;
4. sustainable development and gradual reduction in carbon intensity of production.

KMG's market share in Kazakhstan by segment in 2024, %



[1] Development Strategy (hereinafter referred to as the "Strategy").

[2] According to the data of Situational and Analytical Centre of the Fuel and Energy Sector of the Republic of Kazakhstan.

Development of Kazakhstan's petrochemical industry in 2024

Kazakhstan pursues a policy of vigorous expansion in the petrochemical sector, which is vital for diversifying the nation's economy. Recent years have witnessed significant growth in petrochemical production, driven by the commissioning of new facilities and the modernisation of existing ones.

Main industry players include:
- Kazakhstan Petrochemical Industries Inc. (polypropylene production);
- Atyrau Refinery (production of aromatic hydrocarbons such as benzene and paraxylene);
- Kompaniya Neftekhim (polypropylene production);
- HILL Corporation and LUKOIL Lubricants Central Asia (lubricants);
- Shymkent Chemical Company (petrol additives, e.g. MTBE).

Key industry projects are being implemented within the National Industrial Petrochemical Technopark (NIPT) special economic zone in the Atyrau Region. It offers tax and customs benefits, along with ready-made infrastructure, including access roads, railway stations, power lines, and water supply.

In 2024, early construction work commenced at a 1.25 mtpa polyethylene plant in the NIPT special economic zone, set to significantly enhance Kazakhstan's export potential. The commissioning is slated for 2029.

Strategic direction

KMG is actively involved in developing Kazakhstani petrochemical sector. In 2024, KMG:
- continued with its investment projects, such as the construction of the polyethylene plant. Polyethylene, a synthetic polymer, is one of the world's most widely used plastics, employed in packaging, pipes, films, containers, and across various sectors, including construction and medicine, due to its strength, flexibility, and chemical resistance;
- collaborated with the Government to extend the NIPT until 2048 (Resolution No. 595 of the Government of the Republic of Kazakhstan No. 595 dated 24 July 2024), extending tax benefits and other incentives for projects within the zone;
- signed addendum No. 3 to the 2008 raw material supply agreement and a sales contract for dry gas between KMG PetroChem and TCO, securing raw material supply for the Polyethylene project;
- supported initiatives applying global technologies, including digital innovations to enhance production efficiency.

KMG views the development of the petrochemical industry as a crucial driver of national economic growth, generating a multiplier effect for related sectors.

Kazakhstan's Environmental Code

In 2021, Kazakhstan enforced an Environmental Code based on the "polluter pays and remedies" principle. The Code mandates the adoption of Best Available Techniques (BAT) by large facilities and strengthens environmental monitoring. The Government of Kazakhstan is also developing a new Water Code to tighten water resource management and secure water availability for the nation.

Strategic direction

In 2024, KMG proceeded with adapting its processes to the Code's requirements:
- the Company strengthened operational and production monitoring of emissions at its facilities. In 2024, Mangistaumunaigaz, Kazakhoil Aktobe, Atyrau Refinery, Pavlodar Refinery and PetroKazakhstan Oil Products secured data streaming from the automated monitoring system to the Ministry of Ecology, Geology, and Natural Resources in real time via the infrastructure of National Information Technologies. Construction and installation work at KPI Inc. was completed, with commissioning underway;
- investments in automated emission monitoring systems at the Company's refineries were increased.

The Unified Environmental Portal launched by the Ministry of Ecology, Geology, and Natural Resources became a key tool for automating reporting and permitting processes. These measures contribute to improved environmental efficiency and sustainable development.

KMG's environmental policy was updated in line with the new Environmental Code. In 2024, the Company:
- implemented projects to reduce its carbon footprint and promote the sustainable use of natural resources;
- introduced biodiversity conservation measures at its sites;
- developed a draft water resources management programme with measurable targets and deadlines to curtail water use;
- approved a waste management standard for KMG Group;
- updated the corporate environmental impact assessment standard;
- undertook annual remediation activities for oil-contaminated land.

These actions aim to minimise the Company's environmental impact and strengthen KMG's position as an environmentally responsible market player.

Kazakhstan's Strategy for Carbon Neutrality by 2060

February 2023 saw the approval of Kazakhstan's Strategy for Carbon Neutrality 2060 that provides a key framework for the long-term development of the national economy. This document is based on scenario analysis and comprehensive modelling, assessing the investment needs for the transition to a low-carbon model.

Key elements of the Strategy

1. Transition from a linear development model to a cyclical one (circular economy)
2. Integration of environmental principles into tax and budgetary policies, and business processes
3. Development of a waste management system as an integral part of the production process
4. Utilisation of woodlands as economic assets with a carbon capturing potential
5. Introduction of government support mechanisms for low-carbon businesses
6. Subsidies for the agricultural sector, factoring in ESG considerations and excluding harmful fertilisers
7. Creation of environmentally friendly production facilities and investment in innovative technologies

Strategic direction

KMG recognises its impact on the economy, society, and the environment and is committed to integrating sustainable principles into its core business processes. In 2024, the Company:
- approved an updated Low-Carbon Development Programme (LCDP) 2060;
- continued with carbon footprint reduction projects, including those associated with renewable energy;
- developed strategies to enhance environmental standards in its production processes;
- strengthened its engagement with international environmental initiatives, such as the Paris Agreement.

Competition analysis

KMG holds a key position in Kazakhstan's oil and gas sector and successfully competes in the global market thanks to a number of strategic advantages:

1. Resource base and asset control: KMG is Kazakhstan's largest oil and gas producer (market share: 27% of oil, 16% of gas production), participating in the development of major fields such as Tengiz, Karachaganak, and Kashagan.
2. Integrated value added chain: the Company operates assets all the way from exploration and production to refining, transportation, and marketing. This reduces costs and minimises price risks.
3. Export infrastructure: KMG controls key export routes: CPC (81% of exports), Atyrau–Samara, Atasu–Alashankou, and sea transportation via the Port of Aktau.
4. Government support: as the national operator, KMG participates in strategic projects and enjoys preferential rights to obtain subsoil use permits through direct negotiations.
5. Financial stability: high liquidity, cost control, and access to international capital markets (LSE, AIX, KASE).

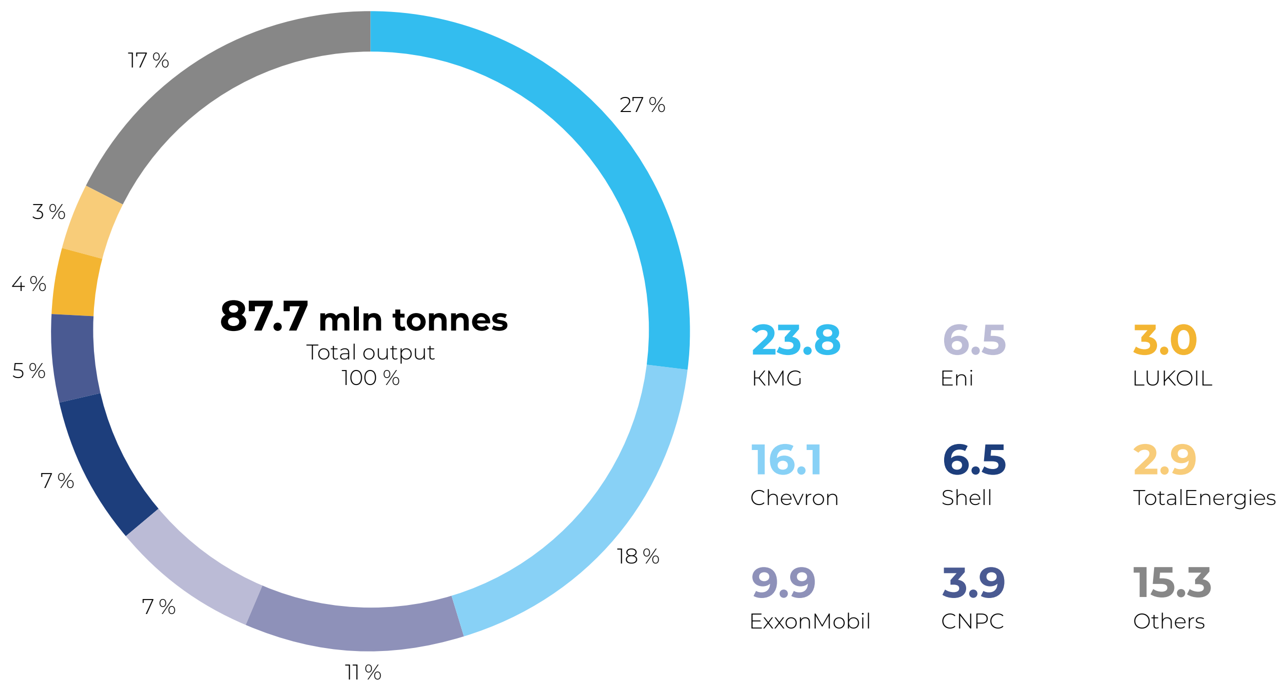
1P oil and condensate reserves life in 2024[1], years

Company	1P oil and condensate reserves life in 2024, years
KMG	15 (2024)
BP plc	9
TotalEnergies SE	10
Exxon Mobil Corporation	13
Eni S.p.A.	11
Chevron Corporation	9
Petrobras	11
Shell plc	9
Equinor ASA	7

Source: company data.

At year-end 2024, proved (1P) oil and condensate reserves life was 15 years, far exceeding the average of about 11 years for the global oil majors. KMG's proved and probable (2P) reserves life is 25 years, underpinning its long-term sustainability.

Oil and condensate output in Kazakhstan in 2024



Sources: Company estimates, Situational and Analytical Centre of the Fuel and Energy Sector of the Republic of Kazakhstan

[1] KMG reserves are assessed as of 2024, other companies as of 2023

KMG DEVELOPMENT STRATEGY

In 2024, the oil and gas industry remained susceptible to global economic and geopolitical headwinds, with the instability seen in previous years amidst constrained investment and volatile prices.

The global oil market was under pressure from decelerating global economic growth, lower interest rates, reduced demand from China, and the increasing adoption of renewable energy sources, all contributing to price volatility. Geopolitical instability, sanctions against Russia, and OPEC+ production controls further heightened uncertainty.

KMG's priorities in 2024 were ensuring energy security, improving exploration, diversifying export routes, developing the petrochemical industry, and advancing renewable energy projects. KMG balances investments across oil, petrochemical, and green initiatives. The Company's long-term strategy is geared towards increasing hydrocarbon reserves, enhancing operational efficiency, creating a state-of-the-art petrochemical complex, and integrating environmentally friendly technologies to foster sustainable growth.

VISION

Vertically integrated national oil and gas company that meets the highest standards of safety, is committed to sustainability principles, and seeks to maximise its financial performance.

MISSION

We are effective and sustainable in our use of natural resources to ensure energy security, development, and prosperity of Kazakhstan while also caring about future generations.

Strategic focuses

Value creation

Strategic goals

- Resource base sufficient to support the Company's growth
- Improved efficiency across the Company's value chain
- Business diversification and product portfolio expansion

2031 TARGETS

1
- new reserves coming from onshore and offshore projects;
- reserves quickly put on stream;
- subsoil exploration for prospective blocks.

2
- total oil output of **240 mln tonnes** in 2022–2031;
- uninterrupted operation of oil refineries;
- gas production ramp-up and commercialisation;
- production of petrochemicals (benzene, paraxylene);
- increased utilisation of existing capacity;
- development of additional oil export routes.

3
- **Petrochemical** projects to make:
  - polyethylene;
  - polypropylene;
  - urea;
  - polyethylene terephthalate;
  - terephthalic acid.

Energy transition

Strategic goals

- Sustainable development and gradual reduction in carbon intensity of production

2031 TARGETS

1
- Gradual improvement of the **ESG rating**
- Introduction of projects aimed at obtaining **carbon** offsets
- Purchase of **I-REC** certificates

2
- **15%** reduction in CO_2 emissions vs 2019
- Forest-climate projects
- Low-carbon hydrogen

3
- Implementation of renewable energy projects with total installed capacity of at least **300 MW** attributable to KMG
- Use of carbon dioxide capture and storage technologies

4
- At least **10%** reduction in carbon intensity and energy intensity of production operations

All lines of activity

- Minimised operating costs
- Optimised asset structure
- Efficient procurement
- Digitalisation and technology development
- Project management

By delivering on its four strategic goals, KMG contributes to diversifying the national economy and reducing Kazakhstan's carbon footprint.

The Company's Development Strategy, along with its strategic goals and objectives, is disclosed for all stakeholders on its corporate website.

Furthermore, KMG Group consistently holds annual strategic meetings to tackle systemic and forward-looking challenges that influence the Company's operations.

Strategic goal No. 1

RESOURCE BASE SUFFICIENT TO SUPPORT KMG'S GROWTH

2024 results

Drilling commenced at the following sites:
- Turgai Paleozoic (5,500 m), Kyzylorda Region
- Karaton Subsalt (5,500 m), Atyrau Region
- Karazhar (3,000 m), Aktobe Region
- Taisoigan (400–3,800 m), Atyrau Region

Plans

Three new blocks were identified for 2025–2026 exploration (subsoil exploration project 2.0): Bereke, Shygys, and Southern Shu-Sarysu.

KMG plans to add new reserves sufficient for both conventional operations and new promising areas of activity through organic growth and strategic partnerships and acquisitions.

Analysis of historical geological and geophysical data and basin modelling identified five new promising blocks (subsoil exploration project 1.0): Mugodzhary, Berezovsky, Zharkyn, Bolashak, and Northern Ozen.

Fieldwork was completed in 2024 on these promising blocks, and strategic partners are being determined (partner for Bolashak was determined).

For more details, see the Exploration section

Strategic goal No. 2

IMPROVED EFFICIENCY ACROSS THE COMPANY'S VALUE CHAIN

2024 results

- New technologies implemented under the technological bottlenecks programme at operating assets yielded an additional 418 thous. tonnes of oil.
- The Uzen and Karamandybas field reclamation project translated to an additional 157.7 thous. tonnes of oil.
- Gas production commenced at the Rozhkovskoye, East Urikhtau, and South Aksay fields.
- Preparatory work commenced on the Kalamkas-Sea / Khazar offshore project.
- Under the Karachaganak Expansion Project (KEP), the 5th injection compressor was commissioned (KEP-1A).
- In April 2024, TCO commenced operations of the Wellhead Pressure Management Project (WPMP) facilities.
- January 2025 is about to see the commissioning of the Future Growth Project (FGP) and the WPMP facilities, set to boost oil production from the Tengiz field by 12 mln tonnes per year.

KMG focuses on its core activities, aiming to maximise the benefits from oil production, refining, transportation, and sales, while enhancing operations across all strategic segments.

This strategic goal includes stabilising oil and gas production at operating assets, launching new fields, and implementing expansion projects and projects to maintain and extend production plateau at major oil and gas facilities.

Efficient utilisation of oil transportation infrastructure remains a priority for the Company. KMG is developing export routes, adapting to global logistical changes.

In 2024, oil shipments from the Port of Aktau via the Baku–Tbilisi–Ceyhan route went up by 34%, and via the Druzhba pipeline by 50%.

KMG ensures stable domestic supply of oil products. In 2024, three refineries increased light oil product output by 370 thous. tonnes, hit new production highs, and implemented an automated emissions monitoring system. Expansion projects for Caspi Bitum and Shymkent Refinery are underway to meet growing oil product demand.

The Company is engaged in ongoing efforts to optimise its operating costs and make the supply chain more effective.

Strategic goal No. 3

BUSINESS DIVERSIFICATION AND PRODUCT PORTFOLIO EXPANSION

2024 results

- KMG continues to further expand its petrochemical business, leveraging hydrocarbon resources to address the global demand for petrochemical products. In 2024, the integrated KPI gas chemical complex produced 249 thous. tonnes of polypropylene in ten grades, which fully meets domestic market needs.
- The 1.2-mln-tonne Polyethylene project entered the implementation phase. In 2024, project participants (KMG, SIBUR, Sinopec) took final investment decisions, with early construction work having commenced in September.
- The pre-feasibility study for the Polyethylene Terephthalate project was approved, and active steps to team up with strategic partners are being taken.
- An agreement was reached to establish a joint venture for the Urea project with CNPC, and an agreement of intent on raw material supply was signed between KMG PetroChem and CNPC International Aktobe Petroleum.

Strategic goal No. 4

SUSTAINABLE DEVELOPMENT AND GRADUAL REDUCTION IN CARBON INTENSITY OF PRODUCTION

KMG's operations are guided by sustainable development principles, balancing economic, environmental, and social priorities.

2024 results

- On 4 December 2024, KMG received an updated ESG risk rating of 32.8 from Sustainalytics. By 2031, KMG aims to solidify its standing as a company with medium ESG risks. An action plan to improve this rating is being implemented. KMG integrates ESG goals into corporate and functional key performance indicators (KPIs).
- KMG's Low-Carbon Development Programme 2060, aiming for a 15% reduction in GHG emissions by 2031 and 64% by 2060, was approved, with measures to implement modern technologies underway.
- In May 2024, methane emission reports of KMG's subsidiaries and affiliates were submitted to UNEP[1] under the OGMP 2.0[2] partnership.
- Construction of solar and gas power plants together with Eni commenced. The law to ratify the agreement with Total Eren for the 1 GW Mirny project was signed, updated draft agreements were approved, and financing arrangements are underway.

[1] United Nations Environment Programme (UNEP) – the leading UN body for environmental protection.
[2] Oil & Gas Methane Partnership 2.0 (OGMP 2.0) – UNEP's flagship programme for reporting and mitigating methane emissions in the oil and gas sector.

CORPORATE KEY PERFORMANCE INDICATORS

2024 saw KMG's key initiatives implemented and corporate KPIs achieved.

Performance against corporate KPIs in 2024[3]

KPI	2024 actual performance (2023 actual performance), description
Performance under investment projects	**100% (2023: 80%)** 1. Construction of a desalination plant in Kenderly 2. Construction of an integrated gas chemical complex. Phase 2 (polyethylene production) 3. Construction of an integrated gas chemical complex. Phase 2 (gas separation unit construction) 4. Construction of a new gas processing plant in Zhanaozen 5. Construction of a terephthalic acid and polyethylene terephthalate plant 6. Expansion of Shymkent Refinery's production capacities See the Performance under Investment Projects section
Oil and gas condensate production	**23,837 thous. tonnes (2023: 23,490 thous. tonnes)** This indicator measures oil and gas condensate production from operating assets and major oil and gas assets attributable to the Company. See the Upstream section
EBITDA margin, excluding trading	**44% (2023: 41.1%)** This indicator measures the Company's profitability and shows the percentage of revenue retained by the Company before taxes, interest on loans, and depreciation and amortisation. See the Financial Review section
Total shareholder return (TSR)	**28,55% (2023: 43.1%)** This indicator measures return on invested capital. 28.55% = (average share price in the reporting year (KZT 13,071) – average share price in the previous year (KZT 10,550) + dividend per share (KZT 491.71) – contribution to the authorised capital per share (KZT 0) / average share price in the previous year (KZT 10,550) × 100 % See the Shareholder and Investor Relations section
Comprehensive OHS indicator	**125% (2023: 156%)** This indicator consists of two components: LTIR target and Qorgau card completion target: Lost Time Incident Rate (LTIR): 0.22% (2023: 0.30%) Identification and reporting of unsafe condition / unsafe behaviour / unsafe action / hazardous event / hazardous factor: over 19,000 Qorgau cards completed in KMG's subsidiaries and associates (2023: 12,240) See the Health, Safety and Environment section
Share of in-country value in the total volume of goods, works and services procured by KMG Group	The share of in-country value in the total volume of goods procured by KMG Group was 55%, works and services procured – 89% (indicator introduced in 2023) See the Supplier Relations section

[3] The performance values of the efficiency are estimated. The final approval by the KMG Board of Directors of the actual values of the indicators for 2024 is expected in July 2025.

KEY INVESTMENT PROJECTS

Investment portfolio overview

Today, KMG's investment portfolio includes projects across all areas of operations aimed at increasing the resource base, boosting efficiency across the value chain, diversifying business activities, and expanding the product offering. In line with the KMG Development Strategy for 2022–2031, the Company's investment portfolio encompasses projects in both conventional areas (exploration, transportation and refining of oil) and new realms (petrochemicals, alternative energy, and carbon footprint reduction at KMG's existing operating assets).

As of 1 January 2025, the investment portfolio totalled KZT 51,270 bln[1], including KZT 19,390 bln[1] attributable to KMG.

In 2024, final investment decisions were made on projects totalling KZT 4,972.3 bln (including KZT 3,558.8 bln attributable to KMG), including:
- Building the first integrated gas chemical complex in the Atyrau Region, Phase 2 (polyethylene production);
- Building the first integrated gas chemical complex in the Atyrau Region, Phase 2 (gas separation unit construction);
- Expanding Caspi Bitum's oil refining capacity to 1.5 mln tonnes per year by upgrading the existing EDD-AVDU unit;

Additionally, in 2024, exploration was approved for:
- Taisoigan 1 and 2;
- Karazhar subsoil use project.

Portfolio of investment projects

Project type	Total investment portfolio, KZT bln[1]		Share of investment portfolio attributable to KMG, KZT bln[1]	
	31.12.2023	31.12.2024	31.12.2023	31.12.2024
Oil and gas exploration and production	41,857	42,747	12,713	13,216
ESG projects	965	991	420	363
Service projects	178	–	178	–
Oil transportation	419	368	155	136
Refining and marketing of oil products	797	587	732	501
Petrochemicals	6,131	6,460	4,329	5,063
Other	114	117	109	111
Total	**50,461**	**51,270**	**18,636**	**19,390**

Oil and gas exploration and production

In 2023 and 2024, fieldwork (seismic surveys) was completed ahead of schedule for the five blocks under the subsoil exploration project: Mugodzhary, Berezovsky, Zharkyn, Bolashak, and Northern Ozen. Seismic surveys, processing, and interpretation of data were completed for Northern Ozen, Zharkyn, and Berezovsky. With the contracts expected to be signed shortly, the search is open for strategic partners.

In 2025, subsoil exploration licences are planned for the Southern Shu-Sarysu, Shygys, and Bereke blocks, with pro-active seismic surveys, processing, and interpretation of results to reduce geological risks and obtain input data for geological evaluation and feasibility study.

The Abay project is underway in line with Contract No. 4752-UVS-ME dated 26 July 2019 for the exploration and production of hydrocarbons in the Abay block located in Kazakhstan's part of the Caspian Sea. Construction of the first prospecting well, Abay-1, was completed in September 2024. Exploration was performed by the strategic partner (Eni) on the basis of carry-financing. With no signs of hydrocarbons found following the well construction at the Abay block, KMG and Eni jointly decided to withdraw from the project in February 2025.

2024 saw the construction of the first prospecting well kick off at the Turgai Palaeozoic block with the aim of drilling and testing a 5,500 m deep PZ-1 prospecting well.

In 2023, a contract was awarded for the Karaton Subsalt block, with an operator company established and a strategic partner engaged. In 2024, drilling of the first prospecting well, SG-8, to a depth of 5,500 m commenced, using funds from the strategic partner under a carry-financing agreement. Testing is scheduled for completion in 2025.

Five wells were brought online at the Rozhkovskoye field in the West Kazakhstan Region, with a raw gas production rate of 1.4 mln m^3 per day[2]. Project partners are currently working with Ural Oil and Gas LLP to increase the number of production wells, boost output, and improve field development efficiency.

VU-6 well was commissioned at the Urikhtau field in 2024, resulting in a production increase of 90.3 tonnes of oil per day. Drilling of VU-7 and VU-8 production wells continues, with commissioning planned for 2025. Design work is ongoing to determine the concept for further field development.

In 2023, KMG and LUKOIL signed a number of agreements as part of the Kalamkas-Sea–Khazar–Auezov project in Kazakhstan's part of the Caspian Sea. Recoverable reserves are estimated at 86 mln tonnes of oil and 22 bln m^3 of gas (dissolved gas and potential gas from the gas cap). In 2024, the FEED commenced. The final investment decision is planned by the end of 2025.

Tengiz, Kashagan and Karachaganak megaprojects

KMG partners with strategic investors in projects at large fields: Tengiz (20%), Kashagan (16.87%), and Karachaganak (10%).
- At the Tengiz field, key stages of the Future Growth Project (FGP) were completed in 2024. Throughout the year, Tengizchevroil (TCO) commissioned WPMP[3] facilities, initiating a phased transition of wells from high to low pressure. By the end of the year, 16 out of 21 group metering stations (GZU) were operating in the low pressure mode, with the transition continuing. Mechanical works were also fully completed in 2024, along with the main commissioning stages. The cost of FGP and WPMP projects totals USD 48.9 bln, with aggregate costs as of the end of 2024 amounting to USD 47.5 bln. The commissioning of FGP facilities was planned for 2Q 2025, with projections to increase Tengiz field oil output by 12 mln tonnes per year. However, oil production at the new Third-Generation Plant (TGP) commenced as early as in January 2025, marking a significant milestone in the project development.
- Projects to maintain production plateau at the Karachaganak field are ongoing. In 2023, a concept was developed for the construction of a gas processing plant with a capacity to produce 4 bln m^3 of marketable gas per year. This project will provide the Karachaganak field with opportunities to monetise its raw gas and its by-products. The project to install the 5th injection compressor (5ICP) is in 2024, with the parties signing the readiness certificate. The 6th injection compressor project is now in the active construction phase (with completion progress at 72.8%).
- Oil production at the Kashagan field is currently underway as part of Phase 1 development. Currently, projects are being considered for Phase 2 development aimed at increasing crude oil and condensate output by a total of ca. 710 thous. bbl per day (ca. 89.5 thous. tonnes per day) over the next ten years. Phase 2A involves increasing oil production at Kashagan to 6.3 thous. tonnes per day (with the overall production at the field reaching 500 thous. bbl per day) by supplying raw gas to the projected third-party gas processing plant (GPP) with a capacity of 2.5 bln m^3 per year. NCOC and QazaqGas signed a pre-FEED agreement; following the pre-FEED, the existing FEED will be revised, and an investment decision will be made.
- Phase 2B involves increasing oil production to 710 thous. bbl per day by supplying 6 bln m^3 of raw gas to a third party. The operator completed preliminary technical conceptual studies on synergy. Negotiations are underway with Tengiz shareholders to assess the feasibility of connections and potential synergies.

[1] Including KMG's participation in megaprojects (Tengiz, Kashagan, Karachaganak) and joint ventures; including historical costs and foreign exchange differences; including preliminary cost estimates for exploration projects, factoring into further project implementation.

[2] As of 31 December 2024.

[3] Wellhead Pressure Management Project.

Refining and marketing of oil products

Given the projected growth in consumption, one of KMG's key objectives in the coming years is to ensure the supply of locally refined oil products to Kazakhstani domestic market, which necessitates the expansion of existing capacities. To achieve this, comprehensive measures need to be taken to improve equipment reliability, allowing the refineries to operate without interruption for three years. To this end, KMG has initiated projects to increase the time between repairs at its Atyrau, Pavlodar, and Shymkent refineries to three years.

To boost the production of light oil products, there are plans to implement an efficiency enhancement project at Atyrau Refinery. The project includes eight sub-projects to remove bottlenecks and boost light oil product output. In 2025, the Tengiz Oil Refining sub-project is planned for implementation. Upon its completion, Atyrau Refinery will have the capacity to process up to 1 mln tonnes of Tengiz oil.

To ensure energy security of Kazakhstan's northern and eastern regions, KMG implements projects at Pavlodar Refinery to remove sulphur compounds from liquefied petroleum gas and make winter diesel fuel. The project to construct an LPG treatment facility was completed in 2024 and officially commissioned on 30 December 2024. The winter diesel fuel production unit will be launched in 2025.

In 2024, efforts commenced on expanding Caspi Bitum's oil refining capacity from 1 mln tonnes to 1.5 mln tonnes per year, along with the production of up to 750 thous. tonnes of road bitumen annually. A contract was signed with a consortium comprising CITIC Construction Co. Ltd. and OGCC KazStroyService. Orders for equipment manufacturing and supply were placed, and construction and installation works are underway for temporary buildings and facilities. The project is slated for completion in 2025.

Petrochemicals

In 2024, final investment decisions were made on the major petrochemical projects (construction of a gas separation unit and polyethylene production unit) as part of Phase 2 of the first integrated gas chemical complex in the Atyrau Region.

As far as the polyethylene production project is concerned, the design stage is complete, and the design and estimate documentation is to be approved by Gosexpertiza in 1Q 2025. In September, an EPC[1] contract for pyrolysis was signed with a consortium of Técnicas Reunidas, S.A. (Spain) and Sinopec Engineering Incorporated (China), with construction starting at the pyrolysis unit site and equipment manufacturing orders being placed. Work is underway to conclude the EPC contract for the polymerisation project and the construction of off-site facilities; completion is scheduled for 1H 2025. The first stage of securing a bridge loan is nearing completion, with finalisation of the term sheet, development of the loan agreement, and guarantee agreements underway.

For the construction of a gas separation unit, a formal tender to select an EPC contractor was announced on 31 October 2024; the EPC contract award is planned for 2025. FEED for LGM[2] is also being developed, with completion expected in May 2025. Work is underway to secure financing according to the approved structure (20% soft financing from KMG; 40% bond financing from the National Fund of Kazakhstan; 40% market co-financing). KMG PetroChem and TCO signed addendum No. 3 to the 2008 Raw Material Supply Agreement and an updated dry gas sales contract.

Guarantee tests of the polypropylene production unit and a pilot run of the polypropylene plant were completed this year. The product range was expanded (nine grades), output came in at approximately 200 thous. tonnes, a new commercial policy was implemented, the Overdrive support programme was launched, and warehouses were opened in Almaty and Astana.

In advancing the terephthalic acid and polyethylene terephthalate plant construction project, Sinopec Shanghai Engineering Co., Ltd. developed a pre-feasibility study and performed a market analysis. Negotiations are underway with potential strategic partners.

In 2024, a framework agreement was signed between KMG and China National Petroleum Corporation (CNPC) to deepen strategic cooperation in the oil and gas industry as part of the project to construct a gas chemical complex for the production of ammonia and urea. The parties will collaborate on a feasibility study for urea production utilising commercial gas from CNPC International Aktobe Petroleum.

This initiative is poised to drive local economy, create jobs and increase tax revenue, while also boosting Kazakhstan's export potential and addressing domestic market demands.

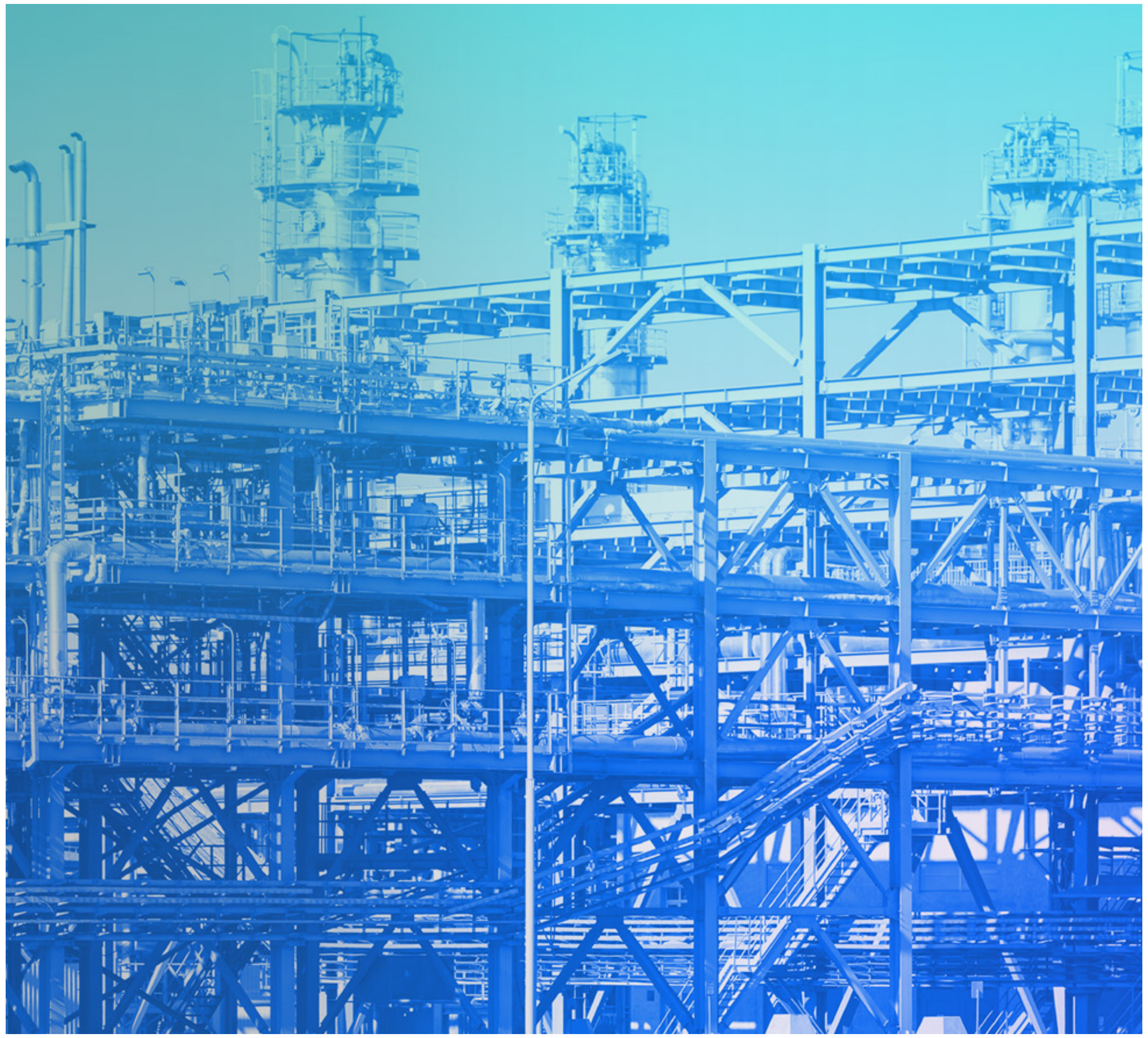
[1] Engineering, Procurement, Construction.
[2] Front-End Engineering Design Light Gas Mixtures.

Sustainable development projects

As a national company, KMG runs projects to address water supply issues in the country's western regions. For the Kenderly project to build a desalination plant, major design and construction works were completed, with the commissioning of the plant expected in 2025.

KMG is also implementing a project to construct a hybrid power plant in the Mangistau Region, involving combined electricity generation from renewable sources (wind, solar) and a gas power plant. The project will bring down overall CO_2 emissions and ensure stable electricity supply by balancing variable renewable energy with the plant's manoeuvrable capacity. In 2024, an EPC contract was awarded for the construction of a gas power plant and a solar farm, with construction now underway.

ICF SH&E Limited conducted a feasibility study for a sustainable aviation fuel (SAF) plant, the first of its kind in Central Asia and the CIS. The project involving KMG, the European Bank for Reconstruction and Development, KazMunayGas-Aero, and Air Astana aligns with Kazakhstan's Strategy to Achieve Carbon Neutrality by 2060 and IATA's[3] commitment to net-zero emissions by 2050. SAF is considered a promising alternative to fossil fuels due to its significantly lower carbon emissions.



[3] The International Air Transport Association.

OPERATING REVIEW

RESERVES

According to the reserves audit report prepared by the international independent firm DeGolyer and MacNaughton in line with PRMS[1] international standards, KMG's proved and probable hydrocarbon reserves (2P) were 716 mln toe (5,551 mln boe) as of 31 December 2024. 2P reserves went down 2.4% year-on-year due to the impact of macroeconomic factors on subsoil users and a reduced profitability period of gas production at Karachaganak.

The annual assessment of reserves under the PRMS shows that the planned and actual measures to maintain KMG's reserve levels are monitored on a continuous basis. The proved reserves (1P) life is 15 years, exceeding the average for global oil majors (about 11 years). The reserves life in the 2P category (proved + probable) is 25 years.

The 2P reserve replacement ratio is 100 %.

Net reserves[2] under PRMS (as of 31 December 2024)

Reserves	Hydrocarbon reserves, mln boe			Hydrocarbon reserves, mln toe		
	2022	2023	2024	2022	2023	2024
Proved (1P)	3,775	3,943	3,497	486	507	452
Proved plus Probable (2P)	5,478	5,680	5,551	708	733	716
Proved plus Probable plus Possible (3P)	6,294	6,502	6,111	816	842	794

ABC1[3] reserves in oil equivalent[4] as of 31 December 2024

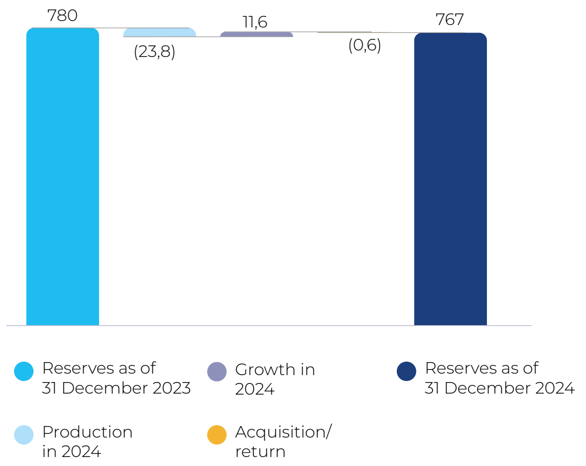
Reserves	Hydrocarbon reserves, mln boe			Hydrocarbon reserves, mln toe		
	2022	2023	2024	2022	2023	2024
ABC1 reserves	8,436	8,560	8,450	1,108	1,124	1,109

In 2024, KMG's liquid hydrocarbon (oil and condensate) reserves were

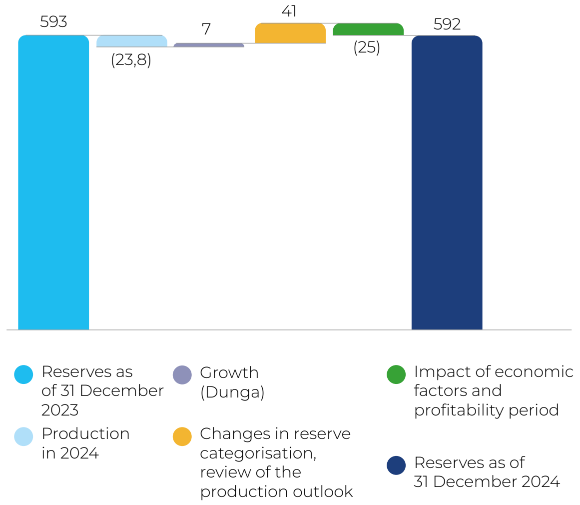
767 mln tonnes

[1] Petroleum Resources Management System.
[2] Net Reserves are defined as the portion of gross reserves attributable to (1) the interest held by KMG after deducting all interests held by others, and (2) interests that are not held, but controlled by KMG..
[3] A, B, C1 (ABC1) categories of oil and gas reserves are equivalent to proved reserves according to the Western classification, which means they can be recovered from the deposit with a high level of certainty.
[4] Reserves in oil equivalent are a measure of total hydrocarbon reserves recalculating natural gas and gas condensate into oil equivalent.

Analysis of causes for a change in ABC1 reserves in 2024



Analysis of causes for a change in SPE-PRMS 2P reserves[5] in 2024



The annual evaluation of hydrocarbon (oil and condensate) reserves in accordance with the SPE-PRMS standards (2P reserves of around 592 mln tonnes) reflects trends and key changes in the Company's resource base. Actual production for the reporting period was 23.8 mln tonnes, which is key for the reserves sustainability analysis.

Main factors contributing to reserve replacement were as follows. KMG's share in the Dunga project of 7 mln tonnes was included in the reserves evaluation for the first time. On top of that, changes were made to the initial recoverable reserves along with the development and categorisation plans, which included accounting for interventions in wells in operation and reserve reclassification at Zhetybai, Karamandybas, and other oil companies. Adjustments to the expected Tengiz development figures were another major factor impacting total reserves.

Macroeconomic factors had a negative impact on reserves evaluation. Macro forecasts indicated a rise in the USD/KZT exchange rate from 460 to 470 and a slide in Brent price from USD 80 to 75 per bbl. Certain oil companies saw the share of export sales go down from 50 % to 38 %. Additional pressure came from adjusted forecasts for selling prices as well as higher transportation rates and associated costs.

Hence, despite macroeconomic headwinds and a shrinking exports share, the Company's resource base remained stable thanks to reserve replenishment supported by greenfield projects and streamlined development plans.

[5] SPE-PRMS is an advanced PRMS designed to classify and evaluate hydrocarbon reserves.

EXPLORATION

As part of maintaining sufficient resource base to support growth in line with the Development Strategy until 2031, the Company plans exploration at seven offshore and seven onshore projects, as well as further exploration at the key existing fields. The exploration is expected to increase the Company's recoverable reserves (ABC1) by 253 mln tonnes by 2031. The Company plans to achieve a reserve replacement ratio of 105% through organic growth.

EXPLORATION HIGHLIGHTS IN 2024

In 2024, KMG carried on with strategic exploration initiatives to ensure a sufficient resource base for the sustainable growth of its business. Key achievements include:

1. **Drilling exploration and appraisal wells**
   - **Turgai Palaeozoic (PZ-1).** In late May, KMG started to drill a 5,500-m deep exploration well. Drilling and testing are slated for completion in 2025.
   - **Abay.** In September 2024, the Company and Eni Isatay finished drilling a 2,355-m deep exploration well.
   - **Karaton Subsalt (SG-8).** In late November, Karaton Operating and Tatneft started to drill a 5,500-m deep exploration well. Drilling and testing are slated for completion in 2025.
   - **Bekturly Vostochny (BV-2).** In 2024, the Company and Kokel Munay finished drilling and testing of a 3,068-m deep appraisal well. The project identified prospective areas and produced oil flows. Production testing documents are currently drafted.
   - **Karazhar.** In 2024, the Company won exploration and production contracts, and in December 2024 it started to drill a 3,000-m deep prospecting well. Drilling and testing are slated for completion in 2025.
   - **Taisoigan-1 and Taisoigan-2 (ST-1, OT-3, OT-2).** In December, the Company started to drill prospecting wells. At the first stage of exploration, KMG will drill eight independent prospecting wells with depth ranging from 400 to 3,800 m. Drilling is slated for completion before the end of 2025.
2. **New contracts and licence blocks**
   - KMG Barlau and Sinopec signed an agreement for the rights to use Berezovsky geological data worth KZT 543.4 mln. Work is in progress under licences obtained in 2022.
   - Agreements are signed to initiate partnership with CNOOC in the Zhylyoi project (Kazakhstan's part of the Caspian Sea). In 2025, the Company plans to obtain an exploration and production contract and start to prepare for exploration. Financing for the project at the exploration stage will follow a carry arrangement, under which the partner assumes the risks of the initial phases, primarily exploration.
   - In 2025, the Company plans to obtain an exploration and production contract for Berezovsky, West Kazakhstan Region, and start to prepare for exploration. The partner will provide carry financing for the exploration stage.
   - Agreements for the Mugodzhary project (Aktobe Region) are signed with Shell and Chevron to provide a fee-based access to geological and geophysical data gained following a 2D seismic survey for KZT 12 bln. In 2025, the Company plans to finalise the joint study of the project, obtain commercial proposals from Shell and Chevron, and win a joint exploration and production contract. The partner will provide carry financing for the exploration stage.
   - KMG's Investment Committee approved obtaining a subsoil exploration licence for Bereke, Northern Shu-Sarysu, and Shygys blocks to conduct pro-active 2D and 3D seismic surveying, identify prospective areas, and obtain relevant exploration and production contracts. KMG Barlau (KMG's 100% subsidiary) will perform the works in 2025–2027.
3. **Seismic surveying**
   - 2D and 3D seismic surveys of about 2,669 and 613 linear km are completed at Mugodzhary and Bolashak, respectively. The data is being processed.
4. **Strategic partnerships**
   - A strategic partner is selected for Bolashak, while for Berezovsky and Mugodzhary negotiations are ongoing with potential partners, including Shell, Chevron, LUKOIL, and Sinopec.

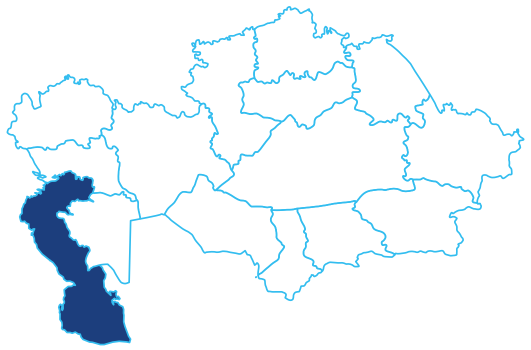
Investments in exploration

In 2024, total investments in exploration stood at USD 148 mln, including USD 62 mln coming from KMG. The funds will be used to finance priority projects, including well drilling, seismic survey, and preparation for new projects.

USD 62 million
share of KMG investments in total exploration investments in 2024

Geography of KMG's exploration projects

EXPLORATION PROJECTS



Kalamkas-Sea–Khazar project

The Kalamkas-Sea–Khazar project is a strategic initiative to develop offshore hydrocarbon fields in Kazakhstan's part of the Caspian Sea. It comprises three key fields – Kalamkas-Sea, Khazar, and Auezov.

The main participants are KMG (Kazakhstan), and LUKOIL (Russia), and the operator is Kalamkas-Khazar Operating.

Kalamkas-Sea is located in the centre of the North-East part of the Caspian Sea at a depth of 6–7 m. Productive are Middle Jurassic horizons. Khazar is located in Kazakhstan's part of the Caspian Sea within the Mangistau Region. It was discovered in 2007 when a mini-DST helped produce oil flow while drilling from the Khazar-1 well. Later, the Company conducted a 3D seismic survey at Khazar to update geological data, determine the geometry of the pay zone, and perform sedimentary basin analysis to study sand bodies. The field's Middle and Lower Jurassic formations present an oil and gas bearing potential.

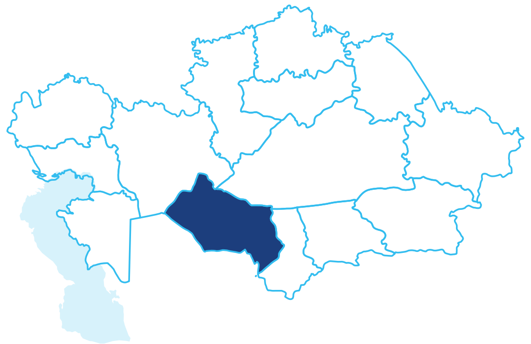
Production is scheduled for 2029–2030 (first batch). The expected annual peak production will be 4 mln tonnes of oil (around 80 thous. bbl per day). The project will require more than USD 6 bln of investments, including infrastructure building, well drilling, installation of offshore platforms, and environmental measures.

Exploration highlights in 2024
In 2024, exploration, pre-drilling, engineering, survey, and infrastructure preparations delivered good results. The reprocessing and reinterpretation of 3D seismic data for Kalamkas-Sea are finished, and the Definition phase, contracting and tendering preparations along with various workshops are completed.

The FEED stage was key in 2024. On 10 October, Kalamkas-Khazar Operating signed an agreement with LUKOIL-Engineering's affiliate FES and KMG Engineering to perform FEED.

Plans for 2025–2030
In 4Q 2025, the Company plans to finish drafting a document package to make a FEED investment decision and launch tenders for platform construction. The final investment decision (FID) is expected to be made in 2025, to be followed by the start of project implementation and construction of offshore platforms in 2026. Commercial production is to start in 2029, with 2030 set as the planned year. These stages will be key for the project to reach targets.

Economic and social significance
The project has a great economic and social value as it will expand the export potential and increase revenue streams to the federal budget, while also creating new jobs and developing local infrastructure. The project will leverage cutting-edge engineering solutions, such as the construction of offshore platforms at Kazakhstan shipyards.



Turgai Palaeozoic project

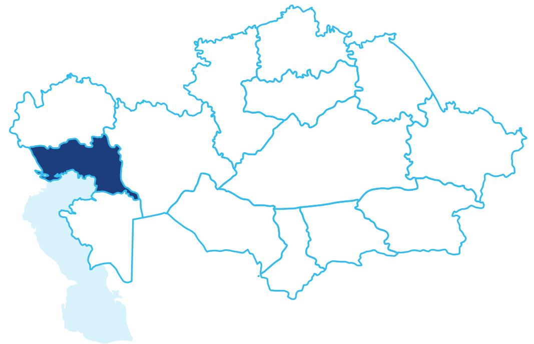
This is a strategic initiative to explore and produce hydrocarbons in the Syr Darya District of the Kyzylorda Region. The project funding is fully provided by KMG.

Geological profile and potential
Turgai Palaeozoic offers abundant recoverable resources estimated at 23.1 mln tonnes of oil. Prospective formations mainly lie at a depth of up to 5,500 m. The project seeks to study the geology and potential of local hydrocarbon deposits.

Preparations (2023–2024)
In 2023–2024, the Company conducted large-scale preparations prior to drilling a PZ-1 prospecting well. The steps included detailed exploration, drafting design documents, and procuring deep-hole drilling equipment.

Current status (January 2025)
In late May 2024, the Company started to drill a PZ-1 prospecting well with a design depth of 5,500 m. As of 1 January 2025, 4,985 m were drilled. Drilling continues as planned.

Plans for 2025
In 2025, the Company plans to finish drilling the PZ-1 prospecting well and test it for productivity with a view to updating reserve estimates and make further development decisions.



Karaton Subsalt project

This is a joint project of KMG and Tatneft to prospect for and explore green hydrocarbon fields at Karaton Subsalt located in the Atyrau and Mangistau regions on the border with Tengiz.

Contract and partners
Karaton Operating is the subsoil user according to the exploration and production contract signed in 2023. The contract is effective for 43 years, including 18 years of exploration and 25 years of production. Partners are KMG (50%) and Tatneft (50%). Tatneft provides up to USD 160 mln in carry financing for the project.

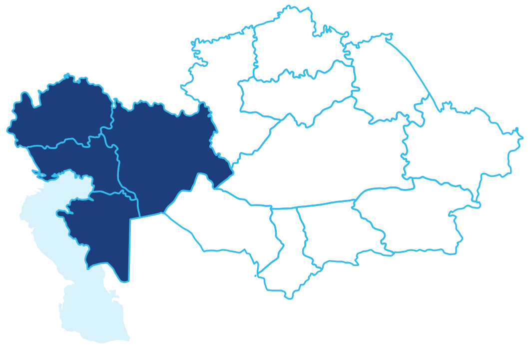
Geological profile and potential
KMG estimates recoverable resources at 133 mln tonnes of oil (1,047 mln bbl). Prospective formations mainly lie at a depth of up to 5,500 m. The Company will drill a minimum of one prospecting well.

Karaton Subsalt is adjacent to Tengiz which makes it strategically important for exploration and further oil production. However due to its complex geology, the block requires cutting-edge drilling and exploration solutions to be applied.

Current status (January 2025)
On 23 November 2024, the Company started to drill an SG-8 prospecting well with a design depth of 5,500 m. The first stage of drilling 2,410 m is now completed. The Company is currently mobilising drilling equipment, preparing infrastructure, and procuring the required materials.

Plans for 2025
In March 2025, KMG will embark on the second stage of drilling the SG-8 well, including continued drilling, geophysical surveys, and core sample testing. Exploration will be ongoing to update the profiles of productive horizons.

Prospects
In case of successful exploration the project is set to become an important pillar of Kazakhstan's oil production infrastructure. Potential annual production may reach 5 mln tonnes of oil at peak development.



Subsoil exploration project

This is a strategic initiative to explore Kazakhstan's prospective hydrocarbon resources. The project is designed to evaluate potential oil and gas reserves allowing for further investment decision-making in subsoil use.

Licences and blocks
In 2022, the Geology Committee of Kazakhstan's Ministry of Ecology, Geology and Natural Resources issued three-year licences to perform pro-active seismic surveying at five blocks – Berezovsky, Bolashak, Northern Ozen, Zharkyn, and Mugodzhary.

Zharkyn, Bolashak, and Northern Ozen are located in the Mangistau Region, with the western Bolashak jutting out into the Caspian Sea. Mugodzhary and Berezovsky are located in the Aktobe and West Kazakhstan regions, respectively.

Owner and financing
KMG Barlau, KMG's 100% subsidiary, is the licence owner. KMG provides full financing for the project by increasing KMG Barlau's authorised capital.

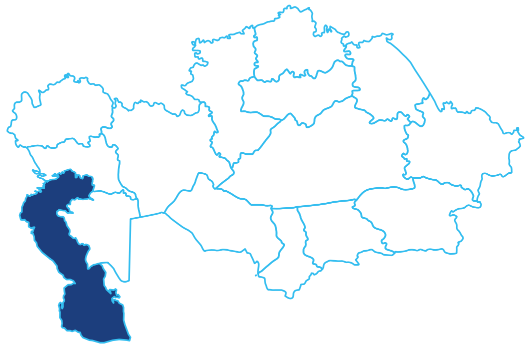
Progress
At Northern Ozen, KMG Barlau performed a 3D seismic survey of 401 km^2 followed by data processing and interpretation.

Zharkyn, Berezovsky, Mugodzhary, and Bolashak saw 2D seismic of 4,875 linear km in total.

Processing and interpretation of seismic data for Zharkyn, Berezovsky, and Northern Ozen are completed. For Bolashak, historical data for 1,600 linear km are reprocessed and reinterpreted.

Current status
At present, the Company is processing and interpreting 2D field seismic data for Mugodzhary and Bolashak, to be completed in 2Q 2025.

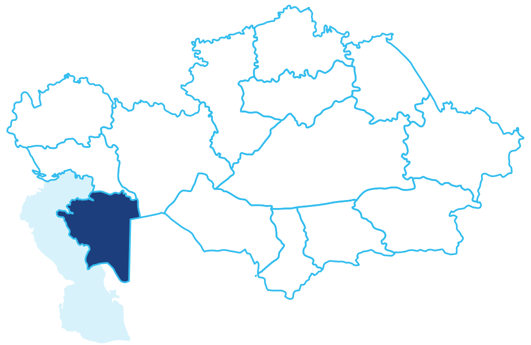
The Company obtained subsoil exploration licences (project 2.0) for three new blocks – Bereke, Shygys, and Southern Shu-Sarysu. Financed through returns on investment in subsoil exploration 1.0, this project will serve to expand KMG's exploration programme.



Al-Farabi project

- Operator: Al-Farabi Operating LLP.
- Project participants: KMG (50.01%) and LUKOIL (49.99%).
- A hydrocarbon exploration and production contract for the Al-Farabi subsoil area in Kazakhstan's part of the Caspian Sea.
- Project financing: carry financing from LUKOIL.

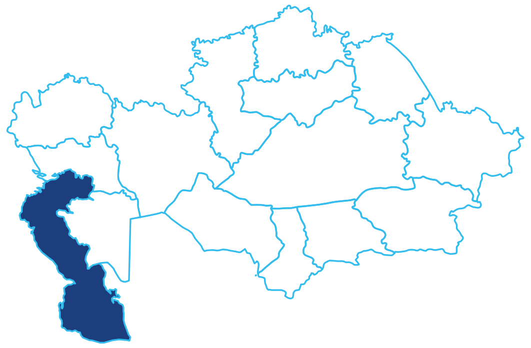
Current status
- The reprocessing and reinterpretation of 2D seismic data for 4,000 linear km (Stage 2) are completed.
- Public hearings for a 3D seismic project for 550 km^2 are held.
- An exploration project and Addendum 1 are approved.
- The Company completed modelling for the Middle Caspian using data for the Tsentralnoye field and a new V-1 well at Zhenis.
- An addendum to the 3D seismic project is being drafted to reduce the volume and change timelines.



Bekturly Vostochny project

- Operator: Becturly Energy Operating.
- Project participants: KMG (50%) and Kokel Munay (50%).
- Project financing: Kokel Munay covers 100% of project costs. Hydrocarbon evaluation is completed, addenda to the production testing project are being drafted.

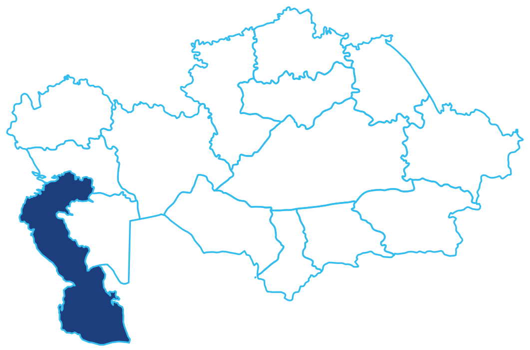
100 % of expenses
covered by Kotel Munai

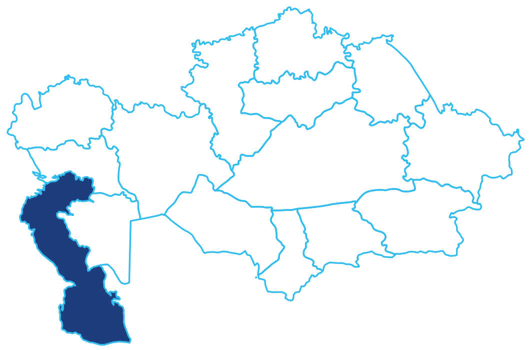


Khvalynskoye project

- The project relies on the agreement between Kazakhstan and Russia on delimiting the bottom of the northern Caspian Sea to exercise sovereign subsoil use rights.
- The operator is Caspian Oil and Gas Company, a 50/50 joint venture of KMG and LUKOIL (Russia).
- Project financing: on a parity basis.
- Recoverable hydrocarbon reserves (geological/recoverable): 250.5 bln m^3 of gas, 46.4 mln tonnes of oil, and 7.8 mln tonnes of gas condensate.

Current status
- A production sharing agreement is at the stage of drafting.
- Due to Gazprom having gas export monopoly according to Russian laws, negotiations are underway with the company on gas selling terms and obtaining a 25% interest in the project.
- In 2021, an addendum to the development scheme was drafted and reserves were estimated.
- At present, Caspian Oil and Gas Company is preparing pre-FEED inputs.





Tsentralnaya project

- The project relies on the agreement between Kazakhstan and Russia on delimiting the bottom of the northern Caspian Sea to exercise sovereign subsoil use rights.
- Operator: Tsentralnaya Oil and Gas Company (KMG – 50%; TsentrCaspneftegaz, a 50/50 joint venture of LUKOIL and Gazprom (Russia) – 50%).
- A hydrocarbon exploration and production licence within the boundaries of Tsentralnaya in place.
- Project financing: loans to TsentrCaspneftegaz for Tsentralnaya Oil and Gas Company
- Recoverable reserves: 90.9 mln tonnes of oil, 41.7 bln m^3 of gas, and 2.5 mln tonnes of gas condensate.

Current status

- In 2021, the project saw a feasibility study prepared which resulted in negative economic viability for all development options. That said, the participants decided to minimise Tsentralnaya Oil and Gas Company's operations and are looking for options to streamline the project.
- In 2022, an exploration licence was extended, with an appraisal well to be drilled before 2031.
- Appraisal is to be completed in 2034.

Kurmangazy project

- The project relies on the agreement between Kazakhstan and Russia on delimiting the bottom of the northern Caspian Sea to exercise sovereign subsoil use rights.
- A production sharing agreement for Kurmangazy was signed on 6 July 2005.
- Subsoil users are KMG (50%) and RN-Exploration (50%).
- Financing is provided on a 50/50 basis.
- The project operator is Kurmangazy Petroleum.
- On 11 April 2024, KMG and Kazakhstan's Ministry of Energy signed Addendum 3 to the production sharing agreement which transferred subsoil rights of MNC KazMunayTeniz to KMG.
- At present, the parties are negotiating with government authorities to agree upon economic terms of the production sharing agreement and draft Addendum 4 providing for extended exploration and subsoil area expansion.

International cooperation in exploration

In 2024, KMG strengthened international ties by entering into strategic agreements and running joint projects with global leaders.

1. Cooperation with CNOOC

In August 2024, in Beijing, KMG and CNOOC signed an agreement of intent providing for the joint exploration and evaluation of blocks. In October 2024, KMG and CNOOC signed an agreement to define key partnership terms for Zhylyoi, a new subsoil project.

2. Cooperation with LUKOIL

In July 2024, Askhat Khassenov, Chairman of KMG's Management Board, held meetings with LUKOIL management in Moscow to discuss the expansion of Tengiz and Karachaganak and the Kalamkas-Sea–Khazar project. A special attention was paid to building an offshore platform at Kazakhstan shipyards.

3. Cooperation with MOL Group

In 2024, production at the Rozhkovskoye field (Ural Oil and Gas) developed by KMG in partnership with MOL Group amounted to 301 mln m^3 of gas and 222 thous. tonnes of condensate. The companies are working to fast track project development under Phase 2 and increase annual production to 700 mln m^3 of gas.

4. Cooperation with Sinopec

In November 2024, the Company held a competition for a strategic partner at Berezovsky, with Sinopec passing the pre-qualification stage. The parties are finalising corporate procedures to set up partnership, obtain a joint exploration and production contract for Berezovsky in 2025, and start exploration. The strategic partner will provide carry financing at the exploration stage.

5. Cooperation with Shell and Chevron

In 2024, following a global roadshow to raise capital for exploration projects, the Company signed an agreement on joint exploration with Shell and Chevron to study geological and geophysical data for KMG's prospective projects. As a result, the parties selected Mugodzhary for potential partnership in subsoil use. Earlier KMG conducted a 2D seismic survey in the area as part of subsoil exploration. Shell and Chevron signed a contract to obtain seismic data to perform their own geological and technical evaluation. In 2025, the Company expects to receive a commercial proposal indicating the companies' interest in partnership with KMG.

In November 2024, the Company held a competition for a strategic partner at Mugodzhary, with Shell and Chevron passing the pre-qualification stage. In case a joint subsoil use contract is signed, the strategic partner will provide carry financing at the exploration stage.

Improved model contract

In 2023, to improve competitiveness and attract investment in geological exploration of complex projects, the Company introduced an improved model contract providing for fiscal and regulatory benefits. These measures seek to increase the profitability of exploration at fields with high geological risks, including:

- subsalt deposits with a salt thickness of over 100 m;
- non-structural traps and deep deposits (below 4,500 m);
- deposits with high hydrogen sulphide concentration (more than 3.5%) and abnormally high reservoir pressures;
- offshore projects in Kazakhstan's part of the Caspian Sea and the Aral Sea;
- gas fields with a minimum share of oil saturated part of reservoirs (less than 0.25%).

Thanks to the improved model contract, KMG signed profitable agreements for Kalamkas-Sea, Khazar, Auezov, Karaton Subsalt, Karazhar, Taisoigan, and East Urikhtau, which unlocked opportunities for further exploration and development of complex projects.

Plans for 2025

- Completion of drilling at Turgai Palaeozoic, Karaton Subsalt, and Karazhar
- Drilling extra wells at Taisoigan-1 and Taisoigan-2
- 3D seismic survey for 220 km² within Tsentralnoye
- Obtaining subsoil exploration licences and start of seismic survey at Shu-Sarysu, Bereke, and Shygys

OIL AND GAS PRODUCTION

Strategic goals

KMG seeks to achieve a sustainable increase in production with a focus on:

1. maintaining current production at operating assets
2. launching new fields
3. increasing gas production
4. expanding and extending production plateau at major oil and gas projects

Oil and gas condensate production

Oil and gas are produced by KMG's operating assets and major domestic projects (megaprojects) where KMG has non-operating interests.

The Company is well integrated into the global oil and gas ecosystem and cooperates with recognised global leaders, which enables us to introduce best practices, cutting-edge solutions and high standards to support the industry's sustainable growth.

In 2024, oil and gas condensate production went up 1.3% to 23,837 thous. tonnes (490 thous. bbl per day):

- Ozenmunaigas grew its oil and gas production by 4.5% to 5,098 thous. tonnes and by 2.7% to 612 mln m³, respectively. At Embamunaigas, oil production went up 2.5% to 2,790 thous. tonnes, while gas output shrank by 5.5% to 205 mln m³. Mangistaumunaigaz increased its oil and gas production by 0.3% to 3,085 thous. tonnes and by 3.7% to 443 mln m³, respectively. An increase in production at these assets is due to fewer power outages by Mangistau Nuclear Power Plant year-on-year and additional well interventions to boost output.
- Other assets increased production by 15.1% to 3,321 thous. tonnes mainly as a result of robust volumes at Dunga acquired in late 2023, and the launch of Rozhkovskoye (Ural Oil and Gas) in December 2023 along with new wells at Urikhtau. At the same time, production at mature Kumkol fields (Kazgermunai, PetroKazakhstan Inc.) continued to decline due to the natural depletion of reserves.
- At Tengiz, oil production attributable to KMG went down 3.7% to 5,562 thous. tonnes (121 thous. bbl per day) largely on the back of plant overhauls.
- At Kashagan, oil production attributable to KMG also declined by 7.2% to 2,885 thous. tonnes (62 thous. bbl per day) due to the scheduled overhaul of a slag catcher in October 2024. At Karachaganak, oil and gas condensate production attributable to KMG went up by 1.0% to 1,097 thous. tonnes (24 thous. bbl per day) driven by the growth in raw gas reinjection.

Production assets

Operating assets	KMG's share, %
Ozenmunaigas, Embamunaigas, Kazakhturkmunay, Urikhtau Operating	100
Dunga	60
Mangistaumunaigaz, Karazhanbasmunai, Kazgermunai, Kazakhoil Aktobe, Ural Oil and Gas	50
PetroKazakhstan Inc.	33

Non-operating assets (megaprojects)	KMG's share, %
Tengiz	20
Kashagan	16.88
Karachaganak	10

Oil and gas condensate production, thous. tonnes

Indicator	2022	2023	2024
Oil and gas condensate production	**22,012**	**23,532**	**23,837**
Operating assets	**13,761**	**13,559**	**14,294**
Ozenmunaigas	5,096	4,877	5,098
Embamunaigas	2,581	2,722	2,790
Mangistaumunaigaz	3,049	3,075	3,085
Kazgermunai	651	594	521
Karazhanbasmunai	1,071	1,027	1,077
PetroKazakhstan Inc.	554	515	472
Kazakhoil Aktobe	281	253	238
Kazakhturkmunay	436	436	440
Urikhtau Operating	43	20	84
Dunga		40	378
Ural Oil and Gas		1	111
Megaprojects	**8,251**	**9,973**	**9,544**
Tengizchevroil	5,836	5,779	5,562
KMG Kashagan B.V. [1]	1,402	3,108	2,885
KMG Karachaganak	1,013	1,086	1,097

Oil and gas condensate production, thous. bbl per day

Indicator	2022	2023	2024
Oil and gas condensate production[2]	**456**	**486**	**490**
Operating assets	273	268	283
Megaprojects	168	217	207

Parameters of KMG production assets

The quality of oil produced by KMG's assets varies by region. The heaviest oil (bbl/tonne conversion rate of 6.68) is produced by Karazhanbasmunai while the lightest one (bbl/tonne conversion rate of 8.27) comes from Ural Oil and Gas.

Main quality indicators for crude oil are API gravity[3] and sulphur content. CPC Blend produced by KMG's megaprojects has low sulphur content (0.56%) and high API gravity (45.3) ranking among top-quality grades across the globe.

Parameters of KMG production assets

Assets	Porosity	API gravity	Sulphur content, %	Number of fields	Average flow rate of new wells, tonnes / day	Average flow rate of current producing well stock, tonnes /day	Oil barrelisation ratio, bbl/ tonne
Ozenmunaigas	0.19	36.51	0.14	2	6.8	4.0	7.23
Embamunaigas	0.27	32.03	0.62	31	13.4	3.7	7.30
Karazhanbasmunai	7–35	19.81	1–2.5	1	2.317	2.09	6.68
Dunga	0.21–0.22	42.15	0.1	1	9.8	15.2	7.984
Kazgermunai	0.26	39.95	0.14	5	16.4	15.6	7.24
PetroKazakhstan Inc.	0.09–0.30	51.25	0.03–0.08	19	11–18.2	5.6	7.75
Mangistaumunaigaz	0.14	30.77	0.2	15	9.8	4.9	7.23
Kazakhoil Aktobe	0.085	38.89	1.12	2	–	13.6	7.52
Kazakhturkmunay	0.14	36.12	3.17	6	0	43.1	7.21
Urikhtau Operating	0.1	41.7	0.7	1	0	70.7	7.72
Ural Oil and Gas	6.7	55	0.11	1	290	–	8.27

Crude oil brand	API gravity	Sulphur content, %
CPC Blend (Kazakhstan, Novorossiysk)	45.3	0.56
West Texas Intermediate (USA, Cushing)	40.0	0.42
Arab Extra Light (Saudi Arabia)	39.4	1.09
Brent (UK)	37.5	0.40
Urals/KEBCO (Russia, Novorossiysk)	31.3	1.36

S&P Global Platts' publicly available data.

[1] 16.88% – KMG's interest after 15 September 2022.
[2] Assuming indicative individual average weighted bbl/tonne conversion rates used for each asset

[3] API gravity is a unit of measurement for the density of crude oil, developed by the American Petroleum Institute (API). API gravity values are used to determine the relative density of oil compared to water at the same temperature.

Oil production at operating assets

KMG pays special attention to the effective management of mature fields accounting for the majority of the portfolio. Some 85% of total oil production at operating assets comes from seven key fields: Uzen and Karamandybas (Ozenmunaigas), Kalamkas and Zhetybai (Mangistaumunaigaz), S. Nurzhanov and East Moldabek (Embamunaigas), and Karazhanbasmunai.

Priorities and initiatives
KMG focuses on streamlining and improving the efficiency of oil production as one of its strategic priorities. Key focus areas:
- Energy security
- Longer time between repairs
- Optimised costs
- Reclamation project at Ozenmunaigas
- Investment projects at Embamunaigas
- Upgrade of motor vehicles and special-purpose machinery
- Automated production and digitalisation

Dunga development project

Phases
- Phase 1 (2000–2012): 26 wells, including horizontal ones, producing up to 1,000 tonnes of oil per day are drilled.
- Phase 2 (2012–2019): 109 wells are added to the stock; oil, gas, and water treatment capacities are expanded to 2,200 tonnes of oil per day.
- Phase 3 (2019–present): infrastructure is expanded and the remaining wells are connected to the central oil gathering facility.

Current status (Dunga Phase 3)
Upgrade of the central oil gathering facility is underway to increase throughput from 17.5 to 20.6 thous. bbl per day and support the field's operations through 2039.

Key results
- 61 wells are connected:
  - lines D, C (11 wells);
  - lines N, O (32 wells);
  - lines F–H (18 wells).
- An 8-inch seawater pipeline is built.
- An 8-inch export pipeline is designed, the construction will start in 2025.
- Oil, water, and gas treatment systems and auxiliary facilities are streamlined.
- A new gas compression unit, including the main compressor, will be fully installed in 1Q 2025.

Progress: 97 %

Project cost: USD 289 mln

Project significance
Dunga Phase 3 is set to increase production, support field operations in the long run, and improve infrastructure.

Production efficiency measures

Enhancing oil recovery and implementing new technologies

In 2023, KMG drafted roadmaps of technological bottlenecks to develop hard-to-recover reserves. Measures include leveraging new technologies for lab testing, piloting, and industrial use. In 2024, the Company approved standards for the feasibility study of technologies, introducing uniform approaches to selecting and adopting EOR methods.

With a view to streamlining technology implementation, the Testing Centre portal was launched in 2023 to process requests and perform pilot testing. The said measures seek to ensure stable oil and gas production.

Developing depleting fields

At mature fields, such as S. Balgimbaev, Botakhan, and Koshkar, where the watercut is high and reserves are depleted, the Company takes optimisation measures, including shut-in of wells with low flow rates and transfer to servicing.

Reclamation project at Uzen and Karamandybas fields

In 2023, the Company launched a large-scale project to reclaim the Uzen and Karamandybas fields. In 2024, the production target was 173 thous. tonnes. Key initiatives:
- drilling new production and injection wells;
- using conformance control techniques;
- upgrading the reservoir pressure maintenance system and infrastructure;
- introducing polymer flooding;
- continued transition of wells to employing electric submersible pumps (ESPs).

In 2025, the Company will continue to improve flooding systems and advance digitalisation.

Addressing power supply issues at KMG facilities

The reporting year saw significantly fewer emergency power outages caused by power generation and distribution organisations.

The number of power outages and total oil losses

Subsidiaries and associates	2023 total		2024 total	
	Total number of outages	Total oil losses, thous. tonnes	Total number of outages	Total oil losses, thous. tonnes
Mangistaumunaigaz	87	97.1	8	0.5
Ozenmunaigas	86	294.1	11	0.4
Karazhanbasmunai	81	105.9	10	1.3
Embamunaigas	93	14.4	118	1.1
Total	**347**	**511.5**	**132**	**3.1**

Constructing energy infrastructure and improving energy efficiency

Hybrid power plant in the Mangistau Region

In 2024, the Company and Eni started to build a 247 MW hybrid power plant to enhance local energy security and reduce dependence on external electricity supply.

Gas engine power plants

To meet the energy needs of Karazhanbasmunai and Mangistaumunaigaz, the Company is implementing projects to generate electricity from gas:
- Karazhanbas (Karazhanbasmunai): a 4.9 MW gas engine power plant, processing of gas (11.1 mln m^3 per year), launch in ten months after procurement in December 2024.
- Zhetybai (Mangistaumunaigaz): a 25 MW gas engine power plant, processing of gas (58.4 mln m^3 per year).
- Kalamkas (Mangistaumunaigaz): a 10 MW gas engine power plant, processing of gas (27.5 mln m^3 per year).

Projects for Zhetybai and Kalamkas will be completed before the end of 2025, with power plants to be leased by Mangistaumunaigaz for 15 years.

Improving well operability

To improve well operability at subsidiaries and associates, KMG takes the following steps:
- well interventions;
- well servicing: these steps help extend time between repairs as shown by positive changes in the reporting period.

In 2024, the total stock in operation was 17,914 wells, of which 13,830 wells were classified as current production well stock. Most of oil and condensate production comes from the current declining well stock.

Number of drilling rigs involved – 48.

Number of wells at KMG-operated assets

Indicator	2022	2023[1]	2024
New wells	523	513	517
Current declining well stock, including idle wells	12,696	13,142	13,313
	649	771	828
Injection wells	3,485	3,869	4,084
		341	379
Total for KMG-operated assets	**16,704**	**17,524**	**17,914**

[1] Starting in 2023, the amount of the rolling stock of wells includes the amount of new wells.

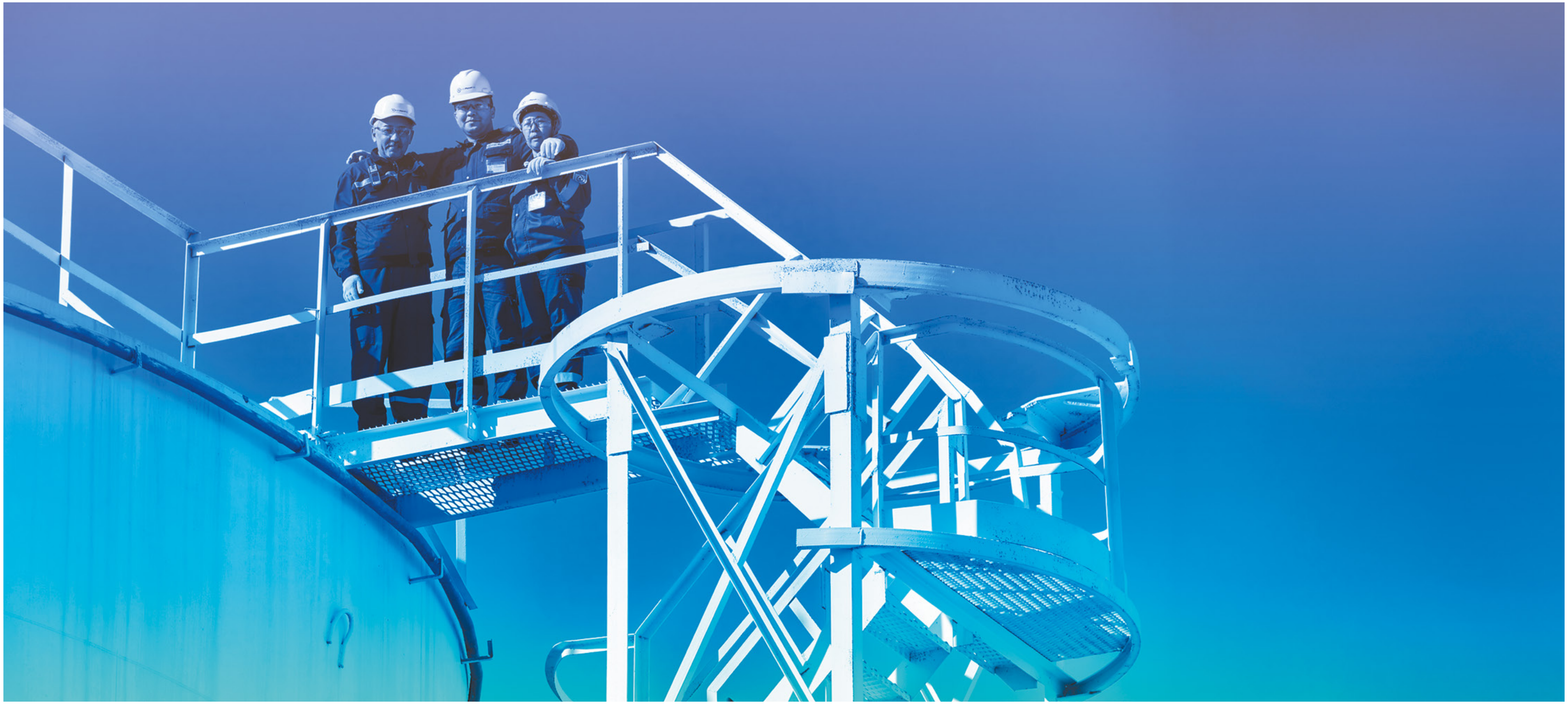
Lifting costs and netbacks (indicative estimates), USD per bbl

Company	Lifting costs	Netbacks	
		Exports	Domestic market
Ozenmunaigas	22.5	43	31
Embamunaigas	14.4	40	22
Mangistaumunaigaz	12.6	32	22
Kazgermunai	6.3	39	28
Kazakhturkmunay	8.8	40	11
Kazakhoil Aktobe	9.7	38	27
Karazhanbasmunai	21.6	39	24
Urikhtau Operating	7.4	65	-

Plans for 2025

Key initiatives seek to develop mature fields:

- drilling horizontal wells at Karsak, East Moldabek, Uzen, and others;
- introducing polymer flooding at Uzen and Kalamkas;
- applying conformance control techniques at key fields;
- using dual injection techniques at Akshabulak Central.



MEGAPROJECTS

TENGIZ

Discovered in 1979, the Tengiz field is a gem in Kazakhstan's oil and gas industry and one of the largest fields across the globe.

The agreement on Tengizchevroil LLP (TCO) was signed between the Republic of Kazakhstan and Chevron Corporation in 1993, which granted TCO a 40-year–long exploration and production licence for Tengiz and Korolevskoye fields in the Atyrau Region.

KEY INDICATORS

Oil production in 2024 (total)

27,811 thous tonnes
(608 thous. bbl per day)[1]

Oil production (attributable to KMG) (20%)

5,562 thous tonnes
(122 thous. bbl per day)

2P oil reserves life

Over 40 years

Associated gas production (total)

Associated gas production (total), including gas consumed in own operations and gas reinjection

15.1 bln m³

Interests

20% KMG
50% Chevron
25% ExxonMobil
5% Lukoil International GmbH

Outlook

The implementation of the Future Growth Project / Wellhead Pressure Management Project will boost oil production from the Tengiz field by 12 mln tonnes per year

Operator

TCO

[1] 1 tonne = 7.98 bbl.

Tengizchevroil (TCO) operates a licence covering the unique supergiant Tengiz field and the adjacent Korolevskoye field with significant reserves. The company employs highly reliable modern operating facilities, including complex technology lines (CTL), Second-Generation Plant (SGP), and sour gas injection units (SGI).

The project is an example of international cooperation and the application of cutting-edge solutions in Kazakhstan's oil and gas industry.

Tengizchevroil's operational highlights

Year	Oil production, thous. tonnes	Associated gas production, mln m³	Dry gas production, mln m³	LPG production, thous. tonnes	Sulphur production, thous. tonnes	Gas injection, mln m³
2022	29,178	16,146	9,537	1,193	2,590	3,589
2023	28,893	16,009	9,403	1,255	2,573	3,641
2024	27,811	15,059	8,669	1,234	2,468	3,520

Lower oil output is due to two scheduled overhauls at the SGI in May and CTL-1 in August, and an ad hoc 67-day repairs at the SGP.

Progress on the Future Growth Project and the Wellhead Pressure Management Project

TCO is completing the Future Growth Project (FGP) and the Wellhead Pressure Management Project (WPMP).

In April 2024, the company commissioned WPMP facilities to maximise the load of the CTL and SGP.

In January 2025, the the Third-Generation Plant (TGP) obtained the first batch of oil. Its launch will lead to a phased increase in production at Tengiz to reach 12 mln tonnes per year. After all production facilities reach the full capacity, total crude oil production will approach 40 mln tonnes per year, thus increasing revenue streams to the federal budget in the form of taxes, royalty, and other direct payments. On top of that, the FGP will secure the reliable operations of key production facilities and strengthen Kazakhstan's position as a major energy supplier globally. The cost of FGP and WPMP projects totals USD 48.9 bln, with aggregate costs as of the end of 2024 amounting to USD 47.5 bln.

As part of the FGP and Tengizchevroil's partnership with international corporations, the company helped transfer technologies and upgrade infrastructure in the Atyrau Region. Kazakhstani companies took an active part in this large-scale project, too. Tengizchevroil invested some USD 20 bln in procuring local goods and services and signed more than 1,250 contracts with domestic manufacturers.

At the peak of FGP-related construction, the company created around 90,000 jobs. The project contributed a lot to fostering the country's talent pool as local staff improved their qualifications by completing over 37,500 training courses. Today these employees can leverage their production expertise both in Kazakhstan and abroad.

KASHAGAN

Kashagan is the greatest discovery of the last four decades and one of the most complex oil and gas projects globally. The Kashagan field lies in the North Caspian shelf 75 km away from Atyrau. The field reservoir lies at a depth of over 4 km and is characterised by high pressures (over 700 bar) and high hydrogen sulphide (H_2S) concentration, which requires the use of cutting-edge technologies and innovations.

Operated by NCOC, the projects relies on the Production Sharing Agreement in respect of the North Caspian Sea (NCSPSA) dated 18 November 1997. Together with Aktoty and Kairan, Kashagan is part of North Caspian, the first major offshore oil and gas project in Kazakhstan.

KEY INDICATORS

Oil and condensate production in 2024 (total)

17,424 thous tonnes
(407 thous. bbl per day)[1]

Oil and condensate production (attributable to KMG) (16.88%)

2,885 thous tonnes
(67 thous. bbl per day)

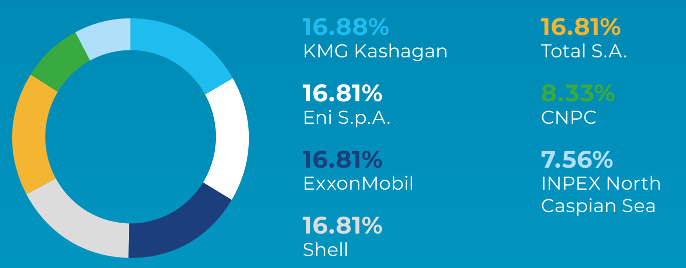
2P oil and condensate reserves life

Over 76 years

Gas production (total)

11.0 bln m³

Interests



Operator

NCOC

A total of 40 wells were drilled at the Kashagan field, including 33 production wells, six injection wells, and one monitoring well. Sour gas injection at high pressure improves oil recovery, ensures stable production, and unlocks growth potential.

KMG owns 16.88% in the project through KMG Kashagan B.V., which enables the Company to leverage global best practices and technologies in developing this unique field.

NCOC's operational highlights

Year	Oil production, thous. tonnes	Natural and associated gas production, mln m³	Sulphur production, thous. tonnes	Gas injection, mln m³
2022	12,682	7,878	983	3,917
2023	18,774	11,857	1,486	5,829
2024	17,424	11,253	1,422	5,486

A decrease in production is due to scheduled overhauls to replace the temporary configuration of the slag catcher between 8 and 29 October 2024.

Under the terms of the PSA, all oil produced at the Kashagan field is exported, including KMG's share of the oil. The produced oil is mostly exported to Europe, East Asia, and India via Novorossiysk, where the oil is delivered by the CPC pipeline.

Arbitration dispute

The Republic of Kazakhstan and the contracting companies in accordance with the Production Sharing Agreement in respect of the North Caspian Sea (NCSPSA) (excluding KMG Kashagan B.V., KMG's subsidiary) have a number of disputes regarding the application of certain provisions, which are referred to the arbitration court in accordance with the NCSPSA.

Environmental audit

The Environmental Department of the Atyrau Region under the Committee for Environmental Regulation and Control of Kazakhstan's Ministry of Ecology and Natural Resources inspected the Operator's onshore facilities. Following the inspection, the Operator was served a prescription to rectify the identified breaches, including those regarding excessive sulphur placement of 1.02 mln tonnes. The Operator disagreed with the audit findings and filed an administrative lawsuit challenging the said prescription. On 14 June 2023, the Specialised Interdistrict Administrative Court of Astana ruled in favour of the Operator in the sulphur placement case. On 27 February 2024, the judicial chamber on administrative cases of the Astana court cancelled this ruling. The dispute is considered by Kazakhstan's Supreme Court. If the Operator is held liable for administrative offences, the amount of the fine will be determined in accordance with the Code of the Republic of Kazakhstan on Administrative Infractions. As of 31 December 2024, the Company did not recognise provisions for this audit.

Kashagan expansion projects

Completed projects

In October 2024, the Company completed the construction of a slug catcher to make operational processes more reliable. At the same time, the Company made significant progress in commercialising liquefied petroleum gas. In August 2024, we signed an agreement with QazaqGaz on LPG sales and purchase. The project will be fully completed in 3Q 2026, with total investments estimated at USD 73 mln.

Ongoing projects

QazaqGaz is building a gas processing plant with a capacity of 1 bln m³ per year. As at the end of 2024, NCOC completed 89% of works, including the laying of the gas pipeline, with the installation of the electric substation currently ongoing. The plant is to be commissioned in 4Q 2026. Project costs total USD 160.3 mln. Importantly, UCC Holding, a new investor from QazaqGaz, may cause adjustments to the construction schedule.

Projects under consideration

The Company is exploring opportunities to expand production. As part of the Phase 2A project, KMG signed a pre-FEED agreement. UCC Holding is expected to complete pre-FEED and feasibility study in 1Q 2025. The new production capacities will be launched in 2029–2030.

[1] 1 tonne = 7.9272 bbl.

KARACHAGANAK

Karachaganak is one of the largest oil and gas condensate fields in the world located in the West Kazakhstan Region. Spreading over 280 km², the field plays the key role in advancing Kazakhstan's oil and gas industry. Karachaganak was discovered in 1979, while its commercial development started in 1984.

KEY INDICATORS

Production of liquid hydrocarbons (stable[1]) (total)

10,968 mln tonnes
(245 thous. bbl per day)[2]

Production of liquid hydrocarbons (stable) (attributable to KMG) (10%)

1,097 thous. tonnes
(24.5 thous. bbl per day)

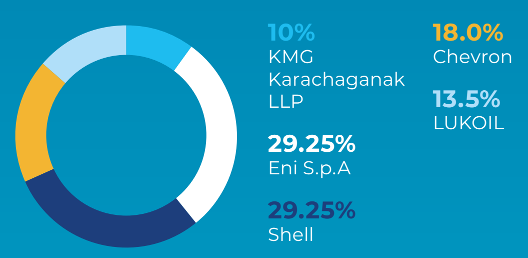
2P oil and condensate reserves life

Over 18 years

Gas production (total)

23.9 bln m^3

Interests



Outlook

The implementation of investment projects to maintain the achieved liquid hydrocarbon production plateau levels

Operator

Royal Dutch Shell and Eni are the joint operators of the Karachaganak field

[1] A conversion factor of 0.9 is applied to total oil and condensate production to estimate stable liquid hydrocarbons.
[2] 1 tonne = 7.86 bbl.

Final Production Sharing Agreement and project operators

The project relies on the Final Production Sharing Agreement (FPSA) in respect of the contracted plot at the Karachaganak oil and gas condensate field signed on 18 November 1997 by the Republic of Kazakhstan and the Karachaganak Petroleum Operating (KPO) international consortium. Shell and Eni are the joint operators of the Karachaganak project.

Technological infrastructure

The Karachaganak project has three core process facilities comprising the entire cycle of production, processing, and transportation of hydrocarbons:

1. Karachaganak Processing Complex
   - Processes liquid hydrocarbons coming from wells and feedstock transported from Unit 2 and 3.
   - Partially prepares gas for export, injection, and production needs.
2. Gas treatment unit 2 (Unit 2)
   - Separates and reinjects raw gas at high pressure.
   - Feeds liquid hydrocarbons to the KPC for stabilisation before shipment for export.
3. Gas treatment unit 3 (Unit 3)
   - Separates and partially stabilises liquid hydrocarbons and gas before shipment for export.

Injection of liquid hydrocarbons grew proportionately to an increase in gas production due to the use of technologies to maintain reservoir pressure..

Arbitration dispute

Pursuant to the Final Production Sharing Agreement (FPSA) in respect of the contracted plot at the Karachaganak oil and gas condensate field dated 18 November 1997, the Republic of Kazakhstan and the contracting companies have a number of disputes regarding the application of certain FPSA provisions that are subject to arbitration. The Contracting Companies believe that they are acting in accordance with the FPSA, the laws of the Republic of Kazakhstan, applicable standards, and best practices. At present, the arbitration is ongoing.

Pursuant to the notification served on the Operator on 13 April 2023, KMG Karachaganak was fully excluded from the negotiation process due to a conflict of interests in accordance with the Joint Venture Agreement (JVA).

Karachaganak Petroleum Operating B.V.'s operational highlights

Year	Gas production, mln m^3	Liquid hydrocarbon production, thous. tonnes	Gas injection, mln m^3
2022	19,442	10,135	11,131
2023	22,385	10,858	12,650
2024	23,942	10,968	14,231

Karachaganak expansion projects

Project	Status	Objectives	Deliverables	Additional information
KEP1 A Commissioning of the 5th compressor	Commissioned in September 2024, testing is ongoing	Increasing gas injection by 3.7 bln m^3 per year; maintaining reservoir pressure; stabilising annual oil production at 10–11 mln tonnes	Boosting oil production by around 7.1 mln tonnes over the remaining life of the FPSA	–
KEP1 B Construction of the 6th compressor	Active construction (67.5% completed as of 1 November 2024, 45.1% ahead of schedule)	Increasing gas injection by 3.7 bln m^3 per year; maintaining oil production	An increase in oil output of 5.8 mln tonnes	Commissioning planned in 4Q 2026
Karachaganak GPP	Concept selection, development of feasibility study	Processing of 4.5 bln m^3 of gas per year, LPG production of 0.3 mln tonnes per year	–	–

Gas production

KMG's Gas Strategy for 2024–2030

KMG is implementing an ambitious gas strategy for 2024–2030 with a focus on a significant increase in natural gas production and processing in Kazakhstan. Annual gas production is to be stepped up from 3.2 to 8.9 bln m³. For this purpose, the Company intends to advance gas infrastructure, upgrade gas processing plants, and create a single gas accounting system. Another key objective is to boost the processing of associated gas into commercial and liquefied natural gas.

In 2024, the Company drafted a granular plan comprising exploration of green fields and construction of infrastructure. To give an impetus to gas production and boost the profitability of production and processing projects, new pricing mechanisms taking into account both domestic and export gas prices were put in place. On top of that, Kazakhstan's Ministry of Energy supported KMG's proposal to increase commercial gas prices.

Natural and associated gas production

In 2024, natural and associated gas production increased by 1% to 9,554 mln m³. Operating assets produced 2,286 mln m³ (24% of the total), while 7,268 mln m³ (76%) came from megaprojects.

Gas production values are the actual volume of gas produced, including injected gas and own gas needs.

Gas injection is used to maintain reservoir pressure, which is essential for sustaining high oil production rates.

Commercial gas production in 2024 was 5,255 mln m³, of which 1,723 mln m³ came from operating assets and 3,532 mln m³ from megaprojects. Year-on-year, KMG's commercial gas production increased by 125 mln m³, or 2.4% cumulatively.

Indicator, mln m³	2022	2023	2024
Natural and associated gas production by asset (attributable to KMG)	**8,241**	**9,459**	**9,554**
Operating assets	**2,190**	**2,055**	**2,285**
Ozenmunaigas	623	596	613
Embamunaigas	213	217	205
Mangistaumunaigaz	431	427	443
Kazgermunai	115	129	137
Karazhanbasmunai	33	33	41
PetroKazakhstan Inc.	127	112	109
Kazakhoil Aktobe	430	402	403
Kazakhturkmunay	197	127	102
Urikhtau Operating	21	9	55
Dunga		3	27
Ural Oil and Gas		2	151
Megaprojects	**6,051**	**7,403**	**7,269**
Tengizchevroil	3,229	3,202	3,011
KMG Kashagan B.V.	877	1,963	1,863
KMG Karachaganak	1,944	2,239	2,394

Commercial gas production from KMG-operated assets

Indicator, mln m³	2022	2023	2024
Ozenmunaigas + KazGPZ[1]	496	689	627
Mangistaumunaigaz (PD Zhetybaimunaigaz)	156	239	337
Kazgermunai	182	203	241
Kazakhoil Aktobe	374	338	346
Embamunaigas	164	171	158
Kazakhturkmunay	144	71	43
PetroKazakhstan Inc.	0	0	0
Total for operating assets	**1,516**	**1,711**	**1,723**

Commercial gas production from megaprojects (attributable to KMG), mln m³

Indicator	2022	2023	2024
Tengiz	1,907	1,881	2,025
Karachaganak[2]	745	881	874
Kashagan	263	657	633
Total for megaprojects	**3,013**	**3,419**	**3,532**

[1] Raw gas from Ozenmunaigas and Mangistaumunaigaz's PD Zhetybaimunaigaz is supplied to the KazGPZ plant.
[2] Raw gas supplies to the Orenburg Gas Processing Plant.

Gas segment: highlights and projects in 2024

Current projects

Field	2024 highlights	Company
Rozhkovskoye	Phase 1 equipment is installed, four wells are launched; production in 2024 – 222 thous. tonnes of condensate and 301 mln m^3 of gas; commercial gas production – 240 mln m^3 (89% for the needs of the West Kazakhstan Region)	Ural Oil and Gas
East Urikhtau	Three new wells are launched, production – 84 thous. tonnes of oil and 55 mln m^3 of gas; compressor stations for the full utilisation of associated gas are installed	Urikhtau Operating
Urikhtau (KT-1)	A feasibility study is designed for large-scale development and processing of up to 1 bln m^3 per year	Urikhtau Operating
West Prorva	A feasibility study to build infrastructure is completed; launch of Phase 1 with a capacity of 150 mln m^3 per year is scheduled for 2025	Embamunaigas
Kalamkas	Gas reserves are expanded by 6.7%; a feasibility study to build infrastructure is designed	Mangistaumunaigaz
South Aksay	An audit is conducted and an upgrade of gas processing infrastructure is underway; launch is scheduled for 2025	Kazgermunai

Kazakh Gas Processing Plant

Key highlights

KazGPZ is the first gas processing plant built in Kazakhstan and the only plant in the Mangistau Region. Design capacity: 1.5 bln m^3 of raw gas, 90 thous. tonnes of gas condensate, and 510 thous. tonnes of natural gas liquids per year.

The plant processes feedstock from the operating assets of KMG and other subsoil users to produce commercial gas, liquefied petroleum gas, and household fuel for local needs.

2024 results

The plant processed 837.0 mln m^3 of raw gas, 3.9 thous. tonnes of gas condensate, and 40.7 thous. tonnes of natural gas liquids. In 2025, LPG production is expected at 184.9 thous. tonnes. In 2024, 184.2 thous. tonnes of LPG were sold against 198.9 thous. tonnes in 2023.

Importance for the region

This is the key facility in the industrial agglomeration of the Mangistau Region as it provides local inhabitants and production facilities with critically important products.

Construction of a new gas processing plant in Zhanaozen

Objectives

Meeting growing domestic demand for gas and its derivatives in the Mangistau Region

Enhancing the social environment in the region by creating new jobs and developing infrastructure

Key parameters

The project will run from 2023 to 2027. The new facility is expected to process 900 mln m^3 of raw gas per year. Its core products will be:

- commercial gas – 742 mln m^3;
- LPG – 219 thous. tonnes;
- penthane-hexane fraction – 123 thous. tonnes.

Current status

At present, the Company completed key preparations such as engineering surveys and feedstock sampling to streamline future processes. Design and estimate documents for Phase 2 are at the drafting stage. Gosexpertiza is expected to issue its opinion on Phase 2 in July 2025. On 17 February 2025, Gosexpertiza gave its approval No. 01-0075/25 for Phase 1 of the project.

On 3 March 2025, the Contractor mobilised special-purpose machinery and workforce as Phase 1 construction and installation started.

Plans for 2025

1. Field development

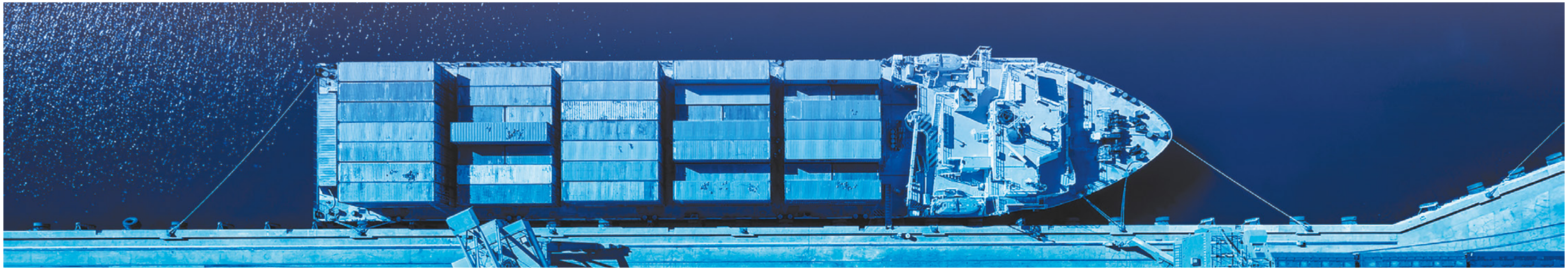
In accordance with the strategy to increase gas production, the Company plans to complete the construction of infrastructure at West Prorva and commission new wells. We will also implement project to develop Urikhtau, Kalamkas, and Rozhkovskoye.

2. Gas commercialisation

To use the produced gas more efficiently, the Company plans to build new methanol capacities at South Karatobe and Laktybai. Gas conversion to methanol will enable KMG to expand sales geography and increase added value.

3. Infrastructure projects

To ensure seamless gas transportation and processing, the Company will complete the upgrade of booster compressor stations and expand processing capacities at the key gas facilities.



MIDSTREAM

Medium-term priorities:
- increase existing capacity utilisation by making KMG's oil transportation systems more attractive and competitive;
- develop additional export routes;
- improve operating cost control.

The two oil transportation modes at KMG are trunklines and the marine fleet.

Indicator	Trunkline transportation				Marine fleet transportation
Management company	KazTransOil	Kazakhstan–China Pipeline	MunaiTas	Caspian Pipeline Consortium	Kazmortransflot
Interest, %	KMG: 90%[1]	KazTransOil: 50%	KazTransOil: 51%	KMG: 20.75%	KMG: 100%
Key destinations	Exports to Europe and China, domestic market	Exports to China, domestic market	Exports to China, domestic market	Exports to Europe	Exports to Europe
Key routes	• Kazakhstan's refineries • Uzen–Atyrau–Samara • Oil transshipment to the CPC and Atasu–Alashankou pipelines, oil transshipment in the Port of Aktau	Atasu–Alashankou, Kenkiyak–Kumkol	Kenkiyak–Atyrau	Tengiz–Novorossiysk	Black Sea Mediterranean Sea Caspian Sea
Total length, km	5,373	1,759	449	1,510	n/a
Capacity, mln tonnes p.a.	17.5[2] 5.2[3]	20	6	81.5	n/a

Trunkline oil transportation

Kazakhstan's pipeline infrastructure is owned by KazTransOil – the national oil pipeline operator, its two joint ventures (Kazakhstan–China Pipeline and MunaiTas North-West Pipeline Company), and Caspian Pipeline Consortium. The existing pipeline infrastructure in Kazakhstan has adequate potential to support increased oil transportation volumes from promising projects.

In 2024, trunkline oil transportation was up by 1.0% to 70,309 thous. tonnes. This growth can be attributed to the transshipment of oil from the Kashagan and Karachaganak fields to the Atyrau–Samara and Caspian Pipeline Consortium pipelines through KazTransOil's network, as well as higher domestic transportation to Kazakh refineries.

Volume of oil transportation (net to KMG), thous. tonnes

Company	2022	2023	2024
KazTransOil (100%)[5]	40,656	44,188	44,887
Kazakhstan–China Pipeline (50%)	9,618	9,403	9,394
MunaiTas (51%)	2,859	2,819	2,953
Caspian Pipeline Consortium (20.75%)	12,183	13,171	13,074
Total	**65,316**	**69,581**	**70,309**

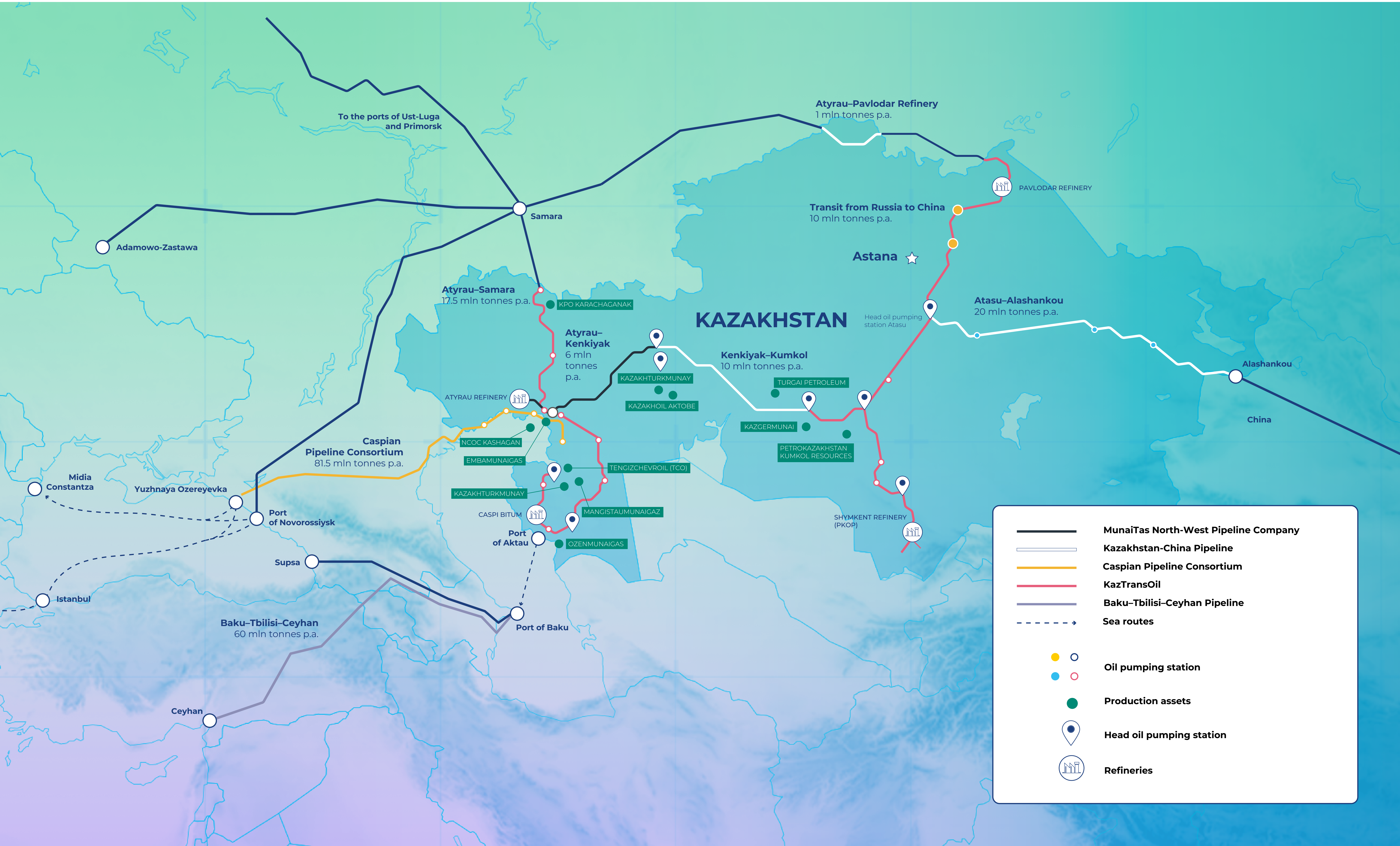
Volume of oil transportation[4], thous. tonnes

Company	2022	2023	2024
KazTransOil (100%)	**40,656**	**44,188**	**44,887**
• export	12,762	16,618	17,253
• transit	9,989	10,143	10,214
• domestic market	17,905	17,426	17,420
Kazakhstan–China Pipeline (100%)	**19,236**	**18,806**	**18,789**
• export	1,290	1,209	1,200
• transit	9,980	9,979	9,979
• domestic market	7,966	7,618	7,610
MunaiTas (100%)	**5,606**	**5,527**	**5,791**
• export	1,188	1,114	1,171
• domestic market	4,418	4,413	4,620
Caspian Pipeline Consortium (100%), export	**58,711**	**63,474**	**63,007**

1 10% of shares are owned by minority shareholders who acquired them under the People's IPO programme.
2 Capacity of the Atyrau–Samara section considering the use of drag-reducing additives.
3 Capacity of the Port of Aktau (large-capacity vessel berths, oil loading).

4 Consolidated volume of oil transported includes the volume of each individual pipeline company, including the operating share of KMG (excluding KTO). Part of the oil volumes can be transported by two or three pipeline companies, and these volumes are accordingly counted more than once in the consolidated volume of oil transportation.
5 Since KTO is fully operated by KMG, transportation volumes are reported as 100%.

KMG's oil pipeline network



Oil transportation turnover net to KMG grew by 1.5% to 62,111 thous. tonnes driven by an increase in domestic oil transportation to refineries and transit of Russian oil on its way to Uzbekistan.

Oil transportation turnover, mln tonnes × km

Company	2022	2023	2024
KazTransOil (100%)	34,261	34,208	35,526
Kazakhstan–China Pipeline (100%)	17,314	16,872	16,858
MunaiTas (100%)	2,265	2,236	2,395
Caspian Pipeline Consortium (100%)	78,154	83,959	81,615

Oil transportation turnover (net to KMG), mln tonnes × km

Company	2022	2023	2024
KazTransOil (100%)	34,261	34,208	35,526
Kazakhstan–China Pipeline (50%)	8,657	8,436	8,429
MunaiTas (51%)	1,155	1,141	1,221
Caspian Pipeline Consortium (20.75%)	16,217	17,422	16,935
Total	**60,290**	**61,206**	**62,111**

The tariffs for crude oil transportation to Kazakhstan's domestic market are regulated by the government.

Weighted average tariffs for oil transportation to the domestic market, KZT per tonne per 1,000 km

Company	2022	2023	2024
KazTransOil	4,356	4,602	4,742
Kazakhstan–China Pipeline	4,359	4,359	4,839
MunaiTas	5,912	5,912	5,912

According to Law of the Republic of Kazakhstan No. 204-VI on Natural Monopolies dated 27 December 2018, oil transportation services to support transit via the Republic of Kazakhstan and exports outside the Republic of Kazakhstan are beyond the scope of natural monopolies.

Weighted average tariffs for oil transportation for export

Company	2022	2023	2024
KazTransOil, KZT per tonne per 1,000 km	8,831	9,490	10,150
Kazakhstan–China Pipeline, KZT per tonne per 1,000 km	6,799	6,799	6,799
MunaiTas, KZT per tonne per 1,000 km	5,912	5,912	5,912
Caspian Pipeline Consortium, USD per tonne	36	36	36

Weighted average tariffs for transit to China, USD per tonne

Company	2022	2023	2024
KazTransOil	4.23	4.23	4.23
Kazakhstan–China Pipeline	10.77	10.77	10.77

Key projects in 2024

Agreement with SOCAR

In 2024, the Company signed an agreement with SOCAR, providing for a phased increase in oil transit through Azerbaijan to 60 thous. tonnes per month. The first oil shipment of up to 20 thous. tonnes is scheduled for early 2025. The agreement on the gradual increase in the transit of Kazakhstan's oil through Azerbaijan envisions boosting shipments along the Aktau–Baku–Tbilisi–Ceyhan route to 2.2 mln tonnes per year.

Lower tariffs for oil transportation by rail

In partnership with NC Kazakhstan Temir Zholy and government agencies, we managed to reduce tariffs for oil transportation by rail on Kazakhstan's section of the route. This decision was taken to enhance the competitiveness of the Aktau–Baku–Tbilisi–Ceyhan transit corridor.

Oil transit through the Port of Aktau

In 2024, oil transportation via the Aktau–Baku–Ceyhan route increased by 34% year-on-year to 1.419 mln tonnes.

Marine transportation

Kazakhstan's key marine transportation operator is National Maritime Shipping Company Kazmortransflot (KMTF), a subsidiary of KMG engaged in the shipment of oil, oil products and cargoes across the Caspian Sea and via international routes. The company runs a fleet of modern vessels, including tankers and tugboats, and provides logistics, freight and port services. KMTF is actively ramping up its capacities and introducing cutting-edge technologies along with state-of-the-art environmental standards. As a strategic player in the Trans-Caspian routes, the company plays a crucial role in ensuring export deliveries and developing the maritime logistics of Kazakhstan.

In 2024, oil transportation by sea increased by 22.2% to 13,169 thous. tonnes. This growth was driven by higher volumes of oil transportation in the Mediterranean Sea due to rising shipments from the Port of Ceyhan and more volumes transported via the Aktau–Makhachkala and Aktau–Baku routes in the Caspian Sea.

Marine fleet transportation, thous. tonnes

Sea	2022	2023	2024
Black	3,457	3,605	3,370
Mediterranean	5,276	6,440	7,716
Caspian	610	733	2,083
Total	**9,343**	**10,778**	**13,169**

Cooperation with AD Ports Group

The company is actively developing maritime routes in the Caspian, Black and Mediterranean Seas. As part of a partnership with AD Ports Group, KMTF acquired two tankers, Taraz and Liwa, which transported 874 thous. tonnes of oil along the Aktau–Makhachkala route in 2024. Additionally, the company joined forces with Azerbaijan Caspian Shipping Company (ASCO) to ship oil along the Aktau–Baku route. The vessels of AD Ports Group transported a total of 2.4 mln tonnes of oil in open seas.
As part of the partnership with AD Ports Group, efforts are being made to build up a fleet of ferries and container vessels for the Trans-Caspian International Transport Route.

Plans for 2025

1. Exploring opportunities for the development of the Trans-Caspian International Transport Route:
   - Completing the acquisition of two Aframax tankers with a deadweight of 115 thous. tonnes
   - Developing a project for the construction of three tankers for the Caspian Sea and multifunctional ferries
2. Cooperating with AD Ports Group:
   - Expanding the tanker fleet and initiating the construction of container vessels with a capacity of over 500 TEUs[1]

[1] Twenty-foot equivalent unit.

DOWNSTREAM

KMG's 2022–2031 Development Strategy sets the following goals in the downstream segment:

- improving the refining depth at Kazakhstan refineries to at least 89%;
- increasing the output of high-margin petrochemicals at Kazakhstan refineries;
- ramping up vertical integration at KMG International by adding more filling stations across its footprint to boost margins.

Oil and condensate marketing

Sales of KMG-produced oil and condensate, thous. tonnes

Assets	Operating assets[1]	including subsidiaries and associates[2]	Megaprojects[3]	Total
2022				
Exports	5,472	3,173	8,240	**13,712**
Domestic market	8,412	4,907	3	**8,415**
Total	13,884	8,080	8,243	**22,126**
2023				
Exports	5,406	2,955	9,978	**15,384**
Domestic market	8,302	4,980	9	**8,311**
Total	13,708	7,935	9,987	**23,695**
2024				
Exports	5,884	3,169	9,616	**15,500**
Domestic market	8,518	5,224	1,04	**8,519**
Total	14,402	10,131	9,617	**24,019**

Oil and condensate exports

Year-on-year Brent prices showed negative growth in the reporting period primarily due to oil prices remaining below USD 80 per bbl in 4Q 2024 amidst the ongoing geopolitical and economic challenges.

In 2024, the average KEBCO[4] price declined by 1.2% or USD 1.01 per bbl year-on-year, coming in at USD 80.73 per bbl. The market difference between KEBCO[4] (Platts) and premium Brent demonstrated volatility throughout 2024, shifting from positive to negative values. However, the annual average difference turned out to be negligible by the year-end.

Oil and condensate sales to domestic buyers

Pursuant to the President's commission and further commissions from the Government of the Republic of Kazakhstan, KMG continues to introduce the combined scheme at its refineries, taking into account the amendments being made to the Law of the Republic of Kazakhstan On State Regulation of Production and Sales of Certain Oil Products with respect to oil supplies to local refineries.

The combined scheme and amendments mentioned above provide for a subsoil user's affiliate to be recognised as an oil supplier subject to at least one of the following conditions:

- the oil supplier owns at least 50% of shares in the subsoil user;
- the subsoil user owns at least 50% of shares in the oil supplier;
- the oil supplier and subsoil user are controlled by one or more persons owning, directly or indirectly, a total of at least 50% of shares in the oil supplier and subsoil user.

Ozenmunaigas, Embamunaigas, Kazakhturkmunay and Urikhtau Operating supply Atyrau, Pavlodar and Shymkent refineries with KMG's own crude oil, and the resulting refined products are subsequently sold wholesale domestically or for export.

In 2024, sales of own oil and gas condensate to meet domestic demand amounted to 8,519 thous. tonnes, including 5,224 thous. tonnes of crude oil supplied from operating assets (Ozenmunaigas, Embamunaigas, Kazakhturkmunay, Urikhtau Operating) to Atyrau, Pavlodar and Shymkent refineries for further refining and oil product sales.

KMG refining assets

Within KMG's asset mix, four refineries in Kazakhstan and two in Romania are responsible for processing liquid hydrocarbons (primarily oil).

Total hydrocarbon refining volumes declined by 2.2% year-on-year to 19,158 thous. tonnes.

KMG refineries

Indicator	Kazakhstan refineries				Romania refineries	
	Atyrau Refinery	Pavlodar Refinery	Shymkent Refinery	Caspi Bitum	Petromidia Refinery	Vega Refinery
Location	Atyrau	Pavlodar	Shymkent	Aktau	Năvodari	Ploiești
Commissioning date	1945	1978	1985	2013	1979	1905
Design refining capacity, mln tonnes	5.5	6.0	6.0	1.0	6.0[5]	0.5
Refinery utilisation rate in 2024, %	99	91	95	85	84[6]	75
KMG interest, %	99.53	100	49.72	50	54.6	54.6
Nelson Index	13.9	10.5	8.2	–	10.5	–
Refinery co-owners	–	–	CNPC	CITIC	Romanian Government	Romanian Government

Consolidated hydrocarbon refining volumes	2022	2023	2024
Kazakhstan refineries			
Atyrau Refinery	5,224	5,475	5,547
Pavlodar Refinery	5,480	5,434	5,500
Shymkent Refinery (50%)	3,103	2,870	2,872
Caspi Bitum (50%)	461	427	327
Total for Kazakhstan refineries	**14,269**	**14,206**	**14,246**
Romania refineries			
Petromidia Refinery	5,258	5,012	4,619
Vega Refinery	373	374	293
Total for Romania refineries	**5,631**	**5,387**	**4,912**
Total	**19,900**	**19,593**	**19,158**

[1] Ozenmunaigas, Embamunaigas, Karazhanbasmunai, Kazgermunai, PetroKazakhstan Inc., Kazakhturkmunay, Kazakhoil Aktobe, Mangistaumunaigaz, Urikhtau Operating, Dunga, Ural Oil and Gas.
[2] Ozenmunaigas, Embamunaigas, Kazakhturkmunay, Urikhtau Operating.
[3] KMG Kashagan, KMG Karachaganak, Tengizchevroil.
[4] Kazakhstan Export Blend Crude Oil.
[5] Design capacity includes refining 5 mln tonnes of crude oil and 1 mln tonnes of other hydrocarbons per year.
[6] Petromidia Refinery utilisation rate is 97.5% based on Solomon Associates' methodology.

Oil product output at Kazakhstan and Romania refineries decreased by 1.5% to 17,894 thous. tonnes.

- Kazakhstan refineries manufactured 13,085 thous. tonnes of oil products (up 1.0% year-on-year) due to enhanced performance of production units.
- KMG International's refineries (Petromidia, Vega) manufactured 4,809 thous. tonnes of oil products (down 7.9%) primarily as a result of the corresponding decrease in refining volumes at the facilities.

Consolidated oil product output	2022	2023	2024
Kazakhstan refineries			
Atyrau Refinery	4,647	4,858	5,025
Pavlodar Refinery	5,168	5,034	5,084
Shymkent Refinery (50%)	2,857	2,638	2,653
Caspi Bitum (50%)	456	421	323
Total for Kazakhstan refineries	**13,128**	**12,951**	**13,085**
Romania refineries			
Petromidia Refinery	5,142	4,848	4,521
Vega Refinery	370	373	288
Total for Romania refineries	**5,512**	**5,221**	**4,809**
Total	**18,639**	**18,172**	**17,894**

Refining volumes at Kazakhstan refineries

Hydrocarbon refining volumes at Kazakhstan refineries remained comparable to the previous year, coming in at 14,246 thous. tonnes.

Hydrocarbon refining volumes (net to KMG), thous. tonnes

Refinery	2022	2023	2024
Atyrau Refinery	5,224	5,475	5,547
Pavlodar Refinery	5,480	5,434	5,500
Shymkent Refinery (50%)	3,103	2,870	2,872
Caspi Bitum (50%)	461	427	327
Total	**14,269**	**14,206**	**14,246**

In 2024, total oil product output at Atyrau, Pavlodar, Shymkent and Caspi Bitum refineries increased by 1.0% year-on-year to 13,085 thous. tonnes due to enhanced performance of production units. The share of light oil products (petrol, diesel fuel, LPG) came in at 74% at Atyrau Refinery and 79% at Pavlodar Refinery, reflecting sustained refining depth at Atyrau Refinery and higher refining depth at Pavlodar Refinery. The output of dark oil products (fuel oil, bitumen) declined, with the most pronounced decrease recorded at Caspi Bitum, where the share of dark oil products dropped to 37%.

Oil product output (net to KMG), thous. tonnes

Oil products	2022	2023	2024
Atyrau Refinery	4,647 (100%)	4,858 (100%)	5,025 (100%)
Light[1]	2,988 (64%)	3,602 (74%)	3,705 (74%)
Dark[2]	1,447 (31%)	1,073 (22%)	1,013 (21%)
Petrochemicals[3]	85 (2%)	49 (1%)	136 (3%)
Other	127 (3%)	134 (3%)	171(4%)
Pavlodar Refinery	5,137 (100%)	5,034 (100%)	5,084 (100%)
Light	3,879 (76%)	3,895 (77%)	4,021 (79%)
Dark	927 (18%)	809 (16%)	793 (16%)
Other	331 (6%)	330 (7%)	271 (5%)
Shymkent Refinery (50%)	2,857 (100%)	2,638 (100%)	2,653 (100%)
Light	2,348 (82%)	2,222 (84%)	2,262 (85%)
Dark	504 (18%)	410 (16%)	385 (15%)
Other	5	6	7
Caspi Bitum (50%)	460 (100%)	421 (100%)	323 (100%)
Dark	203 (44%)	179 (43%)	121
Other	257 (56%)	242 (57%)	201
Total	**13,101**	**12,951**	**13,085**

In 2024, all three refineries continued to increase their refining depth. Atyrau Refinery reached a refining depth of 85.06% (up 3.6 p.p. year-on-year), Pavlodar Refinery – 91.50% (up 1.9 p.p. year-on-year), and Shymkent Refinery – 85.77% (up 0.9 p.p. year-on-year). These increases came as a result of improvements in refining processes and better equipment performance.

Refining depth, %

Refinery	2022	2023	2024
Atyrau Refinery	75.72	82.09	85.06
Pavlodar Refinery	88.19	89.63	91.50
Shymkent Refinery	82.79	84.88	85.77

Scheduled preventive maintenance in 2024

- Atyrau Refinery: In October, the facility completed the maintenance of the ADU-2 and AVDU-3 primary oil refining units, with the transfer pipeline replaced and compressors and heat exchangers repaired.
- Pavlodar Refinery: From June to July, the facility replaced the vacuum system lines, while also repairing the smokestack and compressors.
- Shymkent Refinery: From March to April, the facility replaced furnace coils, and repaired steam generators and electric motors.

Sufficient oil product reserves were created for the duration of these scheduled maintenance shutdowns, with production at other refineries increased to ensure uninterrupted supplies of lubricants and fuel.

Development projects

Shymkent Refinery

- **Capacity expansion.** Adjustments were made to the pre-feasibility study for increasing the refinery's capacity to 12 mln tonnes by 2030. In 2025, the project is expected to move to the feasibility study stage.

Pavlodar Refinery

- **Treatment of liquefied petroleum gas.** We completed the construction of an LPG treatment facility designed to reduce the content of mercaptan sulphur.
- **Diesel fuel production upgrade.** A project is underway to reconstruct a diesel hydrotreating plant, including a dewaxing unit. The completion is scheduled for late 2025.

[1] Petrol, diesel fuel, jet fuel, and LNG.
[2] Fuel oil, vacuum gas oil, and bitumen.
[3] Benzene and paraxylene.

Caspi Bitum

- **Capacity expansion.** A project is underway to raise the oil refining capacity to 1.5 mln tonnes p.a. and to increase road bitumen output to 700 thous. tonnes p.a. The completion is expected in 2Q 2025.

Atyrau Refinery

- **Comprehensive upgrade.** A large-scale project is underway to enhance the performance of Atyrau Refinery. The project envisions an increase in the output of light oil products and upgrade of the key production units. The implementation timeframe is 2023–2027.

Oil refining tariffs

Kazakhstan refineries provide oil refining services under a processing business scheme, with finished oil products sold by oil suppliers. This approach enables refineries to focus on the optimisation of production processes and cost-cutting initiatives.

The refining tariffs factor in actual operating expenses and an investment component, including capital expenditures to maintain production and repay loans raised for modernisation.

Weighted average tariffs to refine 1 tonne of tolling feedstock, KZT

Refinery	2022	2023	2024
Atyrau Refinery	42,515	54,079	54,450
Pavlodar Refinery	23,240	23,240	26,500
Shymkent Refinery	35,336	35,336	35,336
Caspi Bitum	24,901	27,791	45,835

Scheduled maintenance at refineries

- Atyrau Refinery: overhaul (September to November 2025).
- Pavlodar Refinery: routine servicing (June to July 2025).
- Shymkent Refinery: downtime for catalyst replacement (February 2025).
- Caspi Bitum: overhaul (December 2025).

Production and sales of oil products derived from KMG's own oil

KMG independently refines crude oil produced by Ozenmunaigas, Embamunaigas and Kazakhturkmunay at three Kazakhstan refineries in Atyrau, Pavlodar and Shymkent. In 12 months of 2024, the Company refined 5,257 thous. tonnes of oil to manufacture 4,765 thous. tonnes of commercial oil products, including:

- light products (72%): motor petrol, diesel and jet fuel;
- dark products (17%): fuel oil, vacuum gas oil and bitumen;
- petrochemicals (1.3%): benzene and paraxylene;
- other (9%): liquefied gas, sulphur and coke.

We sold a total of 4,842 thous. tonnes of oil products, with 86% supplied to the domestic market and 14% exported. Key export destinations include the Netherlands, China, Azerbaijan and Turkey.

Refinery output of commercial oil products derived from KMG's own oil in 2024, thous. tonnes

Oil products	Atyrau Refinery	Pavlodar Refinery	Shymkent Refinery	Total	Average oil product wholesale prices in 2024, KZT per tonne
Light	1,579	1,337	508	3,424	229,601
Dark	447	294	92	833	139,575
Petrochemicals	62	0	0	62	315,546
Other	169	234	43	446	28,119
Total	**2,258**	**1,865**	**643**	**4,765**	**195,598**

Quality and standards

Our products comply with the K-4 and K-5 environmental standards (equivalent to Euro-4 and Euro-5). Refinery upgrades helped reduce the content of harmful substances as follows:

- sulphur – by 10 times;
- aromatic hydrocarbons – by 1.5 times;
- benzene – by 5 times.

Exports and domestic market

A total of 688 thous. tonnes of oil products were exported, including fuel oil, paraxylene, benzene and coke. Domestic supplies served to meet the needs of the agricultural sector and social infrastructure, including through the supply of fuel oil for heating and jet fuel for aviation services.

Wholesale[1] of KMG oil products produced in the Republic of Kazakhstan[1], thous. tonnes

Product	2022			2023			2024		
	Domestic market	Export	Total	Domestic market	Export	Total	Domestic market	Export	Total
Petrol	1,333	7	1,340	1,529	–	1,529	1,582	–	1,582
Diesel fuel	1,513	–	1,513	1,512	–	1,512	1,673	–	1,673
Jet fuel	161	–	161	165	–	165	213	–	213
Fuel oil	265	588	853	205	504	708	215	382	596
Vacuum gas oil	–	105	105	–	81	81	–	112	112
Bitumen	125	–	125	87	–	87	130	–	130
Coke	56	65	121	50	103	154	62	124	186
Sulphur	5	14	19	12	9	21	21	6	27
Benzene	–	3	3	–	12	12	–	13	13
Paraxylene	–	34	34	–	8	8	–	52	52
Liquefied gas	204	–	204	230	–	230	256	–	256
Heating fuel	–	–	–	3	–	3	2	–	2
Process fuel	408	–	408	411	–	411	407	–	407
Other	22	–	22	21	–	21	23	–	23
Total	**4,091**	**816**	**4,908**	**4,224**	**716**	**4,940**	**4,583**	**688**	**5,272**

Export of oil products broken down by share and supply destination

Oil products	2023			2024		
	Volume, tonne	Country	Share	Volume, tonne	Country	Share
Fuel oil	496,582	Europe	99 %	346,759	Netherlands	100 %
	6,955	Uzbekistan	1 %			
Vacuum gas oil	80,704	Europe	100 %	107,552	Netherlands	100 %
High-purity paraxylene	7,579	China	100 %	51,790	China	100 %
Benzene	11,621	China	100 %	11,937	China	100 %
Total coke	82,236	China	84 %	79,866	China	79 %
	7,821	Turkey	8 %	19,967	Azerbaijan	20 %
	5,280	Russia	5 %	680	Tajikistan	1 %
	2,836	Tajikistan	3 %			
Calcined coke	3,761	Russia	72 %	4,704	Azerbaijan	100 %
	1,499	China	28 %			
Sulphur	3,558	Europe	40 %	760	Sweden	30 %
		Turkey	60 %	1,806	Turkey	70 %
Total	**715,672**			**625,823**		

[1] Numbers may not add up due to rounding.

Imports

To make up for the petrol shortage in the domestic market, the Government of Kazakhstan assigned KMG to import AI-92 petrol.

In October and November 2024, KMG imported 19,135 tonnes of AI-92 petrol from Russian refineries (TAIF-NK, RI-INVEST, Gazprom Neftekhim Salavat).

The petrol imports helped quickly offset the temporary shortage and ensure uninterrupted supplies of oil products to wholesale distributors and filling stations across Kazakhstan.

KC Energy Group

To secure KMG's interest in a joint venture with Chinese partners, avoid sanctions from Kazakhstan's Government and support the Government's socially responsible efforts to meet the domestic demand for oil products in Kazakhstan, KMG initiated the creation of KC Energy Group LLP and liquidation of PETROSUN LLC in 2024.

KC Energy Group will fully replicate PETROSUN's operations. The operations will form an integrated cycle, which includes:
- purchasing crude oil from affiliated oil companies;
- refining crude oil at Kazakhstan refineries;
- wholesale distribution of oil products in both domestic and export markets..

Oil products supplied by the above refineries will be distributed:
- in compliance with commissions of Kazakhstan's Government seeking to meet the agricultural demand for diesel fuel during sowing and harvesting seasons;
- in compliance with commissions of Kazakhstan's Government seeking to ensure the supply of fuel oil to heating providers during the autumn and winter heating seasons;
- to meet the demand of KTZ (Kazakhstan Railways) for diesel fuel in accordance with the Supply Plans approved by the Ministry of Energy of Kazakhstan on a monthly basis;
- via exchange platforms in accordance with the Supply Plans approved by the Ministry of Energy of Kazakhstan on a monthly basis;
- via stationary filling stations in the Republic of Kazakhstan and through other players in the fuel market.

Ownership structure: KMG – 49%, CNPC – 51%.

KC Energy Group will retain the administrative and management structure of PETROSUN LLC, apply the corporate policies and procedures of PetroKazakhstan Group and sign an agreement with PetroKazakhstan Overseas Services Inc. (PKOSI) to manage operational activities.

Operations of KMG International

Hydrocarbon refining

Refining volumes at KMG International assets (Petromidia and Vega refineries) decreased by 8.8% to 4,912 thous. tonnes due to the delayed restart of the mild hydrocracker following the fire at Petromidia Refinery on 21 June 2023 and also as a result of a shutdown during the scheduled overhaul in March 2024. The refineries of KMG International are currently operating normally and at full capacity.

Hydrocarbon refining volumes[1], thous. tonnes

Refinery	2022	2023	2024
Petromidia Refinery	5,258	5,012	4,619
Vega Refinery	373	374	293
Total	**5,631**	**5,387**	**4,912**

KMG International's refineries (Petromidia, Vega) manufactured 4,809 thous. tonnes of oil products (down 7.9%) primarily as a result of the corresponding decrease in refining volumes at the facilities.

Oil product output (net to KMG)[1], thous. tonnes

Refinery	2022	2023	2024
Petromidia Refinery	5,142	4,848	4,521
· Light[2]	4,075	4,269	3,974
· Dark[3]	889	411	548
· Other	178	168	
Vega Refinery	370	373	288
· Dark	100	105	75
· Other	270	268	213
Total	**5,512**	**5,221**	**4,809**

The market refining margin fell short of the target due to the emergence of new refineries in Asia and Africa, which led to the excessive supply of oil products, increased competition and shrinking profits for European refineries.

Petromidia Refinery's refining margin

Unit	2022	2023	2024
USD per tonne	129,5	64,8	39,7
USD per bbl[4]	17,8	11,5	5,2

[1] Numbers may not add up due to rounding.
[2] Petrol, diesel fuel, jet fuel, and LNG.
[3] Oil coke, fuel oil and natural gasoline.
[4] To convert tonnes to bbl a conversion factor of 7.6 was used.

In 2024, crude oil volumes for resale marketed through KMG International's trading operations totalled 13.7 mln tonnes. Purchases of oil for resale exceeded the 2023 mark by 6,045 thous. tonnes. Tengizchevroil's shipments (up 5,571 thous. tonnes) to Petraco Energies DMCC made the greatest contribution to this growth. Apart from that, Karachaganak Petroleum Operating increased KEBCO shipments (up 1,102 thous. tonnes) to Rosneft (Germany), Tengizchevroil stepped up supplies of Azerbaijani oil to third parties (up 308 thous. tonnes) and Kashagan grew its shipments by 221 thous. tonnes.

Crude oil for resale, thous. tonnes

Indicator	2022	2023	2024
Crude oil for resale	6,207	7,638	13,690

2024 highlights

1. Recovery at Petromidia Refinery following the 2023 incident

The completion of mild hydrocracker repairs in February 2024 allowed the refinery to resume operations at full capacity. By the end of the year, the production capacity had fully recovered and reached 15.2 thous. tonnes per day. The repairs included diagnostics, replacement of worn-out components, catalyst regeneration, and upgrades of heat exchangers, pumps and compressors.

2. Infrastructure initiatives

Completion of equipment installation under the CHP construction project at Petromidia Refinery paved the way for pre-commissioning efforts. The facility is expected to be launched in 3Q 2025.

3. Expansion of the retail network

In 2024, we completed the construction of 12 new highway filling stations to strengthen the position of KMG International in the Romanian market. Additional stations are planned for opening as part of our long-term strategy.

4. Environmental resilience

In 2024, KMG International continued to implement environmental initiatives. Now 82% of water used in refining is returned to the production cycle to minimise the environmental impact. In October 2024, Petromidia Refinery set a new record, with its energy intensity index (EII) reaching 89.5.

Strategic focus on sustainable development

KMG International is actively aligning itself with the new EU and Romanian regulatory requirements, including the commitment to increase the content of biofuel in oil products and switch to the use of green hydrogen starting 2025. In 2024, the company began to set the stage for its decarbonisation projects, which include the development of infrastructure required for charging electric vehicles and the integration of sustainable technologies for producing jet fuel.

Plans for 2025

Next year, KMG International will focus on the following key investment initiatives:
- completion of the CHP construction project;
- increase in the production of second-generation biofuels;
- expansion of the retail network with an eye on cutting-edge technologies such as charging stations for electric vehicles.

PETROCHEMICALS

KMG's petrochemical strategy focuses on enhancing processing complexity, increasing the output of high value-added products, and reducing reliance on imported petrochemicals.

The Company's projects align with Kazakhstan's economic policy priorities and demonstrate notable advancements. Success of these initiatives will strengthen the Company's position in international markets and contribute significantly to the sustainable development of the national economy.

Key objectives of KMG's petrochemical projects:
- establish a petrochemical cluster in Kazakhstan;
- use the available large volumes of gas for the petrochemical complex;
- manufacture export-oriented products with high added value;
- produce polymers to diversify industry sectors.

Polypropylene

Kazakhstan Petrochemical Industries Inc. (KPI Inc.) operates the first phase of an integrated gas chemical complex in the Atyrau Region launched in 2022. The project is set to develop Kazakhstan's chemical industry and establish polypropylene production assets.

Project participants

- 49.5% – KMG;
- 40% – SIBUR Holding;
- 9.5% – Samruk-Kazyna Ondeu established to carry out the assignment of the nation's President to implement projects in the chemical industry;
- 1% – Firm Almex Plus, part of Holding Group ALMEX.

Production

In 2024, the KPI plant manufactured 10 product grades, including two new grades (PP H270 GP and PP H350 GP), with a total volume of 249 thous. tonnes of polypropylene. The most significant grades are:
- PP H030 GP – 130,163 tonnes;
- PP H253 FF – 18,092 tonnes;
- PP H270 FF – 11,646 tonnes.

The plant met Kazakhstan's domestic demand, supplying 22.5 thous. tonnes against a market size of 40 thous. tonnes, and helped reduce imports to 17% (from 34% in 2023).

Exports

A total of 230 thous. tonnes were exported, with the primary markets being China, Europe, Turkey, and Russia. The products have successfully passed homologation, confirming compliance with all the necessary safety and quality standards, and are sought after by international processing companies.

Polypropylene sales in 2022–2024 by region

Regions	2022	2023	2024
Kazakhstan	589	9,401	23,301
China	28,859	93,109	89,001
Europe	701	33,276	29,413
Turkey		11,509	63,818
Russia	351	25,411	46,143
Total	**30,499**	**172,706**	**251,676**

Impact on the domestic market

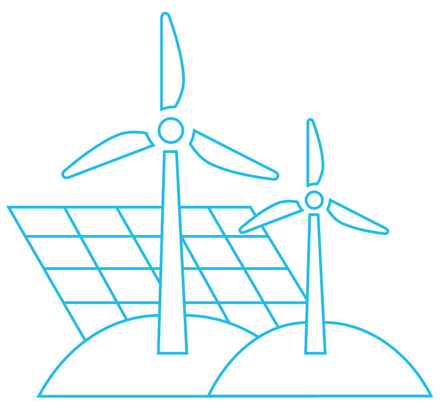
By increasing KPI's market share in Kazakhstan to 55%, we made a significant contribution to reducing the country's polypropylene imports.

Overdrive Programme

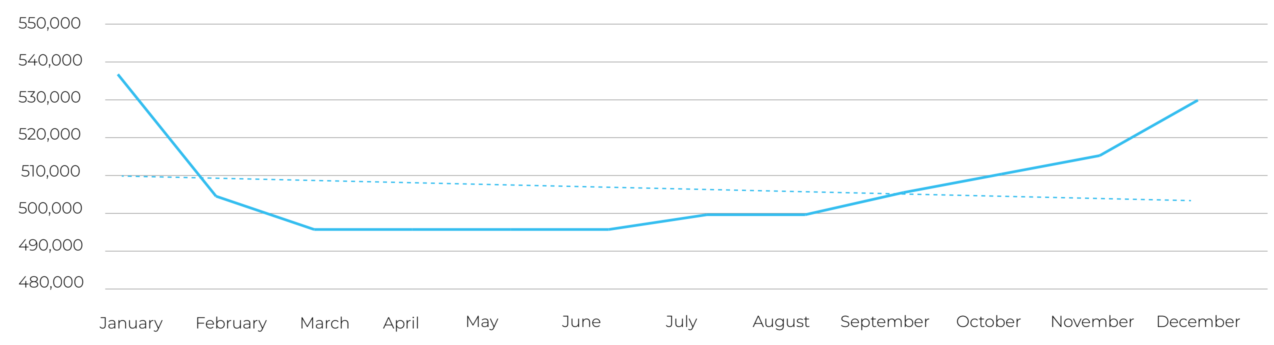
The programme provides special commercial terms to incentivise processing companies:
- Import Substitution Overdrive – product support for import substitution;
- Export Overdrive – ensuring competitive edge in international markets;
- Investment Overdrive – compensation for investments and support for lending interest rates.

Financial indicators and prices

The average market price for polypropylene in Kazakhstan in 2024, including VAT, was KZT 506.6 thous. per tonne, reflecting moderate growth due to inflation and higher demand.



Prices in 2024



Logistics and warehouse infrastructure

Logistics optimisation:
- The plant secured deliveries on FCA[1] terms (KPI warehouses in Atyrau and Almaty). Opening of a warehouse in Almaty helped:
  - increase sales in the southern regions of Kazakhstan (growth in December by 400 tonnes);
  - reduce logistics costs for processing companies that do not have access to railway infrastructure

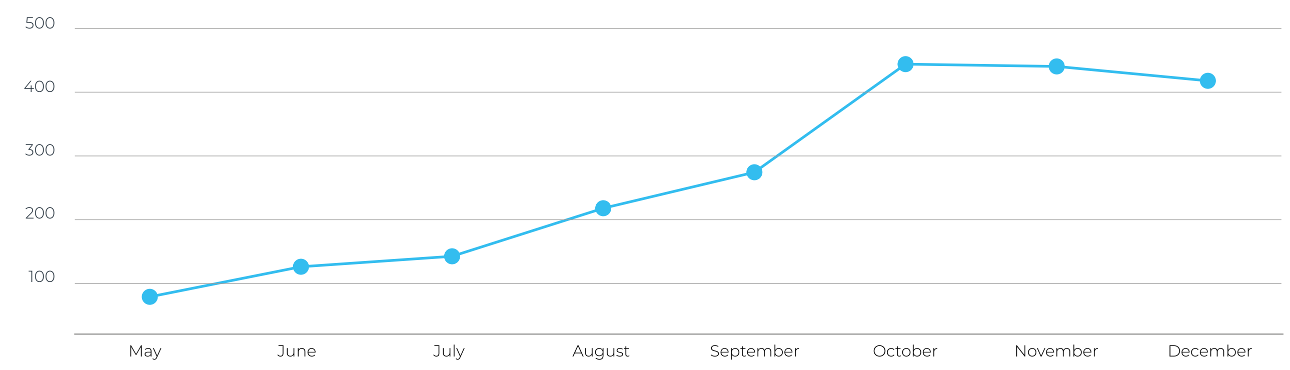
Partnership with international carriers

We organised export routes to China, Turkey and Europe, which bolstered supply chain stability.

Current challenges and measures to address them

No shipments from TCO:
- Propane shipments fell short by 27,425 tonnes in October–December. Alternative sources (33,250 tonnes from SIBUR and other suppliers) were engaged to offset the missing volume.
- Plans are in place to expand partnerships with additional suppliers and optimise contracts for 2025.

Supplies to warehouses in Almaty



[1] FCA means that seller seller is responsible for completing the export formalities and delivers the goods to the buyer's designated carrier at the agreed place and point.

Lengthy commissioning and reasons for the delay in signing the acceptance certificate for the facilities

In 2024, warranty tests of key process units at the plant were successfully accomplished. Testing of the propane dehydrogenation plant (PDH) and the propylene polymerisation unit (PP) was completed in May and October, respectively, confirming compliance with the stated production warranty. Final reports were signed between KPI, the EPC contractor, and the licensor, certifying that obligations have been fulfilled. A pilot run of the plant was also completed in October, confirming the stability of the equipment operation in the test mode. Pre-commissioning works were accomplished in January 2025. Technical and site supervision confirmed the plant's compliance with the established requirements, signalling its readiness for formal acceptance. KPI and the EPC contractor are currently continuing efforts to rectify the identified faults arising from increased equipment loads.

The delay in signing the acceptance certificate results from the complex and unique nature of the technologies and equipment used. Continuous operation of the plant requires time to reach the design capacities. Setting up and stabilising technologically complex facilities typically takes at least a year, as international experience shows, disregarding potential external factors such as economic climate, market environment, and power supply reliability.

Key stages of the production process:

1. Tengizchevroil ships feedstock gas by rail to a plant located 40 km away from the regional centre.
2. Propane (C_3H_8), treated from harmful impurities, is delivered to eight reactors of South Korean Wooyang HC which convert (dehydrogenate) propane into propylene (C_3H_6) with the release of hydrogen.
3. Polypropylene is produced by polymerisation at a Lummus Technology (USA) plant, there being only six such plants in the world.

Environmental efficiency

Production processes boast minimal water consumption: 82% of the liquid is re-used, minimising energy costs. The absence of emissions in the evaporation fields testifies to excellent environmental performance.

Polyethylene

The project for the construction of a new polyethylene plant with a capacity of 1.25 mln tonnes per year is a key initiative to boost Kazakhstan's petrochemical industry. The participants are KMG (29.9%), SIBUR Holding (30%), Sinopec (30%), and KMG PetroChem (10.1%). The total investment in the project is about USD 7.4 bln. It will strengthen the country's economy and reduce reliance on polymer imports.

The availability of cheap raw materials makes the project cost-effective. Ethane and propane supplied on favourable terms and supported by tax benefits in the NIPT special economic zone optimise production costs significantly.

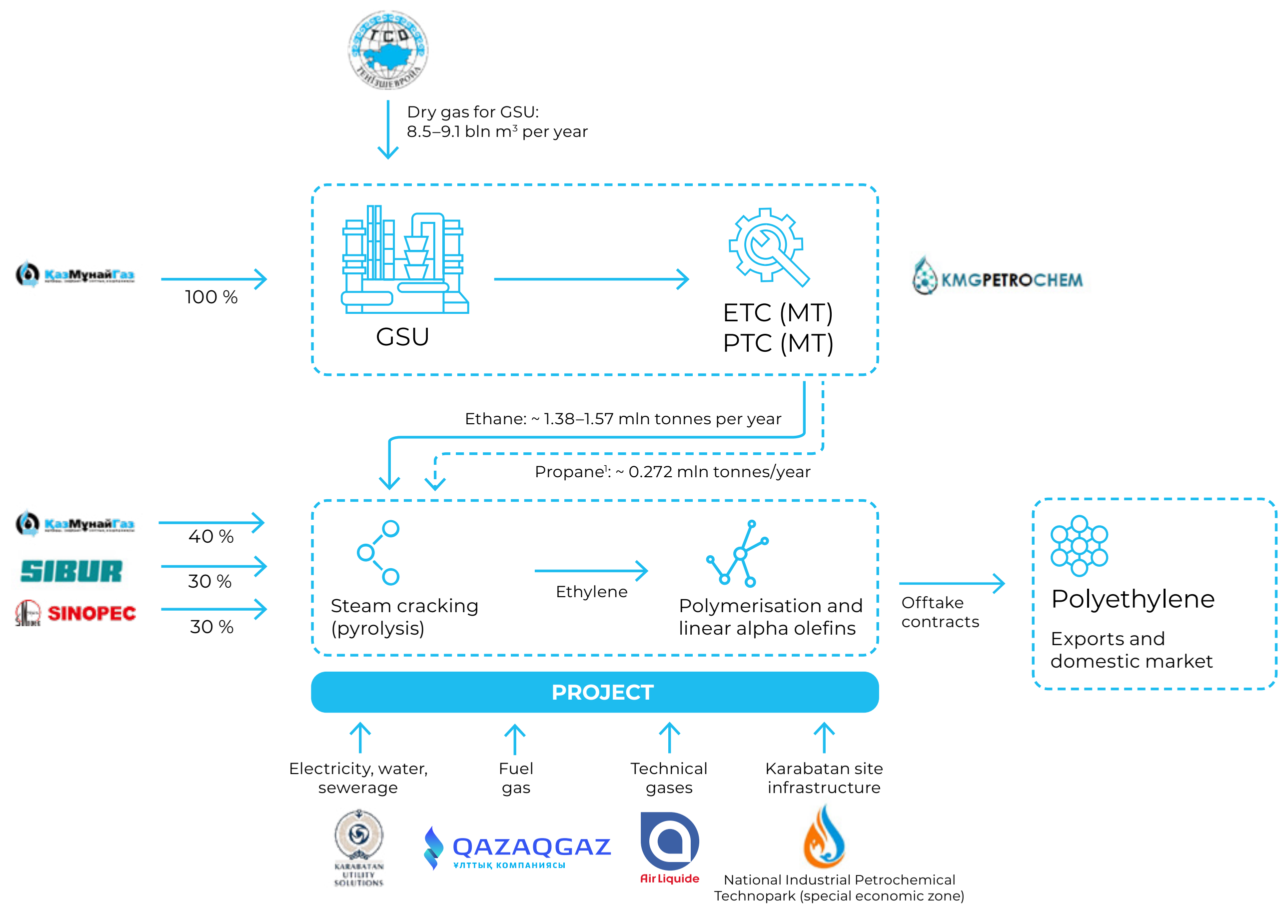
In the long term, sustainable growth of global demand for polyethylene is driven by the wide application of products in packaging, construction, healthcare, space, and other industries. Currently, Kazakhstan lacks domestic production, and all polyethylene is imported from Russia, Uzbekistan, China, Iran, Azerbaijan, South Korea, and other countries. In 2022, polyethylene imports amounted to more than 217 thous. tonnes. Currently, consumption stands at about 11 kg per capita and is expected to increase to 17–20 kg by 2028–2030, which corresponds to a domestic market size of 340–400 thous. tonnes per year. On top of that, with exports of up to 1 mln tonnes per year, the project could generate export revenues of up to USD 2.5 bln, bolstering the country's GDP by up to 1.2% and fostering SMEs.

About 20–24% of the plant's total production (200–300 thous. tonnes per year) is planned for the domestic market, with the rest to be exported.

The process flow of the integrated gas chemical complex includes several key stages: off-take contracts secure a stable supply of raw materials first, and then incoming dry gas (8.5–9.1 bln m³ per year) is fed to the gas separation unit (GSU). It extracts ethane from the gas at a rate of about 1.38–1.57 mln tonnes per year, which is then supplied to a steam cracker (pyrolysis) to be converted into ethylene.

It is fed to the polymerisation unit (including linear alpha olefin elements), where polyethylene is manufactured using modern licensed technologies and distributed between the export and domestic markets. Apart from that, the process flow includes logistic units (export terminal company, and production and transportation complex) that ensure efficient transport of raw materials and finished products. The project is seated in the National Industrial Petrochemical Technopark, a special economic zone, which offers tax benefits and optimisation of infrastructure costs.

Business model



Current status

As of today, engineering preparations have been completed at the sites of pyrolysis and polymerisation units, and logistics complex, with works ongoing at off-site facilities.

Additionally, the EPC contractor for the pyrolysis unit has started active work; the main equipment components have been ordered, and working design documents are being received and reviewed.

Raising investments and financing

The project has successfully attracted international investors, including Sinopec, our strategic partner, significantly enhancing financial resilience. A favourable ODI (Overseas Direct Investment) decision confirming readiness for the next stage has been awarded. Firm offers of USD 1.345 bln have been made by the Bank of China, ICBC, CCB, and CMBC, with the first instalment expected in 1Q 2025.

Design and documentation

All the key project documents have been finalised, including a feasibility study, process design package (PDP), environmental data collection, and western standard design (EBD/FEED). The design and estimate documents (DED) are currently underway and scheduled for completion in 1Q 2025.

EPC contract and infrastructure works

On 18 September 2024, an EPC contract was signed with a consortium of Sinopec Engineering Group and Tecnicas Reunidas, covering engineering design, equipment supplies, and construction of the facility. Infrastructure works at the pyrolysis site commenced on 11 September 2024 and include vertical planning and construction of on-site roads.

Plans for 2025

In 2025, the focus will be on finalising design and construction documents and proceeding to the active construction phase. We also expect the first financing instalment from international banks, providing the necessary liquidity for the project. Work will continue on soil excavation, construction of on-site and off-site roads, and site preparation for handover to the EPC contractors.

Deliverables

The new polyethylene plant will create approximately 8,000 jobs during the construction phase and 800 permanent jobs after it becomes operational. More than 20 grades of polyethylene are planned, with 40% of products being in the premium segment.

1 The volume of undelivered ethane will be replaced by the supply of propane.

Gas separation unit

The gas separation unit (GSU) is a strategic asset within Kazakhstan's gas infrastructure, designed for deep processing of natural gas and separation of valuable components. The facility provides a stable supply of ethane and propane for the petrochemical industry, reduces harmful emissions, and improves the quality of commercial gas. The project is operated by KMG PetroChem, a subsidiary of KMG.

Design and approval phase

The project has successfully passed all the design stages, including FEED. Design and estimate documents received government approvals. Re-FEED was completed in August 2024 by WOOD KSS, with a preliminary EPC cost estimate of USD 2,299.5 mln, including VAT.

Financing and government support

Financing has been confirmed: 40% from the National Bank of Kazakhstan, 40% from Samruk-Kazyna, and 20% in an equity loan provided by KMG. State support measures include extension of the NIPT special economic zone term until 2048 (Government Resolution No. 595 dated 24 July 2024) and support for propane exports to ensure loan repayment (Ministry of Energy).

Agreements and arrangements

On 14 September 2024, KMG's Investment Committee resolved to proceed to the Implementation Phase (Minutes No. 15-24). On 11 December 2024, the key documents were signed, including Addendum No. 3 to the 2008 raw material supply agreement and an updated dry gas purchase and sale contract between KMG PetroChem and TCO to secure a stable ethane supply.

Integration of GSU into the project business model

GSU will supply ethane fraction from the Tengiz field by pipeline under the contract with KMG PetroChem. The supply volume will be 1,573 thous. tonnes of ethane per year.

Updated schedule for the Implementation Phase

GSU construction and installation is scheduled to commence in 2Q 2025. The commissioning is scheduled for 2028.

Risks and mitigants

GSU's technological risks are mitigated through the use of licenced Honeywell UOP technologies[1]. Energy risks are minimised through the construction of a gas turbine power plant (GTPP) and partially through a connection to the TCO infrastructure.

Environmental effect

The project is designed to process 9.05 bln m^3 of dry gas per year, recovering 1,573 thous. tonnes of ethane and 355 thous. tonnes of propane. Gas treatment from hydrogen sulphide will reduce harmful emissions, improve commercial gas quality, and have a positive impact on the environment in the Atyrau Region.

Additional works

The development of FEED LGM (modification of TCO's fuel gas system) is phased. The Pre-FEED LGM (by Genesis) was completed in March 2024. FEED LGM is scheduled for September 2024 to May 2025 (WOOD KSS).

Plans for 2025

In 2025, the focus will be on completing the design phase and moving to construction activities.

[1] Honeywell UOP is a global leader in the development of licenced technologies for oil refining, petrochemical, and gas processing applications.

Urea

2024 was a landmark year for tightening ties between Kazakhstan's KMG and China's CNPC. A number of key agreements were reached to strengthen cooperation in the oil and gas industry.

The construction of a urea plant in Kazakhstan contributes to the development of the chemical industry, providing nitrogen fertilisers for agriculture and increasing export potential. The main raw material is natural gas, which is processed into ammonia and then into urea. Production targets the domestic and international markets, mostly China, Russia and Europe. Urea is used in agriculture as a fertiliser, in the chemical industry to make plastics and resins, in medicine and pharmaceuticals, and in the energy sector to minimise harmful emissions. The project reduces import dependence, creates new jobs, and promotes non-resource exports.

Signing of the framework agreement: On 3 July 2024, a framework agreement was signed between KMG and CNPC, paving the way for long-term cooperation in various domains of the oil and gas industry, including petrochemicals.

Pre-feasibility study development: China's HQC, a CNPC company, has finalised the pre-feasibility study documents. CNPC is currently deliberating whether to proceed to the next phase – FS or FEED.

Establishment of a joint venture: On 16 October 2024, the parties reached an agreement to establish a joint venture. This was an important step in running joint projects.

Raw material supply agreement: On 13 November 2024, an agreement of intent on raw material supply was signed between KMG PetroChem and CNPC International Aktobe Petroleum. This agreement will secure a stable supply of raw materials for joint projects.

Key aspects of the project

- **Location and resource base:** the plant will be located in the Aktobe Region and will use natural gas from the Zhanazhol gas processing plant.
- **Project financing:** the project is financed by the investments from the project participants and international partners.
- **Technologies:** we will use modern technologies ensuring high production efficiency and minimal environmental impact.
- **Cooperation:** partnership with CNPC provides access to advanced technologies and financial resources.
- **Plant capacity:** 1 mln tonnes of urea per year.
- **Investments:** the preliminary cost estimate for the project is USD 1.2–1.5 bln. A more precise estimate will be available as soon as the project's design documents are ready.
- **Project schedule:** 2024–2029.

Polyethylene terephthalate

KMG PetroChem, a KMG's subsidiary, is running a large-scale project to build a polyethylene terephthalate (PET) plant with a capacity of 735 thous. tonnes per year. The plant will be located in the Atyrau Region, next to the Atyrau Refinery, which will provide convenient logistics and access to the necessary raw material – paraxylene.

The project involves the use of cutting-edge technologies from global leaders. Technology designed by Koch Technology Solutions will be used for terephthalic acid production, while technologies by Chemtex Global Corporation and Polymetrix will be used to make polyethylene terephthalate. This guarantees high quality and production efficiency.

The project's key stages are completion of preFS, obtaining the necessary permits, raising financing, and construction of the plant. We are actively looking for a strategic partner for the project.
The project will address a number of important challenges:

- **Import substitution:** PET production will reduce reliance on imports and secure stable supplies to the domestic market;
- **Development of the petrochemical industry:** creation of a new high-tech production facility;
- **Job creation:** the project will create new jobs in the region;
- **Support for Kazakhstan's economy:** boosting the country's export potential.

SERVICE PROJECTS

KMG runs comprehensive initiatives aimed at developing infrastructure, enhancing the performance of oilfield services, and modernising assets. The key strategic priorities include ensuring sustainable water supply, restructuring oilfield service assets, increasing their profitability, renewing the vehicle fleet, and modernising production assets.

The infrastructure of KMG's oilfield service projects covers key production facilities, including equipment repair and maintenance sites, logistics hubs, and specialised machinery and transport. We pay close attention to automating business processes, implementing international certification standards (API Specification Q2 – American Petroleum Institute's quality management standard of for oilfield service companies), and upgrading existing facilities.

1 Desalination plant construction

The purpose of the project is to supply drinking water to the city of Zhanaozen and reduce the load on the Astrakhan–Mangyshlak water pipeline.

- Design capacity: 50 thous. m^3 per day
- Status: EPC contracts concluded, construction and installation works completed.
- The plant is expected to become operational at the design capacity in 1H 2025.

2 Building oilfield services portfolio and asset restructuring

- In 2024, a pilot project was launched to transfer oilfield service subsidiaries and associates to Ozenmunaigas and Mangistaumunaigaz, to be implemented in two phases (transfer of KMG's share and transfer of personnel).
- Plans for 2025: completion of activities to transfer assets in Zhanaozen and Aktau.

3 Bringing oilfield service assets to a break-even point

- Initiatives include: automation of business processes, implementation of segregated accounting, and API Specification Q2 certification.
- Status: in 2024, MEM (MangistauEnergoMunay, an oilfield services division) received the first API Spec Q2 certificate in Kazakhstan. Applications for certification of other assets are scheduled for 2025.

4 Renewal of vehicle and equipment fleets

- 2024 results: a total of 95 vehicles delivered. Leasing agreements with suppliers concluded.
- Plans for 2024–2026: renewal of 408 vehicles at Kalamkas and Zhetybai fields.

5 Construction and modernisation of production assets

- Zhetybai field: Design documents for the construction of a new production facility developed and approved.
  - Status: Tender and the launch of construction and installation works are slated for 1Q 2025.
- Production site of OzenMunayService:
  - Completion of concrete and installation works is expected by the end of January 2025.
  - Landscaping and site improvement will be completed in 1Q 2025.

Fleet renewal of KMG's subsidiaries and associates

Company	2024	2025	2026
	Actual	Target	Target
Oil Transport Corporation, units	186	155	96
Oil Services Company, units	0	10	25
OzenMunayService, units	0	0	5

INNOVATIVE TECHNOLOGY DEVELOPMENT

Exploration

Introduction of wireless sensors

Wireless sensors for seismic surveys helped bring down survey times and increase coverage, leading to faster data acquisition and improved data quality. Pilot seismic surveys employing a unique equipment configuration successfully investigated depths of up to 20 km in the Caspian sedimentary basin, opening up new hydrocarbon exploration opportunities.

Investment in innovation

Between 2020 and 2024, KMG invested KZT 250.8 bln, including KZT 98.2 bln allocated to high-technology projects, thus strengthening the Company's competitive edge. In 2024, increases in oil reserves were achieved through a comprehensive approach integrating 3D seismic surveys, laboratory analysis of core samples, and re-interpretation of well logging data, highlighting the importance of integrating diverse research methods.

New technologies and partnerships

In 2024, collaboration with international companies flourished. At the Berezovsky block, bids from Sinopec, LUKOIL, and Chevron are being reviewed to leverage advanced exploration technologies and incorporate best global practices. At the Mugodzhar block, our partnership with Shell and Chevron will allow for the testing of deep drilling technologies that offer substantial expansion potential. As part of the Zhylyoi project, KMG agreed key terms with CNOOC for the joint implementation of digital twins to enhance production planning and monitoring.

Implementation of new technologies and process optimisation

2024 trials confirmed the effectiveness of wireless sensors. Their planned deployment across other sites will improve data acquisition efficiency. Artificial intelligence and machine learning in seismic data processing helped enhance interpretation accuracy and speed, enabling proactive planning. R&D activities include testing technologies at the Gran field to optimise survey times and cover larger areas, reducing costs and improving efficiency.

Comparative study of STRYDE cable-free nodal seismic acquisition against conventional cable systems

Results from the CDPM[1]-3D project utilising STRYDE technology demonstrate:

- cost reduction: total project cost went down by 20% to USD 6.5 mln (from a planned USD 8.2 mln);
- time savings: work completed in 58 days instead of 75 days (a 33% reduction);
- personnel optimisation: field crew size decreased fourfold (from 15 to 4 people), with overall headcount reduced by 60% (from 77 to 32);
- efficiency gains: seismic crew productivity increased by 35% (1,278 operations vs 828), and the amount of data acquired rose by 20% (1,278 vs 1,026);
- environmental benefits: reduced equipment and transportation led to a 44% decrease in vehicle mileage (531 km vs 945 km), bringing down emissions.

The project confirmed that modern technology and process optimisation deliver significant improvements with reduced costs and environmental impact.

Trials of the impulse sources have commenced in environmentally sensitive areas of the Caspian Sea.

Seismic survey digitalisation

Field seismic surveying of 2,669 and 613 linear km was completed at Mugodzhary and Bolashak, respectively. The use of machine learning techniques in data processing speeds up interpretation of results and increases the precision of prospective target identification. KMG Barlau and Sinopec have partnered on an agreement for using geological data on the Berezovsky block, with the integration of blockchain technologies for data protection, ensuring the security and transparency of information sharing.

[1] Common Depth Point (CDP) Method.

Plans for 2025

Wider use of innovative technology

3D seismic surveys are planned for the eastern flank of the Tsentralnoye field (220 km²), utilising wireless sensors to significantly expand coverage while mitigating the environmental impact. Completion of drilling and well testing at the Turgai Paleozoic and Karaton Subsalt blocks, coupled with the integration of AI-driven real-time data analysis solutions, will facilitate rapid decision-making regarding further development. Five exploration wells are also slated for the Taisoygan-1 and Taisoygan-2 blocks, employing carbon footprint reduction technologies.

New exploration projects

Licences are to be sought for three promising blocks, with planned 2D and 3D seismic surveys followed by data processing using supercomputers to generate more accurate models and enhance exploration efficiency.

Drilling

Field development: current status and outlook

KMG's operating assets primarily consist of depleted fields with diverse reservoir characteristics and crude oil properties. Remaining recoverable oil reserves are estimated at approximately 440 mln tonnes, of which 248 mln tonnes are classified as hard-to-recover, necessitating innovative approaches for efficient development.

In 2023, KMG held a strategic session addressing technological bottlenecks, which resulted in the drafting of roadmaps of technological bottlenecks for seven subsidiaries and associates. These roadmaps address the challenges of developing hard-to-recover reserves, including recommended technologies and measures, risk assessments, phased implementation from 2024 to 2029, and the integration of advanced methods throughout all stages, from lab and pilot testing to commercial use.

In 2024, the Company approved new standards for the feasibility study of technologies, introducing uniform approaches to selecting and adopting EOR methods. This is a crucial step in managing KMG's complex assets, enabling the deployment of modern solutions to enhance the efficiency of developing high-risk and high-cost fields.

Technological approaches by reservoir type

Technologies employed across fields can be broadly categorised into three groups based on the complexity of oil recovery.

- **Low-permeability reservoirs:**
  - hydraulic fracturing;
  - horizontal drilling with multi-stage hydraulic fracturing;
  - radial fracturing;
  - gas dynamic fracturing;
  - water shut-off.
- **High-viscosity oil:**
  - horizontal drilling;
  - steam injection;
  - hot water injection;
  - polymer flooding;
  - conformance control.
- **Carbonate reservoirs:**
  - acid fracturing;
  - horizontal drilling with acid fracturing;
  - Water Alternating Gas injection;
  - cyclic flooding;
  - conformance control.

2024 results

During the year, KMG implemented 502 technology-focused initiatives across its fields, which yielded an additional 390 thous. tonnes of oil. Some of these technologies were deployed for the first time.

- **Carbonate reservoir innovations.** In 2024, lab research on chemical compositions for conformance control were conducted for the first time at the Alibekmola field. Previously unused in KMG's carbonate fields, the technology demonstrated promising results. By December 2024, six injection wells had been treated, resulting in an additional 390 tonnes of oil.
- **Radial fracturing.** The Uzen and Karamandybas field reclamation project pioneered radial fracturing on six production wells, boosting output by over 5 tonnes per day for each well. This solution was successfully adapted for bottom water-drive reservoirs where hydraulic fracturing presents significant challenges.

Plans and outlook to 2029

Wider use of new technologies:

- slim hole drilling;
- ASP flooding;
- treating reservoirs with CO_2 injections;
- foam acidising;
- dual steam injection;
- in-situ combustion.

Digitalisation of technology implementation

The Testing Centre online portal operating on a one-stop shop principle will continue to be upgraded, including the implementation of new tools for application monitoring, improved document templates, and integrated data analysis algorithms. This will increase efficiency and reduce time costs.

Upstream

Production efficiency measures

Launched in 2023, the Testing Centre online portal accelerates the adoption of innovative technologies by streamlining application processing and pilot testing. These efforts contribute to both maintaining stable production and driving innovation, ultimately strengthening the Company's long-term sustainability and competitiveness.

Developing depleting fields

At mature fields, such as S. Balgimbaev, Botakhan, Koshkar, etc., where the watercut is high and reserves are depleted, production optimisation is underway. This includes shutting in wells with low flow rates and transferring them to servicing, and other innovative methods. These efforts aim to extend field life and enhance recovery through modern technologies such as polymer flooding and hydraulic fracturing.

Technological bottlenecks and plans to 2050

To improve the oil recovery factor, advanced technologies are being actively researched and implemented, including:
- polymer flooding;
- multi-stage hydraulic fracturing;
- radial fracturing;
- dual injection and production;
- slim hole drilling;
- Water Alternating Gas injection, etc.

These technologies are expected to unlock an additional 60 mln tonnes of oil over 25 years, significantly enhancing the economic efficiency of mature field operations.

Reclamation project at the Uzen and Karamandybas fields

2023 saw the launch of a large-scale project to reclaim the Uzen and Karamandybas fields. Key project activities include:

- drilling new production and injection wells using advanced technologies;
- implementing conformance control to improve production efficiency;
- modernising the reservoir pressure maintenance system and infrastructure;
- deploying polymer flooding and installing electric submersible pumps.

From 2025 onwards, work will continue to improve flooding systems, digitalise pipeline infrastructure, and drill horizontal wells at mature fields using cutting-edge technologies.

Plans for 2025

The focus for 2025 will be on advancing mature fields through the adoption of new solutions and the refinement of existing processes. This includes:
- drilling horizontal wells at Karsak, East Moldabek, Uzen, and others;
- introducing polymer flooding at Uzen and Kalamkas;
- using the conformance control techniques at key fields;
- using dual injection techniques at Akshabulak Central to enhance oil recovery factor and mitigate environmental risks.

These initiatives target sustainable development and the upgrade of production processes, leveraging innovative and environmentally sound technologies.

Oil refining and petrochemicals

Engineering simulation at Kazakhstan refineries

The engineering simulation system was implemented in 2020 at Atyrau and Pavlodar refineries. This software helps create a digital twin of a process unit and select an optimal operating mode. Models for both primary and key secondary refining processes are now in use at both refineries. These models simulate unit performance under varying feedstock and operational parameters.

Using these simulations, pilot tests were conducted between 2022 and 2024 to streamline equipment performance. They successfully addressed bottlenecks and improved overall unit operations.

At Atyrau Refinery, optimisation of the AVDU-3 column helped ramp up the unit's utilisation rate by 10%. The result was improved product separation, a 350–400 tonne per day increase in vacuum gas oil production, and lower fuel oil output. In 2024, vacuum gas oil production surged by 79 thous. tonnes, or 44% year-on-year, adding an estimated KZT 2.6 bln to the annual value of the product slate.

Pilot tests at Pavlodar Refinery delivered substantial fuel savings. The efficiency of the atmospheric oil distillation unit furnace improved by 6% through higher steam and lower feedstock temperatures, saving 16 tonnes of fuel per day. Increasing the bitumen production unit's pump-around reflux temperature trimmed fuel consumption by up to 20 tonnes per day. Total fuel cost savings in 2024 are estimated at KZT 170 mln.

Advanced process control system

Since 2020, KMG has been been deploying advanced process control (APC) systems across its refineries. APC acts as an automated control system, maintaining the unit's stable operation within pre-defined parameters, including feed rates, temperatures, flow qualities, etc. This results in increased oil product yields, lower energy consumption, minimised human error, and enhanced product quality.

At Atyrau Refinery, APC installed on the ADU-2 and AVDU-3 units delivered a 15 thous. tonne per year uptick in straight-run petrol fractions and an 11 thous. tonne per year increase in kerosene and gas oil fractions, generating annual cost savings of KZT 2 bln.

In 2024, the system was implemented at a petrol hydrotreating and catalytic reforming unit at Atyrau Refinery and a primary oil refining unit of Shymkent Refinery. This helped deliver more stable operations, tightening product quality consistency by 28–40% and boosting yields of naphtha and other high-margin products. At Shymkent Refinery, kerosene yields rose by up to 30 tonnes per day, translating to a potential KZT 1.5 bln uplift in the annual value of the product slate.

Transition to a unified MES system at Atyrau Refinery

In 2024, Atyrau Refinery implemented a centralised manufacturing execution system (MES). This system provides monitoring of processes and equipment, production control against plan, performance visualisation, as well as tank monitoring and tracking of oil and oil products. Key benefits of MES implementation include enhanced refinery transparency, faster decision-making, improved analytics, and streamlined reporting. The unified database enables efficient processing of large datasets and lays the foundation for introducing big data tools.

Computer simulators

A computer simulator is a digital twin of a process unit, replicating the operator's working environment with augmented reality elements. It is used for training and staff upskilling. From 2019 to 2024, computer simulators were implemented at:
- Atyrau Refinery: 9 units (primary oil refining, catalytic cracking, reforming, production of aromatic hydrocarbons, hydrotreating);
- Pavlodar Refinery: 6 units (delayed coking, petrol isomerisation, diesel fuel and kerosene hydrotreating);
- Shymkent Refinery: 10 units (catalytic cracking, isomerisation, sulphur production, etc.);
- KPI: 2 units (propane dehydrogenation, propylene polymerisation).

2024 saw an updated 2024–2031 roadmap for further computer simulation deployment. KMG has in place a robust training programme at its refineries, leveraging computer simulators for a range of activities, including annual examinations, onboarding, and emergency drills. The use of computer simulators helped reduce personnel-related incidents, improve post-incident recovery times, and enhance operator performance.

FINANCIAL OVERVIEW

STATEMENT FROM THE DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD

In the reporting period, the Company demonstrated robust financial performance, ensuring sustainable development and consistent fulfilment of its commitments. The effective management of our own and borrowed funds helped maintain financial stability and protect the interests of KMG's key stakeholders. The solid results of 2024 laid a strong foundation for the Company's continued sustainable growth.

KMG efficiently manages its free cash flow to secure a balanced allocation between debt reduction, investments and dividend payments. This approach supports both financial resilience and long-term growth.

In 2024, Brent crude traded at an average of USD 80.8 per bbl, down 2.3% year-on-year. The average KEBCO discount[1] to Brent came in at USD 0.02 per bbl.

2024 financial results

Despite the volatility of the oil market in 2024, KMG continued to ensure balanced development and financial stability. The decline in oil prices had a moderate impact on the Company's financial performance, which confirms the effectiveness of our financial management strategy.

EBITDA was USD 4.3 bln, down 3.1% year-on-year. At the same time, adjusted EBITDA, which includes dividends received from joint ventures and associates instead of equity share in their profits, amounted to USD 4.6 bln, increasing by 0.9%.

Dividends from joint ventures and associates grew 10.0% year-on-year to reach USD 1.5 bln.

Capital expenditures on an accrual basis came in at USD 1.5 bln and on a cash basis at USD 1.4 bln, showing a year-on-year decrease of 13.4% and 8.3%, respectively.

Free cash flow went up 18.4% year-on-year to USD 2.6 bln. KMG delivered a significant increase in net cash flows from operating activities, driven by higher dividends from joint ventures and associates, along with lower capital expenditures.

Comfortable debt

KMG focused on reducing its total debt and made considerable progress in this area. By keeping debt at a comfortable level, the Company strengthens its financial stability and resilience to macroeconomic risks. Early debt repayment in case of free cash availability enables KMG not only to mitigate financial risks, but also to preserve flexibility in raising funds for new strategic projects.

Total debt at the end of the reporting year was at KZT 3.97 trln or USD 7.6 bln, up 5.6% in tenge terms and down 8.6% in USD terms compared to 2023. Net debt stood at USD 2.2 bln, a 38.8% drop year-on-year.

In 2024, KMG made a partial early repayment of 2027 bonds for a total of USD 750 mln (equivalent of KZT 358 bln), thus reducing its debt and saving USD 92.7 mln in coupon payments. As of 31 December 2024, KMG's loan obligations decreased by 4.4% to KZT 679 bln primarily due to full and partial repayments of debt by Atyrau Refinery, Pavlodar Refinery, KMG International and KazTransOil.

The Company upholds strict financial discipline and meets its obligations in a timely manner, demonstrating its reliability and strong credit standing. A consistent approach to financial management reinforces investor and lender confidence, which gives KMG steady access to capital markets.

Credit ratings (S&P, Fitch, Moody's)

In 2024, KMG improved its financial resilience, earning strong recognition from international rating agencies. In September 2024, Moody's Ratings upgraded the Company's credit rating from Baa2 to Baa1, stable outlook. This reflects not only Kazakhstan's sovereign rating upgrade but also KMG's strategic importance to the country and its solid financial performance. We remain focused on improving efficiency, driving sustainable growth, and creating added value for our shareholders.

A consistently high credit rating confirms KMG's reliability as a borrower and secures continued access to international financial markets, supporting investment inflows and our key strategic projects.

Dividends to shareholders and the growth in share value

In 2024, KMG continued to create strong value for shareholders. For the second year running, we paid record high dividends, demonstrating our commitment to shareholder returns. In 2024, KMG declared and distributed dividends for 2023 in the amount of KZT 300 bln (USD 639 mln) or KZT 491.71 per share.

Over the year, the Company's stock price climbed 27%, reaching KZT 14,621 per share as of 31 December 2024. With dividend payments included, the total shareholder return for 2024 stood at 31%. Since the IPO in December 2022, KMG's share price increased by 74%, with the total return (dividend payments included) reaching 86%. This performance underscores strong investor confidence and the Company's steady growth trajectory. At the end of 2024, KMG had a market capitalisation of KZT 8.9 trln, an equivalent of USD 17 bln. These achievements reaffirm the success of our strategy in driving sustainable growth and increasing corporate value.

Taxes

KMG makes annual contributions to the national economy through tax payments and social commitments. The Company paid USD 4.3 bln (KZT 1,995 bln) in taxes and mandatory contributions to the state budget, including contributions from joint ventures and associates. By maintaining a balanced approach to financial stability and its obligations, KMG continues to drive sustainable growth and strengthen its long-term positions in the market.

Diana Aryssova

Deputy Chairman
of KMG's Management Board

[1] Spread is the average daily price difference between a given oil grade and Brent over the analysed period. A positive spread value indicates a premium to Brent, while a negative value indicates a discount.

Credit ratings

KMG strives to maintain investment-grade credit ratings, support a strong credit profile, and reinforce its reputation as a reliable borrower. In 2024, the implemented measures aimed at enhancing financial stability contributed to the improvement of the Company's credit ratings, confirming the effectiveness of its financial strategy.

KMG credit rating dynamics

- 26 December 2023: S&P Global Ratings affirmed KMG's rating at BB+ due to strong financial performance, with a Stable outlook. At the same time, the standalone credit profile (SACP) rating was upgraded from "bb-" to "bb".
- 20 June 2024: Fitch Ratings affirmed KMG's long-term credit rating at "BBB" with a Stable outlook. The rating remains at the same level as Kazakhstan's sovereign rating, highlighting KMG's strategic importance to the country's economy.
- 11 September 2024: Moody's Ratings upgraded KMG's credit rating from "Baa2" to "Baa1" and changed the outlook to Stable, following an upgrade of Kazakhstan's sovereign credit rating and an improvement in KMG's standalone credit metrics. As a result, KMG's credit rating is now aligned with the sovereign credit rating.

KMG credit ratings

Moody's	S&P	Fitch
Baa1 ("Stable")	BBB+	BBB+
Baa2	BBB	**BBB ("Stable")**
Baa3	BBB–	BBB–
Ba1	**BB+ ("Stable")**	BB+
Ba2	BB	BB
Ba3	BB–	BB–

Sovereign ratings of Kazakhstan

Moody's	S&P	Fitch
Baa1 ("Stable")	BBB– ("Stable")	BBB ("Stable")

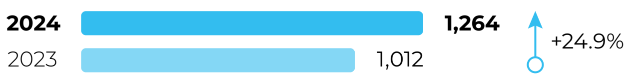
Key financial indicators for 2024[1]

Revenue[2], KZT bln

Net profit, KZT bln

Free cash flow[3], KZT bln

Net profit adjusted for the share in profit of JVs and associates[4], KZT bln



[1] The amounts were converted to US dollars for user convenience at average exchange rates for respective periods (average USDKZT for 2024 and 2023 were at 469.31 and 456.21 respectively; end-of-period USD/KZT as of 31 December 2024 and 31 December 2023 were at 525.11 and 454.56 respectively).

[2] KMG has completed the fair value assessment of the net identifiable assets and liabilities of Dunga Operating GmbH at the date of acquisition, finalizing the initial accounting for the business combination. The fair value of Dunga Operating GmbH's net identifiable assets and liabilities amounted to 156 bln tenge at the acquisition date, a decrease of 10 bln tenge over the provisional value. As a result, depreciation of property, plant, and equipment and corporate income tax from the acquisition date to 31 December 2023, were reduced by 2 bln tenge and 566 mln tenge, respectively. Comparative information for 2023 has been restated to reflect these adjustments.

[3] Free Cash Flow = Net cash flow from operating activities minus Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets. Dividends received from JVs and associates are included in cash flow from operating activities.

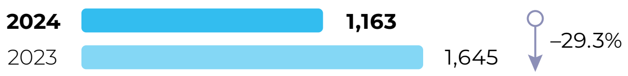
[4] Net income adjusted for profit share in jointly controlled entities and associated companies = Net income plus dividends received from joint ventures and associated companies, minus the share of profits of jointly controlled enterprises and associated companies.

EBITDA[5], KZT bln

Gross debt[8], KZT bln

Adjusted EBITDA[7], KZT bln

Net debt[9], KZT bln



Consolidated financial results under IFRS

Indicators	UoM	2023[6]	2024	%
Dated Brent[10], average	$/bbl	82.64	80.76	(2.3%)
KEBCO[10], average	$/bbl	81.74	80.73	(1.2%)
Exchange rate, average	USD/KZT	456.21	469.31	2.9%
Exchange rate, end-of-period	USD/KZT	454.56	525.11	15,5%
Revenue	KZT bln	8,320	8,330	0.1%
Share in profit of JVs and associates, net	KZT bln	534	531	(0.6%)
Net profit	KZT bln	927	1,094	18.1%
Net profit adjusted for the share in profit of JVs and associates[11]	KZT bln	1,012	1,264	24.9%
EBITDA[5]	KZT bln	2,007	2,001	(0.3%)
Adjusted EBITDA[7]	KZT bln	2,092	2,171	3.8%
Free cash flow[12]	KZT bln	984	1,199	21.8%
Gross debt[8]	KZT bln	3,757	3,967	5.6%
Net debt[9]	KZT bln	1,645	1,163	(29.3%)

More detailed information is available in the Financial Statements section.

[5] EBITDA = Revenue plus Share in profit of JVs and associates, net, minus Cost of purchased oil, gas petroleum products and refining costs minus Production expenses minus General and administrative expenses minus Transportation and Selling expenses minus Taxes other than income tax.

[6] KMG has completed the fair value assessment of the net identifiable assets and liabilities of Dunga Operating GmbH at the date of acquisition, finalizing the initial accounting for the business combination. The fair value of Dunga Operating GmbH's net identifiable assets and liabilities amounted to 156 bln tenge at the acquisition date, a decrease of 10 bln tenge over the provisional value. As a result, depreciation of property, plant, and equipment and corporate income tax from the acquisition date to 31 December 2023, were reduced by 2 bln tenge and 566 mln tenge, respectively. Comparative information for 2023 has been restated to reflect these adjustments.

[7] Adjusted EBITDA = Revenue plus Dividends from JVs and associates, minus Cost of purchased oil, gas petroleum products and refining costs minus Production expenses minus General and administrative expenses minus Transportation and selling expenses minus Taxes other than income tax.

[8] Total debt at the end of the reporting period = bonds plus loans (short-term and long-term). Guarantees issued are not included in the calculation.

[9] Net debt at the end of the reporting period = bonds plus loans minus cash and cash equivalents minus bank deposits (short-term and long-term). Guarantees issued are not included in the calculation.

[10] Source: S&P Global Platts.

[11] Net income adjusted for profit share in jointly controlled entities and associated companies = Net income plus dividends received from joint ventures and associated companies, minus the share of profits of jointly controlled enterprises and associated companies.

[12] Free Cash Flow = Net cash flow from operating activities minus Purchase of property, plant and equipment, intangible assets, investment property and exploration and evaluation assets. Dividends received from JVs and associates are included in cash flow from operating activities.

Consolidated Statement of Profit and Loss

Indicator	UoM	2022	2023	2024	Change	%
Revenue and other income						
Revenue from contracts with customers	KZT mln	8,693,081	8,319,543	8,330,261	10,718	0.1
Share in profit of joint ventures and associates, net	KZT mln	991,310	534,177	531,230	(2,947)	(0.6)
Gain from disposal of subsidiary	KZT mln	-	186,225	16,410	(169,815)	(91.2)
Finance income	KZT mln	120,603	-	-	–	–
Interest revenue calculated using the effective interest method	KZT mln	-	139,449	184,392	44,943	32.2
Other finance income	KZT mln	-	7,332	123,290	115,958	1 581.5
Other operating income	KZT mln	22,319	55,378	52,377	(3,001)	(5.4)
Total revenue and other income	KZT mln	**9,827,313**	**9,242,104**	**9,237,960**	**(4,144)**	**0.0**
Costs and expenses						
Cost of purchased oil, gas, petroleum products and other materials	KZT mln	(4,960,176)	(4,621,881)	(4,347,011)	274,870	(5.9)
Production expenses	KZT mln	(1,144,241)	(1,219,722)	(1,398,604)	(178,882)	14.7
Taxes other than income tax	KZT mln	(677,921)	(594,080)	(592,984)	1,096	(0.2)
Depreciation. depletion and amortization	KZT mln	(506,900)	(599,543)	(642,666)	(43,123)	7.2
Transportation and selling expenses	KZT mln	(205,352)	(245,525)	(267,824)	(22,299)	9.1
General and administrative expenses	KZT mln	(160,479)	(165,897)	(254,148)	(88,251)	53.2
Impairment of property. plant and equipment. intangible assets. non–current advances for fixed assets and exploration expenses	KZT mln	(19,917)	(248,140)	(69,733)	178,407	(71.9)
Finance costs	KZT mln	(308,055)	(321,630)	(346,096)	(24,466)	7.6
Foreign exchange gain. net	KZT mln	40,089	25,222	185,459	160,237	635.3
Excepted credit losses	KZT mln	–	(11,874)	(8,316)	3,558	(30.0)
Other expenses	KZT mln	(85,424)	(42,564)	(38,703)	3,861	(9.1)
Total costs and expenses	KZT mln	(8,028,376)	(8,045,634)	(7,780,626)	265,008	(3.3)
Profit before income tax	KZT mln	1,798,937	1,196,470	1,457,334	260,864	21.8
Income tax expenses	KZT mln	(492,377)	(269,792)	(363,087)	(93,295)	34.6
Net profit for the year	**KZT mln**	**1,306,560**	**926,678**	**1,094,247**	**167,569**	**18.1**
Net profit/(loss) for the year attributable to						
Shareholders of the Parent Company	KZT mln	1,278,359	962,700	1,094,438	131,738	13.7
Non-controlling interest	KZT mln	28,201	(36,022)	(191)	35,831	(99.5)
	KZT mln	**1,306,560**	**926,678**	**1,094,247**	**167,569**	**18.1**

The indicators and calculation results are presented with rounding. However, precise values without rounding were used for period comparisons. Any potential adjustments related to rounding are not expected to have a material impact on the financial results, according to the Company's assessment.

Revenue

In 2024, revenue amounted to KZT 8,330 tenge (USD 17,750 mln), reflecting a 0.1% increase compared to 2023. Stable revenue dynamics are driven by several factors, including an increase in crude oil production and transportation volumes. This offset the impact of lower crude oil sales from Kashagan due to maintenance work on raw gas injection compressors and the replacement of the slug catcher, as well as the decline in sales of refined products at KMG International due to the major overhaul at the Petromidia refinery.

Share in profit of joint ventures and associates

The share in profit of joint ventures and associates decreased by 0.6% and amounted to KZT 531 tenge (USD 1,132 mln) mainly due to a decline in profit of Tengizchevroil LLP. The share in profit of Tengizchevroil LLP declined by KZT 37 tenge (USD 80 mln) to KZT 303 tenge (USD 647 mln) due to higher depreciation expenses following the commissioning of facilities under the Wellhead Pressure Management Project. Additionally, the share in profit of KazRosGas LLP declined by 40.7% to 19 bln tenge (USD 41 mln) due to lower gas sales prices, while the share of profit in Mangistaumunaigas JSC decreased by 6.6% to KZT 36 tenge (USD 76 mln) due to lower export oil sales volumes.

Cost of purchased oil, gas, petroleum products and other materials

The cost of purchased oil, gas, petroleum products and other materials decreased by 5.9% in the reporting period, reaching KZT 4,347 tenge (USD 9,263 mln) primarily due to lower oil prices.

Other expenses

Production expenses increased by 14.7%, reaching KZT 1,399 tenge (USD 2,980 mln), primarily due to increased payroll for production personnel in the region of operation (Ozenmunaigas JSC, KazTransOil JSC, Embamunaigas JSC, and Pavlodar refinery). Additionally, the increase was driven by higher expenses for production-related services, variable costs related to internal logistics, and changes in finished goods and work-in-progress.

Transportation and selling expenses for the reporting period amounted to KZT 268 tenge (USD 571 mln), representing a 9.1% increase compared to 2023. This growth was driven by higher loading, transportation, and storage costs at KMG International, and KazMunayGas-Aero LLP.

General and administrative expenses increased by 53.2% to KZT 254 tenge (USD 542 mln). The increase was primarily driven by the accrual of remuneration to NC "QazaqGaz" JSC, a subsidiary of Samruk-Kazyna JSC, for trust management services of a 50% stake in KazRosGas LLP, amounting to KZT 53.3 tenge (USD 114 mln). Additionally, the increase was impacted by sponsorship assistance provided to flood victims through the Foundation for development of social projects "Samruk-Kazyna Trust", totaling KZT 10.0 tenge in April-May 2024.

Taxes other than income tax amounted to KZT 593 tenge (USD 1,264 mln). In 2024, KMG International paid a turnover tax of EUR 28.5 mln (equivalent to KZT 14 tenge or USD 31 mln) in accordance with Romania's Law No. 296/2023[1].

For the year ended 31 December 2024, total payroll amounted to KZT 722 tenge (USD 1,538 mln) and were recognized under production expenses, transportation and selling expenses, and general and administrative expenses in the consolidated statement of comprehensive income.

Financial expenses for 2024 amounted to KZT 346 tenge (USD 737 mln), representing a 7.6% increase compared to 2023. This growth was primarily driven by higher interest expenses on loans and bonds amidst the weakening of tenge vs. the US dollar, as well as a discount on long-term accounts receivable resulting from the difference between the sale price of investment property (its fair value) and the nominal value of the receivable from Samruk-Kazyna JSC, amounting to 9 bln tenge (USD 19 mln)[2].

Asset Impairment

In 2024, impairment of property, plant and equipment, intangible assets, non–current advances for fixed assets and exploration expenses amounted to KZT 70 tenge (USD 149 mln). Impairment of long-term assets totaled 48 bln tenge (USD 102 mln), primarily related to the impairment of the seawater desalination plant and associated infrastructure in Zhanaozen. Impairment of exploration and evaluation assets amounted to KZT 22 tenge (USD 46 mln), mainly driven by the Abai project, which accounted for KZT 18 tenge (USD 38 mln).

[1] The companies in the oil & gas sector with turnover of more than EUR 50 mln euro will have to pay an additional 0.5% turnover tax to the corporate income tax for 2024-2025.

[2] In 2024, the Company sold investment property to Samruk-Kazyna JSC with a carrying value of 14 bln tenge (USD 26 mln). According to the terms of the purchase and sale agreement, the sales price was 23 bln tenge (USD 44 mln).

Net profit

The Company's net profit rose by 18.1% compared to 2023, reaching 1,094 bln tenge (USD 2,332 mln). The profit growth was driven by foreign exchange gain, other finance income, and lower Impairment of property, plant and equipment, intangible assets, non–current advances for fixed assets and exploration expenses. The recognition of a change in the fair value of a financial instrument due to its modification[1] and the derecognition[2] of loan impacted other finance income.

The net profit, adjusted for the share in profit of joint ventures and associates, increased by 24.9%, from 1,012 bln tenge (USD 2,219 mln) to 1,264 bln tenge (USD 2,694 mln).

Net profit for the reporting period attributable to the shareholders of the parent company amounted to 1,094 bln tenge (USD 2,332 mln).

Capital expenditures

Accrual-based capital expenditures totaled 716 bln tenge (USD 1,526 mln), reflecting a 10.9% decrease, primarily due to lower capital expenditures at KazTransOil JSC following the completion of the reconstruction and expansion of the Astrakhan-Mangyshlak main water pipeline.

Cash flow-based capital expenditures totaled 645 bln tenge (USD 1,374 mln), reflecting a 5.7% decrease. The reduction in capital expenditures on property, plant, and equipment, intangible assets, and exploration and evaluation assets was mainly driven by lower expenditures on the acquisition of exploration and evaluation assets at the Corporate Centre level and reduced spending on property, plant, and equipment at KazTransOil JSC.

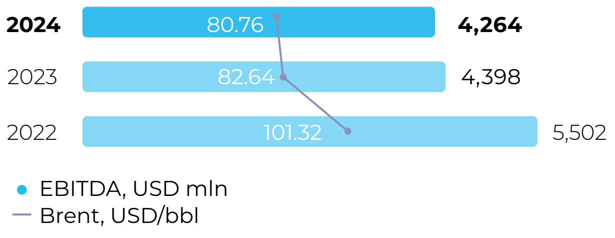
EBITDA

In 2024, EBITDA amounted to 2,001 bln tenge (USD 4,264 mln), implying a 0.3% decrease. The dynamics of this indicator were influenced by both positive factors, including the increase in the average USDKZT exchange rate from 456.21 to 469.31 and the consolidation of Dunga, as well as negative factors, such as higher costs for production-related services and an increase in payroll expenses.

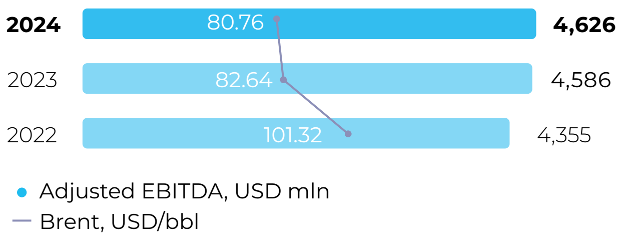
The adjusted EBITDA, which reflects dividends received from joint ventures and associates instead of the share of profit of joint ventures and associates, amounted to 2,171 bln tenge (USD 4,626 mln), reflecting a 3.8% increase.

Given the vertically integrated operations of KMG, we analyse EBITDA broken down by the segments below. We analyse and report segmented information according to IFRS. Segment performance is evaluated based on revenues and net profit. The operating segments of KMG Group are structured and managed in a manner corresponding to the relevant types of products and services and encompass the strategic lines of business for different products and markets. The Company's operations comprise four main operating segments: oil and gas exploration and production, oil transportation, refining and sales of crude oil and oil products, KMG's Corporate Centre, etc. (oilfield service companies and other insignificant companies). KMG presents the Corporate Centre's activities separately, since KMG not only performs the functions of the parent company, but is also involved in operations (processing of crude oil at Atyrau and Pavlodar refineries, and further sale of oil products to both domestic and export markets).

EBITDA for 2022, 2023 and 2024



Adjusted EBITDA for 2022, 2023 and 2024



EBITDA by segment for 2022, 2023, and 2024

Segment	UoM	2022	2023	2024	Change
Oil and gas exploration and production	KZT mln	1,843,075	1,442,479	1,491,060	48,581
	USD mln	3,999	3,162	3,177	15
	%	73	72	74	2 pp
Oil Transportation	KZT mln	238,237	199,090	219,479	20,389
	USD mln	517	436	468	31
	%	9	10	11	1 pp
Refining and Sales of Crude Oil and Petroleum Products	KZT mln	456,807	397,248	371,741	(25,507)
	USD mln	991	871	792	(79)
	%	18	20	19	(1 pp)
Corporate Centre	KZT mln	60,570	(21,397)	(65,614)	(44,217)
	USD mln	131	(47)	(140)	(93)
	%	2	(1)	(3)	(2 pp)
Other	KZT mln	(39,404)	8,779	2,412	(6,367)
	USD mln	(85)	19	5	(14)
	%	(2)	0	0	0 pp
Elimination	KZT mln	(23,063)	(19,584)	(18,158)	1,426
	USD mln	(50)	(43)	(39)	4
	%	(1)	(1)	(1)	0 pp
EBITDA	**KZT mln**	**2,536,222**	**2,006,615**	**2,000,920**	**(5,695)**
	USD mln	**5,502**	**4,398**	**4,264**	**(135)**

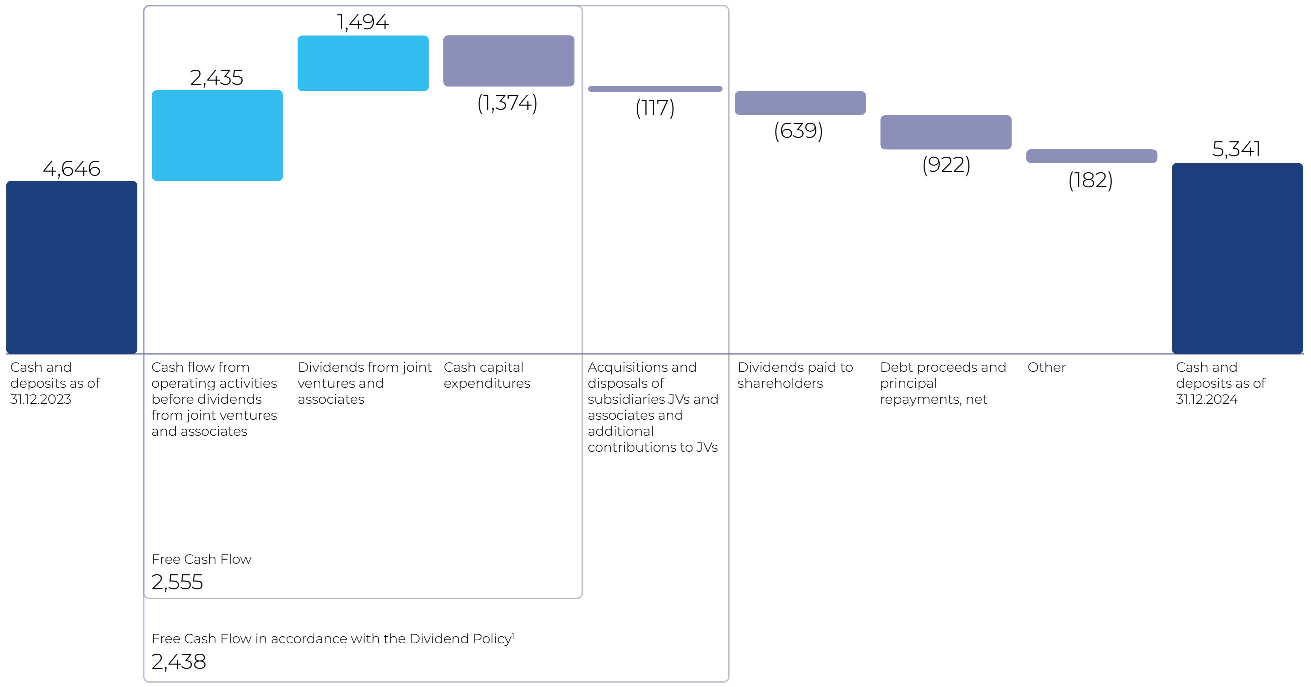
Cash flows

Indicator	UoM	2022	2023	2024	Change
Net cash flows from operating activities	KZT mln	1,567,311	1,667,614	1,843,852	176,238
Net cash flows used in investing activities	KZT mln	(2,302,310)	(759,636)	(1,042,955)	(283,319)
Net cash flows used in financing activities	KZT mln	288,071	(604,362)	(780,560)	(176,198)
Effects of exchange rate changes	KZT mln	65,755	(15,942)	145,268	161,210
Change in allowance for expected credit losses	KZT mln	114	14	(27)	(41)
Net change in cash and cash equivalents	**KZT mln**	**(381,059)**	**287,688**	**165,578**	**(122,110)**
Net change in cash and cash equivalents	**USD mln**	**(827)**	**631**	**353**	**(278)**

[1] In 2024, the coupon rate of bonds acquired by Samruk-Kazyna JSC in 2022 increased from 3.00% to 9.30%, leading to a significant modification. The difference between the carrying value and fair value of the bonds to be derecognised as at the date of modification, amounting to KZT 60 bln, was recognised in other financial income.

[2] In 2024, based on a notification from the Ministry of Energy of the Republic of Kazakhstan regarding the termination of the subsoil use contract for the Zhenis project, the Company derecognised the loan received from Lukoil Kazakhstan Upstream (carry financing) in the amount of KZT 48 bln

Sources and use of funds and free cash flow, USD mln



Cash and cash equivalents

As of 31 December 2024, consolidated cash and cash equivalents, including cash held in deposits, increased by 32.8% compared to 31 December 2023, reaching KZT 2,805 tenge. In U.S. dollar terms, the amount was at USD 5,341 mln, having increased by 15.0% compared to 31 December 2023.

Received dividends, USD mln

Companies	2022	2023	2024
Tengizchevroil LLP	451	936	831
Caspian Pipeline Consortium	214	250	226
KazRosGas LLP		1	114
PETROSUN LLP	21	86	104
Mangistaumunaigaz	200		95
KazGerMunay LLP	50	35	50
PetroKazakhstan Inc.	6	6	38
Kazakhstan-China Pipeline LLP	11	5	17
Others	50	40	19

[1] Free cash flow under the dividend policy = Net cash flows from operating activities minus acquisition of property, plant and equipment, intangible assets, investment property, and exploration and evaluation assets minus acquisition of subsidiaries, net of cash acquired plus proceeds from disposal of subsidiaries, net of cash disposed of plus proceeds from disposal of interests in joint ventures minus consideration paid in connection with acquisition of subsidiaries minus Additional contributions to joint ventures without changes in ownership

Dividends received

Dividends received from joint ventures and associates amounted to KZT 701 tenge (USD 1,494 mln), having increased by 13.1% compared to 2023. The increase in dividends was primarily driven by a dividend payment from MMG totaling KZT 45 tenge (USD 95 mln) in 2024, as well as a significant increase in dividends from KazRosGaz LLP, which rose to KZT 53 tenge (USD 114 mln) in 2024, compared to 553 mln tenge (USD 1 mln) in 2023. Additionally, dividend payments from PKI increased by 15 bln tenge (USD 32 mln), reaching 18 bln tenge (USD 38 mln).

Dividends paid

In 2024, the Company declared and distributed dividends for 2023 in the amount of 491.71 tenge per share, totaling KZT 300 tenge (USD 639 mln). In 2023, KMG declared and distributed dividends for 2022 in the amount of 491.71 tenge per share, totaling KZT 300 tenge (USD 658 mln).

Statement of Financial Position

Indicators	UoM	2022	2023	2024	Change
Assets	**KZT mln**				
Property, plant and equipment	KZT mln	6,994,001	7,171,242	7,834,160	662,918
Investments in joint ventures and associates	KZT mln	4,947,403	4,821,427	5,378,513	557,086
Long-term bank deposits	KZT mln	59,229	63,891	74,329	10,438
Other non-current assets	KZT mln	1,518,994	1,447,504	1,641,975	194,471
Short-term bank deposits	KZT mln	1,178,138	997,012	1,513,816	516,804
Cash and cash equivalents	KZT mln	763,185	1,050,873	1,216,451	165,578
Other current assets	KZT mln	1,195,481	1,388,972	1,274,898	(114,074)
Assets classified as held for sale	KZT mln	459	180	505	325
Total assets	**KZT mln**	**16,656,890**	**16,941,101**	**18,934,647**	**1,993,546**
Total assets	**USD mln**	**36,003**	**37,269**	**36,058**	**(1,211)**
Equity and liabilities					
Total equity	**KZT mln**	**9,867,426**	**10,396,614**	**11,924,284**	**1,527,670**
Total equity	**USD mln**	**21,328**	**22,872**	**22,708**	**(164)**
Liabilities					
Long-term loans	KZT mln	3,784,897	3,365,736	3,644,111	278,375
Other long-term liabilities	KZT mln	1,398,372	1,644,533	1,922,569	278,036
Short-term loans	KZT mln	369,489	391,358	323,290	(68,068)
Other short-term liabilities	KZT mln	1,236,706	1,142,860	1,120,393	(22,467)
Total liabilities	**KZT mln**	**6,789,464**	**6,544,487**	**7,010,363**	**465,876**
Total liabilities	**USD mln**	**14,675**	**14,397**	**13,350**	**(1,047)**
Total equity and liabilities	**KZT mln**	**16,656,890**	**16,941,101**	**18,934,647**	**1,993,546**
Total equity and liabilities	**USD mln**	**36,003**	**37,269**	**36,058**	**(1,211)**

Debt management

KMG's total debt is represented by bonds and loans. The debt portfolio is mainly denominated in US dollars – the currency of principal incomes. Accordingly, the "organic" hedging effect of FX risk is achieved without the need to use derivatives.

Gross debt

KMG's total debt is primarily denominated in U.S. dollars (75% as of 31 December 2024). During the reporting period, the Company reduced debt in U.S. dollar terms by 8.6% to USD 7,555 mln compared to 31 December 2023. In tenge terms, total debt amounted to 3,967 bln tenge, reflecting a 5.6% increase from 31 December 2023. This growth in tenge was driven by exchange rate fluctuations during the reporting period, as well as an increase in the coupon rate from 3% to 9.3% on bonds issued by KMG to Samruk-Kazyna JSC in 2022.

On 12 September 2024, the Company made a partial early redemption of its 2027-maturity bonds in the amount of USD 750 mln (equivalent to 358 bln tenge).

Loans decreased by 4.4% to 679 bln tenge (USD 1,294 mln) as of 31 December 2024, reflecting full and partial repayments of loans by Atyrau Refinery, Pavlodar Refinery, and KMG International. KMG International partially repaid a syndicated loan for the amount of USD 72 mln (equivalent to 34 bln tenge). KMG International repaid a loan from ING Bank NV for the amount of USD 29 mln (equivalent to 14 bln tenge). Atyrau Refinery and Pavlodar Refinery partially repaid a loan from the Development Bank of Kazakhstan for the amount of 47 bln tenge. Atyrau Refinery and KazTransOil JSC partially repaid a loan from Halyk Bank of Kazakhstan JSC for the amount of 21 bln tenge.

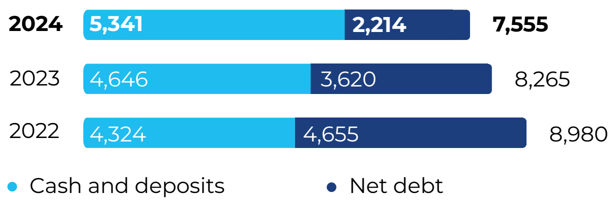
In 2024, KMG International, under existing credit lines, obtained a loan from Bank of Tokyo-Mitsubishi UFJ, Ltd. totaling USD 36 mln (equivalent to 17 bln tenge) for working capital funding. In 2024, KazGPZ LLP received the first tranche from Halyk Bank of Kazakhstan JSC totaling KZT 48 bln as part of a credit line agreement signed in 2022 for the construction of a Gas Processing Plant.

In 2024, following a notification from the Ministry of Energy of the Republic of Kazakhstan regarding the termination of the subsoil use contract for the Zhenis project, the Company ceased recognition of the loan received from Lukoil Kazakhstan Upstream (carry financing) in the amount of 48 bln tenge.

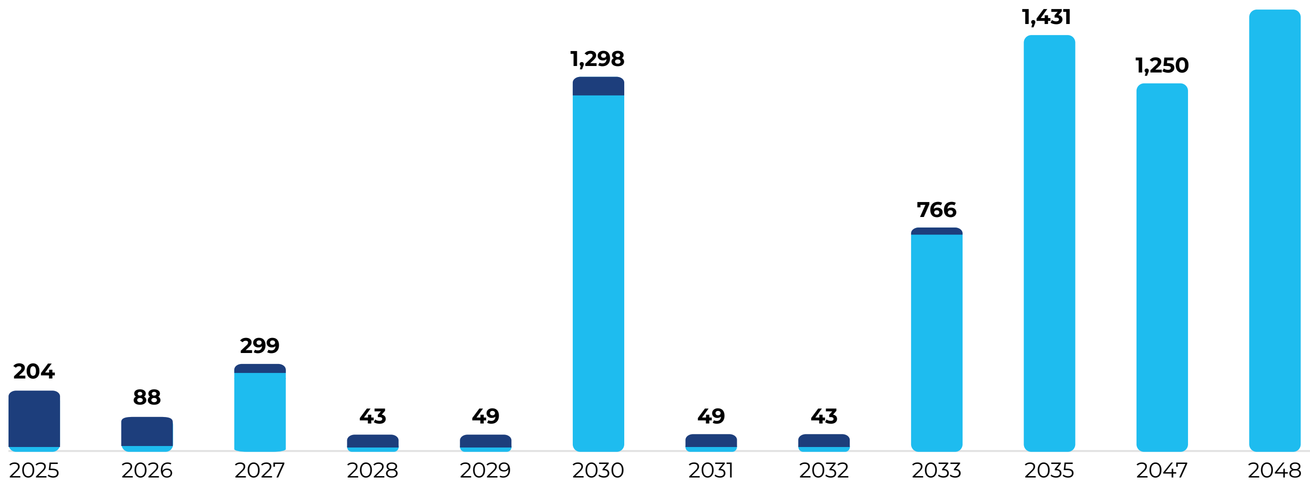
Net debt

As of 31 December 2024, net debt amounted to 1,163 bln tenge (USD 2,214 mln), representing a 29.3% decrease in tenge terms and a 38.8% decrease in U.S. dollar terms compared to 31 December 2023.

Total debt, USD mln



DEBT repayment schedule (at face value)[1], USD mln



Companies	2025	2026	2027	2028	2029	2030	2031	2032	2033	2035	2047	2048
Bonds	13	16	266	16	16	1,266	16	16	760	1,431	1,250	1,500
Loans	191	72	33	27	33	33	33	27	6			

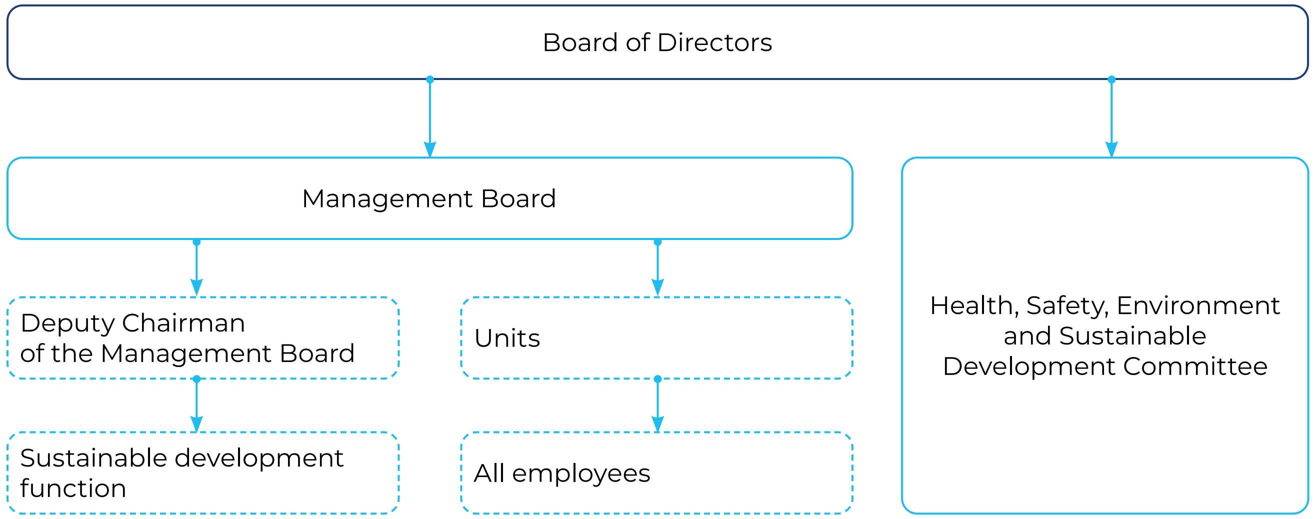
[1] Excluding KMG International credit lines, overdrafts, and trade finance (as of December 31, 2024).

ENSURING SUSTAINABLE DEVELOPMENT

SUSTAINABILITY MANAGEMENT

In its 2022–2031 Development Strategy, KMG identifies sustainability and gradual reduction in carbon intensity of production as one of its strategic goals. To that end, all our business processes and decision-making embed sustainability principles.

Approach to sustainability management



The Board of Directors of KMG engages in strategic oversight and control over implementation of sustainable development principles. It also approves the Company's annual Sustainability Report.

The Health, Safety, Environment and Sustainable Development Committee (HSE&SD) of the Board of Directors considers and manages sustainability matters, develops recommendations on sustainability policy, annual Sustainability Report, action plans and other internal documents on sustainability that fall within the remit of the Board of Directors, implements ESG aspects of sustainable development, builds a governance system to oversee sustainability, defines sustainability goals and KPIs, monitors KMG's progress in the area of sustainability, and integrates sustainability into KMG's key processes.

The Management Board is responsible for proper execution and implementation of the Company's sustainability principles, policies, standards, and action plans. It also monitors KMG's sustainability activities and progress against goals and KPIs in this area.

Deputy Chairman of the Management Board, who is responsible for sustainable development, coordinates approaches to achieve goals and KPIs in sustainability initiatives and oversees the preparation of sustainability reports and the implementation of corporate sustainability standards.

The sustainable development function of KMG's Strategy and Portfolio Management Department is responsible for initiating, coordinating and implementing the sustainable development management system, supporting its integration into the Company's business, providing methodology support in sustainability matters, annual preparation and approval of the Sustainability Report, assisting the Company's units as needed in identifying and managing sustainability risks and in developing a stakeholder map and ways of interaction, offering training in sustainable development and engaging with rating agencies on matters related to the assignment and maintenance of the Company's ESG rating.

Units of KMG are responsible for implementing the sustainable development management system, analysing external and internal factors, identifying sustainability risks, developing a stakeholder map and ways of interaction, running sustainable development initiatives, and preparing information for the Sustainability Report as per international standards.

All employees of KMG, at their respective level, implement sustainability principles and activities by acting as role models and following respective policies and standards.

Sustainable development KPIs for the management

In order to deliver against strategic sustainability targets for 2024, the following motivational KPIs were approved for the Chairman of the Management Board (corporate KPIs) related to the introduction of the sustainable development management system:

- implementation of investments projects, including sustainability projects (a new desalination plant in Kenderly and a new gas processing plant in Zhanaozen);
- a comprehensive OHS indicator aimed at reducing LTIR, identifying unsafe workplace conditions and hazardous factors, and ensuring that this information is clearly communicated across the Group.

For Deputy Chairmen of the Management Board and heads of units, the following sustainability KPIs were approved for 2024:

- implementation of investment projects, including a number of sustainability projects;
- delivery against the Action Plan to implement the 2022–2031 Low-Carbon Development Programme for relevant domains;
- ESG rating;
- implementation of social infrastructure improvement roadmaps by KMG's subsidiaries and associates in 2024;
- development of the 2025–2028 Corporate Wellness Programme for KMG Group;
- conducting industrial relations screening to study social and living conditions at subsidiaries and associates / jointly controlled entities in accordance with Samruk-Kazyna's Corporate Standard for the Development of Industrial Relations;
- social stability index across KMG Group;
- implementation of an information system for monitoring transport availability as part of the Travel Management project;
- conducting comprehensive HSE inspections of subsidiaries and associates;
- Non-Work-Related Fatality Rate (NWRF)[1];
- holding HSE forums and discussions.

ESG risk rating

Since 2023, KMG's Board of Directors has been approving the ESG risk rating as one of the functional KPIs, reflecting the Company's intent to manage material ESG risks and commitment to sustainability principles in the international oil and gas market. Achievement of this KPI implies addressing the key ESG matters within KMG Group.

In 2024, Sustainalytics assessed KMG's ESG risk management at 32.8. The Company's risk of exposure to ESG factors is high. The Company received a "strong" score for its ESG risk management from Sustainalytics. At the same time, ESG risk exposure was rated as "high". According to the analysts, KMG's high exposure to ESG risks is on a par with the industry average, i.e. risks inherent in the oil and gas industry.

The key ESG challenges for KMG are reducing emissions and waste, carrying on with the Low-Carbon Development Programme, placing a stronger focus on public relations, and aligning its corporate governance system and business ethics with best global practices. Despite these challenges, KMG received a strong risk management score as regards water use, data privacy, cyber security, and stakeholder management, improved its land use and biodiversity risk management performance, and maintained a stable risk management score for human capital management, carbon operations, employee health and safety.

The action plan to improve KMG's ESG rating includes 43 measures that cover and factor in environmental and social risks for the business, as well as corporate governance risks for the Company.

Annual measures to improve KMG's ESG risk rating:

- provide TCFD[2] disclosure as part of KMG's reporting;
- disclose information through the Carbon Disclosure Project (CDP) questionnaire;
- disclose information on activities and risks related to climate change and its impact on the Company in KMG's reports and on the Company's website;
- disclose information on water balance and water intensity as part of KMG's reporting;
- calculate water intensity indicators and disclose them as part of KMG's reporting;
- disclose APG flaring initiatives as part of KMG's reporting;
- disclose information on the management of offshore wells in KMG's reports and on the Company's website;
- disclose information on site closure and land reclamation across exploration sites and fields as part of KMG's reporting and on the Company's website;
- disclose information on the development and engagement of local communities in the regions of operation as part of KMG's reporting and on the Company's website;
- disclose information on human capital and development programmes in KMG's reports and on the Company's website;
- disclose LTIR (for employees and contractors) and FAR;
- as part of KMG's reporting, disclose information on the composition, independence, and diversity of the Board of Directors, including an assessment of the Board's performance and that of its committees as well as their make-up in terms of gender, nationality, citizenship, average tenure, and professional experience of Board members;
- disclose and break down the remuneration of each member of the Board of Directors and the Chairman of the Management Board of KMG as part of KMG's reporting;
- disclose information on corporate KPIs and their respective weights as part of KMG's reporting;
- disclose information on taxes in accordance with the relevant GRI standard and the Country-by-Country Reporting initiative under OECD Action 13.

[1] Non-Work-Related Fatality.
[2] Task Force on Climate-related Financial Disclosures.

Measures taken to improve KMG's ESG risk rating in 2024:

- approve KMG's 2060 Low-Carbon Development Programme (done);
- revise the technology loss and flaring rates set out in the production flow charts of Atyrau, Pavlodar, and Shymkent refineries and the applicable national standards to reduce these rates using the latest calculation methods (done);
- draft a Water Resource Atlas for producing green hydrogen (done);
- update and approve KMG's HR Policy (done);
- update and implement KMG Group's 2023–2027 HSE Improvement Roadmap (done);
- elect members of the Nomination and Remuneration Committee exclusively from among the independent directors of KMG (done);
- update and approve the Procedure for Assessing Performance of Executives, Managers, Head of Internal Audit, Corporate Secretary, Head of Compliance, and Ombudsman with due consideration of the sustainability KPIs (done);
- disclose the Sustainability Report of KMG in line with the new GRI 2021 standards (done);
- conduct human rights training for relevant employees (done);
- develop the Site Closure and Land Reclamation Rules for Exploration Sites and Fields of KMG;
- draft and approve the Water Resources Management Programme with measurable targets and deadlines to curtail water use;
- update the Human Rights Policy;
- update the Rules for Reporting Key Health and Safety Indicators at KMG and Its Subsidiaries and Associates as regards the selection of contractors for the purposes of LTIR and FAR calculations;
- update and approve the KMG Board of Directors' Succession Policy that supports diversity.

Measures in progress to improve KMG's ESG risk rating:

- develop a Biodiversity Programme, setting goals and action timelines related to preserving biodiversity in collaboration with local and international conservation organisations;
- set relevant emission reduction targets;
- draft a programme to bring down pollutant emissions;
- introduce the World Bank's Zero Routine Flaring by 2030 initiative;
- introduce a pilot project to deploy carbon capture, utilisation, and storage (CCUS);
- conduct a feasibility study for the production of blue hydrogen;
- conduct a feasibility study for the sustainable aviation fuel (SAF) project, including market research, analysis of the required raw materials, market outlook, identification of the most suitable technologies, and feasibility assessment;
- draft and approve the Programme for Development and Engagement of Local Communities in the Regions of Operation;
- draft the Human Rights Programme;
- carry out a human rights impact assessment;
- implement the Green Office project and roll it out across subsidiaries and associates;
- increase the share of women on the Board of Directors and the Supervisory Boards to 30% on a step-by-step basis;
- develop and approve the procedure for terminating the powers of the Chairman of the Management Board;
- complete certification audit under ST RK ISO 37001 (Anti-Bribery Management Systems – Requirements and Guidance for Use).

KMG places significant emphasis on enhancing its sustainability culture. Accordingly, regular training courses on sustainability are conducted for employees of the Company's Corporate Centre, subsidiaries, and associates.

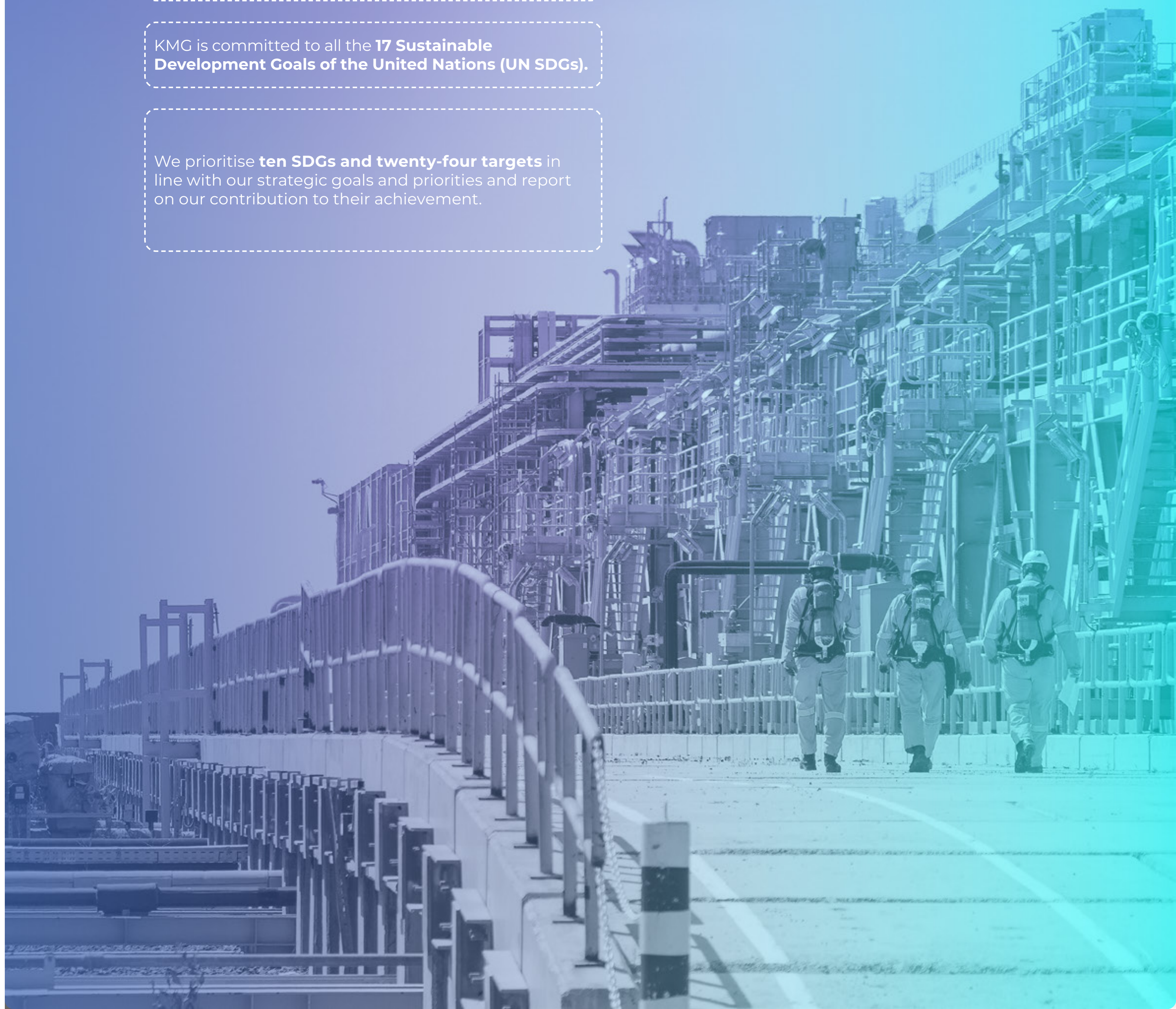
COMMITMENT TO UN GLOBAL COMPACT PRINCIPLES AND THE COMPANY'S CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS

KMG's approach to sustainable development is based on aligning the Company's interests and plans with the basic principles of the UN, universal human values, global trends, and development priorities in Kazakhstan

KMG reiterates its commitment to all the **ten principles of the UN Global Compact.**

KMG is committed to all the **17 Sustainable Development Goals of the United Nations (UN SDGs).**

We prioritise **ten SDGs and twenty-four targets** in line with our strategic goals and priorities and report on our contribution to their achievement.



Implementation of sustainable development goals at KMG

SDGs	Priority targets	KMG's contribution
3 GOOD HEALTH AND WELL-BEING Ensure healthy lives and promote well-being for all at all ages	3.6. Reduce the number of deaths and injuries from road traffic accidents	**Travel Management project** In order to improve transport safety and foster a safe driving culture, KMG is conducting a phased rollout of the Travel Management project across its subsidiaries and associates: · analysing the maturity of processes in subsidiaries and associates with account of the level of automation and availability of GPS trackers; · preparing individual programmes to develop transport management processes in each subsidiary and associate; · introducing the transport management system in phases with a focus on road safety. **2024 highlights** The following activities were completed as part of the Travel Management project rollout: · a review of transport management processes was conducted across seven KMG subsidiaries and associates, resulting in approved project rollout road maps; · 3,837 employees of subsidiaries and associates and 2,106 contractor employees received training in the Defensive Driving course; · To raise awareness about seat belt use and reduce road accident injuries, 18,265 employees of subsidiaries and associates and 1,490 contractor employees participated in the practical demonstration of the Convincer crash simulator.
	3.8. Achieve health coverage, including access to quality essential healthcare services, and access to safe, effective, quality, and affordable essential medicines and vaccines	**Action plan for the 2025–2027 Corporate Wellness Programme for employees at KMG Group** The Company developed an employee health improvement programme for 2025–2027, which focuses on: · prevention of occupational diseases and risk factors, employee health monitoring; · comprehensive health improvement measures; · measures to improve working conditions; · initiatives to raise awareness about sanitary rules. **Health insurance** Medical examinations and vaccination of employees are carried out on a regular basis. **2024 highlights** 100% of KMG's employees are covered by health insurance
	3.9. Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	**Leadership initiatives** The Company is implementing the Code of Employees' HSE Leadership and Commitment. **Qorgau Card** The Qorgau Card programme is aimed at identifying and reporting unsafe conditions / unsafe behaviour / unsafe actions / hazardous factors.
5 GENDER EQUALITY Achieve gender equality and empower all women and girls	5.1. End all forms of discrimination against all women and girls everywhere 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Increasing the share of women on the Board of Directors and Supervisory Boards across KMG Group to 30% by 2030. Promoting WEPs established by UN Women and the UN Global Compact **Within this initiative, the following steps are planned:** · Signing the CEO Statement of Support for the Women's Empowerment Principles; · Conducting a self-assessment using the WEPs Gender Gap Analysis Tool to evaluate our strategic approach to gender equality, identify gaps and opportunities for continuous improvement, and help set goals and objectives; · Disclosing gender-disaggregated data in sustainability reports to communicate our progress to stakeholders. KMG staunchly upholds the requirements of labour legislation in the Republic of Kazakhstan, ensuring compliance with its provisions, which prohibit any forms of labour discrimination against individuals based on their origin, social status, position, wealth, gender, race, nationality, language, religion, beliefs, place of residence, age, physical disabilities, or affiliation with public associations. Our recruitment processes are conducted without any restrictions or biases related to gender, age, or any other characteristics. A unified system of remuneration and social benefits is established for all. **2024 highlights** The share of women on Boards of Directors and Supervisory Boards: · 2024 – 13%, including 11% on KMG's Board of Directors (one out of nine), and 16% on Boards of Directors and Supervisory Boards of KMG's subsidiaries and associates (33 out of 196)

SDGs	Priority targets	KMG's contribution
Ensure access to affordable, reliable, sustainable and modern energy for all Improve energy efficiency of operations Increase the share of renewable energy	7.1. Ensure access to affordable, reliable and modern energy services	KMG Group's key strategic energy saving and energy efficiency initiatives include process equipment upgrades, deployment of energy saving technologies, optimisation of heat generation and consumption, and the development of the Group's own generation assets, including RES-based ones. The Company approved the 2060 Low-Carbon Development Programme, Energy Policy, and Regulations on Energy Saving and Efficiency in KMG Group. The action plan is being updated, while the focus areas for energy efficiency improvement have been identified. **2024 highlights** **Measures to reduce energy consumption** For more details, see p. 142 **Sustainable aviation fuel (SAF)** For more details, see p. 138
	7.b. Expand infrastructure and upgrade technology for supplying modern and sustainable energy services	The Company implements renewable energy initiatives. For more details, see p. 136
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.5. Achieve full and productive employment and decent work for women and men, including for young people and persons with disabilities, and equal pay for work of equal value	KMG employs more than 49,000 people across its regions of operation, including 81% of men and 19% of women. For more details, see p. 155
	8.6. Substantially reduce the proportion of youth not in employment, education or training	The Company implements recruitment and development programmes for young professionals skilled in production occupations. For more details, see p. 163
	8.8. Protect labour rights and promote safe and secure working environments for all workers	KMG Group provides social benefits to its employees in line with collective bargaining agreements and internal regulations. Collective bargaining agreements are in place at 21 KMG's subsidiaries and associates. The social package offered by them encompasses over 50 types of social benefits. Currently, all terms and conditions outlined in the collective bargaining agreements and internal regulations are fully adhered to across all KMG enterprises.
Build resilient infrastructure, promote sustainable industrialisation and foster innovation	9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being	**Development of the ABAI Information System** Under the project, all production data of KMG Group will be centralised in a single Big Data database and will be processed and analysed using AI and machine learning. The ABAI information system will comprise 17 standalone modules, each designed to tackle specific operating issues. **Digital Citizen** A training course designed to enhance digital literacy of KMG employees. **2024 highlights** Six ABAI modules were implemented (Database, Map Builder, Technological Mode, Selection of Downhole Pumping Equipment, Production Planning and Monitoring, and Selection and Performance Analysis for Well Interventions). Effects achieved: • automated data collection and production reports exporting were sped up by around 2+ times; • production increased thanks to more efficient process operations at Ozenmunaigas and Kazgermunai; • number of well services reduced owing to reduced number failures of downhole pumping equipment at Ozenmunaigas and Mangistaumunaigaz; • production increased thanks to more efficient well selection at Ozenmunaigas.
	9.4. Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes	The 2060 Low-Carbon Development Programme was approved, the action plan is being updated, the focus areas for energy efficiency improvement have been identified: For more details, see p. 134

SDGs	Priority targets	KMG's contribution
11 Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable	11.2. By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	**EV charging infrastructure development** KMG is exploring the possibility of implementing a project to develop electric vehicle charging infrastructure in the Republic of Kazakhstan. The project is currently in the early stages, with a feasibility study already completed by KMG Engineering. **Implementation of the best available technologies aimed at gradual reduction of environmental impact** In 2024, several companies within KMG Group developed draft programmes aimed at improving their environmental performance based on national industry-specific guidelines on best available technologies and applied for a comprehensive environmental approval of the Ministry of Ecology, Geology, and Natural Resources of the Republic of Kazakhstan. **Drafting a programme to bring down pollutant emissions** For more details, see p. 141, 149 **Implementation of the World Bank's Zero Routine Flaring by 2030 initiative** For more details, see p. 141 **Green Belt tree planting initiatives** In 2021–2023, around 100,000 trees were planted across KMG Group, while in 2024 alone this figure exceeded 97,000. **Taza Qazaqstan environmental campaign** The Taza Qazaqstan national campaign initiated by President Kassym-Jomart Tokayev aims to improve the environment in Kazakhstan through mass clean-ups, garbage disposal, tree planting, public education, etc. KMG has developed an action plan to implement the campaign across the Group. For more details, see p. 148
12 Responsible consumption and production Ensure sustainable consumption and production patterns	12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	**Carbon Disclosure Project** The Company calculates its water footprint and posts its Corporate Questionnaire on the CDP website. **Waste management standard** The Company has approved a waste management standard for KMG Group. For more details, see p. 149
	12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	**Water Resources Management Programme** In order to establish measurable goals for reducing water intake and increasing water reuse, KMG Group has developed long-term Water Resources Management Programme. **Programme to dispose of legacy oil waste** For more details, see p. 149
	12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	**Tazalyq** Atyrau Refinery implements an ambitious Tazalyq project, which aims to bring about significant environmental improvements. **Green Office** Company-wide green initiatives are being actively promoted, and the Green Office principles, including the introduction of separate waste collection, and water and energy saving in the office, are being gradually implemented. For more details, see p. 148

SDGs	Priority targets	KMG's contribution
13 CLIMATE ACTION Take urgent action to combat climate change and its impacts	13.2. Integrate climate change measures into policies, strategies and planning	**Reduction of methane emissions** For more details, see p. 137 **Joining Oil and Gas Methane Partnership 2.0** For more details, see p. 47 **Joining Oil and Gas Decarbonisation Charter** For more details, see p. 32 **Forest-climate projects** For more details, see p. 138
	13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	**Internal carbon pricing framework** KMG developed internal carbon pricing mechanisms with a view to implementing carbon footprint reduction planning and ensuring relevant action by subsidiaries and associates as well as fully assessing the impact of carbon-related regulations on its financial and economic performance. Currently, efforts are underway to integrate these mechanisms into business processes across KMG Group. The Company calculates its carbon footprint and posts its Corporate Questionnaire on the Carbon Disclosure Project website. KMG discloses its climate-related risks in line with TCFD recommendations. For more details, see p. 145
15 LIFE ON LAND Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss	15.3. Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world	KMG implements projects and initiatives aimed at curbing discharges and reducing fresh water withdrawal from natural sources: **Carbon Disclosure Project** The Company calculates its water footprint and posts its Corporate Questionnaire on the CDP website. **Tazalyq** Atyrau Refinery is actively implementing an ambitious Tazalyq project, which aims to bring about significant environmental improvements. **Construction of a desalination plant in Kenderly with a daily capacity of 50 thous. m^3** This project will solve the problem of drinking water shortage for the residents of Zhanaozen, while also having a multiplier effect on the development of tourism, business, and agriculture. **Land remediation** The Company works to ensure recovery of historical oil wastes and oil-contaminated soil treatment. **Mitigation hierarchy to manage biodiversity risks** In its planning and operations, the Company relies on mitigation hierarchy to manage biodiversity risks, with four key steps in place: avoidance, minimisation, rehabilitation/restoration, and offset. **2024 highlights** **Tazalyq** We successfully completed phase 2 of the project to upgrade closed-loop mechanical treatment plants.
	15.5. Take significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species	**Biodiversity Conservation Programme** We plan to develop a Biodiversity Conservation Programme, setting goals and action timelines related to preserving biodiversity in collaboration with local and international conservation organisations. **2024 highlights** 4.5 mln saxaul seedlings were planted across a land plot of over 15 thous. ha on the dried seabed of the Aral Sea.

SDGs	Priority targets	KMG's contribution
17 PARTNERSHIPS FOR THE GOALS Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development	17.1. Strengthen domestic resource mobilisation, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	KMG makes tax disclosures in accordance with the relevant GRI standard and the Country-by-Country Reporting initiative under OECD Action 13. **Payments to governments** The Company issues annual reports on payments to governments with regard to the following types of payments: **Taxes** All taxes other that the mineral extraction tax. **MET** The mineral extraction tax (MET) is a mandatory tax payable by a subsoil user for each type of extracted mineral resources (such as crude oil), underground waters, and therapeutic mud. The tax amount is calculated based on the physical volume of resources (e.g. crude oil, gas condensate, or natural gas) extracted over the tax period. **Signature bonus** The signature bonus is a one-off payment made by a subsoil user upon either acquiring a subsoil use right for a particular territory (subsoil area) or in case of its enlargement, in accordance with the legislation of the Republic of Kazakhstan. **Other payments** This category encompasses all other payments to governments, including export customs duties. In pursuit of the UN Sustainable Development Goals, KMG actively collaborates with industry peers and international agencies and participates in intergovernmental organisations that focus on energy conservation, occupational health and safety, environmental protection, combating climate change, reducing emissions, and promoting sustainable green energy and similar initiatives. KMG follows best global practices designed to improve transparency in government payments, enhance accountability for mining revenue management, and promote public awareness of the mining companies' activities in the regions where they operate. For more details on KMG's tax payments to the budget of Kazakhstan and the Report on Payments to Governments, see KMG's website

For more details on KMG's contribution to the UN SDGs, see our annual Sustainability Report published in line with GRI standards. KMG's Sustainability Reports are available on the Company's website

The Company's annual Sustainability Report also serves as Communication on Progress for the UN Global Compact

STAKEHOLDER ENGAGEMENT

Engagement approach and principles

KMG strives for openness, transparency, and mutually beneficial cooperation with stakeholders. Key principles:
- **Transparency:** providing reliable information in compliance with international standards.
- **Dialogue:** building constructive relationships and taking into account stakeholder expectations.
- **Sustainable development:** integrating environmental, social, and governance agenda into business processes.

Stakeholder group	Principles	Methods of engagement	Initiatives
Shareholders	Openness, honest dialogue.	• Feedback channels (email, telephone); • Annual General Meeting of Shareholders; • Face-to-face meetings and consultations.	• Publishing annual reports on the corporate website; • Investor Day on the KASE.
Investment community For more details, see the Shareholder and Investor Relations section	Transparency and regulatory compliance.	• Providing access to financial results on the website; • Semi-annual and quarterly presentations; • Organising roadshows and conference calls.	• Publishing press releases; • Organising meetings and information sessions.
Government and local authorities	Efficient implementation of national objectives, partnership.	• Participation in working groups; • Performance against instructions; • Direct correspondence.	• Reporting on social and environmental performance.
Associations, local communities, public organisations	Active involvement, support for social projects.	• Participating in public councils and working groups; • Disclosing information in mass media and on the corporate website.	• Implementing corporate social responsibility programmes; • Publishing sustainability reports.
Mass media	Transparency, reliability.	• Press releases; • Holding briefings and press conferences; • Timely coverage of events and activities in social media.	• Organising press tours and information sessions; • Response to mass media's queries.
Subsidiaries and associates	Direct and specific communication.	• Meetings involving managers; • Business trips to assets; • Direct correspondence.	• Access to information; • Giving instructions; • Information letters.
Customers, suppliers, partners, other organisations	Agreements entered into in good faith and on arm's length conditions.	• Entering into agreements.	• Access to information; • Distribution of press releases.
Trade unions and employees	Equal opportunities, support for employee development.	• Employee performance evaluation; • Insights into employee satisfaction and engagement.	• Holding internal surveys and meetings; • Implementing labour productivity management systems.

Upholding human rights

KMG is committed to sustainable business development, with a strong focus on both financial and social performance.

We are dedicated to upholding internationally recognised human rights, as enshrined in the International Bill of Human Rights and ILO's labour standards, and implementing the UN Guiding Principles on Business and Human Rights.

KMG staunchly upholds the requirements of labour legislation in the Republic of Kazakhstan, ensuring compliance with its provisions, which prohibit any forms of labour discrimination against individuals based on their origin, social status, position, wealth, gender, race, nationality, language, religion, beliefs, place of residence, age, physical disabilities, or affiliation with public associations.

We make no use of child or forced labour and acknowledge the equal rights of all employees, regardless of their race, religion, or gender.

No instances of discrimination were reported in 2024.

In 2022, KMG's Board of Directors approved the Human Rights and Public Relations Policy.

For more details on this policy, see the Corporate Documents section on the Company's website.

We undertake the following human rights commitments:
- respecting human rights in accordance with international standards;
- introducing programmes to address human rights issues within the industry, with the approval by the senior management of KMG and its subsidiaries and associates;
- monitoring and reporting the impact of business activities on human rights;
- following established procedures for handling complaints and grievances at KMG;
- providing remedies and legal protection to mitigate or alleviate any negative impacts;
- exercising due care in relation to human rights by monitoring the impact of business activities on human rights and preparing relevant reports;
- ensuring that employees have access to legal protection to address any negative impacts of business activities on human rights;
- communicating KMG's expectations regarding human rights to employees and third parties.

For more details on human rights protection, see the Company's Sustainability Report.

CLIMATE

Low-Carbon Development Programme

Considering the importance of the climate agenda and supporting national goals to achieve carbon neutrality by 2060 and reduce GHG emissions by 15% from the 1990 level, KMG intends to focus on a moderate, balanced, and consistent decarbonisation of its operations.

To address this challenge, in November 2024 KMG's Board of Directors approved KMG's Low-Carbon Development Programme 2060 ("LCDP 2060"), replacing the LCDP 2031, which had been in place since 2021. The LCDP 2060[1] provides for delivering on the targets to reduce CO_2 emissions from the 2019 levels by 15% by 2031 and to lower GHG emissions by 64% by 2060. As part of the programme, we drafted and approved the Action Plan 2060 (the "Action Plan"). The Action Plan includes a number of initiatives aimed at reducing GHG emissions and focused on four areas: energy efficiency, renewable energy, methane monitoring, and organisational measures.

Key indicators	Baseline year indicator in 2019	Indicator in 2023	Indicator in 2027	Target indicator in 2031	Target indicator in 2060
Reduction in direct and indirect CO_2 emissions (Scope 1+2)	10.7 mln tonnes of CO_2e	10.9 mln tonnes of CO_2e (+2.0%)	10.7 mln tonnes of CO_2e (0%)	9.1 mln tonnes of CO_2e (-15%)	3.4 mln tonnes of CO_2e (-64%)
Reduction of methane emissions	54.2 thous. tonnes of CH_4	70.5 thous. tonnes of CH_4	56.9 thous. tonnes of CH_4 (-20%)	36 thous. tonnes of CH_4 (-32%)	2 thous. tonnes of CH_4 (-96%)
Reduction of carbon intensity	–	+2%	0%	-15%	-60%
Reduction of methane intensity, tonnes of CH_4 / thous. tonnes per year	3.28	3.28	2.62	1.6	0.29
Lower energy consumption	–			-15%	-60%
Share of renewable energy sources in KMG's electricity consumption mix vs the baseline	0.005% (211 MWh)	0.089%	10%	15%	50%
CO_2 injection using the CCUS technology, thous. tonnes	–	–	–	9	421
CO_2 injection in blue hydrogen production, thous. tonnes	–	–	–	–	172
SAF production, thous. tonnes per year	–	–	–	40	1,440

The programme seeks to systematise the Company's decarbonisation efforts and includes three low-carbon development scenarios through 2060:

Development scenarios	Targets for reducing GHG emissions by 2060	Initiatives
Realistic development scenario (energy efficiency and renewable energy sources (RES))	-48%	• Energy efficiency and energy-saving initiatives at subsidiaries and associates • Launch of two large renewable energy projects with a total capacity of 1.2 GW in the Mangistau and Zhambyl regions
Green development scenario	-58%	• Significant increase in the share of renewable energy. • Forest-climate offset[2] project • Organic reduction of emissions through operational excellence and upgrades of production facilities. • Inorganic reduction through the construction of RES facilities and/or purchase of clean energy with subsequent distribution within KMG Group
Deep decarbonisation scenario (innovations and offsets)	-64%	• Energy efficiency measures at subsidiaries, construction of two RES facilities, and increasing the share of renewable energy • Carbon capture, utilisation, and storage (CCUS) projects. • Hydrogen energy development • Sustainable aviation fuel (SAF) • Carbon footprint offsetting through carbon sequestration in forest-climate offset projects and acquisition of offset credits and certificates

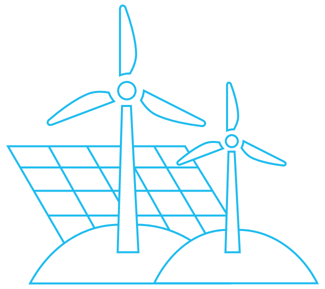
[1] For KMG's Low-Carbon Development Programme 2060, follow this link.

[2] Carbon offsetting.

Renewable energy development

KMG is actively developing renewable energy projects in partnership with Total Eren and Eni. These initiatives seek to reduce the carbon footprint, ensure a reliable power supply to production facilities, and diversify the Company's business portfolio. We plan to build RES facilities with a total capacity of 1.2 GW in the Zhambyl and Mangistau regions.

Renewable energy projects

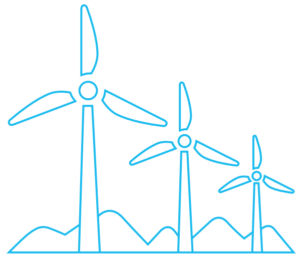


Zhanaozen hybrid power plant

On 18 January 2024 in Rome, KMG and Italy's Eni signed the joint confirmation agreement on the initiation of the Zhanaozen hybrid power plant construction project. This project will be the first hybrid solution in Kazakhstan combining three types of generation:
- 77 MW **wind power plant;**
- 50 MW **solar power plant;**
- 120 MW **gas power plant.**

The project is set to secure a reliable power supply to KMG's production facilities in the region. It will create up to 800 jobs during the construction phase and up to 80 permanent jobs in operation. The plant is slated to reach its full capacity by 4Q 2026.

In 2024, tender procedures to select EPC contractors for the solar and gas power plant facilities were finalised. On 16 July 2024, a ceremony to mark the start of the hybrid power plant's construction was held, with KMG and Eni management taking part. In December 2024, early works on the solar power plant site were completed, and construction and installation works for the main equipment began. Full completion of the project is expected by the end of 2026. The key partners in the project are Eni (51%) and KMG (49%).



Wind power plant in the Zhambyl Region (Mirny project)

On 1 November 2023, as part of French President Emmanuel Macron's official visit to Kazakhstan, a joint venture agreement was signed with Total for the construction of a 1 GW wind power plant (WPP). On 2 February 2024, the law on the intergovernmental agreement was ratified.

The WPP will be located in the settlement of Mirny and will be equipped with a 300 MW / 600 MWh energy storage system, ensuring stability of power supply and reducing risks associated with intermittent wind generation. Approximately 2,000 temporary jobs will be created during construction and up to 250 permanent jobs once the plant is put into operation. Commissioning is expected at the end of 2027.

The project plays a strategic role in the development of green energy in Kazakhstan, contributing to the reduction of CO_2 emissions and to KMG's Low-Carbon Development Programme. Feasibility study preparations have been completed, the region's wind potential has been analysed, and work is underway to select a supplier of key equipment. The project's key partners are Total Eren (60%), Samruk-Kazyna (20%), and KMG (20%).

Efforts to further renewable energy in Kazakhstan will continue after the completion of the above two projects, as part of pursuing the goals to increase the share of alternative and renewable energy in the country's energy mix to 15% by 2030 and to 50% by 2050, in line with the Concept for the Transition of the Republic of Kazakhstan to a Green Economy and Strategy Kazakhstan 2050. These goals contribute to unlocking Kazakhstan's untapped potential in the renewables sector.

Introduction of methane management

KMG pays special attention to reducing methane emissions as a potential tool to spearhead a carbon offset policy and minimise carbon footprint.

KMG joined the OGMP 2.0 (Oil & Gas Methane Partnership) methane emissions reporting framework and submitted its first methane emissions report on the OGMP 2.0 platform in May 2024.

Also in 2024, two KMG production facilities showcased LDAR (Leak Detection and Repair) methane leak detection and repair technologies: Mangistaumunaigaz and KazGPZ.

As part of the memorandum of cooperation with Tetra Tech engaged in the Power Central Asia (PCA) Activity, a webinar was held for KMG Group staff on methane emissions management; in June 2024, a methane emissions measurement campaign was conducted at the facilities of Ozenmunaigas and KazGPZ.

In 2024, KMG continued satellite-based monitoring of methane emissions jointly with the Oil and Gas Climate Initiative organisation.

Providing annual reporting on methane emissions, conducting measurement campaigns, implementing the LDAR programme for methane leakage detection and repair, and satellite monitoring are the key elements of KMG's methane management set to reduce methane emissions looking forward and to identify the potential for CO_2 emissions absorption.

CCUS project

KMG is running a pilot project to deploy carbon capture, utilisation and storage (CCUS) and explore the potential for CO_2 injection to enhance oil recovery from depleted oil reservoirs.

Screening of CO_2 emissions in the Atyrau and Mangistau regions has been completed. As a result, key groups of emission sources with a total volume of about 412 thous. tonnes of CO_2 were identified, and onshore infrastructure was assessed.

Given the high capital expenditures and operating expenses of the project, KMG is looking into an alternative concept involving a pilot plant with a capacity of 10–20 thous. tonnes of CO_2 per year. Currently, suitable sites are being selected jointly with Baker Hughes and Chevron.

Based on the screening results, Embamunaigas' gas treatment unit of the Prorva group of fields was found to be the main site that meets the criteria for the pilot.

In 2025, we plan to hold a science and technology council meeting and submit a document package to the Technical and Economic Evaluation Committee for decision-making on further implementation of the project.

In the long term, after 2040, we intend to implement a full-scale CCUS project with a forecast injection volume of up to 412 thous. tonnes of CO_2 per year.

Hydrogen energy development

KMG strategically positions itself in the hydrogen market by applying a step-by-step approach.

Key areas of activity include the production of blue hydrogen with carbon dioxide capture, use of renewable sources for green hydrogen production, and R&D of new technologies for hydrogen storage and transport.

KMG is doing a feasibility study to assess resources for the low-carbon production of hydrogen, technical, commercial and economic viability of investments in construction, and potential for blue hydrogen, low-carbon ammonia, and methanol production at Embamunaigas. To date, process modelling has been completed, and an economic assessment is underway based on a proposal from Casale.

A Surface Water Resource Atlas has been developed to assess the potential for green hydrogen production. An analytical calculator to determine the levelised cost of green hydrogen has been developed to estimate potential green hydrogen production projects. The atlas was presented at the 29th Conference of the Parties of the United Nations Framework Convention on Climate Change (COP29).

As part of laboratory work, samples of iron and titanium alloys were obtained to ensure safe storage and transportation of hydrogen. Successful completion of the project will enable KMG to obtain a technology for transporting low-carbon hydrogen to both domestic and international markets.

As part of the pilot for the production of green hydrogen, PFS efforts are in progress: analysis of technical specifications of the project, application for grant financing, and negotiation of contractual terms with the partner (Green Spark Limited).

Sustainable aviation fuel (SAF)

SAF is a low-carbon alternative to conventional Jet A-1 fuel; in its purest form, it reduces carbon emissions by 80%.

SAF and Jet A-1 are interchangeable, i.e. they can be blended in airport tanks alongside conventional fuels.

KMG is considering the possibility of producing SAF in Kazakhstan. To this end, in 2024, ICF SH&E Limited conducted feasibility study preparations to analyse supply, demand, and applicable technologies, with the capacity of the first SAF production plant set at 40 thous. tonnes per year.

Considering the results of the exercise, a feasibility study of the project is planned for 2025.

Forest-climate projects

To obtain offset credits, together with Chevron, KMG is running a project to create a green area around Pavlodar on an area of 2 thous. ha.

The potential for absorption of carbon dioxide GHG emissions on land plots was assessed in a desk study, as well as field studies and by way of soil analyses.

In general, within the LCDP framework, KMG is planning to implement six forest-climate projects.

International Renewable Energy Certificates (I-REC)

To reduce indirect GHG emissions, KMG purchased International Renewable Energy Certificates (I-REC) and made a claim for 10 mln MWh, an equivalent of expected electricity consumption by KMG's Corporate Centre in 2024.

Voluntary I-REC certification represents a proof of energy generation from renewable sources. The certificate is linked to 1 MWh of green electricity, location of the power station, and time period of electricity generation. KMG acquired certificates issued in 2024 by renewable energy producers in line with the International Tracking Standard Foundation's standard. Recognised by GHGP, CDP, RE100, ISO and other international organisations, I-REC certificates are traded globally and issued in 51 countries.

Projects planned for 2025:

- feasibility study for the SAF production project;
- holding a scientific and technical council meeting and submitting a document package for decision-making on further implementation of the small-capacity CCUS project during the comprehensive feasibility study;
- analysis of low-carbon hydrogen production from APG / natural gas, utilised formation water and/or wastewater at fields;
- feasibility study of a project to expand the EV charging infrastructure in Kazakhstan;
- initiatives to introduce methane management at KMG;
- offset projects.

Climate reporting

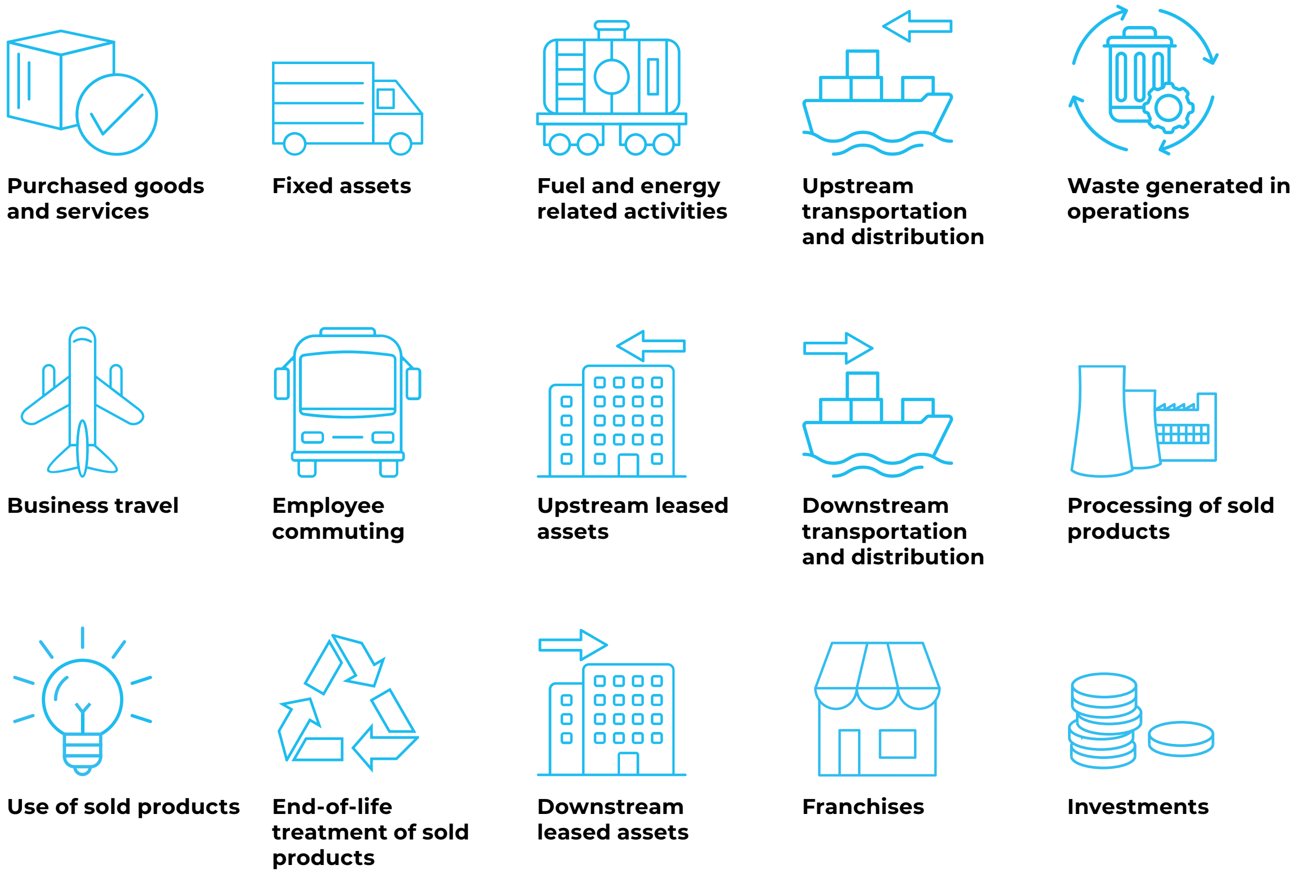
Starting from 2023, KMG is gradually integrating the recommendations of the TCFD international standard into its financial statements. In line with the Corporate Climate Governance Plan, we plan to model the impact of climate scenarios on the Company's financial performance.

KMG provides a full report on greenhouse gas (GHG) emissions, including Scope 1, 2, and 3. Prior to 2023, the Company disclosed Scope 3 emissions only under category 11 "Use of sold products". Starting from 2023, KMG expanded the disclosure to cover five categories[1].

This initiative will pave the way for the development of a strategy of cooperation with our suppliers and consumers to consistently reduce indirect emissions of KMG's products.

KMG has introduced a system of monitoring, accounting, and verification of GHG data. The Company seeks to maintain a comprehensive GHG inventory, analysing both direct and indirect emissions across the entire product life cycle. This approach aligns with international recommendations on GHG emission inventory and enables KMG to assess its carbon footprint as comprehensively as possible.

The GHG emission inventory is in line with international standards and methodologies, such as ISO 14064, GHG Protocol, and the Guidelines of the IPCC[2] under the United Nations Framework Convention on Climate Change (UNFCCC).



[1] Currently, KMG reports on five key categories within Scope 3:
- Category 3: Other indirect emissions related to energy consumption, including transmission losses.
- Category 6: Business travel emissions.
- Category 7: Employee commuting emissions.
- Category 9: Downstream transportation and distribution emissions.
- Category 11: Use of sold products emissions.

[2] Intergovernmental Panel on Climate Change, IPCC.

Climate change and greenhouse gas emissions

2024 highlights

CDP score
B

Utilisation of raw gas
98.9 %

Raw gas flaring rate
1.45 (IOGP[1] – 8.8)

Increase in energy consumption (from the 2023 baseline)
7%

In 2024, CDP conducted another assessment for 2023, and KMG was rated at B. The two-notch increase in the rating indicates a significant improvement in our climate and environmental practices and management strategies compared to previous years (previously, the score was C for the period 2020–2022). According to the CDP report, direct carbon dioxide emissions at KMG Group totalled 7.4 mln tonnes of CO_2 (8.6 mln tonnes of CO_2e[2]) in 2023.

Indicator	Unit	2021	2022	2023
Scope 1 direct emissions	mln tonnes of CO_2e	10.6	8.1	8.6
Location-based Scope 2 indirect emissions	mln tonnes of CO_2e	3.3	3.3	3.5
Market-based Scope 2 indirect emissions	mln tonnes of CO_2e	3.3	3.2	3.4
Scope 3 indirect emissions	mln tonnes of CO_2e	62.1	61.8	55.7

The greenhouse gas emissions data were verified by independent accredited organisations' reports for each subsidiary or associate. Data for 2024 will be disclosed in KMG's sustainability reports and CDP report to be published in 4Q 2025. We seek to ensure consistency and comparability when preparing our disclosures. We are committed to enhancing disclosures and increasing the scope of reporting around our Scope 3 emissions.

The main types of greenhouse gases emitted as a result of the Company's operations include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and are categorised according to the core activities: production, refining, and transportation.

The CO_2 emission intensity indicator for 2023 for the upstream business was 114 tonnes of CO_2 per 1,000 tonnes of hydrocarbons produced, which is 3% below the IOGP industry average of 116 tonnes of CO_2 per 1,000 tonnes of hydrocarbons produced. The methane emission intensity indicator for 2023 for the upstream business was 1.9 tonnes of CH_4 per 1,000 tonnes of hydrocarbons produced.

The CO_2 emission intensity indicator for 2023 in the downstream business was 238 tonnes of CO_2 per 1,000 tonnes of hydrocarbons produced.

KMG has developed and approved the methodology for monitoring and reporting on greenhouse gas emissions and the Internal Carbon Pricing Programme (the "ICP Programme").

The methodology defines key approaches to the recording and monitoring of GHG emissions across KMG subsidiaries and associates and provides a unified methodological basis for measuring GHG emissions across KMG subsidiaries.

The main goal of the ICP Programme is to assess and minimise the Company's financial risks associated with the tightening of carbon regulations, as well as to reallocate some investments from carbon-intensive projects to low-carbon ones. The introduction of internal pricing for carbon emissions is seen as a strategic tool to manage the risks associated with the impact of climate-related regulations on the Company's operations and helps create additional opportunities for upgrading production capacities and achieving KMG's GHG emission reduction targets.

For more details on KMG's contribution to climate action, see the Sustainability Report.

[1] The International Association of Oil & Gas Producers.
[2] The CO_2 equivalent data are presented using the global warming potential ratios set out in the IPCC Fifth Assessment report (28 for methane and 265 for nitrous oxide).

Efficient use of raw gas

The reduction of gas flaring is a priority task for KMG Group. According to the approved Environmental Policy, the Company strives to achieve zero routine gas flaring by paying increasing attention to the responsible use of gas. Hence, over the last seven years, routine flaring has decreased by 89% (2017: 315.8 mln m^3). Utilisation of raw gas in 2024 was 98.9%. Flaring was brought down thanks to the launch of a gas processing unit at Embamunaigas, which provides highly efficient treatment of hydrogen sulphide. In addition, a modern gas processing facility with a capacity of 226 mln m^3 of commercial gas per year was commissioned at Kazakhoil Aktobe's Kozhasai field.

In 2024, raw gas utilisation rate was 98.9%, with flaring at 1.45 tonnes per 1,000 tonnes of produced hydrocarbons (1.4 tonnes in 2023 and 1.5 tonnes in 2022), flat year-on-year and 84% lower than the IOGP industry average (8.8).

Raw gas flaring

Indicator	2022	2023	2024
Total raw gas flaring, mln m^3	35.7	33.3	35.2
Raw gas utilisation, %	98.8	98.9	98.9
Raw gas flaring rate, tonnes per 1,000 tonnes of produced hydrocarbons	1.5	1.4	1.45

KMG supports the World Bank's Zero Routine Flaring by 2030 initiative. Raw gas flaring reports under the Initiative are submitted on an annual basis to the World Bank's representative office in Kazakhstan.

Initiatives to reduce atmospheric emissions

At the Atyrau Refinery, 36 outdated burners were replaced in the furnaces of the EDD-ADU-2 process unit as part of an upgrade project. New burners equipped with ignition systems and flame failure sensors were manufactured by Italy's International Combustion Equipment S.r.l. The furnace upgrade project will reduce fuel consumption thanks to efficient combustion, decrease pollutant emissions with flue gases into the atmosphere, and save electricity at the induced draft fans of furnaces.

KazTransOil, as part of environmental initiatives at the Kasymov Refinery, completed the installation of a floating roof in the tank. It is a floating device placed inside the tank under the fixed cover. It isolates the oil surface from the gas space, preventing evaporation. This device can significantly reduce oil evaporation, decreasing air pollutant emissions by up to 80%. In 2024, their volume at KazTransOil's facilities dropped by 7% year-on-year. The Company also conducts regular industrial environmental control at all its facilities.

As part of the automated environmental monitoring information system, in line with paragraph 16, Article 418 of Kazakhstan's Environmental Code, operators of Category I facilities are required to have an automated emission monitoring system (AMS) as of 1 January 2023. The AMS monitors emission indicators at the main stationary sources of emissions and maintains an online connection with the information system of the authorised body.

The AMS is installed at Kazakhoil Aktobe, Mangistaumunaigaz, Atyrau Refinery, Pavlodar Refinery, and PetroKazakhstan Oil Products; data on emission indicators are transmitted in real time; KPI is finalising pre-commissioning and construction and installation works. Environmental control devices monitor emissions of soot, nitrogen oxides, and carbon monoxide in flue gases from furnaces and boilers. AMS not only helps monitor emission indicators but also, if necessary, adjust the operating mode of equipment to improve process performance.

For more details on air protection, see the Sustainability Report.

Energy saving and energy efficiency programmes

Using energy resources and improving energy efficiency

KMG's energy saving and energy efficiency efforts are based on the methodology set out in ISO 50001 Energy management systems, an internationally recognised best-practice framework for systemic energy management.

To comply with KMG's Low-Carbon Development Programme, the Energy Policy of KMG, which applies to all subsidiaries, associates and contractors of KMG, as well as Regulations on Energy Saving and Efficiency at KMG Group were approved. KMG Group also conducted a targeted energy audit of process furnaces and boiler equipment at oil producing companies. Subsidiaries and associates (Karazhanbasmunai, Kazgermunai, Kazakhoil Aktobe, Kazakhturkmunay, Pavlodar Refinery, PetroKazakhstan Oil Products, and Caspi Bitum) also approved Regulations on Energy Saving and Efficiency.

In 2024, KMG approved its Low-Carbon Development Programme 2060. The following strategic goals are planned in energy efficiency and resource saving:

- **long-term strategic planning:** developing comprehensive plans to improve energy efficiency across KMG Group;
- **effective energy management:** ensuring transparent management of energy flows through reliable and measurable standards;
- **centralised monitoring:** centralised monitoring of operational processes in the field of energy efficiency (EE) improvement;
- **systemic approach to working with public authorities:** maintaining ongoing cooperation with public authorities on energy-saving initiatives;
- **sharing best practices:** sharing and rolling out robust EE practices throughout the Company;
- **cost reduction and optimisation:** identifying and eliminating non-production costs while optimising the use of resources;
- **improving profitability:** improving profitability by taking measures to reduce fuel and energy losses and eliminate inefficient costs;
- **improved financial performance:** improving financial results through energy savings.

Energy consumption

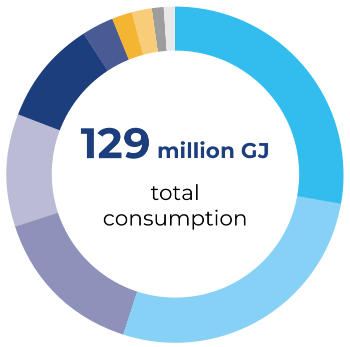
In 2024, total energy consumption amounted to 129 mln GJ, up 7% year-on-year (124.1 mln GJ), including 15.1 mln GJ in electricity, 3.9 mln GJ in heat, 1.8 mln GJ in motor fuel, and 108.5 mln GJ in boiler and heating fuel (with oil refinery gas, natural gas, stripped gas, electricity, and associated petroleum gas accounting for 28%, 27%, 15%, 11%, and 10% of the total energy consumption, respectively). Higher energy consumption ensued from new subsidiaries and associates, such as Dunga, Urikhtau Operating, Ural Oil and Gas, and KPI. The total energy consumption is divided among the following business segments: Upstream, Midstream, Downstream, and Petrochemicals.

In 2024, KMG Group's self-generated energy amounted to 737.5 thous. kWh in electricity and 5,440.6 thous. Gcal in heat.

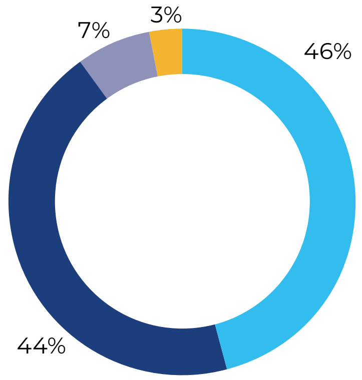
In accordance with the Rules for Determining the Tariff for the Support of Renewable Energy Sources, Atyrau Refinery and Mangistaumunaigaz purchased for internal use in 2024 from Financial Settlement Centre of Renewable Energy 10,832 thous. kWh of electricity produced by renewable energy facilities. In 2024, PetroKazakhstan Oil Products and Caspi Bitum solar panels generated 149.5 thous. kWh of electricity for street lighting.

Energy consumption by business segment

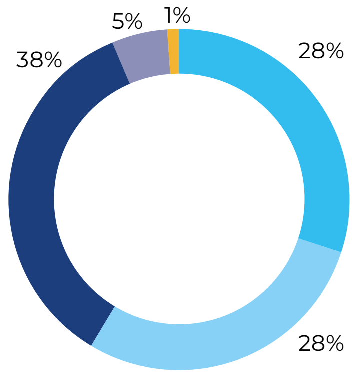
Resource consumption by energy type in 2024, %



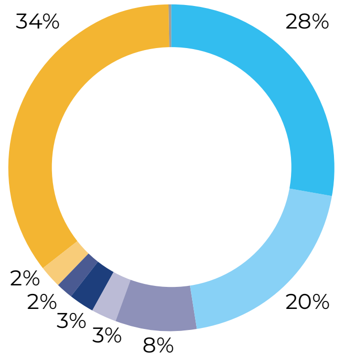
Resource consumption by segment, thous. GJ



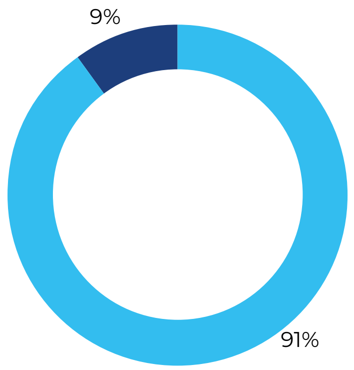
Downstream, thous. GJ



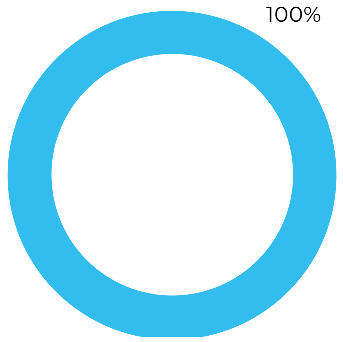
Upstream, thous. GJ



Midstream, thous. GJ



Petrochemicals, thous. GJ



Reducing energy consumption

The main strategic focus areas for energy saving and energy efficiency development in KMG Group include upgrade and replacement of process furnaces and boilers, installation of variable speed drives on pumps, thermal integration of process flows, modernisation of the lighting system, and more.

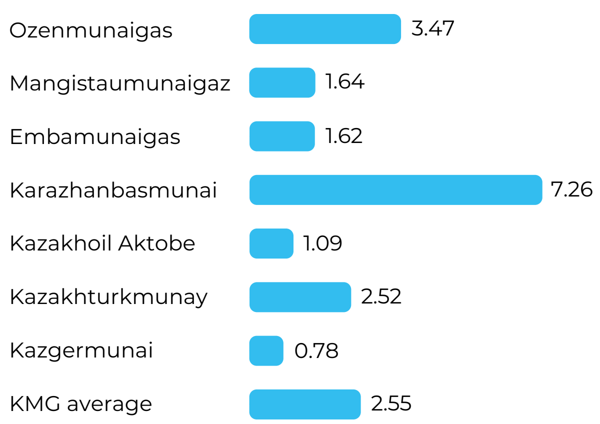
In 2024, a total of 70 initiatives were implemented to upgrade process equipment, replace gas burners in furnaces, introduce energy-saving technologies, optimise heat generation and consumption, and modernise lighting systems, etc. Estimated annual savings of fuel and energy amounted to 2,361 thous. GJ, equivalent to a reduction of GHG emissions by 174.9 thous. tonnes of CO_2. The effect in physical terms is 48,114 thous. kW of electricity, 22,334 Gcal of heat, 21,224 tonnes of boiler and heating fuel, 5,238 thous. m³ of dry stripped gas, and 29,003 thous. m³ of natural gas. Overall spending on the energy saving and energy efficiency initiatives was KZT 5,930 mln.

Energy intensity

In 2024, KMG Group's energy consumption in the upstream sector averaged at 2.55 GJ per tonne of hydrocarbon production, still 70% above the IOGP average for 2023, i.e. 1.5 GJ per tonne of hydrocarbon production.

KMG Group's average does not reflect the status quo because of a severe distortion owing to high energy intensities at Ozenmunaigas and Karazhanbasmunai. Karazhanbasmunai's energy consumption per tonne of produced hydrocarbons is five times higher than the IOGP global average, as production at the Karazhanbas field requires the use of steam and hot water to displace oil from subsoil reservoirs. Ozenmunaigas's energy consumption per tonne of hydrocarbons produced is more than two times higher than the IOGP global average due to high dissolved paraffin concentrations and the rheological properties of oil, which means that it needs to be heated during production and transportation in both winter and summer.

Energy consumption per tonne of hydrocarbons produced, GJ/tonne



TCFD-aligned disclosure

TCFD

Recommended disclosures		Sections of the Annual Report
Corporate Governance Disclose the organisation's governance around climate-related risks and opportunities.	a. Describe the board's oversight of climate-related risks and opportunities.	Ensuring sustainable development Climate change and greenhouse gas emissions Corporate risk management system
	b. Describe the management's role in assessing and managing climate-related risks and opportunities.	KMG's Development Strategy (Strategic Objective No. 4) Ensuring sustainable development KMG management's efficiency in the field of sustainable development Corporate risk management system
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Market overview Key risks
	b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Market overview KMG's Development Strategy (Strategic Objective No. 4) Commitment to the UN SDGs (Goal 13) Low-Carbon Development Programme Climate change and greenhouse gas emissions Key risks
	c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 °C or lower scenario.	Low-Carbon Development Programme
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a. Describe the organisation's processes for identifying and assessing climate-related risks.	Commitment to the UN SDGs (Goal 13) Low-Carbon Development Programme Climate change and greenhouse gas emissions Key risks
	b. Describe the organisation's processes for managing climate-related risks.	Climate change and greenhouse gas emissions Key risks
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate change and greenhouse gas emissions
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	KMG's Development Strategy (Strategic Objective No. 4) Commitment to the UN SDGs (Goal 13) Climate change and greenhouse gas emissions Low-Carbon Development Programme Energy saving and efficiency improvement program KMG management's efficiency in the field of sustainable development
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Climate change and greenhouse gas emissions
	c. Describe the targets used by the organisation to manage climate-related risks and opportunities and actual performance against targets.	KMG's Development Strategy (Strategic Objective No. 4) Commitment to the UN SDGs (Goal 13) Climate change and greenhouse gas emissions Low-Carbon Development Programme

ENVIRONMENTAL PROTECTION

Management approach: key aspects and initiatives

Participation in initiatives and programmes

THE WORLD BANK IBRD • IDA | WORLD BANK GROUP

The World Bank's Zero Routine Flaring by 2030 initiative

SUSTAINABLE DEVELOPMENT GOALS

UN 17 Sustainable Development Goals initiative

CDP DISCLOSURE INSIGHT ACTION

Climate program CDP

Global Methane Initiative

Global Methane Initiative

International Association of Oil & Gas Producers

International Association of Oil & Gas Producers – IOGP

CASPIAN ENVIRONMENT PROGRAMME

Caspian Environmental Protection Initiative – CEPI

Environmental highlights

Indicator	2022	2023	2024
NO_x emissions, tonnes per 1,000 tonnes of produced hydrocarbons	0.31	0.35	0.39
SO_x emissions, tonnes per 1,000 tonnes of produced hydrocarbons	0.21	0.23	0.23
APG flaring rate, tonnes per 1,000 tonnes of produced hydrocarbons	1.5	1.4	1.45

The health, safety and environment management system is designed to Kazakhstan's statutory requirements, ISO 14001 and ISO 45001 international industry standards, global best practices, and recommendations of the IOGP. It covers ten areas and relies on four pillars: leadership, goal achievement, risk management, and continuous improvement.

Since 2006, KMG operates an integrated quality, environmental, and occupational health and safety management system compliant with ISO 9001, ISO 14001, and ISO 45001. KMG's subsidiaries and associates with significant energy consumption are certified to ISO 50001. The effectiveness of the HSE management system is verified by independent auditors on a regular basis.

To improve its Health, Safety and Environment Management System, KMG has it certified to ISO 45001.

Recognising the nature and scale of its footprint, the Company is committed to prioritising the sustainable use of natural resources, ensuring safe working conditions, safeguarding employee health across all business lines, protecting the well-being of local communities in its regions of operation, and upholding environmental stewardship.

We have made significant progress in enhancing the environmental safety of our operations thanks to effective corporate standards and continuous improvements in management. We aim to achieve a zero footprint, which means no negative impact on the environment whatsoever.

Monitoring
- HSE reporting rules
- Automated HSE road safety system
- HSE KPI framework
- Incident investigation process
- Automated accident investigation module
- Benchmarking

Internal control and improvements
- HSE assessment management system
- HSE committees system
- Compliance Audits
- HSE awareness efforts

Leadership
- Leadership commitment: leadership forums, SPE
- Three tiers of HSE committees

Goals
- Zero incidents
- Zero spills
- Zero discharges
- Zero routine flaring

Strategy
- Safety at work
- Environmental responsibility

Execution
- Health management system
- Transport safety programme
- Crisis management standard
- Methane leak detection programme
- Waste management standard
- Water management standard
- Energy efficiency roadmap

Policies
- HSE policy
- Transport policy
- Alcohol policy
- Emissions policy

Standards
- Developing and implementing HSE standards in line with global best practices

Asset integrity
- Fire preparedness
- LOTO
- Process safety management system

Risk management
- Risk management system
- Behaviour-based safety programme
- EIA (Environmental Impact Assessment) standard

Stakeholders
- Contractor standard
- Contractor reporting
- Public consultations

2024 highlights

SO_x emissions intensity

0.23 (IOGP – 0.09)

Recovery of historical waste and remediation of oil-contaminated soils

1,099 thous. tonnes (1,145 thous. tonnes in 2023)

NO_x emissions intensity

0.39 (IOGP – 0.36)

CDP water security score

B

Environmental performance indicators, tonnes per 1,000 toe of produced hydrocarbons

Year	SO_x emissions intensity	NO_x emissions intensity	Raw gas flaring rate	Raw gas utilisation, %
2022	0.21	0.31	1.5	98.8
2023	0.23	0.35	1.4	98.9
2024	0.23	0.39	1.45	98.9

KMG Group's goals in HSE management are directly related to its Development Strategy. Our Development Strategy until 2031 covers strategic initiatives to promote greater environmental responsibility. KMG Group's environmental priorities include effective management of air emissions, water resources and waste, flaring reduction, and land reclamation.

The Company remains dedicated to being an environmentally responsible business by further enhancing its environmental protection management system, maintaining open dialogue with all stakeholders, and fulfilling its commitments as outlined in its Environmental Policy.

Taza Qazaqstan environmental campaign

Clean Kazakhstan (Taza Qazaqstan) is a large-scale nationwide environmental campaign initiated by the President of the Republic of Kazakhstan in 2024. KMG Group actively participates in this initiative. Our Clean Kazakhstan action plan comprises five key areas with a focus on implementing environmental initiatives, fostering a green mindset corporate culture, promoting an environmentally conscious society, and raising awareness about the campaign.

A central aspect of our action plan is the initiative to clean up populated areas. To support this effort, we established a Group-wide schedule of community clean-up events, which saw participation of more than 2,800 employees from 34 companies, including top executives. The participating companies included KMG subsidiaries from Astana, the Mangistau, Aktobe, Atyrau, Kyzylorda, Pavlodar, Turkestan, and West Kazakhstan regions.

Greening projects

KMG actively engages in large-scale tree planting initiatives, contributing to the country's reforestation efforts. In early April 2024, KMG provided financial support for a mass planting campaign, with some 4.5 mln saxaul seedlings planted across 15,000 ha on the dried seabed of the Aral Sea.

Initially, KMG Group aimed to plant a total of 88,925 trees in 2024. However, we made a decision to step up our greening efforts, resulting in the planting of 97,218 trees and shrubs by KMG Group in 2024.

On 12 October, as part of a Group-wide simultaneous tree planting campaign, our employees planted more than 12,000 trees, including 125 three-metre pine trees planted around School No. 111 in Astana and five trees planted near the office building by employees of KMG's Corporate Centre. The campaign saw participation from top executives of 28 subsidiaries and associates and more than 1,400 employees.

Use of reverse vending machines

KMG's Corporate Centre also launched an initiative to collect plastic bottles and aluminium cans using a reverse vending machine (RVM). To promote plastic waste collection, on 1 September 2024, the Corporate Centre announced a competition encouraging active use of the RVM. The goal of the competition is to raise awareness about reverse vending machines that accept bottles and cans for recycling. In addition to incentivising waste separation, this initiative seeks to foster environmental responsibility among employees. Since the installation of the RVM in February 2023, we have collected 45,777 plastic bottles and 11,601 aluminium cans for recycling, totalling 54,378 items.

Green Office

The Company adheres to the Green Office principles, which focus on resource efficiency and environmental sustainability. To date, eco-bins for waste separation have been installed in KMG's Corporate Centre, a cabinet for storing fluorescent lamps is set up in the warehouse, electronic document management has been implemented, and there are designated parking areas for bicycles and charging stations for electric vehicles.

On 7 August 2024, the Company hosted an Eco-Mindset Workshop attended by more than 120 employees, focusing on key environmental topics such as consumption reduction, management of household waste generation, and waste separation, and featuring a book swap fair organised by volunteers.

Priority environmental projects

Eliminating legacy pollution

Elimination of historical pollution, as well as sources of negative environmental impact (idle wells, wastewater reservoirs, landfills and other production facilities).

Reducing atmospheric emissions

Reduction in emissions through improved technology solutions, e.g. replacing fuel oil with fuel/natural gas as a process furnace fuel; using next-generation additives; tree planting and land improvement at production facilities; upgrading equipment; replacing burners; streamlining equipment operating modes to reduce runtime; treating exhaust gases from harmful compounds; expanding gas processing capacity; installing gas processing units; engaging in ongoing monitoring to detect and promptly repair leaks; equipping storage tanks with floating roofs to minimise the generation of volatile fractions by eliminating the free space above the product common in conventional tanks.

Automated environmental monitoring information system

The automated environmental monitoring information system is designed to create a shared information space in environmental protection and covers the following critical tasks: automated generation of environmental reports to government agencies; maintaining the database of authorisation regulations and calculating environmental emission fees; day-to-day environmental monitoring based on environmental controls at production sites.

Waste management

KMG's production operations generate production and consumption waste. KMG Group develops and implements a set of measures to improve the waste management system, keeps records of waste generated and accumulated, including contractors' waste, and ensures the safe accumulation of waste until it is recovered or disposed of. In 2024, KMG's expenses for the recovery of historical oil waste totalled KZT 13.5 bln.

In selecting waste recovery methods, KMG prioritises advanced technologies that minimise environmental impact and prevent secondary pollution.

In 2024, KMG subsidiaries and associates disposed of a total of 1,099 thous. tonnes of historical waste, with their disposal sites remediated.

In 2024, we approved the Corporate Waste Management Standard for KMG Group. The Standard specifies step-by-step actions of officers in charge at subsidiaries and associates when carrying out waste management activities to ensure compliance with the requirements of Kazakhstan's environmental laws. The standard is a guiding document for waste management at production facilities.

For more details on waste management, see KMG's Sustainability Report.

Asset retirement obligations

Oil and gas assets

Under the terms of certain contracts, in accordance with legislation and regulatory legal acts, KMG has legal obligations to dismantle and liquidate fixed assets and restore land plots at each of the fields. In particular, KMG's obligations include the gradual closure of all non-productive wells and actions to permanently terminate operations, such as dismantling pipelines, buildings and reclamation of the contract area, as well as decommissioning and obligations to prevent environmental pollution at the production site.

The Company calculates asset retirement obligations separately for each contract. The amount of the liability is the present value of the estimated costs that are expected to be required to settle the liability, adjusted for the expected inflation rate and discounted using average long-term risk-free interest rates on government debt of transition economies, adjusted for risks inherent in the Kazakhstan market.

As of 31 December 2024, the carrying amount of the Company's provision for liabilities to liquidate oil and gas assets was KZT 142 bln (as of 31 December 2023: KZT 124 bln).

For details, see Note 4 in the consolidated financial statements.

Oil and gas trunklines

In accordance with the Law of the Republic of Kazakhstan On Trunk Pipeline, which entered into force on 4 July 2012, KazTransOil has a legal obligation to liquidate the trunkline after the end of operation and implement subsequent measures to restore the environment, including land reclamation. The provision for the obligation to abandon pipelines and land reclamation is estimated based on the cost of dismantling and reclamation works calculated by KMG. As of 31 December 2024, the carrying amount of KMG Group's provision for the obligation to abandon pipelines and reclaim land of the Company amounted to KZT 37 bln (as of 31 December 2023: KZT 46 bln).

For details, see Note 4 in the consolidated financial statements.

Environmental remediation

KMG also creates provisions for obligations related to environmental clean-up and rehabilitation, based on its estimates and judgements. Environmental costs are either capitalised or expensed based on their future economic benefits.

The Company's environmental remediation reserve represents management's best estimates based on an independent assessment of the expected costs required for KMG Group to comply with the existing Kazakh and European regulatory frameworks. As of 31 December 2024, the carrying amount of the provision for environmental liabilities was KZT 42 bln (as of 31 December 2023: KZT 39 bln).

For details, see Note 35 in the consolidated financial statements.

Water protection

Water is an integral part of all KMG production processes. KMG aderes to the principles of the UN Global Compact and integrates the Sustainable Development Goals (SDGs) into its operations. The Company adheres to all 17 SDGs, including Goal 6, Clean Water and Sanitation. In its activities, the Company strives to reduce water consumption, increase water use efficiency, drive up water reuse and recycling, improve the quality of effluents, and minimise the impact on natural water bodies.

As KMG is a vertically integrated company engaged in the production, transportation, and processing of hydrocarbons, all our processes consume a lot of water. The Company takes water from surface and underground sources, municipal water supply systems, and the Caspian Sea. Wastewater from KMG's operations mainly goes to specialised receivers: storage ponds, and evaporation and filtration fields. Those facilities are technical structures designed for natural treatment of wastewater and preventing environmental pollution. Operations that do not have their own storage facilities transfer wastewater to dedicated companies for treatment and disposal. The quality standards for discharged water established by environmental laws are met through the use of mechanical and biological methods of effluent treatment. However, no wastewater is discharged into surface natural water bodies.

One of the Company's most important objectives is to increase the reuse of treated effluents by returning them to the process, using them for irrigation of green areas, and dust suppression on construction sites and roads.

KMG uses the World Resources Institute's (WRI) Aqueduct water stress metrics to evaluate and monitor production assets in water stressed areas within the Caspian Sea, and the Syr Darya and Ural river basins.

The first ESG rating published by RAEX in December 2024 recognised KMG as one of the leaders in sustainable water management. In addition to considering the water use metrics of 144 companies from Russia, Kazakhstan, and Mongolia, this rating assessed the quality of corporate policies and programmes, information on the identification of water use risks, and corresponding risk mitigants.

The number of companies with a high or very high sustainable water use score is extremely limited, with only 21 contestants out of 144 making it to the list. Moreover, only ten companies were included in the top tier, with KMG among them.

Tazalyq project

The Tazalyq project is one of the key ongoing environmental initiatives of Atyrau Refinery. It includes the upgrade of the evaporation fields, mechanical treatment plants, and biological treatment facilities, as well as the construction of an advanced treatment facility. The project will have a significant environmental effect by improving the quality of wastewater treatment and eliminating harmful evaporation into the atmosphere from open tanks of the treatment plant and environmental impacts from evaporation fields.

This project will help double the capacity of mechanical treatment plants. In addition, a pipeline from Atyrau Refinery to the municipal sewage treatment facilities was installed in place of the existing open channel, which was used to discharge wastewater from Atyrau Refinery to its evaporation fields, thus eliminating the release of hazardous substances into the environment.

Two phases of the mechanical treatment plants upgrade were completed (Phase 1 in late 2023 and Phase 2 in May 2024), with relevant facilities commissioned. As a result, the wastewater treatment capacity of the plants increased to 1,000 m^3 per hour, while the average monthly oil sludge treatment capacity reached 12,000 m^3. Open reservoirs were removed, which helped minimise the release of hydrocarbon vapours into the atmosphere from open tanks. The reclamation of Atyrau Refinery's evaporation fields is also underway. It consists of several stages: drainage of evaporation fields, mowing of reeds, deep ploughing, treatment with a biological agent, and triple reclamation.

Astrakhan–Mangyshlak main water line

Phase 1 of upgrading and expanding the Astrakhan–Mangyshlak main water line was completed in December 2023.

The project aims to increase the pipeline's throughput capacity from 110,000 to 170,000 m^3 per day and modernise outdated equipment to ensure a reliable water supply for the population, agricultural producers, oil and gas companies, and other industrial consumers in the Atyrau and Mangistau regions. The upgrade involved replacing two sections of the Astrakhan–Mangyshlak pipeline with a total length of about 177 km. This pipeline is the only centralised source of water supply for consumers in the Kurmangazy, Isatay, and Zhylyoi districts of the Atyrau Region, the city of Zhanaozen, and the Beineu, Mangistau, Karakiya, and Tupkaragan districts of the Mangistau Region. Water consumption by the population increases by 4–5% annually.

Formation water desalination plant at the Karazhanbas field

Karazhanbasmunai's Karazhanbas field in the Mangistau Region launched a formation water desalination plant to address the issue of water supply to the field. Once the full capacity is reached, the formation water processing will amount to 42.5 thous. m^3 per day, while desalinated water production will reach 17 thous. m^3 per day, thus releasing a significant volume of water for the needs of the region's population.

Construction of desalination plants near the Kenderly recreational area, Mangistau Region

KMG is building a seawater desalination plant with a capacity of 50 thous. m^3 per day next to the Kenderly recreational area. This project will solve the problem of drinking water shortage for the residents of Zhanaozen, while also having a multiplier effect on the development of tourism, business, and agriculture. Main construction works are now over, with the development of utilities underway. Workers laid 201 km of the main water pipeline for supplying desalinated water to Zhanaozen, erected 83 km of power transmission lines, and built 40 km of road. With 97% of the 46 km gas pipeline installed, its commissioning is scheduled for 2025.

For more details on KMG's water management and related projects, see KMG's Sustainability Report.

Since 2020, the Company has been calculating its water footprint and making water management disclosures through the Carbon Disclosure Project (CDP) Water Security Questionnaire.

KMG's water management efforts were highly rated in 2024 based on the 2023 questionnaire results. The Company achieved a "B" score in the CDP Water Security rating, which marked an improvement from its previous "C" score.

Corporate CDP questionnaire for 2023

OCCUPATIONAL SAFETY

Occupational health and safety

2024 highlights

As one of the industry leaders in Kazakhstan, KMG places a strong emphasis on health and safety of its employees and local communities across its footprint. According to our employees, the Company creates safe working conditions and complies with the highest standards to ensure health and safety at the workplace.

The number of injuries associated with workplace accidents decreased by 28% year-on-year (from 29 in 2023 to 21 in 2024).

The number of road accidents dropped by 68% year-on-year (from 19 in 2023 to 6 in 2024). Just like in 2023, no fires occurred in 2024.

Despite the improvements in accident rates, one fatal workplace accident occurred in 2024, involving an employee of Ozenmunaigas. During the operation of a compressor unit to inflate a tyre, a locking ring got ejected from the wheel rim and struck the operator in the head, causing instant death at the scene. Under the collective bargaining agreement, the victim's family received financial assistance from Ozenmunaigas.

The investigation revealed that the accident resulted from the victim's gross negligence, violation of occupational health and safety rules, and inadequate workplace arrangements. The implemented corrective measures included safety briefings and awareness sessions, installation of protective barriers in work areas, review of tyre inflation procedures, updates of safety instructions, risk assessments, installation of safety signs, and prohibition of tyre inflation operations in unauthorised locations. To prevent similar accidents going forward, 57 wall-type barriers were installed across 12 subsidiaries with a view to ensuring safe inflation of tyres for cars and special vehicles. Additionally, compressor units were fitted with quick-release nozzles for tyre inflation.

Key highlights	Unit	2022	2023	2024	Change 2024/2023	%
Accidents	Number of accidents	35	28	21	-7	-25
Number of injuries	People	36	29	21	-8	-28
including fatalities	People	1	2	1	-1	-50
Road accidents	Number of accidents	24	19	6	-13	-68
Fires	Number of accidents	1	0	0	–	–

Accident and fatality rates[1]

Indicator	2022	2023	2024	IOGP[2]
Lost Time Incident Rate (LTIR), per mln person-hours	0.36	0.30	0.22	0.22
Fatal Accident Rate (FAR), per 100 mln person-hours	1.0	2.11	1.03	0.68

Process safety management

In 2024, as part of our ongoing efforts to prevent accidents and incidents, we conducted consulting and advisory work with our subsidiaries and associates to clarify issues related to organising and ensuring process safety and managing barriers. Additionally, 18 scheduled audits were carried out to assess industrial safety practices of our subsidiaries and associates. The auditors issued 824 recommendations aimed at enhancing industrial safety at hazardous production facilities of KMG Group.

Transport safety

In 2022, Embamunaigas successfully implemented the Travel Management vehicle monitoring system, which helped significantly improve its transport safety performance. As part of the system's phased rollout to Oil Services Company, the Kalamkas and Zhetybai fields introduced transport management processes (transport requests and dispatch planning) integrated into the information system under the Travel Management project.

In 2024–2025, the project will be gradually rolled out to the Company's subsidiaries and associates with the largest vehicle fleets. This initiative is part of KMG's 2024–2027 HSE Improvement Roadmap.

In 2025, the Travel Management project is expected to be implemented at Oil Transport Corporation and Oil Construction Company. Both subsidiaries have already completed the automation of transport requests and dispatch planning. The entire workflow – from request submission to the identification of available vehicles – has been fully digitised, significantly enhancing the efficiency of transport management.

Fire safety

No fires occurred at KMG's facilities in 2024.

To strengthen compliance with fire safety requirements, KMG developed and approved the Integrated Fire Safety Action Plan for 2022–2024, providing for short-, medium-, and long-term measures as well as preventive initiatives. In accordance with the integrated plan, all subsidiaries and associates saw scheduled fire drills held in the reporting year. In 2024, drills were held at NMSC Kazmortransflot with the participation of Samruk-Kazyna and Kazakhstan's Ministry of Emergency Situations. KMG's Corporate Centre also conducted two fire drills involving people evacuation and extinguishing of a simulated fire in the building.

To provide methodological assistance and ensure fire safety, KMG subsidiaries and associates drafted and circulated letters explaining fire safety standards and reminding of increased fire safety measures during fire, heating, and holiday seasons.

HSE interaction with contractors

In 2024, KMG continued its efforts to engage with contractors in HSE based on identifying, assessing, and mitigating risks at all stages of work performance and service provision at its production facilities.

The Company conducted 5,883 inspections to check the industrial safety of contractors at KMG subsidiaries, associates, and branches.

LTIR per mln person-hours, including contractors, stood at 0.32 in 2024.

FAR per 100 mln person-hours, including contractors, came in at 3.86 in 2024 due to fatalities involving three contractor employees.

The Motor Vehicle Crash Rate (MVCR) per mln km travelled, including contractors, totalled 0.05 in 2024.

Injury, fatality, and motor vehicle crash rates, including contractors

Indicator	2022	2023	2024	IOGP[3]
Lost Time Incident Rate (LTIR), per mln person-hours	0.52	0.15	0.32	0.24
Fatal Accident Rate (FAR), per 100 mln person-hours	1.28	5.08	3.86	0.90
Motor Vehicle Crash Rate (MVCR), per mln km travelled	0.17	0.28	0.05	0.058

[1] During the Annual Report preparation, these indicators undergo verification by independent auditors, and there may be minor revisions to the figures later on.
[2] Available IOGP figures for 2023 (https://www.iogp.org).
[3] Available IOGP figures for 2023 (https://www.iogp.org/).

Improving the HSE management system

As a full-fledged member of the IOGP, KMG has learnt and implemented IOGP's best global practices and recommendations. This has positively impacted KMG's performance and overall HSE management system, as well as its capabilities and rating on the international scale.

To enhance the HSE management system, we updated the Rules for Reporting Key Health and Safety Indicators at KMG and Its Contractors. These rules establish the procedure for health and safety reporting and outline key performance indicators for contractors engaged in production activities within the contracted areas of the Company's subsidiaries and affiliates.

In order to promote a safety culture among employees and according to Samruk-Kazyna's Occupational Safety Action Plan, more than 15 thous. employees of KMG and its subsidiaries and associates took training in safety culture in 2024.

In addition to that, the Group organised strategic sessions on safety culture enhancement for 28 subsidiaries and associates, while also assessing the HSE competencies of General Directors, Deputy General Directors for Production, and Heads of HSE.

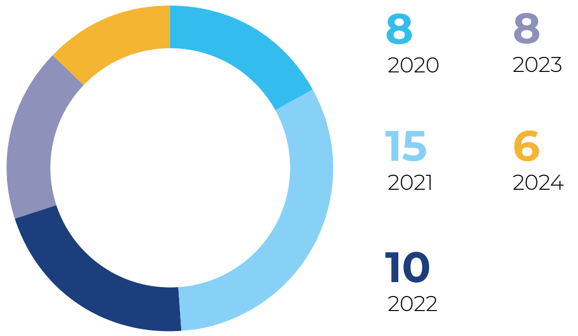
Occupational health and hygiene

The Company manages occupational health and hygiene matters in accordance with Kazakh laws and international occupational health standards. KMG is strongly focused on employee health protection and improvement, irrespective of the specific production process involved.

In 2024, the number of non-work related fatalities among employees of subsidiaries and associates decreased by two incidents, or 25%, year-on-year, the main reason behind these fatalities being cardiovascular diseases.

The Company runs the Employee Health Management Programme[1] designed to improve the quality of medical services and healthcare at production facilities, and to promote and implement employee wellness initiatives across KMG Group.

Fatalities not related to labour activities



Key objectives of KMG's Employee Health Management Programme:
- enhancing the quality of medical services and healthcare for employees at the production facilities of KMG Group;
- developing tools to foster employee engagement and motivation in pursuing a healthy lifestyle;
- improving working, recreation, and living conditions for employees of KMG Group's production facilities.

KMG has formed a dedicated working group focused on medical audits, bringing together experts from its Corporate Centre, subsidiaries, and associates.

A total of 15,126 employees have been trained in first aid skills to reduce the risk of fatalities at production sites.

According to the Regulations on Emergency Medical Care, KMG Group regularly tests the Emergency Medical Response Action Plan at each production facility on an annual basis. In 2024, subsidiaries and associates had 91 medical drills, including those involving contractors deployed at production sites.

The Company continues the automatation of medical examinations and rolled out 63 dedicated hardware systems at its subsidiaries and associates by the end of 2024.

[1] Approved by the resolution of KMG's Management Board dated 23 December 2022 (Minutes No. 68) as part of Strategic Initiative 24 (Personnel Health Management).

SOCIAL RESPONSIBILITY

The Company achieves its key social responsibility objectives through the existing systems of internal communications between employers and employees, cooperation with local executive bodies and trade unions, and fair collective bargaining with employees.

KMG complies with the legal and regulatory requirements applicable in the Republic of Kazakhstan, as well as with international laws and treaties regulating oil companies, and is aware of its responsibility to shareholders, communities, and investors for the impact on the economy, environment, and society, for the creation of long-term business value, and for sustainable growth in the long run. All employees of the Company have the right to safe and healthy working conditions, recognition and fair evaluation of their contribution to the Company, assistance in enhancing their professional skills, and an open and constructive discussion of the quality and effectiveness of their work. The Company has a zero tolerance policy for discrimination by nationality, race, religion, age, gender, political beliefs or other grounds.

We promote meritocracy, fairness, and integrity while providing every employee with a workplace conducive to new achievements and assessing their respective contributions to the Company's overall success based on merit. We also foster a culture of understanding, engagement, and support among our employees at all levels.

HR Policy

Approach to management and maintaining social stability

In 2024, social stability among KMG's employees remained strong, with the Samruk Research Services (SRS) index at 79%, up 4% vs 2023.

Based on SRS surveys, each enterprise develops action plans to minimise and eliminate the areas of concern identified in the course of determining the social stability indicators. The action plans set out initiatives designed to boost staff satisfaction levels, enhance confidence in the management, put in place feedback channels, and improve working, living, and catering conditions, etc.

79%
Samruk Research Services (SRS) index

In 2024, the Corporate Centre developed a unified form of the SRS improvement plan for all subsidiaries and associates, and introduced the practice of visiting KMG enterprises and providing assistance in drafting action plans to promote social stability.

However, in late 2024, employee representatives from the Drilling Operations Department of Ozenmunaigas pressed demands regarding hiring, remuneration, unemployment in Zhanaozen, social support for employees of pre-retirement age, upgrading operator ranks, and additional payments.

Since 18 December 2024, a Conciliation Commission has been handling the claims from the Drilling Operations Department employees. KMG's negotiation strategy focuses on bringing the protest within the legal framework, addressing demands in line with Kazakhstan's labour laws, resolving legally addressable issues, and declining unlawful demands. This work proceeds in coordination with national and local government bodies.

To ensure unbiased consideration of employee demands, representatives of the Ministry of Labour and Social Protection of Population attended the Conciliation Commission's meeting on 30 January 2025. The meeting minutes stipulate that the Conciliation Commission will await Ministry clarifications and convene on a quarterly basis to monitor the implementation of adopted decisions.

Staff composition

KMG Group employs around 50 thous. people across its regions of operation. KMG Group's headcount at the end of 2024 was 52,600 people, of whom 49,243 were full-time employees, while 3,357 employees were outstaffed.

KMG Group headcount (consolidated)[2], people

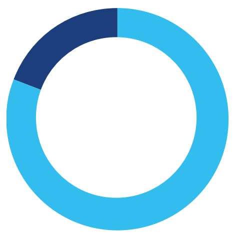
[2] Headcount includes the actual headcount for KMG Group, as well as employees who are temporarily absent due to long-term education or maternity leave and/or parental leave. As of the date of drafting the Annual Report, the indicators are verified by an independent auditor, with minor adjustments possible going forward.

Structure of KMG Group's staff headcount

Indicator	Unit	2022	2023	2024
Men	%	82	81	81
Women	%	18	19	19
Blue-collar employees	%	92	92	92
White-collar employees	%	8	8	8
Employees aged 31 to 50, including:	%	59	58	58
· men	%	81	81	81
· women	%	19	19	19
Employees aged over 50, including:	%	30	31	30
· men	%	81	81	81
· women	%	19	19	19
Employees aged under 30, including:	%	11	11	12
· men	%	86	87	88
· women	%	14	13	12
Jobs created	–	88	918	17
Of average headcount	%	0.2	1.9	0.03
Newly hired employees	employee	5,860	5,746	3,928
Employees on maternity leave and parental leave	employee	864	623	527
· men	%	8	7	8
· women	%	92	93	92
Employees who returned to work from parental leave	employee	–	290	207
· men	%	–	8	11
· women	%	–	92	89
Employment terminated	employee	3,123	2,124	3,272
Managers at all levels, including:	%	10	10	10
· men	%	82	85	85
· women	%	18	15	15
Turnover rate for KMG Group	%	6	4.5	6.64

Given that the Company operates in harsh and hazardous conditions, 81% of employees are men and 19% are women.

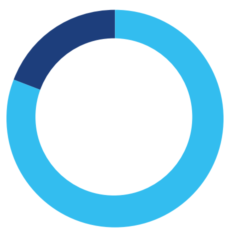
Gender composition of staff, %



81 Men

19 Women

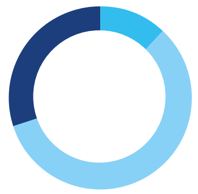
Share in the total number of employees, %



92 Blue-collar employees

8 White-collar employees

Age distribution of the staff, %

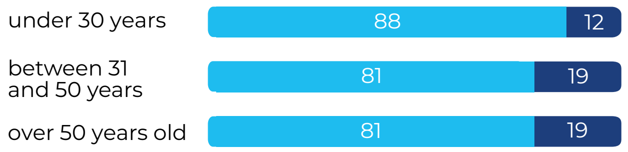


12 under 30 years

58 between 31 and 50 years

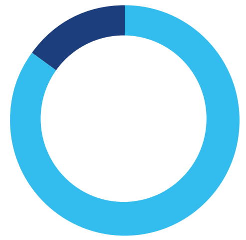
30 over 50 years old

Gender and age diversity of the staff, %



10%
percentage of management staff at all levels

Managers at all levels, %



85 Men

15 Women

In 2024, KMG created
17 jobs, which accounts for 0.03% of the average headcount

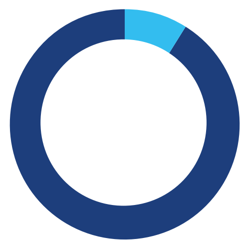
The Company hired in the reporting period
3,928 new employees

The 2024 turnover rate for KMG Group was
6.64%
(2023: 4.5%)

The number of employees whose employment was terminated in the reporting period is
3,272

The number of employees on maternity and parental leave is
527

Employees on maternity leave and parental leave, %

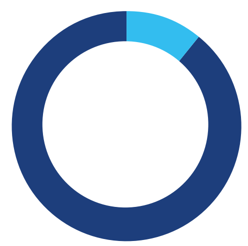


8 Men

92 Women

The number of employees who returned to work from parental leave is
207

Employees who returned to work from parental leave, %



11 Men

89 Women

Full-time employee headcount by region

	Number of employees
Total:	**49,243**
Republic of Kazakhstan	42,333
· Abai Region	58
· Akmola Region	23
· Aktobe Region	1,132
· Almaty Region	20
· Atyrau Region	10,605
· West Kazakhstan Region	699
· Jetisu Region	179
· Karaganda Region	770
· Kyzylorda Region	265
· Mangistau Region	22,026
· Pavlodar Region	3,119
· North Kazakhstan Region	85
· Turkistan Region	228
· Ulytau Region	647
· Astana	2,120
· Almaty	16
· Shymkent	341
Outside the Republic of Kazakhstan	6,910

Equal rights for employees

Gender equality, diversity, inclusivity, and prevention of labour rights discrimination constitute core principles of KMG's HR policy. The Company creates equitable conditions and opportunities across different social and age groups regardless of gender, race, nationality, religion, or other characteristics. This approach fosters the development of teams with diverse perspectives.

Our recruitment processes are conducted without any restrictions or biases related to gender, age, or any other characteristics. We establish equal pay and identical social support conditions for all employees, ensuring a fair remuneration system that delivers equal compensation for work of equal value.

In line with the global SDG of achieving gender equality and empowering all women and girls, women currently constitute 19% of KMG's total workforce and hold 15% of management positions across all levels.

Training, development and personnel assessment[1]

One of strategic initiatives for enhancing efficiency in KMG personnel development focuses on providing staff with retraining and upskilling opportunities in promising areas, including petrochemicals, low-carbon development, digitalisation, and IT.

In the reporting period, the average academic training reached 35 hours per employee (2023: 34 hours; 2022: 39 hours). This includes 37.5 hours per man (2023: 32 hours; 2022: 34 hours) and 24.5 hours per woman (2023: 43 hours; 2022: 60 hours). Total investment in KMG Group employee training amounted to KZT 3.2 bln

In 2024, performance evaluations were conducted for 36% of KMG Group's employees (up from 32.29% in 2023), including 28% of female (2023: 21.53%) and 38% of male employees (2023: 78.46%).

Main focus areas of training and professional development programmes

Risk management	Production (exploration and production, transportation, refining and marketing, service projects, etc.)
Economics and finance	Mandatory safety training
Integrated management systems, ISO and OHSAS standards	Safe driving (OPITO, RoSPA)
Laws and regulations	International standards for safe work practices
Procurement of goods, works, and services and Kazakh suppliers	Certification training
Corporate governance. Project management	Training in blue-collar jobs
Information technologies	Diversity, equality and inclusivity course

To prevent traffic accidents at production sites, a total of 3,404 KMG Group drivers who transport employees and hazardous goods completed defensive driving training in line with international RoSPA standards in 2024 (2023: 691; 2022: 350). Going forward, we expect to continue implementing the Defensive Driving programme to cover drivers of all categories across KMG Group.

255 employees received training under the Internal Auditor of Integrated Management System in accordance with the ISO/OHSAS programme. The Company also conducted training on risk assessment skills for 422 participants.

63 employees were trained in order to obtain international qualifications and certifications under DipIFR, ACCA, IPMA, CIMA, PMP, CFA, CIA and other programmes.

Key employees at KMG and its subsidiaries and associates in charge of strategic projects undergo certification under the IPMA international project management standards on an annual basis. More than 500 employees participated in internal project management trainings across various subjects, with 62 successfully certified under IPMA standards. In total, 83 employees obtained certification in 2024.

The Risk Management Compliance&AML/CFT training programme was completed by 442 employees.

273 staff members received training on international standards for safe work practices, including IOSH, NEBOSH, ADR, IWCF, ISGOT, API Spec, BOSIET, and FROSIO. These internationally recognised certificates validate their advanced knowledge, commitment to safety protocols, and ability to reduce accident risks during drilling operations.

KMG teamed up with Samruk-Kazyna to run module training in IR School, HR School, CnB School, and Chief Geologist for 48 Group employees.

442 employees
completed the Risk Management Compliance&AML/CFT training programme

273 employees
received training on international standards for safe work practices

[1] As of the date of drafting the report, the indicators are verified by an independent auditor, with minor adjustments possible going forward.

ALYP transformation leaders training programme

In 2024, we completed another phase of the ALYP initiative for developing young talent as transformation leaders. This phase concluded the educational programme that kicked off in October at the Alyp Day forum, with 63 participants successfully trained.

The programme focused on cultivating participants' understanding of lean thinking culture ("Isırapsız közqaras") highlighting its crucial role in enhancing process efficiency, as well as systematic approach to problem-solving.

Programme components:

Module 1

DMAIC project implementation methodology

Module 2

Fundamentals of effective interaction and personal productivity

Module 3

Comprehensive finance and technology literacy

Following the module training, young professionals will put into action their newly acquired skills by implementing individual projects addressing specific challenges and eliminating production losses. Upon completing the programme, they will serve as mentors for the next generation of change agents.

63 people
successfully trained as part of the ALYP initiative

Sustainability training

Employees who completed sustainability training:
- Training in carbon dioxide capture, storage, and utilisation (CCU/CCUS) at INPEX Corporation – six employees.
- Training in certification of conformity with GHG validation and verification standards – one employee.
- On-site GHG management – one employee.
- ESG strategic seminar – two employees.
- Waste management – 121 employees.
- Biodiversity impact management at production facilities – three employees.
- GHG emission management, carbon markets, ESG implementation – one employee.
- CCUS – three employees.
- Diversity and inclusivity – 55 employees.
- Sustainable development – eight employees.
- Enterprise low-carbon development. Carbon footprint of products – five employees.
- The Green Ports programme to implement environmental standards and obtain EcoPorts membership – two employees.
- Petro Decarbonisation – one employee.

Leadership Training Programme

The Company is proceeding with its MANSAP project to develop the Succession Plan for Key Positions within KMG Group. In 2021–2024, we implemented development programmes for A, B and C pool positions.

In addition, KMG launched a mentoring programme (implemented in 2023–2024). As part of it, A and B pool successors serve as mentors for the C pool. In 2024, 35% of vacant positions were filled with succession/talent pool members.

Corporate culture, communication system, trade unions

Company-wide events

Uzdyk Maman professional skills competition

The annual Uzdyk Maman-2024 competition among blue-collar workers of KMG Group concluded in the Mangistau Region on 12 October.

The competition brought together 300 participants representing 17 oil and gas professions. This year, its scope widened to include employees from KMG International in Romania. All finalists are winners of preliminary rounds held within their respective teams.

The two-step competition featured theoretical knowledge testing followed by hands-on practical tasks. Competitions took place across various KMG subsidiary production facilities: Ozenmunaigas, Mangistaumunaigaz (Zhetybai), KazTransOil (Mangistau Oil Pipeline Department's training centre), and KMG Engineering (chemical analysis lab in Aktau).

The Uzdyk Maman-2024 participants highlighted that the annual competition strengthens connections between KMG subsidiaries' teams and enables them to refine professional skills in the oil and gas industry.

KMG sports competition

Between 10 and 14 August 2024, Pavlodar saw the finals of the KMG Group Sports Competition, celebrating both the 125th anniversary of oil industry in Kazakhstan and the 125th anniversary of Kanysh Satpayev. This major sporting event drew more than 600 athletes from 27 teams competing across 11 diverse sports: Arkan Tartu, arm wrestling, Assyk Atu, basketball, volleyball, cyber sports, minifootball, table tennis, swimming, Toguz Kumalak, and chess.

On 22–24 November 2024, Samruk-Kazyna Group held the 9th Sports Competition among its employees, a prestigious event featuring over 800 participants and awarding 210 medals across 11 sporting disciplines.

KMG athletes secured three first-place victories in men's volleyball, basketball, and men's arm wrestling in the under 80 kg category. These strong performances earned KMG the second place in the overall team classification.

Unified internal communications system

KMG places a great emphasis on implementing internal socially-oriented programmes. Our primary focus encompasses creating favourable conditions for employees through material incentives, retention and professional development initiatives, as well as labour safety measures. Special attention is paid to the prevention of social tension, labour disputes, and conflicts.

To this end, there is an ongoing dialogue with employees and their representatives. The unified internal communications system is set to increase the feedback efficiency. All enterprises hold mandatory scheduled meetings between the management and employees to discuss social, day-to-day, and operational matters.

The internal communications system serves to timely inform employees about goals and objectives of activities carried out at subsidiaries and associates, communicate the current situation in the organisation to the staff, and to listen to employees and their needs.

To nurture an ongoing dialogue with employees and ensure a feedback mechanism across KMG enterprises, a unified system of internal communications between employers and employees is in place. Among other things, it rests on reporting meetings between KMG's subsidiaries' chief executive officers and employees at least twice a year. At the meetings, CEOs inform employees about the current situation as regards economics, work scopes, production targets, occupational health and safety, HR, and social issues, and answer their questions. 2024 saw 67 reporting meetings covering 9,644 employees of KMG's subsidiaries and associates with over 300 questions asked. The key topics discussed were production issues, employment, health and safety, remuneration, social support, etc. All questions were answered and relevant decisions were made.

In addition, to create and maintain effective mechanisms for direct communications between employers and employees in subsidiaries and associates, timely inform employees about the goals and objectives of the company's operations, communicate the current situation in the enterprise to employees, create a positive image of the company among employees, and monitor the corporate social and psychological climate, subsidiaries' CEOs hold meetings with employees on personal matters; each subsidiary and associate has in place a CEO blog, corporate information website, screen for video announcements in order to inform employees about corporate updates. Information boards are used for ad-hoc messages and announcements.

Working conditions for employees

KMG Group takes systemic steps to improve working and leisure conditions. KMG's subsidiaries and associates have employees' living and catering conditions reflected in their plans to improve social stability. To strengthen these efforts, all KMG subsidiaries and associates developed their own road maps for five years (2023–2027) to improve employees' working conditions and recreation.

In 2024, KMG subsidiaries and associates scheduled the improvement of 183 social infrastructure facilities, including the completion of 106 facilities: capital construction of 20 facilities, capital repairs of 23 facilities, current repairs of 51 facilities, and renovation of 12 wagons, cultural huts, and similar structures. The total investment was KZT 3.7 bln. In 2025, the remaining 77 facilities worth KZT 3.1 bln will be completed.

Trade unions

The Company interacts with trade unions on the basis of social partnership principles governed by labour laws at the industry and regional levels. At the industry level, interaction areas are defined in the Industry Agreement in the Oil and Gas, Oil Refining and Petrochemical Sectors of Kazakhstan developed jointly with representatives of KMG and its enterprises. These areas comprise social guarantees, labour management, remuneration, employment, gender and youth policy, occupational health and safety, prevention and resolution of labour conflicts, etc.

There are 34 trade unions at KMG protecting the interests of 36,606 employees.

At the regional level, there are regional social partnership commissions; in addition to regional employment and health and safety issues, they also consider specific collective labour disputes. All KMG Group companies have reconciliation commissions up and running.

KMG together with its subsidiaries and associates is an active member of the Industry Commission for Social Partnership and Regulation of Social and Labour Relations in the Oil and Gas, Oil Refining and Petrochemical Sectors. The commission tackles issues related to companies' working climate, HR development in the oil and gas, oil refining and petrochemical industries, creates industry qualification frameworks and professional standards. In its activities, KMG is compliant with the Industry Agreement in the Oil and Gas, Oil Refining and Petrochemical Industries for 2023–2025.

The Company complies with the key provisions of the Agreement on improving employees' social protection, enhancing the role of trade unions, ensuring safe working conditions, health and safety, etc. As far as industry-specific remuneration principles are concerned, KMG's subsidiaries and associates established minimal coefficients between different working categories and a minimal monthly wage rate for a first-class worker.

In order to foster continuous dialogue with trade unions, KMG and subsidiaries' management regularly meets with trade unions to discuss the most pressing issues related to the implementation of the collective bargaining agreement, labour discipline, employee requests, occupational health and safety issues, social benefits and compensations, and other socially important issues.

Retiree support programme at KMG

Under its collective bargaining agreements, KMG Group fulfils additional obligations to provide social support for non-working retirees. Upon retirement and throughout their post-employment years, former employees receive comprehensive financial support including financial aid on national and state holidays and anniversaries, subsidised sanatorium treatment vouchers, etc.

In 2024, KMG's spending on support for non-working retirees exceeded KZT 4 bln.

Youth engagement

KMG Group actively fosters collaboration with young talent and students and runs dual training and internship programmes for students aimed at engaging and supporting young specialists.

Dual training: a programme offering training, internship and further employment with KMG Group. In 2024, 149 students completed training, with 56 securing employment positions, while 231 continue their educational journey.

In 2023–2024, 60 young people completed the internship programme, with 31 of them offered jobs at KMG Group. In the reporting year, 20 additional interns were selected for a six-month internship at Atyrau Refinery, which helps develop skills to work as a process unit operator, process pump and compressor operator, instrumentation and control technician and mechanic.

To train niche experts, KMG Engineering runs the KMGE School programme for most sought-after professionals. The programme covers bachelor students who finished their first (technical and vocational education) or second (secondary education) year. Upon completing the programme, the students receive a relevant certificate and commit to working with KMGE for at least three years. In 2022–2024, 18 people were trained and hired as part of the initiative. Three more youths continue their training in 2025.

In 2024, KMG together with Mangistaumunaigaz implemented a unique project to train 60 unemployed young people of the Mangistau Region on the basis of the Caspian University of Technology and Engineering. This project met the need to ensure the stability of social, labour and economic relations and to reduce unemployment in the Mangistau Region. The intensive training programme helped its participants master the knowledge and skills needed for further employment and adaptation at the workplace. The graduates were offered jobs at Mangistaumunaigaz.

We actively cooperate with educational institutions in the regions of operation with due regard to the industry's development trends and modern technological requirements. KMG joins forces with Kazakhstan's universities and vocational schools to organise and conduct field and pre-graduation internships for students. In 2024, the Company provided internships for 1,713 students. Karazhanbasmunai, Mangistaumunaigaz, Ozenmunaigas, Embamunaigas, Kazakhoil Aktobe, Kurmangazy Petroleum, PetroKazakhstan Oil Products, Kazakhturkmunay, Ural Oil and Gas, Urikhtau Operating, Atyrau Refinery, and Kazgermunai donated funds to finance university education for 1,966 students.

Social support for employees

Collective bargaining agreements

KMG actively engages in negotiations with its employees on developing, amending and supplementing collective bargaining agreements. We strictly adhere to negotiation timelines, facilitate joint commission operations, provide all necessary information, and rigorously uphold collective bargaining agreements. Under labour laws, every employee has the right to participate through their representatives in collective negotiations and agreement drafting, as well as to review the signed collective bargaining agreement.

The Company in no way restricts the right to freedom of association and collective bargaining by type of activity or location. As a socially responsible company, KMG fully endorses these fundamental rights and creates a favourable environment for employees to exercise their freedom of association.

To maintain social stability among KMG Group's employees, we implement comprehensive measures designed to prevent employee discontent and tension. These proactive steps allow us to effectively manage a workplace environment and ensure uninterrupted production processes.

A key factor of social stability among KMG staff is social support for employees.

Currently, 21 KMG Group companies have in place collective bargaining agreements providing over 50 distinct social support categories for employees, their families, and non-working retirees. The companies that have not adopted collective bargaining agreements rely on their internal documents to govern their employee support activities.

In 2024, collective bargaining agreements covered 38,083 KMG Group employees.

In the reporting year, Ozenmunaigas, KMG EP-Catering, KazGPZ, and OzenMunayService signed new versions of collective bargaining agreements due to the expiry of their term. In addition, OzenMunayService, Oil Transport Corporation, and Water Production and Transportation Department adopted addendums to the respective agreements to enhance social packages. As initiated by their staff members, Kazakhstani branch of KMG Kashagan B.V. and KMG's Corporate Centre signed new collective bargaining agreements, while KMG Green Energy, KMG Engineering, Pavlodar Refinery, MangistauEnergoMunay, Munaytelecom, Oil Services Company, KMG PetroChem, Kazmortransflot, and KMG-Security amended and supplemented their internal documents to expand the range and applications of social benefits.

over 50
distinct social support categories for employees and their families

38,083 employees
of KMG Group covered by collective bargaining agreements in 2024

Support measures

KMG subsidiaries in the Mangistau, Atyrau, Aktobe, Kyzylorda, and Pavlodar regions provide their full-time employees social benefits including:

- health improvement benefits paid together with annual leave;
- voluntary health insurance for employees and their families in case of illness / medical care / compensations for medications and dentistry;
- covering vouchers for employees under regular medical observation;
- covering sanatorium treatment vouchers following a preventive health examination;
- financial aid for those facing difficult life situations (treatment, surgeries);
- financial support for employees who participated in the Chernobyl NPP disaster cleanup, those affected by Semipalatinsk nuclear testing, veterans of the Afghan and Tajik-Afghan conflicts, and persons with Great Patriotic War veteran status;
- payments for employees recognised as disabled (due to work-related injury);
- additional temporary disability benefit;
- financial assistance for employees with disabilities;
- occupational disease allowances paid until recovery or established disability;
- child care financial support (for children up to 1.5 years old);
- annual financial assistance for employees with children with disabilities;
- maternity leave payments;
- allowances upon reaching retirement age;
- payments for early retirement;
- compensations for medications and dentistry;
- financial assistance on state holidays and anniversaries, subsidised sanatorium treatment vouchers, etc.
- other benefits for employees and their families.

In 2024, KMG continued to streamline collective bargaining agreements to establish a unified voluntary social benefits system across its facilities and establish transparent principles and approaches in determining and distributing benefits according to each facility's financial capabilities.

We maintained all social payments and guarantees within KMG Group, disbursing them in accordance with collective bargaining agreements. In total, KMG provided KZT 25 bln in social support for employees and non-working retirees in the reporting period.

Social support for employees[1], KZT bln

Distribution of social support for KMG employees

Indicator	%
1. Social benefits for employees' health improvement and recreation:	35
· medical insurance	
· employee recreation	
· sports and physical exercise	
· subsidised temporary disability certificates	
2. Social benefits for employees' families:	33
· childbirth	
· child recreation	
· kindergarten	
· purchase of school supplies	
3. Financial assistance to retirees	17
4. Other types of social support	15

In 2024, a total of 11,124 employees of KMG Group received state, departmental and other awards in recognition of their outstanding contributions. The Company held celebrations of the 125th anniversary of the oil industry in Kazakhstan. Moreover, 10,652 awards were handed out for Oil and Gas Industry Workers' Day to mark the 125th anniversary of oil production in Kazakhstan, and 214 awards for Republic Day.

[1] The calculation includes consolidated companies with a shareholding of 51% or more.

Development of the Company's regions of operation

Social and economic projects

KMG contributes to social and economic development in its regions of operation. We actively cooperate with local authorities, maintain an ongoing dialogue with key stakeholders, and focus on training and development of young skilled talent. We also run social initiatives for KMG Group's employees and are committed to supporting domestic producers through off-take agreements. Among other things, KMG Group companies invest in the development of socially important facilities, construction of sports complexes, and regional social and economic development under subsoil use contracts and the Comprehensive Development Plan.

In 2014–2024, the Company implemented social projects totalling KZT 255 bln

The largest projects include:

2014 Construction of a secondary school for 300 pupils in Kulsary
KZT 930 mln

2015 Construction of a kindergarten for 320 children in Pavlodar
KZT 600 mln

2016 Completed construction of a mental health care home for 300 patients in Kyzylorda
KZT 1.35 bln

2017 Construction of a Youth Resource Centre in Kyzylorda
KZT 1.5 bln

2018 Improvement of the right bank of the Irtysh River in the Pavlodar Region
KZT 1.78 mln

2018 Construction of a secondary school for 424 pupils and kindergarten for 290 children in Sagiz, Kyzylkoga District, Atyrau Region
KZT 292 mln

2019 Construction of a formation water desalination plant at the Karazhanbas field with a capacity of 17,000 m³ per day
KZT 21.43 mln

2019 Construction of a Congress Hall in Turkestan and an Investor Service Centre in Pavlodar
KZT 5,392 mln

2021 Construction of a community centre for 300 visitors in Tasshagyl
KZT 200 mln

2022 Construction of schools (for 300 pupils) in Kulsary, Zhylyoi District, and Balausa, Atyrau (for 600 pupils)
KZT 831 mln

2023 Construction of 21 sports grounds in Zhanaozen, Zhetybai and other
KZT 1 bln

2023 Construction of a kindergarten for 280 children in Besikti, Atyrau Region
KZT 783 mln

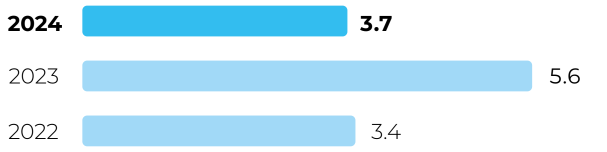
2024 results:

- Completed construction of a multifunctional sports complex in Uralsk (KZT 19.9 bln)
- Launch of a Schoolchildren Palace in Kyzylorda financed by Kazgermunai (KZT 2.4 bln)
- Implementation of the project titled “Otpan: Network of Anchor Schools in the Mangystau Region”. KMG renovated more than 50 classrooms and educational spaces in schools in Taushyk (Tupkaragan District), Zhetybai (Karakiya District), and Rakhat (Zhanaozen) (total of KZT 504 mln)
- Launch of a Rehabilitation and Support Centre for special children in the Zhylyoi District, Atyrau Region (KZT 983.2 mln)
- Planting of 4.4 mln saxaul seedlings on the dried seabed of the Aral Sea (KZT 420 mln) and over 600 trees in Astana (KZT 68 mln)
- KMG implements the Zharkyn Bolashak project to enhance education level for children of the Mangistau Region. Currently, over 1,000 students who received grants study in 62 educational institutions across ten regions. In 2024, the Group allocated KZT 2.4 bln for this purpose

The subsoil use contracts signed by KMG subsidiaries provide for significant investment in developing the regions of operation and social support to vulnerable population groups. The Company’s subsidiaries and associates also provide funds to local executive bodies, which are further distributed in line with the needs of local communities under agreements and memoranda concluded with the akimats of the respective regions. For instance:

- OMG allocated KZT 900 mln to finance for the development of social infrastructure in Zhanaozen and the Karakiya District of the Mangistau Region, and KZT 800 mln for the expansion of the activities of the Zhanaozen City Administration's state-owned enterprise Ozeninvest (up to 350 jobs) in the public utilities sector;
- Embamunaigas allocated KZT 617.7 mln to build a fitness and recreation centre for 150 visitors in Tandai (Makhambet District of the Atyrau Region), KZT 100.8 mln to finance the development of multifunctional sports grounds in Khimposelok, and KZT 68 mln to build multifunctional sports grounds in Birlik;
- KGM transferred KZT 375.6 mln for the socio-economic development of the Kyzylorda Region;
- As part of the Memorandum signed with the Akimat of the Aktobe Region to support its infrastructure and social and economic development, Kazakhoil Aktobe donated KZT 168 mln and transferred KZT 205.3 mln to the region’s social fund, while Kazakhturkmunay allocated KZT 285.7 mln to support social infrastructure in Aktobe and Mangistau regions;
- Mangistaumunaigaz donated KZT 140 mln to support social and economic development of the Mangistau Region and its infrastructure;
- Urikhtau Operating donated KZT 34.4 mln to finance the region’s social and economic development and infrastructure.

Funds transferred to local executive bodies (under subsoil use contracts), KZT bln



The approved 2024 budget for the North Caspian Project under the implemented social and infrastructure initiatives amounted to USD 40 mln. Projects in Atyrau, the Makat District, and the Mangystau Region were allocated USD 11 mln (KMG Kashagan’s share – USD 1.85 mln).

The approved 2024 budget for the Karachaganak Project under the implemented social and infrastructure initiatives totalled USD 54 mln (KMG Karachaganak’s share – USD 5.4 mln).

As part of the Egilik voluntary programme, Tengizchevroil finances significant projects agreed upon with local authorities, including the construction of kindergartens, schools, and other socially important facilities in Atyrau and the Atyrau Region with the Zhylyoi District. The programme’s annual financing amounts to USD 25 mln.

The reporting year saw the completion of a 600-pupil secondary school in Bereke (Kulsary) and bank protection works along the Kursai River in Kulsary. The sports and recreation complex in Zhanatalap is almost complete, while numerous other initiatives are underway in the Atyrau Region.

In addition, Tengizchevroil allocated KZT 2 bln for flood mitigation and recovery efforts in 2024. To that end, the company sent 100 units of special-purpose equipment to Kulsary, arranged for meals for emergency workers and donated 550 thousand. l of lubricants and fuel. Tengizchevroil organised the construction of a 3 m-high and over 8 km-wide protective dam, involving around 100 employees and over 60 units of equipment.

Charity and sponsorship

Karazhanbasmunai provided KZT 32 mln in sponsorship assistance to build a kids’ playground to mark the 50th anniversary of the first oil fountain at the Karazhanbas field.

PetroKazakhstan Oil Products transferred KZT 180 mln of sponsorship assistance to the Shymkent – kayyrymdy kala corporate social development fund to finance social projects in Shymkent.

In April 2024, KMG provided assistance worth KZT 10 bln to regions affected by floods through the Samruk-Kazyna Trust Corporate Foundation, the single operator of charity Samruk-Kazyna fund.

SUPPLIER RELATIONS

The key principles of KMG Group’s procurement activities include compliance with laws and internal requirements, transparency of procurement procedures, promotion of fair competition, and provision of equal opportunities for counterparties. At the same time, KMG implements a number of initiatives in procurement to support domestic manufacturers as part of the Programme to Promote the Modernisation of Existing and Creation of New Production Facilities.

Procurement management at KMG companies is governed by two documents:

Law of the Republic of Kazakhstan No. 47-VII ZRK On Procurement by Certain Quasi-Public Sector Entities dated 8 June 2021 (the “Law”), which became effective on 1 January 2022.

The Law sets out the key principles and conditions of procuring goods, works, and services required for the business and statutory operations of companies from the quasi-public sector, including those owned by Samruk-Kazyna.

Procedure for Carrying out Procurements by Joint-Stock Company Sovereign Wealth Fund Samruk-Kazyna and Companies Where JSC Samruk-Kazyna Directly or Indirectly Holds Fifty (50%) or More Percent of Voting Stock (Equity Stake) on the Right of Ownership or Trust Management (the “Procedure”), approved by Resolution of the Fund’s Board of Directors No. 193 dated 3 March 2022.

The Procedure was developed in furtherance of the Law’s Article 14 and sets out key procurement principles and approaches, the general procurement management procedure, procurement management competence of the Fund and the Fund’s operator for procurement, main requirements for procurement processes, the definition of applicable procurement methods, and grounds for the application of single-source procurement, while also specifying the procurement processes[1] related to procurement category management, procurement planning, supplier selection and management, and management of supply contracts.

To maintain and enhance transparency and efficiency in line with the most advanced international procurement standards and technologies, KMG Group uses the E-Procurement IT System portal (the “E-Procurement IT System”) providing unhindered access (with certain exceptions, primarily related to state secrets) to procurement information to all stakeholders and ensuring equal opportunities for all participants in the procurement process.

The E-Procurement IT System enables automation and standardisation of all procedures within the procurement cycle (from planning to contract management) to cut the time needed to perform relevant tasks and reduce human factor. E-procurement facilitates market access and thus contributes to improved efficiency, increased competition and reduced administrative burden and operating expenses.

Apart from the E-Procurement IT System, procurement entities can purchase goods (with a threshold of up to 20 thous. MCI (Monthly Calculation Index)) of specific brands and models from certain manufacturers online at www.skstore.kz using the list of goods categories approved by the Fund’s Management Board.

In addition to the public dissemination of information on procurement procedures and procurement contracts, including details of invitations to bid and the terms and conditions of contracts, the E-Procurement IT System envisages the advance establishment of requirements for participation in a competitive procurement, including selection criteria, bidding rules and publication thereof, while ensuring an efficient internal control system, including challenging the results of procurement in case of non-compliance with the rules or procedures established by regulations.

[1] Among other things, the specifications include applicable terms and requirements for the applicable documents and procedures.

Total procurement volume

The total procurement volume in 2024 under the annual procurement plan amounted to KZT 1,219 bln net of VAT. Reducing supplies from a single source and increasing the share of competitive procurement play an important role in KMG's procurement activities. Competitive procurement includes open tenders, requests for quotations, e-procurement, and commodity exchanges. In 2024, the amount of competitive procurement contracts under the annual procurement plan for KMG Group totalled KZT 593 bln (51%), which demonstrates KMG's commitment to ensuring fair competition and sustainability. Non-competitive single-source procurement is made in exceptional cases where it is impossible to procure goods on a competitive basis.

KZT 1,219 bln
total procurement volume in 2024

KZT 593 bln
value of competitive procurement contracts under the annual procurement plan for KMG Group in 2024

Competitive procurement, KZT bln, net of VAT[1]

Year	Goods		Works and services		Total	
	Total amount	Share, %	Total amount	Share, %	Total amount	Share, %
2022	237	23	275	26	512	49
2023	302	25	320	26	622	51
2024	258	22	335	29	593	51

Total volume of goods, works and services supplied, including long-term procurement contracts, and share of local content for the year

Year	Goods		Works and services		Total[2]	
	Total amount, KZT bln	Share of in-country value, %	Total amount, KZT bln	Share of in-country value, %	Total amount, KZT bln	Share of in-country value, %
2022	410	58	1,290	90	1,700	82
2023	606	50	1,580	88	2,186	77
2024	503	55	1,550	89	2,054	81

Pre-qualification of potential suppliers

Continuous improvement in procurement with a focus on the requirements and standards applied in Kazakhstani and international practices is one of KMG's priorities. Pre-qualification of potential suppliers is an effective tool for addressing this need.

Pre-qualification (PQ)[3] is the questionnaire- and audit-based process of evaluating potential suppliers for compliance with the qualification requirements defined in accordance with the Procurement Procedure.

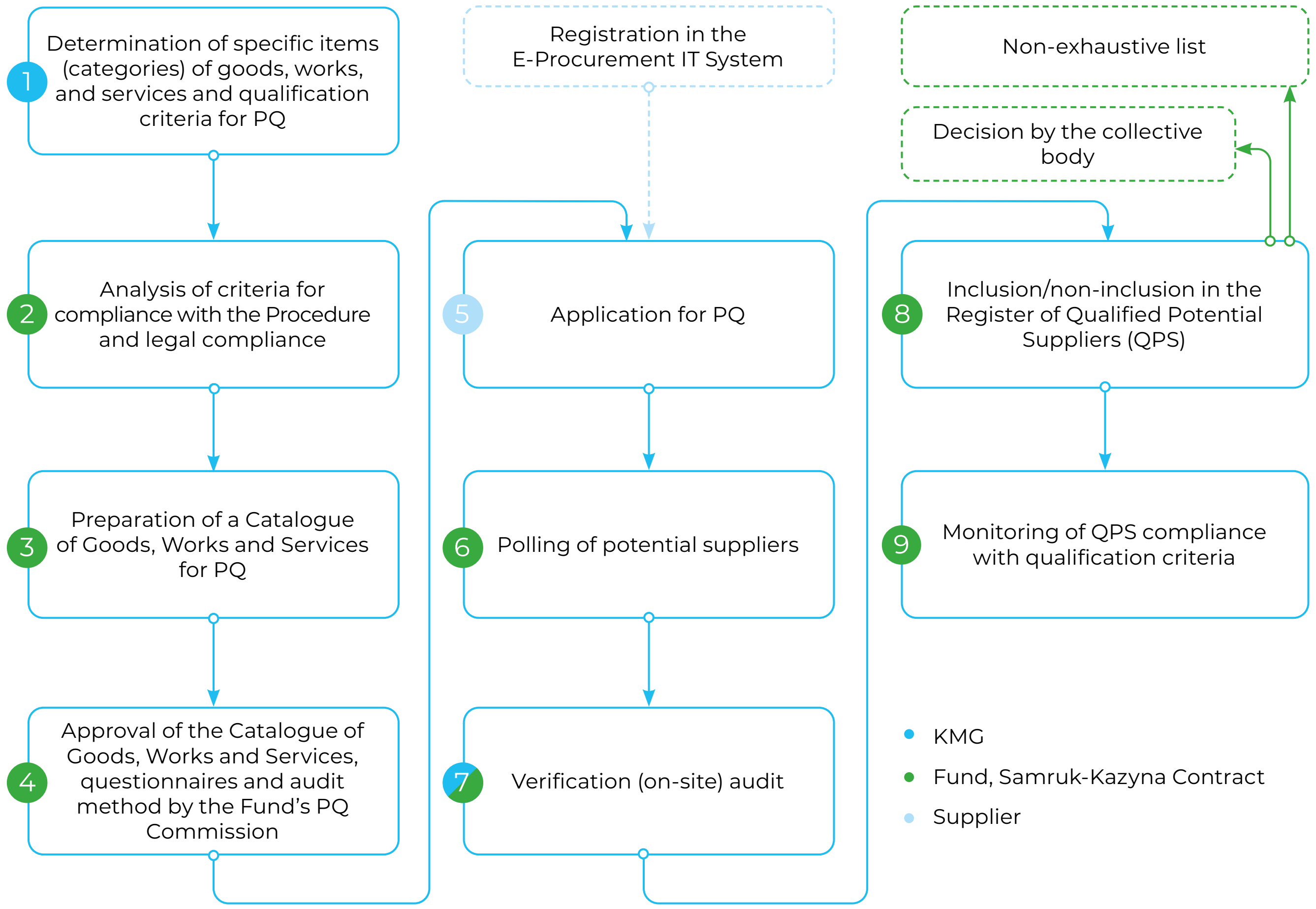
The key objectives of PQ are to identify qualified suppliers selected on the basis of formal criteria, and to improve procurement efficiency with respect to the goods, works, and services sourced for the needs of the Fund's portfolio companies.

So far, the Fund's PQ Commission has approved 43 categories of goods, works and services that can be procured by KMG's subsidiaries and associates through open tenders held among bidders pre-qualified in line with the PQ procedure.

In 2024, KMG developed additional qualification criteria for ten categories of goods, works, and services for the PQ procedure. Of these, three categories were successfully approved in 2024, whilst the remaining seven categories are currently being considered by the Fund's PQ Commission.

43 categories of goods
approved by the Fund's PQ Commission

PQ procedure



[1] Competitive procurement includes open tenders, requests for quotations, e-procurement, and commodity exchanges.
[2] Total volume of procured goods, works and services, including long-term procurement contracts, does not take into account procurements conducted under special procedures.
[3] After completion of the PQ procedure and subject to the approval by the qualification body's commission, potential suppliers are included in the Register of Qualified Potential Suppliers publicly available at Samruk-Kazyna's procurement portal.

Category-based procurement

Procurement category management is the process of developing a comprehensive approach to reducing costs associated with procurement and the use of goods, works, and services included in priority categories.

Categorisation implies combining goods, works and services into procurement categories on the basis of common characteristics of procurement items and/or a single market of potential suppliers. Categories may include one or more items of goods, works, and services. Categories characterised by a high cost, criticality, savings potential, and manageability are identified as priorities.

Category-based management helps increase the potential for savings through a more detailed analysis by developing and approving a category-based procurement strategy. This strategy determines an optimal approach to purchasing goods, works, and services based on maximisation of benefits in the long or short term. Category-based procurement should contain goals and objectives, internal and external environment analysis, approaches to procurement category management, requirements for supplier development, calculation of benefits, and an implementation plan.

Category-based management results in significant reduction of the cost of purchase and use of goods, works, and services through strategic planning, a detailed analysis of goods and services to be purchased, and calculations of the total cost of ownership, as well as cross-functional interaction with various business units. This method of procurement is effective in that it provides both quality and a transparent price by engaging reliable manufacturers and suppliers.

Procurement category management includes:
- categorisation of goods, works, and services to be purchased and identification of priority procurement categories;
- development (update) and approval of category-based procurement strategies for priority categories;
- implementation of category-based procurement strategies;
- monitoring of the implementation of category-based procurement strategies;
- supplier development.

Category-based procurement volume and benefits by year, 2018–2024, KZT mln

Indicator	2018	2019	2020	2021	2022	2023	2024
Category-based procurement volume	13,948.38	41,531.68	49,716.04	109,447.54	93,618.92	115,545.23	124,942.2
Category-based procurement benefits	1,565.01	4,101.81	7,011.23	13,109.53	8,435.32	7,534.63	13,368.3

Import substitution

As a company representing the interests of the government in the oil and gas industry, KMG is actively working to promote import substitution in procurement under Law of the Republic of Kazakhstan No. 47-VII ZRK On Procurement by Certain Quasi-Public Sector Entities dated 8 June 2021 (Procedure for the Conclusion and Execution of Off-take Agreements (Programme to Promote the Creation of New Production Facilities) (the "Programme"). The Programme's primary objective is to support private entrepreneurs who launch new production facilities (especially in the regions of operation) and undertake technological upgrades to manufacture currently imported products sought by Samruk-Kazyna Group.

Off-take agreements provide for the implementation of import substitution projects with a condition precedent stipulating the purchase and delivery of goods to be manufactured in Kazakhstan as a result of the project.

[1] The amount only applies to companies where KMG owns a 50+% interest.

As of 31 December 2024, KMG's subsidiaries and associates entered into 137 off-take agreements for a total of KZT 58.7 bln.

Year	Number	Amount, KZT mln[1]
2019	10	270
2020	41	686
2021	49	388
2022	56	791
2023	64	1,687
2024	137	58,688
Total	**357**	**62,510**

Under paragraph 6 of the Nationwide Action Plan to implement the Address of the Head of State to the people of Kazakhstan "Economic Course of Fair Kazakhstan" delivered on 1 September 2023, approved by Presidential Decree No. 353 dated 16 September 2023, new KPIs were developed and approved for KMG enterprises to achieve "the share of off-take agreements in the procurement of goods" in the amount of 10% in 2024. In the reporting period, the share of off-take agreements in KMG's procurement was 72%.

137 off-take agreements entered into for a total of KZT 58.7 bln

Key local content indicators for major projects in 2024:

Indicator	Tengiz		Kashagan		Karachaganak	
	Total amount	Share of local content, %	Total amount	Share of local content, %	Total amount	Share of local content, %
Total payments for local goods, works, and services	USD 2.9 bln	69	USD 656.3 mln	62	USD 679.6 mln	65
Spending on local goods	USD 38 mln	7	USD 15.1 mln	16	USD 37.9 mln	18
Spending on local works	USD 1.5 bln	80	USD 392.1 mln	80	USD 240.5 mln	67
Spending on local services	USD 1.3 bln	77	USD 249.1 mln	53	USD 401.2 mln	84

In 2024, KMG achieved the Fund's targets for the share of in-country value in goods, works, and services.

Company	Total	Share of in-country value, %	Goods			Works and services		
			Amount	Share of in-country value, %	Target set by the Fund	Amount	Share of in-country value, %	Target set by the Fund
KMG	2,054	81%	503	55%	55%	1,550	89%	89%

[1] The amount only applies to companies where KMG owns an interest of 50% or more.

DIGITALISATION AND CYBER SECURITY

Digitalisation

In 2024, KMG successfully completed all planned initiatives in time and ensured dull compliance with the Development Strategy until 2031. Current efforts focus on corporate data consolidation, business process re-engineering for the ERP system upgrade, and seamless IT technology integration. These initiatives enhance operational efficiency and ensure uninterrupted IT services across all KMG divisions, directly supporting our long-term strategic objectives.

COMPLETED PROJECTS

Contract Record-Keeping System

To ensure transparent distribution of oil products across Kazakhstan, KMG developed and implemented the Contract Record-Keeping System. It enables buyers of lubricants and fuels to manage the entire document flow via a personal account and monitor their purchase requests in real time. The system fulfils the requirements of clause 6.1 of Decree of the President of Kazakhstan On Measures to Liberalise the Economy by providing digital access to KMG's commercial services and ensuring transparent fuels and lubricants distribution.

Electronic Job Order

Ozenmunaigas has implemented the Electronic Job Order project enabling automated creation, review and approval of job orders in well servicing. The project connects a number of departments to a unified digital system: Oil and Gas Production Department 1, 2, 4, 3, Reservoir Pressure Maintenance Shop, and Kezbi. In 2024, some 5,470 job orders were created and approved digitally thanks to the project, reducing coordination and approval times from two hours to just ten minutes. The system minimises errors and inconsistencies through automated field verification, whilst enhancing operational transparency.

Online Work Acceptance Certificate

In order to ensure transparency of processes and remove red tape in approving and signing work acceptance certificates, Ozenmunaigas run the Online Work Acceptance Certificate project. The system provides both procuring entities and counterparties with clear visibility of the coordination process, accessible from any device, thereby streamlining administrative procedures.

ORDA

The ORDA project unifies 23 subsidiaries under a single kmg.kz domain, including migration of user accounts and mail services to Microsoft Exchange architecture. This consolidation simplifies administration, strengthens access management, and enhances centralised infrastructure oversight. Serving approximately 8 thous. users, the project provides transparent resource access and improved cross-domain interaction, whilst reducing IT support costs, boosting the kmg.kz brand recognition, and facilitating infrastructure modernisation and new software implementation.

IT Service Management System (ITSM)

While establishing a unified IT service management system for the Group, we rolled out the ITSM platform to eight subsidiaries (piloting since 18 November 2024).

The current ITSM system covers:
- 17 subsidiaries and associates, all supported IT services are under control and monitoring (100% coverage).
- 65 subsidiaries and associates, with established control and monitoring of centralised IT services, including technical support for Electronic Document Flow (Directum) and Automated Master Data Management systems across KMG Group.

PROJECTS IN PROGRESS

KMG DATA project

Creating a centralised monitoring system to collect daily production and corporate data, and performance indicators across the KMG Group, enhancing management control and speeding up decision-making.

Migration to SAP S4 HANA project

Focuses on business process reengineering and upgrade to the more efficient SAP S/4HANA system. As a result, we will comply with regulatory requirements (by Samruk-Kazyna and the Ministry of Finance) whilst establishing end-to-end processes that enhance internal business operations and improve the quality and completeness of data for management decisions.

Automated Master Data Management project

It will remove duplication and enhance planning processes, directly contributing to inventory reduction. The centralised analysis of goods, works, and services, combined with warehouse balance monitoring, increases operational efficiency and supports more informed decision-making. The system also maintains a comprehensive reference database of business partners. It covers 35 subsidiaries and associates.

Cyber security

In cyber security, KMG aims to protect information from external and internal threats, prevent potential losses and minimise damage from cyber attacks and unauthorised actions to ensure undisrupted full-fledged operations of KMG and its subsidiaries and associates.

Ensuring information security is an ongoing process that combines legal, organisational and technical measures of protection. Important components here are regular analysis, audits, and penetration tests, as large-scale information systems are most often used in geographically distributed infrastructure environments of large oil and gas production sites with continuous process cycles. Unauthorised access to KMG's protected networks and systems may have a devastating impact on infrastructure and consumers as well as the country as a whole. There were no incidents significantly impacting KMG systems or equipment in the reporting period.

To ensure its information security, KMG strictly complies with Kazakhstan's respective laws and adheres to international approaches and ISO/IEC 27001 standard on information security management systems. We have been certified under the ISO/IEC 27001:2022 standard showcasing KMG's commitment to excellence in data protection. This certification both elevates stakeholder confidence in us and demonstrates our preparedness to meet and exceed global information security benchmarks.

Information security includes organisational and technical measures to protect IT infrastructure of KMG's information systems, critical ICT components and automated process management systems.

On an ongoing basis, the Company assesses information security risks to identify and prevent respective threats and lower cyber attack risks through continuous monitoring of information security incidents via the information security operations centre. In the reporting period, the centre reported and handled 1,800 potential incidents.

KMG regularly holds external assessments and audits of cyber security, along with initiatives aimed at identifying and addressing vulnerabilities in the information infrastructure. To that end, we conduct regular scans and pen testing of systems across KMG, its subsidiaries and associates to detect potential vulnerabilities, with prompt measures implemented to fix them.

KMG places a special emphasis on awareness-raising activities for employees regarding information security, including prevention of phishing and social engineering threats. The Company regularly conducts training sessions, workshops, and testing aimed at fostering safe behaviour skills when using email and other communication channels.

We utilise the latest and innovative technologies, including automated systems for vulnerability analysis and incident monitoring, enabling the Company to proactively manage cyber threats. In 2024, our security infrastructure successfully repelled more than 7 mln cyber attacks targeting corporate web resources.

This dual approach – combining human expertise with technological excellence – provides comprehensive protection for our information infrastructure.

Information security is a special focus for KMG's management.

Strong information security management as a rule contributes to the Company's ongoing development by protecting it from threats, ensuring legal compliance, securing its reputation and fostering the uptake of innovations. Integrating information security aspects into the business strategy is now a major part of corporate governance efforts.

Going forward, KMG will continue following these key security pillars, embracing international best practices and standards for information security management, maintaining strict compliance with Kazakhstan's laws, and leveraging emerging technologies and innovations.

2 CORPORATE GOVERNANCE

KMG's corporate governance system is based on respect for the rights and legitimate interests of shareholders and key stakeholders and is constantly being improved to meet the requirements and standards of Kazakhstan and international corporate governance practices

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Development of the corporate governance framework

p. 194
Results of the Board of Directors' activities

p. 238
Growth in the value of KMG shares

CORPORATE GOVERNANCE FRAMEWORK

KMG's corporate governance framework represents the totality of processes ensuring management and oversight of KMG's activities and a system of relations between the shareholders (major shareholders include Samruk-Kazyna, Ministry of Finance (Kazakhstan National Fund) and the National Bank of Kazakhstan), Board of Directors, Management Board and stakeholders.

The roles of KMG's governing bodies are clearly delineated and set out in KMG's Charter.

KMG's corporate governance framework is based on respect for the rights and legitimate interests of KMG's shareholders and key stakeholders – the state, KMG's strategic partners and counterparties (suppliers and customers), investors, and employees, as well as municipalities, local communities, and residents in KMG's regions of operation.

KMG's corporate governance framework is continuously improving to reflect the evolving requirements and standards of national and international corporate governance practices.

CORPORATE GOVERNANCE

Supreme body
General Meeting of Shareholders

Governing body
Board of Directors reporting to the General Meeting of Shareholders

1. **Executive body**
Management Board reporting to the Board of Directors

2. **Corporate Secretary**
A permanent and independent employee who is neither a member of the Board of Directors, nor a member of the Company's executive body. Corporate Secretary is appointed by and reports to KMG's Board of Directors, and ensures implementation of corporate documents and control over KMG's corporate governance framework within their scope of responsibilities

3. **Compliance Service**
Reports to the Board of Directors and aims to ensure compliance with mandatory regulations and global best practices in pursuing anti-corruption policies and building a corporate culture across KMG Group to foster transparency and integrity among its employees, as well as to create a business environment aligned with global best practices, internal policies, and Kazakhstan's laws

4. **Internal Audit Service**
A centralised body that directly reports to the Board of Directors, controls financial and business operations of the Company and other KMG Group entities related to the Fund pursuant to the Law of the Republic of Kazakhstan on the Sovereign Welfare Fund, appraises internal control and risk management systems, oversees implementation of corporate governance regulations and advises on enhancing KMG's and KMG Group's performance

5. **Ombudsman**
Appointee of KMG's Board of Directors, whose role is to advise employees of KMG and its subsidiaries and associates upon request and assist in resolving social and labour disputes, conflicts and issues, as well as to ensure compliance with business ethics principles among employees of KMG and its subsidiaries and associates

DEVELOPMENT OF THE CORPORATE GOVERNANCE FRAMEWORK

The Company is committed to best corporate governance practices and recognises high corporate governance standards and transparency as key drivers of investment appeal and operational efficiency, boosting confidence among potential investors, counterparties, and other stakeholders, mitigating the risk of inefficient use of corporate resources and increasing KMG's market value and wealth.

The Company's Board of Directors oversees the quality of KMG's corporate governance, and the Corporate Secretary coordinates its continuous improvement.

The KMG Corporate Governance Code[1] (the "Code") is the core document underpinning KMG's corporate governance framework and efforts to improve it. The Code was developed in accordance with Kazakhstan's laws and Samruk-Kazyna's internal documents to incorporate best national and global corporate governance practices.

The Code sets out the principles underlying the Company's corporate governance framework. The Board of Directors and the Audit Committee monitor compliance with the Code's regulations at KMG.

According to the Code, the Corporate Secretary annually reviews KMG's compliance with the Code's provisions and principles using a "comply or explain" approach. At present, most of the Code's provisions have been complied with. Isolated instances of partial non-compliance with certain provisions of the Code have been listed in the 2024 Corporate Governance Code Compliance Report (the "Compliance Report"), along with the reasons for non-compliance. For KMG's 2024 Corporate Governance Code Compliance Report, see the Appendix to this Annual Report.

Over a course of several years, the Company's Corporate Secretary Office has carried out consistent and systematic work coordinating KMG's efforts to improve its corporate governance practices. Since 2016, the Company has used the review methodology for corporate governance in legal entities in which 50% or more of the voting shares are owned directly or indirectly by Samruk-Kazyna (the "Methodology") to set goals and track the progress of improvements in corporate governance.

The Methodology involves the assignment of a rating to the Company based on the results of its corporate governance review (audit) by an independent party, which is carried out on a regular basis.

As required by the Methodology, the Corporate Secretary Office uses the review findings to develop a Corporate Governance Improvement Plan, with relevant progress against it regularly reported to the Company's Board of Directors and the Audit Committee.

Following the 2021 independent review of the Company's corporate governance by PricewaterhouseCoopers in line with the Methodology, KMG was assigned a BBB corporate governance rating (upward revision from the BB rating assigned in 2018), which testifies to the Company's progress in developing its corporate governance framework, ensuring its compliance in all material respects with most established criteria, and providing sufficient evidence to demonstrate its efficiency. KMG's next regular independent corporate governance review will be held in 2025.

KMG followed the recommendations presented by the independent consultant following the 2021 corporate governance review and included them in the Corporate Governance Improvement Plan to further enhance its corporate governance practices in 2024 across such areas as transparency, shareholder rights, risk management, internal control and audit, performance of the Board of Directors and the executive body, and sustainable development. In accordance with the established practice, the Corporate Secretary monitors progress against the Corporate Governance Improvement Plan on a regular basis, with progress reports reviewed by the Audit Committee and the Board of Directors and feedback provided to KMG's management.

In addition, the Fund's and KMG's development strategies until 2031 outline the milestones for the ambitious targets established by the "Corporate Governance Rating" KPI. These efforts demonstrate an increased focus on corporate governance shown by KMG's major shareholder, Board of Directors, Audit Committee of the Board of Directors, and the management.

In general, the Company's efforts to enhance its corporate governance are continuous and cyclic, and the key objective of the process is assigning a rating and issuing respective improvement recommendations by an independent party.

[1] Approved by resolution of KMG's Annual General Meeting of Shareholders dated 28 May 2024 (Minutes No. 1/2024, item 4).

Corporate governance improvement at KMG

1. Developing, approving and implementing the Corporate Governance Improvement Plan
2. Monitoring progress against the Corporate Governance Improvement Plan, reports for the Board of Directors and the Audit Committee
3. Reviewing the corporate governance framework, assigning a corporate governance rating, issuing improvement recommendations

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the supreme body in the Company's corporate governance structure. The General Meeting of Shareholders scope of competencies and meeting convocation, holding and summarising procedures are set forth in laws of the Republic of Kazakhstan and the Company's Charter. General Meetings of Shareholders can be annual and extraordinary. The Annual General Meeting of Shareholders is convened by the Board of Directors or may be convened and held on the basis of a court decision following a claim of any stakeholder, if the Company's governing bodies violate the procedure established for convening the Annual General Meeting of Shareholders. An Extraordinary General Meeting of Shareholders may be convened by the Board of Directors or a major shareholder of KMG, or alternatively, through a court decision following a claim by a major shareholder of KMG when the Company's governing bodies fail to fulfil the shareholder's request to hold an Extraordinary General Meeting of Shareholders.

The meeting's agenda is set by the Board of Directors and presents a comprehensive list of explicitly stated matters for discussion.

In 2024, KMG held one General Meeting of Shareholders (annual), discussing eight matters, including one matter regarding changes to the Board of Directors' composition: Board member and former Chairman of the Management Board of KMG, Magzum Myrzagaliev, was removed from the Board of Directors, whilst the newly appointed Chairman of the Management Board of KMG, Askhat Khassenov, was appointed to the Board of Directors.

The Annual General Meeting of Shareholders addressed the approval of KMG's consolidated and standalone annual financial statements for 2023, discussed KMG's 2023 net profit distribution procedure and dividend per ordinary share, and reviewed shareholder submissions regarding KMG's and its officials' actions during the year.

In 2024, the Annual General Meeting of Shareholders also formally approved amendments and additions to KMG's Charter.

For more details on interactions with minority shareholders and their rights, see the Shareholder and Investor Relations section

BOARD OF DIRECTORS

The Board of Directors is responsible for general supervision of KMG's activities. Resolutions of the Board of Directors are adopted in line with the procedure set forth in the applicable laws of the Republic of Kazakhstan and KMG's Charter. Even though the applicable laws of Kazakhstan and KMG's Charter allow the Board of Directors to adopt resolutions as long as a quorum is achieved and a certain majority of votes is cast in favour, the most important resolutions are adopted at meetings held in person, with all Board members taking part in the voting (except for cases when Board members are interested parties with regards to a resolution). KMG makes every effort to prepare and coordinate resolutions in such a way that the opinions of all Board members are taken into account. For more details on the Board of Directors functions, see KMG's 2023 Annual Report, p. 220.

The Company's Board of Directors is guided by KMG's Charter, Corporate Governance Code and Regulations on the Board of Directors and follows the annual activity plan and meeting schedule. The Board of Directors can also review matters beyond its activity plan, if necessary.

NOMINATION AND SELECTION PROCEDURE

The procedure for nominating and selecting candidates to the Board of Directors is set out in KMG's Charter and other internal documents, as well as the Guidelines on Forming Boards of Directors / Supervisory Boards at Companies of Samruk-Kazyna. Board members are elected by the General Meeting of Shareholders, supported by the Chairman of the Board of Directors and the Nomination and Remuneration Committee chair. The recruitment and hiring process is driven by transparency, impartiality, and meritocracy.

Members of the Board of Directors may be elected from among the Company's shareholders who are individuals, individuals nominated (recommended) as representatives of shareholders, and other individuals who are not the Company's shareholders and are not nominated (recommended) as representatives of shareholders. Candidates to the Board of Directors are expected to possess the knowledge, skills and experience required to perform their functions and support the creation of KMG's long-term business value and sustainable growth, as well as to have an impeccable business reputation.

The Chairman of the Board of Directors is elected by the General Meeting of Shareholders.

Independent directors are selected in accordance with KMG's Charter, Corporate Governance Code, Regulations on the Board of Directors, and the Guidelines on Forming Boards of Directors / Supervisory Boards at Companies of Samruk-Kazyna.

SUCCESSION PLANNING, INDUCTION AND DEVELOPMENT

The Company developed and adopted the Succession Policy and Succession Plan for Members of KMG's Board of Directors for the period from 2021 to 2024.

KMG has in place an Induction Programme for New Members of the Board of Directors (the "Programme") approved by resolution of the Board of Directors in 2017. In June 2020, the Board of Directors resolved to supplement the Programme with the requirement to hold meetings with heads of the Company's functional units, as well as meetings with Board committee chairs. The Corporate Secretary monitors the Programme implementation, i.e. the actual completion of all relevant procedures by new members of the Board of Directors. The Programme regulations are updated on an ongoing basis. In 2024, a newly elected member of KMG's Board of Directors, Chairman of the Management Board Askhat Khassenov completed the induction course under the Programme.

KMG has established the Policy on Professional Development of Members of the Board of Directors and Attraction of External Experts by Members of the Board of Directors, approved by resolution of the Board of Directors in 2013.

By the resolution of the Board of Directors dated 5 June 2024 (Minutes No. 14/2024, item 7), amendments were incorporated into the Professional Development Programme for Members of the Board of Directors for 2023–2024, approved by the Board of Directors through its resolution dated 6 December 2023 (Minutes No. 24/2023, item 8). Furthermore, members of the Board of Directors continuously improve their qualifications and provide information about completed trainings to be posted on the Company's website.

INDEPENDENT DIRECTORS

Independent directors play a significant part in the activities of the Board of Directors – they represent the majority of Board committee members and chair the committees. Independent directors meet all statutory independence criteria, as well as the requirements of the Guidelines on Forming Boards of Directors / Supervisory Boards at Companies of Samruk-Kazyna and the Corporate Governance Code.

According to the Corporate Governance Code, an independent director is a person with professional expertise and independence sufficient to have their own opinions and make fair unbiased judgements that are not influenced by the Company's shareholders, executive body or other stakeholders. Independent directors take active part in discussions of issues involving potential conflicts of interest (preparing financial and non-financial reporting, making interested-party transactions, nominating candidates to the executive body, setting remuneration for members of the executive body). Independent directors monitor any circumstances which may lead to a potential loss of their independence, and they are aware that they must notify the Chairman of the Board of Directors in advance if such circumstances arise. If any circumstances affecting the independence of a member of the Board of Directors arise, the Chairman of the Board of Directors immediately informs the shareholders accordingly in order to make a relevant decision. No such circumstances occurred in 2024.

In line with global best practices, the Company seeks to ensure that its independent directors meet high standards, and thereby declares that there are no circumstances which are likely to impair, or could appear to impair, its directors' independence.

MEMBERSHIP OF THE BOARD OF DIRECTORS

KMG complies with the Corporate Governance Code standards requiring more than 50% of the Board members to be independent directors.

In 2024, the Board had nine members.

By the resolution of the General Meeting of Shareholders of the Company dated 14 August 2023 (Minutes No. 4/2023, item 1), the Board of Directors had its current composition approved: eight members, including four independent directors:
1. Yernat Berdigulov, representative of Samruk-Kazyna, Chairman of KMG's Board of Directors;
2. Yelzhas Otynshiyev, representative of Samruk-Kazyna;
3. Uzakbay Karabalin, representative of Samruk-Kazyna;
4. Magzum Myrzagaliev (Chairman of KMG's Management Board);
5. Armanbai Zhubayev, independent director;
6. Arman Argingazin, independent director;
7. Philip Holland, independent director;
8. Saya Mynsharipova, independent director.

By the resolution of the General Meeting of Shareholders of KMG dated 6 November 2023 (Minutes No. 5/2023, item 1), the composition of the Board of Directors was determined as comprising nine members, while Askar Shakirov was elected to the Board of Directors as an independent director.

Through its resolution dated 28 May 2024 (Minutes No. 1/2024, item 7), the General Meeting of Shareholders of KMG terminated early the powers of the Chairman of the Management Board Magzum Myrzagaliev, with Chairman of the Management Board Askhat Khassenov elected as a member of the Board of Directors.

As of 31 December 2024, the Board of Directors comprised nine members. The Chairman of the Board of Directors is a member representing Samruk-Kazyna.

9 members
membership of the Board of Directors

Expertise of the Board of Directors

	Member of the Board of Directors	Key areas of expertise
1	Yernat Berdigulov	Strategy, corporate governance, asset management, finance
2	Askhat Khassenov	Oil & gas
3	Philip Holland	Oil & gas, project assessment, occupational health and safety
4	Armanbai Zhubayev	Finance
5	Saya Mynsharipova	Audit, finance, compliance
6	Uzakbay Karabalin	Oil & gas, strategy
7	Yelzhas Otynshiyev	Investments, asset management, strategy
8	Arman Argingazin	Corporate finance, audit
9	Askar Shakirov	Legal, global affairs

Independent directors

Representatives of Samruk-Kazyna

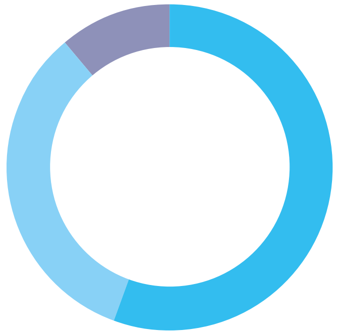
Executive director (Chairman of the Management Board)

Breakdown of the Board of Directors[1]

The Board of Directors is well-balanced in skills and expertise, age and gender diversity, and the countries of residence of its members.

Out of nine members of the Board of Directors, eight are citizens of Kazakhstan and one is a UK national.

53 years
average age of Board members

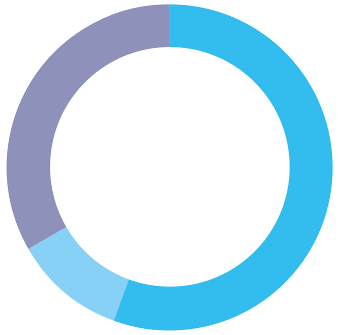


5 Independent directors

3 Representatives of Samruk-Kazyna

1 Executive director (Chairman of the Management Board)

Structure of the Board of Directors by age



5 directors 36 to 49 years

1 director 50 to 59 years

3 directors 60 to 77 years

[1] As of 31 December 2024.

Biographies of the Board of Directors members

YERNAT BERDIGULOV

Chairman of KMG's Board of Directors, representative of Samruk-Kazyna

Member of KMG's Board of Directors since April 2023

Date of birth: 3 September 1987

Education

- 2004–2005: Marysville Pilchuck High School (Marysville, Washington, USA), Future Leaders Exchange Programme (FLEX)
- 2004–2007: Al-Farabi Kazakh National University (Almaty, Kazakhstan), International Relations Department, major in Regional Studies (completed three academic years, after which continued his studies under the Bolashak scholarship programme)
- 2007–2010: University of Toronto (Toronto, Canada), Public Policy and Global Affairs (major in Political Economy)
- 2015–2018: University of Warwick (Coventry, UK), Master of Business Administration (distance programme)
- 2022–2023: Harvard Business School (Boston, Massachusetts, USA), Leadership Development Programme (for executives)

Experience

- 2010–2011: Semyzbay-U (subsidiary of NAC Kazatomprom), Almaty, Kazakhstan – Chief Expert, Business Administration
- 2011–2012: Sovereign Wealth Fund Samruk-Kazyna, Astana, Kazakhstan – Project Manager, Management Reporting System (MRS) Implementation PMO
- 2016–2018: Samruk-Energy, Astana, Kazakhstan, Advisor to the Chairman of the Management Board (Finance and Economics):
- 2013–2018: Samruk-Energy, Head of Analytical Support, Advisor to the Chairman of the Management Board, Head of Strategic Development, Head of Project Management
- 2018–2019: Sovereign Wealth Fund Samruk-Kazyna, Astana, Kazakhstan – Analyst, Asset Management Department
- 2019–2021: Whiteshield Partners (consulting services in the public sector), Astana, Kazakhstan – Project Manager (started off as Senior Analyst and got promoted to the position of Consultant in February 2020 and the position of Project Manager in February 2021)
- 2021–2022: Co-Managing Director for Strategy, Sustainability and Digital Transformation
- 2022 – present: Sovereign Wealth Fund Samruk-Kazyna, Astana, Kazakhstan – Managing Director for Strategy and Asset Management

Joint appointments and membership in other boards of directors

- Chairman of the Board of Directors at KEGOC
- Chairman of the Board of Directors at QazaqGaz
- Member of the Board of Directors at NAC Kazatomprom
- Member of the Board of Directors at NC Kazakhstan Temir Zholy

Government awards and honorary titles

- Order of Kurmet (Order of Honour) awarded by the Government of Kazakhstan, 2022
- Member of Kazakhstan's Presidential Youth Personnel Reserve, 2021
- Jubilee Medal "30 Years of Independence of the Republic of Kazakhstan", 2021
- Acknowledgement of the Assistant to the President — Secretary of the Security Council of the Republic of Kazakhstan for meaningful contributions to the work of the Expert Council under Kazakhstan's Security Council and assistance in preparation of strategic and analytical papers on national security, foreign policy and economic growth, 2020
- Acknowledgement from the Deputy Head of the Presidential Administration of the Republic of Kazakhstan for contributions to strategic and analytical papers on foreign policy and economic growth, 2020
- Member of the Presidential Youth Personnel Reserve, December 2019

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

ASKHAT KHASSENOV

Member of KMG's Board of Directors, Chairman of KMG's Management Board

Member of KMG's Board of Directors since 28 May 2024

Date of birth: 13 October 1983

Education

- 2000–2005: Oil and Gas Well Drilling, Kanysh Satpayev Kazakh National Technical University
- 2009–2013: Management, University of International Business

Experience

Started his career in 2005 as a 3rd grade oil and gas production operator at Turgai Petroleum (Kyzylorda).

- 2006–2010: Main Dispatching Department of Oil and Gas Industry, leading and chief expert, head of Monitoring for Oil and Gas Field Development, deputy director and director of the Department, and vice-president
- 2011–2019: Ministry of Oil and Gas of the Republic of Kazakhstan, head of the Department of State Inspection and Permit Issuance under the Committee for State Inspection in the Oil and Gas Industry, head of the Department of Petrochemical and Technical Regulation
- 2019–2022: KLPE LLP, Deputy Chairman of the Management Board
- 2022–2024: Vice Minister of Energy of the Republic of Kazakhstan (in this role, he oversaw subsoil use and petrochemical development, while also chairing the Central Commission for Exploration and Development of Hydrocarbon Reserves)
- 2024 – present: Chairman of KMG's Management Board.

Government awards and honorary titles

- Order of Kurmet (Order of Honour) awarded by the Government of Kazakhstan, 2023
- Jubilee Medal "20 Years of Independence of the Republic of Kazakhstan", 2011
- Jubilee Medal of the KAZENERGY Association
- Jubilee Medal of the National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken
- Jubilee medal "120 Years of Oil in Kazakhstan"
- Honorary Certificate of the President of the Republic of Kazakhstan, 2015
- Honorary Certificate of the Ministry of Oil and Gas of the Republic of Kazakhstan
- Honorary Certificate of the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan
- Honorary Certificate of the Ministry of Industry and New Technology of the Republic of Kazakhstan

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

UZAKBAY KARABALIN

Member of KMG's Board of Directors, representative of Samruk-Kazyna

Member of KMG's Board of Directors since 2016

Date of birth: 14 October 1947

Education

- Mining Engineering, the Gubkin Russian State University of Oil and Gas
- Postgraduate programme at the Gubkin Russian State University of Oil and Gas
- Candidate of Technical Sciences
- Doctor of Technical Sciences
- Academician of the National Engineering Academy of the Republic of Kazakhstan

Experience

Uzakbay Karabalin held various positions at Kazneftegazorazvedka's administration office (the South Emba oil and gas prospecting expedition), Kazakh Scientific Research Geological Exploration Oil Institute, Prikaspiygeologiya's regional administration office, the Guryev branch of Kazakh Polytechnic Institute named after V. I. Lenin, the Industry Department of the Administration Office of the President and of the Cabinet of Ministers of the Republic of Kazakhstan. At different periods, he was Head of the Main Oil and Gas Department at the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan, Deputy Minister of Energy and Fuel Resources of the Republic of Kazakhstan, Deputy Minister of Oil and Gas Industry of the Republic of Kazakhstan, First Vice President and Acting President of NOGC Kazakhoil, President of KazTransGas, Vice Minister of Energy and Mineral Resources of the Republic of Kazakhstan, President of KMG, CEO of Mangistaumunaigaz, CEO of the Kazakh Institute of Oil and Gas, Minister of Oil and Gas of the Republic of Kazakhstan, and First Deputy Minister of Energy of the Republic of Kazakhstan. Uzakbay Karabalin was also Chairman of the Boards of Directors at KazTransOil, NC Oil and Gas Transportation, NC KazMunayGas and KazMunayGas Exploration Production, Chairman of the Coordination Council and Deputy Chairman of KAZENERGY Association, a member of the Supervisory Board at KazRosGas, a member of National Investors' Council under the President of the Republic of Kazakhstan, Chairman of the Board of Directors of the Atyrau University of Oil and Gas, and a member of the Board of Directors (Independent Director) of the Kazakh Institute of Oil and Gas.

Holds 19,310 ordinary shares in KazTransOil.

YELZHAS OTYNSHIYEV

Member of KMG's Board of Directors, representative of Samruk-Kazyna

Member of KMG's Board of Directors since 2023

Date of birth: 1 April 1987

Education

- Moscow Institute of Physics and Technology, Department of General and Applied Mathematics, major in Applied Mathematics and Physics (Bachelor's Degree), 2004–2008
- Moscow Institute of Physics and Technology, Department of General and Applied Mathematics, major in Applied Mathematics and Physics (Master's Degree), 2008–2010

Experience

- 2007–2008: Ernst & Young (Moscow), Audit and Consulting Services, Technology and Security Services, positions: from Analyst to Senior Analyst
- 2008–2009: Ernst & Young (Moscow), Evaluation and Business Modelling, Analyst
- 2009–2012: NMC Tau-Ken Samruk, Investment Projects, Financial Institutions, positions: from Manager to the Head of Department
- 2012–2014: Samruk-Kazyna, Investment Projects, Chief Manager
- 2014–2016: Samruk-Kazyna Invest (seconded to Samruk-Kazyna), Head of Project Analysis for the Fund's Investment Operations
- 2016–2018: Samruk-Kazyna, Head of Project for the Department of New Project Development (management of growing portfolio companies)
- 2018–2019: Samruk-Kazyna, Head of Mining Assets Development, Department of Assets Development
- 2019–2019: Kazakhstan Investment Development Fund (KIDF) Management Company, Senior Analyst / VP, Private Equity
- 2019–2021: PlanetCare Management, Deputy CEO for Investments and Development
- 2021–2023: Kazakhstan Investment Development Fund (KIDF) Management Company, Deputy Chairman of the Management Board
- 2023 – present: Samruk-Kazyna, Co-Managing Director for Strategy and Asset Management

Other businesses/positions

- Since June 2023: member of the Board of Directors at NAC Kazatomprom
- Since May 2023: member of the Board of Directors at NC QazaqGaz
- Since June 2023: member of the Board of Trustees of the Construction Company corporate foundation

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

PHILIP HOLLAND

Member of KMG's Board of Directors, Independent Director

Member of KMG's Board of Directors since 2020

Date of birth: 25 December 1954

Education

- Bachelor of Science in Civil Engineering, University of Leeds (UK)
- Master of Science in Engineering/Construction Management, Cranfield Institute of Technology (UK)

Experience

- Philip graduated from the University of Leeds in 1976. After working for some time in the United Kingdom and Saudi Arabia, he joined Bechtel Corporation in 1980 and managed major oil and gas projects in a wide range of international locations.
- In 2004, he joined Shell as Vice President of projects, Shell Global Solutions.
- In 2009, Philip became Executive Vice President for Downstream Projects in Shell's newly formed projects and technology business.
- In 2010, he was appointed as Project Director for the Kashagan Phase 2 project in Kazakhstan and subsequently the Shell / Qatar Petroleum Al Karaana petrochemicals project.
- Since 2013, he has operated as an independent project management consultant. Philip is the Chairman of the Board of Directors at Velocys PLC, and Non-Executive Director and Chairman of the Safety, Climate and Risks Committee at EnQuest PLC.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

ARMANBAI ZHUBAYEV

Member of KMG's Board of Directors, Independent Director

Member of KMG's Board of Directors since 2023

Date of birth: 28 January 1977

Education

- Duquesne University (Pittsburgh, USA), Bachelor of Science in Business Administration (BSBA), 1997–1999
- Oxford University (UK), Master of Science in Comparative Social Policy, 2002–2003
- The University of California, Berkeley (USA), MBA, 2005–2007
- Certified Financial Analyst (CFA), since 2012

Experience

- 2006–2008: SAP (USA), Marketing Expert
- 2009–2010: McKinsey (Moscow, Russia), Consultant
- 2010–2012: Polymetal (Kazakhstan)
- 2012–2013: KPMG (Kazakhstan), Senior Manager
- 2013–2020: PwC (Kazakhstan), Senior Manager, Director
- 2020 – present: StrategyLab, a consulting firm, founder

Other businesses/positions

- Member of the Board of Directors at NAC Kazatomprom
- Member of the Board of Directors at Kazakhtelecom
- Member of the Board of Directors at Samruk-Energy

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

ARMAN ARGINGAZIN

Member of KMG's Board of Directors, Independent Director

Member of KMG's Board of Directors since 2023

Date of birth: 1 December 1978

Education

- Boston University School of Management (Boston, USA), Bachelor of Science in Business Administration, major in Corporate Finance, the dean's list (for academic excellence).

Experience

- 2000–2000: Halyk Bank, Financial Analyst
- 2001–2003: HSBC Bank Kazakhstan (Almaty), Relationship Manager, Staff Officer, Deputy Head of Business Development
- 2004–2006: ABN AMRO Bank Kazakhstan (Astana), Manager of a representative office in Astana / Deputy Vice President for Commercial Banking
- 2006: ABN AMRO Bank Kazakhstan (Astana), Manager of a representative office in Astana / Head of Metals and Mining
- 2006–2012: RBS Kazakhstan (Almaty), Head of Corporate Banking, member of the Management Board, Executive Director
- 2012–2021: UBS AG Representative Office (Almaty), Managing Director

Other businesses/positions

- NAC Kazatomprom, Chairman of the Board of Directors, Independent Director
- Kazakhstan Investment Development Fund, member of the Board of Directors

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

SAYA MYNSHARIPOVA

Member of KMG's Board of Directors, Independent Director

Member of KMG's Board of Directors since 2023

Date of birth: 19 October 1970

Education

- Kazakh State University of Economics (Almaty), 1987–1992
- Lomonosov Moscow State University Business School (Moscow), Executive MBA, 2008–2010
- Certified Independent Director, IoD Certificate, Institute of Directors, UK
- Auditor, state licence No. 0000174 issued by the Ministry of Finance of the Republic of Kazakhstan
- Tax Consultant, 1st Category

Experience

- 1995–2008: Auditor, Chief Accountant in commercial organisations
- 2008–2015: Head of Audit and Control at Sovereign Wealth Fund Samruk-Kazyna
- 2015–2018: Deputy Chair of the Management Board at NC Kazakhstan Engineering
- 2018–2023: Head of Tax Policy at AIFC Authority

Other businesses/positions

- Member of the Board of Directors at NC QazaqGaz, independent director
- Member of the Board of Directors at Samruk-Kazyna Construction, independent director

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

ASKAR SHAKIROV

Member of KMG's Board of Directors, senior independent director

Member of KMG's Board of Directors since November 2023

Date of birth: 2 February 1956

Education

- Institute of Asian and African Studies of Lomonosov Moscow State University, 1973–1978
- Candidate of Legal Sciences, 1985

Civil service rank

- Ambassador Extraordinary and Plenipotentiary

Experience

- 1978–1987: research fellow, postgraduate, senior inspector at the Academy of the USSR Ministry of Internal Affairs in the working group supporting the USSR representative to the UN Committee on Crime Prevention and Control
- 1987–1989: Desk officer, Foreign Relations Department of the USSR Ministry of Internal Affairs
- 1989–1992: Head of Kazakhstan Section at the All-Union Research and Development Institute of the USSR Ministry of Internal Affairs
- 1992–1995: Supervisor of Legal and Contracting, Deputy Head, Head of Legal and Contracting in the Ministry of Foreign Affairs of the Republic of Kazakhstan
- 1995–1996: Chargé d'affaires ad interim of the Republic of Kazakhstan in the Republic of Korea
- 1996–1996: Ambassador-at-Large of the Ministry of Foreign Affairs of the Republic of Kazakhstan
- 1996–1998: Deputy Minister of Foreign Affairs of the Republic of Kazakhstan
- 1998–2004: Ambassador Extraordinary and Plenipotentiary of the Republic of Kazakhstan to the Republic of India
- 2004–2006: Deputy Minister of Foreign Affairs of the Republic of Kazakhstan
- 2006–2007: Chairman of the Customs Control Committee under the Ministry of Finance of the Republic of Kazakhstan
- 2007–2019: Human Rights Commissioner in the Republic of Kazakhstan

Elected and parliamentary offices held

- Since 2019, Senator of the Parliament of the Republic of Kazakhstan
- 2019–2023: Deputy Chairman of the Senate
- 2020–2022: Chairman of the Board of Directors in the Foreign Policy Research Institute under the Ministry of Foreign Affairs of the Republic of Kazakhstan
- 2021–2023: Deputy Chairman of the Parliamentary Assembly of the Organisation for Security and Cooperation in Europe (OSCE PA), Special Representative of the OSCE PA on Sustainable Development Goals
- 2023–2023: Chairman of the Senate's Committee on International Relations, Defence and Security

Government awards and honorary titles

- Orders: Kurmet, Parasat
- Medals: 22, including Yeren Enbegi Ushin (Medal for Distinguished Labour)

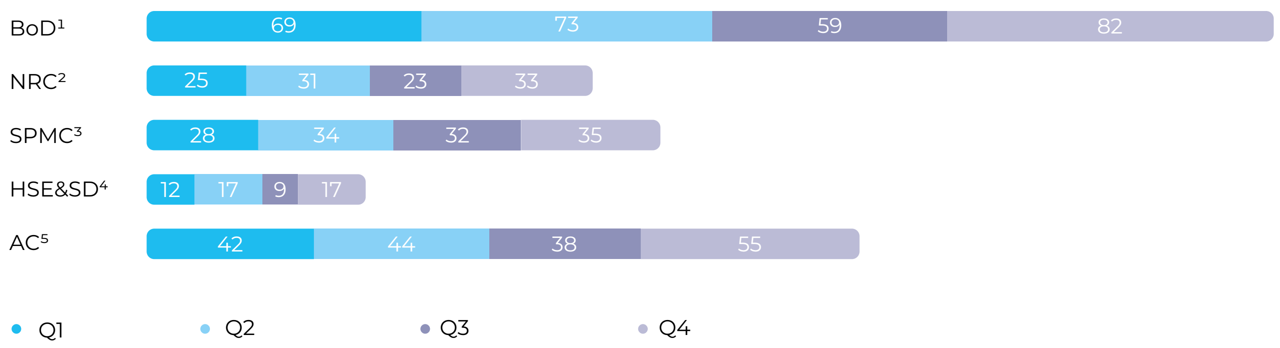
Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

BOARD ACTIVITIES DURING 2024

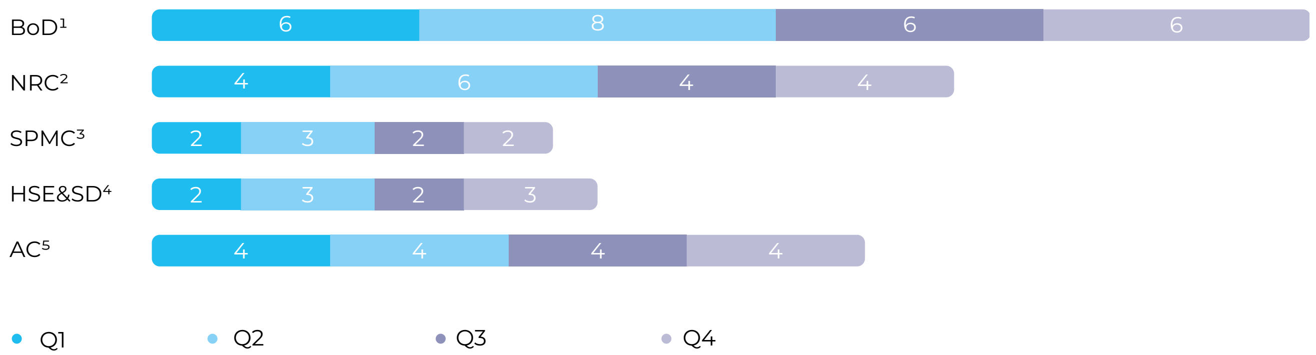
In 2024, the Board of Directors held 26 meetings and reviewed 283 matters. In 2024, the Board of Directors placed particular focus on ensuring financial stability, overseeing investment project management and sustainability issues, internal audit and risk management, developing management KPIs, as well as safety and well-being of employees.

Breakdown by committee:
- Nomination and Remuneration Committee (NRC): 18 meetings, 112 matters
- Strategy and Portfolio Management Committee (SPMC): 10 meetings, 129 matters
- Health, Safety, Environment and Sustainable Development Committee (HSE&SD): 10 meetings, 55 matters
- Audit Committee (AC): 16 meetings, 179 matters

Number of matters reviewed



Number of meetings



Matters reviewed by the Board of Directors in 2024, by category

Reports	• Report by the Chairman of KMG's Management Board on key changes in KMG's operations • Information on KMG's HSE activities • Updates on KMG's interim financial and operating results • Information on the status of implementation of KMG Group's investment projects • Reports by Board committee chairs • Information on the performance of the Board of Directors' committees in 2024 • Financial status of KMG International and KazMunayGas Trading • Report on messages received via the hotline • Report on interested-party transactions entered into by resolution of KMG's Management Board • Quarterly risk and financial risk report • Follow-up report on resolutions/instructions of the Board of Directors • Information on changes in the government strategy or policy • 2023 Progress Report on KMG's Consolidated Development Plan for 2023–2027
Strategic matters	• Transfer of subsoil use rights • Preliminary approval of KMG's standalone annual financial statements for 2023 • Consolidated business plan of KMG for 2025–2029 • Approval of KMG's corporate KPIs and their target values • Approval of the organisational structure of KMG's headquarters • Additions to the 2022–2031 Development Strategy of KMG • FY2023 and 1H 2024 Report on the Implementation of KMG's Development Strategy for 2022–2031 • Issues related to the implementation of investment projects • Approval of motivational KPI scorecards for KMG managers and KPI targets • Signing of oil procurement agreements and oil products sale and purchase agreements by KMG • KMG's bond issue and determination of terms and conditions for KMG's bonds • Guarantees provided by KMG to secure performance of obligations • Early redemption (buyback) of Global Medium-Term Notes due 2027 and determination of the early redemption (buyback) price • Procedure for the distribution of KMG's 2023 net profit and the amount of dividend per ordinary share of KMG • Approval of the Roadmaps to Divest KMG's Non-Strategic Assets, approval the List of KMG's Non-Strategic Assets • Relevance of KMG's Development Strategy for 2022–2031 • Consolidated Development Plan of KMG for 2025–2029 • Approval of KMG's Concept for Petrochemical Business Development until 2040
Corporate governance matters	• Convening of the General Meeting of Shareholders of KMG • Results of performance self-evaluation of the Board of Directors of KMG for 2023 • Approval of the Board of Directors' and the committees' activity plan and the schedule of meetings of the Board of Directors and the committees • Composition of the Board committees • Shareholder queries regarding the Company's and its officers' actions in 2023 and corresponding responses • Approval of KMG's 2023 Annual Report • Approval of KMG's 2023 Sustainability Report • Review of the Report on Progress against the Transformation Programme of KMG in 2018–2021 as verified by KMG's Internal Audit Service • Approval of amendments and additions to KMG's Charter • Sustainable development framework and ESG risk rating of KMG • Progress against the Low-Carbon Development Programme • Approval of amendments to the Professional Development Programme for Members of KMG's Board of Directors • Approval of KMG's 2060 Low-Carbon Development Programme • Approval of the Corporate Governance Improvement Plan for KMG in 2024–2025
Transaction matters	• Approval of interested-party transactions

1 Board of Directors.
2 Nomination and Remuneration Committee.
3 Strategy and Portfolio Management Committee.
4 Health, Safety, Environment and Sustainable Development Committee.
5 Audit Committee.

Matters related to subsidiaries and associates	• Election and termination of powers of managers and members of supervisory boards / boards of directors of subsidiaries and associates • Participation of KMG Green Energy LLP in the establishment of Mangistau Renewables B.V., a private company where KMG Green Energy LLP holds a 49% stake, jointly with Eni Energy Solutions B.V., and participation of KMG Green Energy LLP in the establishment of Mangistau Power B.V., a private company where KMG Green Energy LLP holds a 49% stake, jointly with Eni International B.V • Amending articles of associations of subsidiaries and associates • Approval of subsidiaries and associates' corporate KPIs • Acquisition and disposal of stakes in subsidiaries and associates • Extension of loans to subsidiaries and affiliates
Approval of internal regulations	• Approval of the new version of the Regulations on the Ombudsman Office of KMG • Approval of the new version of the Regulations on the Compliance Service of KMG • Approval of the new version of the Asset Divestment Rules of KMG • Approval of the Regulations for Consideration of Appeals Regarding Violations of the Laws of the Republic of Kazakhstan, Internal Documents of KMG and Its Subsidiaries and Associates that Directly or Indirectly Concern Anti-Corruption Matters • Approval of the new version of the Guidelines for KMG's Internal Audits • Approval of the new version of the Anti-Corruption Policy at KMG and its subsidiaries and associates • Approval of the new version of the Regulations on the Corporate Secretary of KMG • Approval of the new version of the Regulations on the Corporate Secretary Office of KMG • Approval of the new version of KMG's HR Policy • Amending the Regulations on the Audit Committee • Amending the Regulations on the Nomination and Remuneration Committee • Amending the Regulations on the Strategy and Portfolio Management Committee • Amending the Rules for Rendering Social Support to the Managers and Employees of the Internal Audit Service, Corporate Secretary Office, Compliance Service and Ombudsman Office of KMG
Appointments and compensation	• Early termination of powers and election of members of KMG's Management Board, determining the salaries payable to members of KMG's Management Board, remuneration terms, bonuses and social benefits • Determination of the salary, remuneration terms, bonuses and social benefits payable to the Chairman of KMG's Management Board • Imposition of disciplinary actions against Deputy Chairmen of the Management Board and Head of Internal Audit
Matters related to divisions of the Board of Directors	• Reports by the Corporate Secretary Office, Compliance Service, Internal Audit Service and the Ombudsman Office of KMG • HR matters of the Corporate Secretary Office, Compliance Service and Internal Audit Service • Approval of 2025 Activity Plans for the Compliance Office and the Ombudsman Office of KMG • Approval of the Annual Audit Plan of the Internal Audit Service for 2025

Strategic session in 2024

As part of the scheduled session held on 12 July 2024, the Board of Directors reviewed relevance of the KMG Development Strategy for 2022–2031, analysis of external factors and the status of KMG's strategy with respect to major oil and gas assets, as well as innovations and production enhancement technologies.

Board of Directors' meeting on sustainability

On 13 November 2024, the Board of Directors held its annual meeting on sustainable development and discussed the following important matters:
- sustainable development framework of KMG;
- market research of ESG rating agencies; S&P requirements and criteria;
- progress against the Low-Carbon Development Programme in 2023;
- approval of the 2060 Low-Carbon Development Programme.

Follow-up on KMG's key matters

To oversee the implementation of KMG's strategic initiatives and ensure timely corrective actions while keeping abreast of any critical issues that arise, the Board of Directors regularly considered the following during 2024:
- reports by the Chairman of KMG's Management Board on key changes in KMG's operations;
- information on KMG's HSE activities;
- updates on KMG's interim financial and operating results;
- reports on interested-party transactions entered into by resolution of KMG's Management Board;
- progress on the implementation of KMG's strategy, KPIs achievement, and investment projects;
- follow-up report on KMG's consolidated Development Plan;
- reports by Board committee chairs;
- follow-up reports on resolutions of the Board of Directors;
- performance reports submitted by units reporting to the Board of Directors.

Taking into account that KMG strives to adhere to best practices in corporate governance and recognises high corporate governance standards and transparency as key drivers of investment appeal and operational efficiency, boosting confidence among potential investors, counterparties, and other stakeholders, mitigating the risk of inefficient use of corporate resources and increasing KMG's market value and wealth, the Board of Directors maintained vigilant oversight over corporate governance practices throughout 2024.

In 2024, the Board of Directors approved the Corporate Governance Improvement Plan for KMG in 2024–2025, with progress against it reviewed by the Board of Directors on a quarterly basis.

According to the Company's Charter, the Board of Directors is a governing body accountable to the General Meeting of Shareholders, responsible for the overall governance of the Company's activities and oversight of the activities of the collective executive body, namely, the Management Board. Thus, through regular meetings and a clearly established procedure for interaction between the Board of Directors and the Management Board, the Company ensures that members of the Board of Directors are aligned with and promptly informed of the strategic vision of major shareholders.

Thus, the Board of Directors was actively involved in the Company's activities, including through prompt decision-making on matters essential for the Company's operations, while also providing KMG's management with directives and recommendations aimed at enhancing the efficiency of KMG's processes and projects.

Actual attendance by Board members at Board and committee meetings in 2024[1]

Member of the Board of Directors	Board and committee meetings in 2024				
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Strategy and Portfolio Management Committee	Health, Safety, Environment and Sustainable Development Committee
Magzum Myrzagaliyev[2]	8/12	–	–	–	–
Askhat Khassenov[3]	13/14	–	–	–	–
Yernat Berdigulov	25/26	–	–	–	–
Uzakbay Karabalin	25/26	–	–	9/10	10/10
Yelzhas Otynshiyev	25/26	–	–	0/10	–
Arman Argingazin	26/26	8/8	15/18	5/5	9/10
Philip Holland	25/26	14/16	18/18	10/10	–
Armanbai Zhubayev	26/26	16/16	–	5/5	10/10
Saya Mynsharipova	26/26	16/16	18/18	10/10	–
Askar Shakirov	26/26	–	15/16	9/9	–

PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

In accordance with the Code, the Board of Directors, its committees and members of the Board of Directors should be evaluated every year as part of a structured process approved by the Board of Directors. This process is in line with Samruk-Kazyna's relevant methodology. In addition, at least once every three years the performance evaluation process is run with the involvement of an independent professional organisation.

No independent evaluation of the Board of Directors' performance was conducted in 2024.

The most recent independent corporate governance diagnostic assessment, which included Board performance, was conducted in 2021 as part of an independent corporate governance review by PricewaterhouseCoopers LLP across eleven portfolio companies of Samruk-Kazyna, including KMG.

In accordance with the Code's requirements, in 2024, members of the Board of Directors conducted a self-evaluation through questionnaires about their performance in 2023. The self-evaluation questionnaire was developed by the Chairman of the Nomination and Remuneration Committee in cooperation with the Chairman of the Board of Directors. The questionnaire comprised two sections (Composition and Processes, Behaviour and Actions) and featured 30 questions. The self-evaluation results were previewed by the Nomination and Remuneration Committee, which recommended that the Chairman of the Board of Directors together with the Chairman of the Nomination and Remuneration Committee review the following aspects as part of the Board of Directors meeting when discussing the results of the self-evaluation of the Board of Directors' performance in 2023:

- diversity in all aspects;
- succession plan and procedure for electing members of the Board of Directors.

The report on self-evaluation of the Board of Directors' performance in 2023 (the "2023 Report") was presented and discussed at a closed meeting of the Board of Directors attended only by members of the Board of Directors and the Corporate Secretary. The discussion included an analysis of the Board members' self-evaluation results and a review of the skills and competencies scored below four points (out of a maximum of five) (the "areas for improvement").

Furthermore, the Board of Directors developed a Plan to Improve the Board of Directors' Performance to enhance the quality of its work across the areas for improvement.

In December 2024, the Board of Directors reviewed the matter of the Board of Directors' 2024 performance evaluation. Based on the review results, the Board of Directors decided to conduct an external evaluation of the Board of Directors, the Board Committees, the Chairman and individual Board members, as well as KMG's Corporate Secretary for 2024. This evaluation will be conducted by an independent consultant as part of the Company's corporate governance diagnostics programme (in accordance with the review methodology for corporate governance in legal entities in which 50% or more of the voting shares are owned directly or indirectly by Samruk-Kazyna) and will run alongside the external assessment of the Company's Internal Audit Service (in accordance with the International Standards for the Professional Practice of Internal Auditing), among other things to measure the performance and effectiveness of KMG's internal audit framework.

In February 2025, the Corporate Secretary, working together with the Head of the Internal Audit Service, developed a detailed technical specification for the procurement of consulting services in the field of KMG's corporate governance. This specification was subsequently reviewed by the Nomination and Remuneration Committee of the Board of Directors (regarding the evaluation of the Board of Directors, Board committees, Chairman, Board members and KMG's Corporate Secretary), the Audit Committee of the Board of Directors (regarding KMG's corporate governance diagnostics and the evaluation of the Internal Audit Service), and the Board of Directors.

[1] The first figure shows the number of meetings attended by a member of the Board of Directors, and the second figure is the total number of meetings they were entitled to attend.
[2] Stepped down from KMG's Board of Directors on 15 May 2024.
[3] Elected to KMG's Board of Directors on 28 May 2024.

CORPORATE SECRETARY

The Corporate Secretary's main role is ensuring regular communication between KMG and its shareholders as well as between shareholders and the Board of Directors, the Internal Audit Service, the Compliance Service, the Ombudsman, the Management Board and other bodies within KMG.

The Corporate Secretary's responsibilities include providing full support to the Board of Directors and its committees, assisting shareholders in making timely, high-quality corporate decisions; acting as an adviser to the Board members on any matter related to their roles or the applicability of the Code's provisions, and monitoring the implementation of the Code. The Corporate Secretary is responsible for improving corporate governance practices at KMG. The Corporate Secretary is a Company employee acting independently and reporting to the Board of Directors.

In 2024, the Regulations on the Corporate Secretary of KMG were fully updated.

DAMIR SHARIPOV

Nationality: Republic of Kazakhstan

Date of birth: 22 January 1980

Education

- Al-Farabi Kazakh National University (International Relations Department), majoring in international law;
- Russian Presidential Academy of National Economy and Public Administration, MBA programme, majoring in Management;
- Certified Corporate Secretary, certified trainer in corporate governance for corporate secretaries, trainer at Samruk Business Academy

Experience

- Between 2001 and 2007, he held various jobs working at the Tengiz field in the Atyrau Region.
- From 2007 to 2012, he worked at Development Bank of Kazakhstan, and from 2012 to 2014, he served in different capacities at KMG and KazTransGas.
- Since 5 January 2015, he has been Corporate Secretary at KMG.
- On 1 February 2019, Damir Sharipov was elected to the Corporate Secretaries Committee of the National Council for Corporate Governance at the Presidium of the National Chamber of Entrepreneurs of the Republic of Kazakhstan Atameken

COMMITTEES OF THE BOARD OF DIRECTORS

Members of the Board of Directors involved in the activities of the Board committees focus on an in-depth review and analysis of allied functions, issues and areas. Committee meetings involve invited experts, business leaders, and other stakeholders. Committees make recommendations to the Board of Directors to support its decision making. The majority of committee members are independent directors, with the chairs also being independent directors. In 2024, the Board of Directors decided to include non-voting experts in the Board of Directors' Nomination and Remuneration Committee, Strategy and Portfolio Management Committee, and Health, Safety, Environment and Sustainable Development Committee. For more details on the Board of Directors functions and objectives, see KMG's 2023 Annual Report, p. 238.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

In 2024, the Nomination and Remuneration Committee held 18 meetings and reviewed 112 matters.

Members as of 31 December 2024:
1. Philip Holland — Chairman of the Committee since September 2020;
2. Arman Argingazin — member of the Committee since June 2023.
3. Saya Mynsharipova — member of the Committee since August 2023.
4. Askar Shakirov — member of the Committee since February 2024.

Personnel management is essential to the Company's operational efficiency. The Nomination and Remuneration Committee makes recommendations to the Board of Directors on the matters within its remit relating to the appointment, remuneration, training and development of the Company employees. The key appointment principles require that candidates possess strong qualifications to perform their roles successfully and have the skills needed to pursue the Company's strategic goals in their area of responsibility.

18 meetings
held by the Nomination and Remuneration Committee

Key matters reviewed by the Committee in 2024

Succession planning	· Efforts targeting employees included in the Succession Plan for Key Positions within KMG Group (talent pools for A, B and C levels) (MANSAP) · Appointment of the Deputy Chairman of KMG's Management Board · Introducing amendments to the Regulations on the Management Board of KMG · Determination of the tenure, salary, remuneration terms, bonuses, and social benefits payable to the Chairman of KMG's Management Board · Determination of the number of members, election of a member of KMG's Management Board, determination of the salary, remuneration terms, bonuses, and social benefits payable to the Chairman of KMG's Management Board, and terms of appointment of the Chairman · Appointment of the First Deputy Chairman of KMG's Management Board · Early termination of office and election of a member and the chairman to KMG Engineering's Supervisory Board · Election of members of KMG's Management Board, determination of the salary, remuneration terms, bonuses, and social benefits payable to a member of KMG's Management Board, approval of a joint appointment to KMG's subsidiary KazMunayGas Exploration Production · Early termination of office of a member of the Supervisory Board of Kazmortransflot and election of a member of the Supervisory Board of Kazmortransflot · Appointment of the Director of the Digital Development Department of KMG · Appointment of KMG's Head of Staff · Secondment to major oil and gas projects of KMG · Appointment of an officer of KMG's Corporate Secretary Office · Selection of candidates for the Head of the Compliance Service of KMG · Grading KMG's roles and positions · Determination of KMG's position as a shareholder of KazTransOil for voting at the Extraordinary General Meeting of Shareholders of KazTransOil (on matters concerning determining the number of members and tenure of the Board of Directors of KazTransOil, election of its members, determination of the salary and terms of remuneration and reimbursement of expenses payable to certain members of the Board of Directors of KazTransOil for the performance of their duties) · Election of a senior independent director of the Board of Directors of KMG
Ongoing and effective performance evaluation	· Results of the self-evaluation of KMG's Board of Directors in 2023 · Actual performance against KPIs and motivational KPI scorecards for KMG executives for 2023 · Monitoring of performance against motivational KPIs for KMG executives · Corporate KPIs / motivational KPI scorecard for the Chairman of KMG's Management Board and targets for 2024, as well as updated motivational KPI scorecards for KMG executives and targets for 2024, along with a motivational KPI scorecard for the First Deputy Chairman of KMG's Management Board and targets for 2024 · Approval of a 2024 motivational KPI scorecard and targets for the Corporate Secretary · Approval of corporate KPIs / motivational KPI scorecard for the Chairman of KMG's Management Board and targets for 2025, as well as motivational KPI scorecards for KMG executives and targets for 2025 · Approval of a 2025 motivational KPI scorecard and targets for the Ombudsman · Approval of a 2025 motivational KPI scorecard and targets for the Corporate Secretary · Approval of corporate KPIs and targets of KMG Engineering (motivational KPIs for the CEO (Chairman of the Management Board) at KMG Engineering) for 2024 · Performance report of the Ombudsman for 2023 · Plan to Improve the Board of Directors' Performance based on the Board's self-evaluation for 2023 · Approval of the actual performance against corporate KPIs (motivational KPIs for the CEO (Chairman of the Management Board) at KMG Engineering for 2023 and payment of remuneration to the CEO (Chairman of the Management Board) of KMG Engineering for 2023 · Establishing additional pay to the First Deputy Chairman of the Management Board of KMG for holding several positions concurrently
Maintenance of an effective HR policy and an effective pay and remuneration framework	· Approval of the organisational structure of KMG's headquarters · Approval of amendments to the salary grid for the Chairman and members of the Management Board · Approval of the job description of the First Deputy Chairman of the Management Board · Salaries for employees of the Internal Audit Service, Compliance Service, Ombudsman Heading the Ombudsman Office, and Corporate Secretary Service · Amendments to the Rules for Rendering Social Support to the Managers and Employees of the Internal Audit Service, Corporate Secretary Office, Compliance Service and Ombudsman Office · Payment of bonuses to Head of Compliance, Corporate Secretary, and Ombudsman for their performance in 2022 · Remuneration payment to KMG executives for 2023 · Determination of the 2023 bonuses payable to the Corporate Secretary and Ombudsman · Approval of a new version of the Regulations on the Ombudsman Office · Approval of a new version of the Regulations on the Corporate Secretary and the Regulations on the Corporate Secretary Service · Approval of a new version of the job description of the Ombudsman Heading the Ombudsman Office · Amendments to the Professional Development Programme for Members of KMG's Board of Directors for 2023–2024 · Amendments to the Remuneration Rules for the Employees of the Internal Audit Service, Corporate Secretary Office, Compliance Service, and Ombudsman Office · Approval of the new version of KMG's HR Policy · Ombudsman's annual performance report for 2024 (report of the Ombudsman Office on performance and progress against the plan for 2024) · Approval of the activity plan of the Ombudsman Office for 2025

Attendance of the Committee's meetings by its members in 2024

Meeting No. and date / Committee member	1/2024, 30–31 Jan	2/2024, 6 Feb	3/2024, 5 Mar	4/2024, 29 Mar	5/2024, 9 Apr	6/2024, 14 May	7/2024, 15 May	8/2024, 28 May	9/2024, 3 Jun	10/2024, 7 Jun	11/2024, 4 Jul	12/2024, 26–29 Jul	13/2024, 10 Sep	14/2024, 16–17 Sep	15/2024, 2 Oct	16/2024, 5 Nov	17/2024, 11 Nov	18/2024, 19–20 Dec	Participation, %
Philip Holland	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	100
Arman Argingazin	-	+	+	+	+	+	+	-	+	+	+	+	+	+	+	+	-	+	83
Saya Mynsharipova	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	100
Askar Shakirov			+	+	+	+	+	+	+	+	+	+	+	+	+	+	-	+	94

REPORT OF THE STRATEGY AND PORTFOLIO MANAGEMENT COMMITTEE

In 2024, the Strategy and Portfolio Management Committee held 10 meetings and reviewed 129 matters.

129 matters
considered at the meetings of the Strategy and Portfolio Management Committe

Members as of 31 December 2024:

1. Arman Argingazin – Chairman of the Committee since June 2024;
2. Philip Holland – member of the Committee since June 2022;
3. Uzakbay Karabalin – member of the Committee since August 2017;
4. Yelzhas Otynshiyev – member of the Committee since July 2023;
5. Saya Mynsharipova – member of the Committee since August 2023.
6. Askar Shakirov – member of the Committee since February 2024.

Attendance of the Committee's meetings by its members in 2024

Meeting No. and date / Committee member	1/2024, 6 Feb	2/2024, 5 Mar	3/2024, 9 Apr	4/2024, 14 May	5/2024, 4 Jun	6/2024, 4 Jul	7/2024, 12 Sep	8/2024, 2 Oct	9/2024, 5 Nov	10/2024, 19 Dec	Participation, %
Armanbai Zhubayev	+	+	+	+	+	Resigned from the Committee					100
Arman Argingazin	Not a member of the Committee					+	+	+	+	+	100
Uzakbay Karabalin	+	+	+	+	+	+	-	+	+	+	90
Philip Holland	+	+	+	+	+	+	-	+	+	+	100
Saya Mynsharipova	+	+	+	+	+	+	+	+	+	+	100
Askar Shakirov		+	+	+	+	+	+	+	+	+	100
Yelzhas Otynshiyev	-	-	-	-	-	-	-	-	-	-	0

Key matters reviewed by the Committee in 2024

Development strategy, including priority areas	• The 2023 Progress Report on the Development Strategy of KMG for 2022–2031 • The 1H 2024 Progress Report on the Development Strategy of KMG for 2022–2031 • Amendments to the 2031 Development Strategy of KMG regarding introduction of AI-based technologies • Innovations and production enhancement technologies • KMG's Concept for Petrochemical Business Development
Improving investment appeal	• Progress in implementing KMG Group's investment projects in 2023 • Approval of the increase in the cost of the Future Growth Project / Wellhead Pressure Management Project investment project of Tengizchevroil
Effective financial and business planning	• The 2023 Progress Report on the Consolidated Development Plan of KMG for 2023–2027 • Approval of the Consolidated Development Plan of KMG for 2025–2029 • KMG's provision of financial aid to KPI Inc. • Approval of the Integrated Gas Chemical Complex Construction (Phase 2 – Polyethylene Production) investment project in the Atyrau Region, with its separate (next) stage involving investments by KMG and/or entities where KMG directly or indirectly holds voting stock or equity stakes and the value of such investments exceeding the threshold equivalent of 200,000,000 (two hundred million) US dollars denominated in tenge at the exchange rate set in the macroeconomic forecast (baseline scenario) for the relevant period • Approval of the conclusion by Ozenmunaigas and KMG Green Energy of transactions resulting in the (potential) acquisition or disposal of property the value of which exceeds the threshold equivalent of 200,000,000 (two hundred million) US dollars denominated in tenge at the exchange rate set in the macroeconomic forecast (baseline scenario) for the relevant period • Information on the non-fulfilment of the CAPEX plan to maintain current production in Exploration and Production along with analytical information on the reasons for deviations
Asset portfolio management	• Approval of the Roadmaps to Divest Non-Strategic Assets • Approval of a new version of the Asset Divestment Rules of KMG • Approval of the List of KMG's Non-Strategic Assets for Divestment • Transfer of interests in Tengizchevroil LLP, KMG Karachaganak LLP and Kalamkas-Khazar Operating LLP held by KMG by right of ownership to KMG Kashagan B.V. for trust management • Participation of KMG Green Energy LLP in the establishment of Mangistau Renewables B.V., a private company where KMG Green Energy LLP holds a 49% stake, in the Netherlands jointly with Eni Energy Solutions B.V., and participation of KMG Green Energy LLP in the establishment of Mangistau Power B.V., a private company where KMG Green Energy LLP holds a 49% stake, in the Netherlands jointly with Eni International B.V. • Approval of KMG Barlau's obtaining of subsoil exploration licences for the Southern Shu-Sarysu, Shygys, and Bereke blocks

REPORT OF THE AUDIT COMMITTEE

In 2024, the Audit Committee held 16 meetings and reviewed 179 matters.

179 matters
considered at the meetings of the Audit Committee

Members as of 31 December 2024:
1. Armanbai Zhubayev – Chairman of the Committee since June 2024;
2. Philip Holland – member of the Committee since September 2020;
3. Saya Mynsharipova – member of the Committee since August 2023.

Key matters reviewed by the Committee in 2024

Internal audit	· Review and preliminary approval of quarterly reports on the Internal Audit Service's performance · Review of the report on the execution of the Internal Audit Service's budget for 2023 · Review of reports on inspections into violations reflected in letter of the Prime Minister of the Republic of Kazakhstan Alikhan Smailov No. 11-19/B-1762 KBP LP dated 12 December 2023 and into instances of failure to comply with instruction of the First Deputy Prime Minister of the Republic of Kazakhstan Roman Sklyar No. 11-19/071121, item 1.5, in accordance with an instruction of the Board of Directors of KMG · Review of the Internal Audit Service's performance report for 2023 · Amendments to the Annual Audit Plan of the Internal Audit Service for 2024 · Review of the report on an ad hoc audit of certain operational matters of Karazhanbasmunai in accordance with an instruction of the Board of Directors of KMG · Review of the report of the Internal Audit Service on verifying the progress against KMG's Transformation Programme · Review of matters related to the establishment of internal audit services at Ozenmunaigas and Embamunaigas and audit commissions at certain limited liability partnerships within KMG Group · Approval of the 2023 actual performance of the Head of the Internal Audit Service against motivational KPIs · Determination of the 2023 bonus payable to the Head of the Internal Audit Service · Informing the Internal Audit Service of KMG about participation in ad hoc audits of companies in the Mangistau Region · Determination of the salaries of the Internal Audit Service employees · Review of job descriptions of the Internal Audit Service staff · Early termination of powers / extension of agreements / appointments of the Internal Audit Service staff · Report on the results of an audit of existing agreements and project documents related to the reconstruction of trunklines of KazTransOil and Main Waterline · Approval of the Annual Audit Plan of the Internal Audit Service for 2025 · Review of information on the operations of the Internal Audit Service of KMG · Approval of the Internal Audit Service's budget for 2025 · Approval of KPIs for the Head of the Internal Audit Service for 2025
Accounting and external audit	· Review and preliminary approval of KMG's interim financial statements · Review and discussion with the external auditor of the results of the 2023 audit and a list of all related services rendered or planned to be rendered by the same to KMG, and assessment of whether these related services affect the auditor's independence · Approval of KMG's consolidated financial statements for the year ended 31 December 2023 · Preliminary approval of KMG's standalone annual financial statements for 2023 · Approval of information on audit and non-audit services rendered by Ernst & Young LLP and other companies and on audit and non-audit services rendered by Ernst & Young LLP and other companies that are part of Ernst & Young Global Limited to KMG and its subsidiaries in 2023 and of information on non-audit services permitted to be rendered by Ernst & Young Global Limited to KMG and its subsidiaries in 2023 · Approval and submission for consideration by the General Meeting of Shareholders of KMG of the matter concerning the selection of the auditor for KMG's financial statements for 2025–2029 and determination of the auditor's fee · Progress report on the implementation of the action plan to fulfil recommendations issued by KMG's independent auditor Ernst & Young LLP based on the results of the audit of the consolidated financial statements of KMG for 2022, and the action plan to fulfil recommendations issued by KMG's independent auditor Ernst & Young LLP based on the results of the audit of the consolidated financial statements of KMG for 2023 · Update on the transition from the current external auditor of KMG, Ernst & Young LLP, to the new external auditor, PricewaterhouseCoopers LLP · Amendments to KMG's Policy for Engaging Audit Organisations · Approval of non-audit services provided by KMG Group's external auditor · Review and discussion with the external auditor of a report for planning the audit of KMG for 2024
Internal control and risk management	· Progress in implementing internal controls and a business continuity management system at KMG and its subsidiaries (on a quarterly basis) · Information on risk management in exploration-stage investment projects · Approval of KMG's risk appetite statement, risk register and risk management action plan, risk map, risk tolerance levels, and register of key risk indicators for 2024 · Approval of KMG's quarterly risk reports · Approval of KMG's financial risk reports · Review of a report by the Head of the Risk Management and Internal Control Service on performance of internal controls of KMG and its subsidiaries · Review of KMG's risk appetite statement, risk register and risk management action plan, risk map, risk tolerance levels, and register of key risk indicators for 2025 · Setting KMG's internal limits on balance sheet and off balance sheet liabilities for partner banks for 2025

Corporate governance	· Approval of the report on compliance with the principles and provisions of KMG's Corporate Governance Code for 2023 · Review of the Corporate Governance Improvement Plan for KMG in 2024–2025 · Update on the preparation for KMG's annual General Meeting of Shareholders · Review of the convocation of KMG's Annual General Meeting of Shareholders · Preliminary approval of KMG's 2023 Annual Report · Review of the approval of a new version of KMG's Corporate Governance Code · The Audit Committee's performance report for 2023 · Review of shareholder queries regarding the Company's and its officers' actions in 2023 and corresponding responses · Making changes to the Counting Commission of KMG's General Meeting of Shareholders · Amendments to a resolution of KMG's Board of Directors · Review of the report on progress under item 2.1 (IT architecture) of the Action Plan on Risks and Recommendations Based on Comprehensive IT Review of KMG · Amendments to KMG's Charter approved by the General Meeting of Shareholders' resolution dated 30 May 2023 (Minutes No. 2\2023, item 5) · Amendments to the Regulations on the Audit Committee · Report on KMG's cyber security efforts to date · Approval of the Audit Committee's activity plan for 2025 · Update on the preparation of KMG's 2024 Annual Report · Quarterly information on the financial status of KMG International N.V. and KMG Trading AG – ability of these companies to secure financing and make payments to oil-producing companies of KMG Group · TargetAI platform pilot project at Ozenmunaigas facilities · Assessment report on IT maturity of KMG's subsidiaries and associates · Report on evolution of the IT maturity of KMG Group · Cost of information technology broken down by KMG subsidiary and associate
Compliance	· Review of the annual performance report of the Compliance Service for 2023 · Quarterly performance reports of the Compliance Service and reports on submissions received via the hotline · Approval of a new version of the Regulations on the Compliance Service of KMG · Extension of the List of Documents Regulating KMG's Internal Affairs and Approval of the Regulations for Consideration of Appeals Regarding Violations of the Laws of the Republic of Kazakhstan, Internal Documents of KMG and Its Subsidiaries and Affiliates that Directly or Indirectly Concern Anti-Corruption Matters · Review of job descriptions of the Head/staff of the Compliance Service of KMG · Amendments to the Regulations on the Compliance Service · Approval of the activity plan of the Compliance Service for 2025 · Approval of a motivational KPI scorecard and targets for 2025 for the Head of the Compliance Service
Interested-party transactions	· Quarterly reports on interested-party transactions entered into by resolution of KMG's Management Board · Conclusion by KMG of an interested-party transactions by sending a letter of consent of KMG approving amendments to the Agreement on the Establishment of Tengizchevroil Limited Liability Partnership in the Republic of Kazakhstan dated 2 April 1993 between KMG, Chevron Overseas Company, ExxonMobil Kazakhstan Ventures Inc. and Lukoil International GmbH, and to the Agreement on the Tengizchevroil Project in the Republic of Kazakhstan dated 2 April 1993 between the Republic of Kazakhstan, Tengizchevroil, KMG, Chevron Overseas Company, ExxonMobil Kazakhstan Ventures Inc. and Lukoil International GmbH · Conclusion by KMG of an interested-party transaction: Addendum No. 3 to the Raw Material Supply Agreement (in connection with the supply of products of Tengizchevroil to the integrated petrochemical complex to be built in the Atyrau Region) dated 31 March 2008 · Conclusion by KMG of an interested-party transaction: agreement on the financing of research and development efforts related to the creation of titanium-based alloys for hydrogen storage and transportation, signed between KMG, KMG Engineering and the Samgau Centre for Scientific and Technological Initiatives · Conclusion by KMG of interested-party transactions: Agreement No. 2 between Grace Netherlands B.V., KMG, Samruk Kazyna Ondeu and W. R. Grace & Co. to the Framework Agreement dated 16 January 2018 between Grace Netherlands B.V., KMG and United Chemical Company LLP; Addendum No. 1 between Grace Netherlands B.V., KMG and W. R. Grace & Co.-Conn. to the Memorandum of Association of Grace Kazakhstan Catalysts dated 10 May 2018 between Grace Netherlands B.V. and KMG · Conclusion by KMG of an interested-party transaction: Project Documentation Sale and Purchase Agreement between KMG and Karaton Operating · Conclusion by KMG of an interested-party transaction: Agreement on Subordination and Security Assignment of Claims between KPI Inc., KMG, SIBUR Holding, China Development Bank, and Industrial & Commercial Bank of China (Almaty) · Conclusion by KMG of an interested-party transaction: licence agreement on procurement of services for the provision of licensed materials between KMG and Caspi Bitum · Conclusion by KMG of an interested-party transaction: licence agreement on procurement of services for the provision of licensed materials between KMG and PetroKazakhstan Oil Products · Conclusion by KMG of an interested-party transaction: Subordination Agreement between Air Liquide Munay Tech Gases (as a subordinated debtor), Air Liquide Eastern Europe and KMG (as initial subordinated creditors), Abu Dhabi Commercial Bank PJSC (as a collateral agent) and the entities listed in Annex 1 to the Agreement (as initial first priority creditors).
Review of the reports of local authorities (including tax authorities), external and internal auditors and KMG's management on compliance with laws	· Information on investigations and/or checks of KMG's subsidiaries and/or associates and/or their employees initiated by government agencies with respect to corruption offences and/or crimes

Attendance of the Committee’s meetings by its members in 2024

Meeting No. and date / Committee member	1/2024, 5 Feb	2/2024, 4 Mar	3/2024, 12 Mar	4/2024, 26 Mar	5/2024, 8 Apr	6/2024, 13 May	7/2024, 17 May	8/2024, 3 Jun	9/2024, 3 Jun	10/2024, 15 Aug	11/2024, 9–10 Sep	12/2024, 20 Sep	13/2024, 1 Oct	14/2024, 4–5 Nov	15/2024, 19 Nov	16/2024, 18 Dec	Participation, %
Arman Argingazin	+	+	+	+	+	+	+	+	Resigned from the Committee								100
Armanbai Zhubayev	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	100
Philip Holland	+	+	+	+	+	+	+	+	-	+	+	+	+	+	+	-	88
Saya Mynsharipova	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	100

REPORT OF THE HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABLE DEVELOPMENT COMMITTEE

In 2024, the Health, Safety, Environment and Sustainable Development Committee held ten meetings and reviewed 55 matters.

Members as of 31 December 2024:
1. Armanbai Zhubayev – Chairman of the Committee since June 2023;
2. Uzakbay Karabalin – member of the Committee since May 2019;
3. Arman Argingazin – member of the Committee since June 2023.

Key matters reviewed by the Committee in 2024

Health, Safety and Environment	· Health, safety and environment report · Progress against activities under KMG’s Low-Carbon Development Programme for 2022–2031 · Accident investigation reports
Sustainable development and ESG ratings	· KMG’s ESG (Environmental, Social, Governance) score · Approval of an action plan to improve KMG’s ESG risk rating · KMG’s contribution to the achievement of the Sustainable Development Goals of the United Nations

Attendance of the Committee’s meetings by its members in 2024

Meeting No. and date / Committee member	1/2024, 5 Feb	2/2024, 4 Mar	3/2024, 8 Apr	4/2024, 13 May	5/2024, 3 Jun	6/2024, 3 Jul	7/2024, 9 Sep	8/2024, 1 Oct	9/2024, 4 Nov	10/2024, 18 Dec	Participation, %
Armanbai Zhubayev	+	+	+	+	+	+	+	+	+	+	100
Uzakbay Karabalin	+	+	+	+	+	+	+	+	+	+	100
Arman Argingazin	+	+	+	+	+	+	-	+	+	+	90

MANAGEMENT BOARD

MEMBERSHIP OF THE MANAGEMENT BOARD

Membership of the Management Board as of 31 December 2024

ASKHAT KHASSENOV
Chairman of the Management Board

KURMANGAZY ISKAZIYEV
First Deputy Chairman of the Management Board

BEKZAT ABAIYILDANOV
Deputy Chairman of the Management Board

RUSLAN BALYKBAYEV
Deputy Chairman of the Management Board

SERIKKALI BREKESHEV
Deputy Chairman of the Management Board

BULAT ZAKIROV
Deputy Chairman of the Management Board

ASSET MAGAUOV
Deputy Chairman of the Management Board

DASTAN ABDULGAFAROV
Deputy Chairman of the Management Board

DIANA ARYSSOVA
Deputy Chairperson of the Management Board

VASILY LAVRENOV
Deputy Chairman of the Management Board

Membership of the Management Board as of the time of approving the 2024 Annual Report

ASKHAT KHASSENOV
Chairman of the Management Board

KURMANGAZY ISKAZIYEV
First Deputy Chairman of the Management Board

BEKZAT ABAIYILDANOV
Deputy Chairman of the Management Board

RUSLAN BALYKBAYEV
Deputy Chairman of the Management Board

KAZBEK KUSAINOV
Deputy Chairman of the Management Board

BULAT ZAKIROV
Deputy Chairman of the Management Board

ASSET MAGAUOV
Deputy Chairman of the Management Board

DASTAN ABDULGAFAROV
Deputy Chairman of the Management Board

DIANA ARYSSOVA
Deputy Chairperson of the Management Board

SHAFKAT KUDABAYEV
Deputy Chairman of the Management Board

Biographies of the Management Board members

ASKHAT KHASSENOV

Chairman of the Management Board

Date of birth: 13 October 1983

Education

- Oil and Gas Well Drilling, Kanysh Satpayev Kazakh National Technical University
- Management, University of International Business

Experience

- Askhat Khassenov started his career in 2005 as a 3rd grade oil and gas production operator at Turgai Petroleum (Kyzylorda).
- In 2006–2010, he worked in Main Dispatching Department of Oil and Gas Industry as the leading and chief expert, head of Monitoring for Oil and Gas Field Development, deputy director and director of the department, and vice-president.
- In 2011–2019, Askhat Khassenov continued his career in the Ministry of Oil and Gas of the Republic of Kazakhstan where he was first head of the Department of State Inspection and Permit Issuance under the Committee for State Inspection in the Oil and Gas Industry, and then head of the Department of Petrochemical and Technical Regulation.
- From 2019 to 2022, he was Deputy Chairman of the Management Board at KLPE LLP.
- In 2022–2024, Askhat Khassenov served as the Vice-Minister of Energy of the Republic of Kazakhstan. In this role, he oversaw subsoil use and petrochemical development, while also chairing the Central Commission for Exploration and Development of Hydrocarbon Reserves.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

KURMANGAZY ISKAZIYEV

First Deputy Chairman of the Management Board

Date of birth: 11 May 1965

Education

- Mining Engineering and Geology, Lenin Kazakh Polytechnic Institute
- Post-doctoral degree in Geological and Mineralogical Sciences

Experience

- In 1985, Kurmangazy Iskaziyev started his career as an operator at the Embaneft production association.
- In 2006–2024, he held various positions, heading Embamunaigas, KazMunayGas Exploration Production, KMG Representative Office in Aktau, and Kalamkas-Khazar Operating.
- Throughout years, he held various roles at KMG, including Executive Director for Oil and Gas Production, Managing Director for Geology, Geophysics and Reservoirs, Chief Geologist, Managing Director for Non-Operating Assets, Deputy Chairman of the Management Board for Exploration, Production and Oilfield Services, and Deputy Chairman of the Management Board for Geology and Exploration.
- Kurmangazy Iskaziyev is a winner of the Al-Farabi State Prize in the field of science and technology and a holder of the Order of Kurmet (the Order of Honour).
- Since 17 May 2024, he has been serving as the First Deputy Chairman of the Management Board at KMG.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

BEKZAT ABAIYILDANOV

Deputy Chairman of the Management Board

Date of birth: 16 August 1976

Education

- Management and Production Setup, Development and Operation of Oil and Gas Fields, Kanysh Satpayev Kazakh National Technical University

Experience

- In 1999–2000, Bekzat Abaiyildanov worked as a 1st category planning engineer, production rate expert in the well servicing workshop and assistant operator for well servicing at Oil and Gas Production Department No. 1, branch of UzenMunayGas.
- In 2000–2002, he held the positions of Chief Planning Engineer and Head of Planning, Labour and Wages in the Experimental Production Department, production branch of UzenMunayGas.
- In 2003–2004, Bekzat Abaiyildanov served as Head of Asset Management, Deputy Head of the Control and Analytics Department, and Head of the Control and Analytics Department at UzenMunayGas.
- In 2004–2005, he was Head of Finance at Ozenmunaigas, branch of KMG EP.
- In 2005–2007, Bekzat Abaiyildanov served as director at Shinjir.
- In 2007–2008, he worked as the first deputy head of the representative office at Arnaoil.
- In 2008–2009, he held the role of CEO at JV Matin.
- In 2009–2016, Bekzat Abaiyildanov was CEO and Chairman of the Management Board at Caspi Neft.
- In 2016–2017, he served as the Deputy CEO for Production at KMG EP.
- In 2017–2018, he continued to work as the Deputy CEO for Production at KMG EP, while also taking on the role of CEO at Ozenmunaigas.
- In 2018–2020, Bekzat Abaiyildanov held the position of advisor to the Chairman of KMG's Management Board.
- In 2020–2021, he served as the Deputy CEO for Resource Development and Technical Policy and the Deputy Chairman of the Management Board for Geological Exploration and Production at KazTransGas.
- In 2020–2022, he held the role of a part-time CEO at OtanGas.
- Since 2024, Bekzat has been an advisor to the Director at EMG Stroiservice.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

RUSLAN BALYKBAYEV

Deputy Chairman of the Management Board

Date of birth: 7 April 1987

Education

- Development of Oil and Gas Fields, Kazakh-British Technical University
- In 2010, Ruslan Balykbayev completed a master's degree at the Polytechnic University of Turin (Italy), earning a Master of Science in Petroleum Engineering

Experience

- In 2010, Ruslan Balykbayev worked in the National Agency for the Development of Local Content (NADLoC) under the Ministry of Industry and New Technologies of the Republic of Kazakhstan.
- In 2011–2013, he was employed as an engineer at Agip Kazakhstan North Caspian Operating Company N.V. (Agip KCO).
- In 2013–2024, he held various positions at PSA, including manager, chief manager, director of the Technical Department and general manager for the North Caspian Project (member of the Management Board).
- In July 2024, he was appointed Deputy Chairman of KMG's Management Board.
- Recipient of the Yeren Enbegi Ushin Medal (For Distinguished Labour) and the Honoured Worker of the Oil and Gas Industry Badge.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

SERIKKALI BREKESHEV

Deputy Chairman of the Management Board

Date of birth: 14 October 1972

Education

- Oil and Gas Development, Mining Engineer, Aktau Polytechnic Institute

Experience

- Serikkali Brekeshev started his career at JV Kazakhstan-Russian Trading House.
- In 1997, he worked as an inspector in the Tax Department of Aktau.
- In 1997–1998, he was an engineer in the Special Machinery and Spare Parts Department and the Piping and Metalware Department at Munai-Germes, a procurement and sales branch of Mangistaumunaigas.
- In 1998–2006, he worked at KarakudukMunai as a field engineer, oilfield foreman and field manager.
- In 2007–2010, Serikkali Brekeshev was the Head of Petroleum Project Monitoring, Regulatory and Technical Policy in the Petroleum Industry Department, Deputy Director of the Gas Industry Development Department in the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.
- In 2010–2014, he was the Director of the Gas Industry Development Department in the Ministry of Oil and Gas of the Republic of Kazakhstan.
- In 2014–2015, he was the Deputy CEO of BNG Ltd.
- In 2015–2020, he served in several roles at KazTransGas, including as the Director of the Technical Policy Department, Managing Director for GTP, Managing Director for Technical Policy, Deputy CEO for Resource Development and Technical Policy.
- In 2020–2023, Serikkali Brekeshev was the Vice-Minister, Minister of Ecology, Geology and Natural Resources of the Republic of Kazakhstan.
- Since February 2023, he has been serving as Deputy Chairman of KMG's Management Board.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

BULAT ZAKIROV

Deputy Chairman of the Management Board

Date of birth: 16 July 1976

Education

- International Monetary and Financial Relations, Kazakh State Academy of Management; Oil and Gas Economics, University of Dundee (Scotland)

Experience

- In 1999–2009, Bulat Zakirov worked at KazTransOil as an expert of the Strategic Planning Department, a manager of the Project Management Department, the Chief Manager, the Deputy Director and subsequently the Director of the Transport Logistics Department, the Director of the Advanced Development Department, and the Deputy CEO for Development.
- In 2009–2011, he was the Deputy CEO and CEO of KMG-Transcaspian.
- In 2012–2016, he worked at KazTransOil as the Advisor to the CEO, Managing Director for Production, Deputy CEO for Development, and Managing Director for Assets.
- In 2016–2018, Bulat Zakirov was the Advisor to the CEO of KMG Systems & Services.
- Since 2018, he has been serving as Director of the Oil Transportation Department, Head of Oil Transportation at KMG.
- Since May 2022, he has been Deputy Chairman of KMG's Management Board for Oil Transportation, International Projects and Sary-Arka Gas Pipeline Construction.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

ASSET MAGAUOV

Deputy Chairman of the Management Board

Date of birth: 28 November 1972

Education

- Economics and Management in the Energy Sector, Gubkin State Academy of Oil and Gas

Experience

- In 1994–1998, Asset Magauov worked as an economist, 2nd category economist and deputy head of department at Tenizmunaigas.
- In 1998–2001, he held various positions in the Ministry of Energy, Industry and Trade of the Republic of Kazakhstan, including Deputy Head of Division, Head of Division, Deputy Director of the Tax and Tariff Policy Department and Deputy Director of the Department for Management of State Assets.
- From February 2001 to October 2001, he worked as the chief manager at NOC Kazakhoil.
- In 2001–2002, he was the deputy director at NC Oil and Gas Transportation.
- In 2002–2004, Asset Magauov served as a deputy director and director of a department at KMG.
- In 2004–2006, he held the position of Deputy CEO at Tengizchevroil.
- In 2006–2008, he worked as a managing director for JV share management at KMG.
- In 2008–2010, Asset served as a Vice-Minister in the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan.
- In 2010–2011, he held the position of Vice-Minister in the Ministry of Oil and Gas of the Republic of Kazakhstan.
- In 2011–2012, he worked as the CEO at Mangistaumunaigaz.
- In 2012–2016, he held the role of CEO at the KAZENERGY Association.
- In 2016–2017, he served as a Vice-Minister in the Ministry of Energy of the Republic of Kazakhstan.
- In 2017–2019, he was once again CEO at the KAZENERGY Association.
- In 2019–2023, Asset was as a Vice-Minister in the Ministry of Energy of the Republic of Kazakhstan.
- In 2023–2024, he worked as an external advisor to the Minister of Energy of the Republic of Kazakhstan.
- Since 2024, he has been serving as the CEO of the International Centre for Development of Oil and Gas Machine Building.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

DASTAN ABDULGAFAROV

Deputy Chairman of the Management Board

Date of birth: 16 December 1974

Education

- International Law, Kazakhstan's University of Law and International Relations
- International Economics and Law, Diplomatic Academy of the Ministry of Foreign Affairs of the Republic of Kazakhstan
- Master's degree in Oil Business, Eni Corporate University (Milan, Italy)
- Executive MBA (Finance and Investment), Moscow School of Management SKOLKOVO

Experience

- Dastan Abdulgafarov has been with KMG Group for more than 18 years, including 14 years in which he held senior executive positions.
- At different stages in his career, he worked as Lawyer at the International Contract Department, Chief Manager and Director of the New Project Development Department, Deputy Director and then Director of the New Offshore Project Development Department, Head of the Project Management Group at KMG and MNC KazMunayTeniz. He was Advisor to the CEO, Managing Director for Business Development and Deputy CEO for Economics and Finance at KazMunayGas Exploration Production, Managing Director for Exploration and Production Business Support, Head of Staff and Managing Director for Development at KMG.

Holds 600 shares in KMG.

DIANA ARYSSOVA

Deputy Chairperson of the Management Board

Date of birth: 20 March 1979

Education

- International Finance, degree with honours, Kazakh State Academy of Management;
- MBA, Yokohama National University (Japan);
- degree in Corporate Finance, London Business School (UK)

Experience

- Diana Aryssova began her career in 1999 as Lead Economist of the Currency Regulation and Control Office of the National Bank of the Republic of Kazakhstan.
- In 2004–2005, she was Assistant for Banking Affairs of the European Bank for Reconstruction and Development.
- In 2006–2007, she held the position of Energy Project Coordinator of the British Embassy in the Republic of Kazakhstan.
- During 2007–2012, she held various positions with MNC KazMunayTeniz: Deputy Director, Director of the Corporate Finance Department, and Acting Deputy General Director for Economy and Finance.
- In 2012–2016, Diana Aryssova was Deputy General Director for Economy and Finance and Chief Financial Officer of KMG Drilling & Services.
- In 2016–2023, she was Director of the Oil and Gas Operation Account Examination Department of PSA.
- In April 2023, she was appointed Deputy Chairperson of KMG's Management Board.
- Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

SHAFKAT KUDABAYEV

Deputy Chairman of the Management Board

Date of birth: 28 October 1980

Education

- Law, Karaganda University of Business, Management and Law
- Finance and Credit, Buketov Karaganda State University
- MBA in the Management of Oil and Gas Business, International Business School, Gubkin Russian State University of Oil and Gas
- Tax Law and Taxation, Russian Presidential Academy of National Economy and Public Administration

Experience

Over the years, Shafkat Kudabayev held various positions in the Ministry of State Revenues of Kazakhstan, including leading and chief expert in the Litigation Department, Head of the Litigation Department, Deputy Head of the International Taxation Division, Head of Legal, Head of the Tax Department for the Karaganda Region under the Ministry of Finance of the Republic of Kazakhstan, and Head of the Specialised Division.

- In 2020–2021, he worked as a tax expert at BTS Digital Ventures Fund.
- In 2021–2022, he took on the role of Executive Director in the Fiscal Regulation Department of the KAZENERGY Association of Oil, Gas and Energy Companies.
- In 2022–2024, he served as Director of the Subsoil Use Department in the Ministry of Energy of the Republic of Kazakhstan.
- In 2024–2025, he was a business partner of the Chairman of KMG's Management Board.
- In 2025, Shafkat Kudabayev was appointed Deputy Chairman of KMG's Management Board.

Holds no shares in KMG or its subsidiaries and associates (directly or indirectly), is not involved in any transactions therewith.

MANAGEMENT BOARD PERFORMANCE REPORT FOR 2024

The Management Board's activities are regulated by the Law of the Republic of Kazakhstan On Joint Stock Companies, with due consideration of the specifics established by the Law of the Republic of Kazakhstan for the Sovereign Wealth Fund, KMG's Charter, and the Regulations on the Management Board.
The Management Board may pass resolutions on any matters relating to KMG's operations not referred by regulations of the Republic of Kazakhstan and KMG's Charter to the remit of KMG's other bodies and officials.
KMG's Management Board is headed by the Chairman of the Management Board appointed (elected) by the General Meeting of Shareholders. KMG's Board of Directors is responsible for electing other members of the Management Board.

Key focus areas within the remit of the Management Board include:

- implementing KMG's Development Strategy and KMG's Development Plan;
- carrying out KMG's day-to-day financial and business operations, including execution of the business plan and implementation of investment projects;
- implementing sustainability efforts at KMG and its subsidiaries and associates;
- monitoring any conflicts of interest and corporate conflicts and contributing to their settlement;
- passing resolutions on matters related to activities of KMG's subsidiaries and associates, other that those reserved exclusively to KMG's Board of Directors pursuant to KMG's Charter;
- increasing KMG's liabilities and acquiring or disposing of property in line with the established materiality threshold.

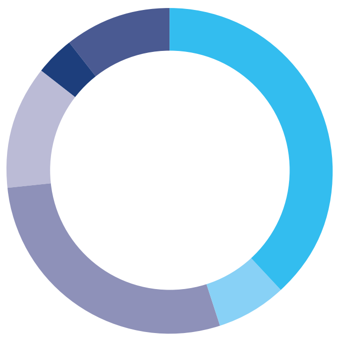
KMG's Management Board is formed by the Board of Directors based on proposals of the Chairman of the Management Board. As of 31 December 2024, the Management Board comprised ten key executives of KMG. Meetings of the Management Board are held in person and in absentia and are convened as necessary.

In 2024, the Management Board held a total of 68 meetings and passed 563 resolutions.

162 out of all matters addressed in the Management Board resolutions passed at in-person meetings in 2024 were submitted to KMG's Board of Directors in accordance with the established procedure.

162 matters
submitted to KMG's Management Board in accordance with the established procedure

Meeting agenda of the Board of Directors, %



62 Internal activities

11 Resolutions adopted by the General Meetings of Shareholders (Participants) of subsidiaries and associates

46 Interested-party transactions

20 Resolutions on transactions exceeding USD 200 mln

6 Investment-related matters in line with Samruk-Kazyna's corporate standard

17 Reports on internal activities

62 of those matters pertained to:
- draft documents or amendments and additions to existing internal documents;
- approving the transfer of subsoil use rights under the Production Sharing Agreement for Kurmangazy from MNC KazMunayTeniz to KMG;
- approving KMG's annual consolidated financial statements for 2023 and presenting to the General Meeting of Shareholders of KMG proposals on distribution of KMG's net profit for 2023 and the amount of dividend per ordinary share of KMG;

563 resolutions
adopted by KMG's Management Board during 2024

68 meetings
conducted by KMG's Management Board during 2024

- approving additions to the 2022–2031 Development Strategy of KMG;
- approving the return of a subsoil block from Embamunaigas to the state under the Contract for Hydrocarbon Production at the Novobogatinskoye Zapadnoye field within blocks XXVI-10-A (partially) in the Atyrau Region, Republic of Kazakhstan;
- approving the Consolidated Development Plan of KMG for 2025–2029;
- entering into the Heads of Terms for the Bolashak project;
- the buyback (early redemption) of 2027 Eurobonds;
- approving KMG's 2060 Low-Carbon Development Programme and the Anti-Corruption Policy at KMG and its subsidiaries and associates;
- approving KMG's HR Policy and the Concept for Petrochemical Business Development until 2040, etc.

In line with the remit of the Board of Directors covering the matters reserved exclusively to the General Meetings of Shareholders (Participants) of subsidiaries and associates, 11 resolutions of KMG's Management Board were passed to address various aspects of activities in:
- KMG Engineering LLP (6);
- NMSC Kazmortransflot LLP (2);
- JSC KazTransOil (2);
- KMG Karachaganak LLP (1).

In the reporting period, the Management Board also submitted for the consideration of the Board of Directors 46 matters regarding KMG's entering into interested-party transactions.

In 2024, 20 matters were passed on for the consideration of KMG's Board of Directors that concerned the approval of investment projects and transactions of KMG and its subsidiaries and associates with a value exceeding 200,000 (two hundred million) US dollars denominated in tenge at the exchange rate set in the macroeconomic forecast (baseline scenario) for the relevant period.

In accordance with the Corporate Standard of Investment Activity of JSC Samruk-Kazyna and legal entities in which Samruk-Kazyna, directly or indirectly, holds more than 50% of voting stock (equity stake) as approved by Resolution of Samruk-Kazyna's Management Board (Minutes No. 09/20 dated 17 March 2020), the Management Board resolved to submit 13 matters for the consideration of Samruk-Kazyna's Strategic Investment Committee and six matters for subsequent consideration of KMG's Board of Directors.

In addition, the Management Board approved and submitted for the consideration of the Board of Directors 17 reports, including::
- oKMG's financial risk reports as of 31 December 2023 and for 1Q, 2Q and 3Q 2024;
- KMG's key risk reports for 4Q 2023 and 1Q, 2Q and 3Q 2024;
- reports on interested-party transactions approved by the Management Board of KMG in 4Q 2023 and 1Q, 2Q and 3Q 2024;
- the FY2023 and 1H 2024 Report on the Implementation of KMG's Development Strategy for 2022–2031;
- the Report on Progress against KMG's Transformation Programme 2018–2021 along with the findings of the audit conducted by KMG's Internal Audit Service;
- the 2023 Sustainability Report of KMG;
- the 2023 Progress Report on KMG's Consolidated Development Plan for 2023–2027.

In 2024, the Management Board passed 39 resolutions on KMG's interested-party transactions.

In January–December 2024, the Management Board also approved:
- дtwo Regulations on the Category Committee of KMG and on the Claims Commission for considering disputes with suppliers under procurement contracts signed by entities where KMG directly or indirectly holds fifty (50%) or more percent of voting stock (equity stake) on the right of ownership or trust management;
- 10 rules;
- two regulations;
- the Waste Management Standard of KMG Group;
- the Corporate Environmental Impact Assessment Standard of KMG Group;
- KMG's action plan for the transfer of interests in Tengizchevroil, KMG Karachaganak and Kalamkas-Khazar Operating held by KMG by right of ownership to KMG Kashagan B.V. for trust management;
- the adjusted business plan of KMG for 2024–2028 (four times);
- the adjusted budget of KMG for 2024 (nine times);
- the activity plan for the Management Board of KMG for 2025;
- the business plan of KMG for 2025–2029;
- the budget of KMG for 2025;
- the salary grid for executives and administrative employees of KMG;
- the salary grid for employees of the KMG Representative Office in Aktau;
- the 2024–2027 HSE Improvement Roadmap of KMG Group;
- a new version of KMG's Corporate Values.

39 resolutions
adopted by the Management Board on KMG's interested-party transactions in 2024

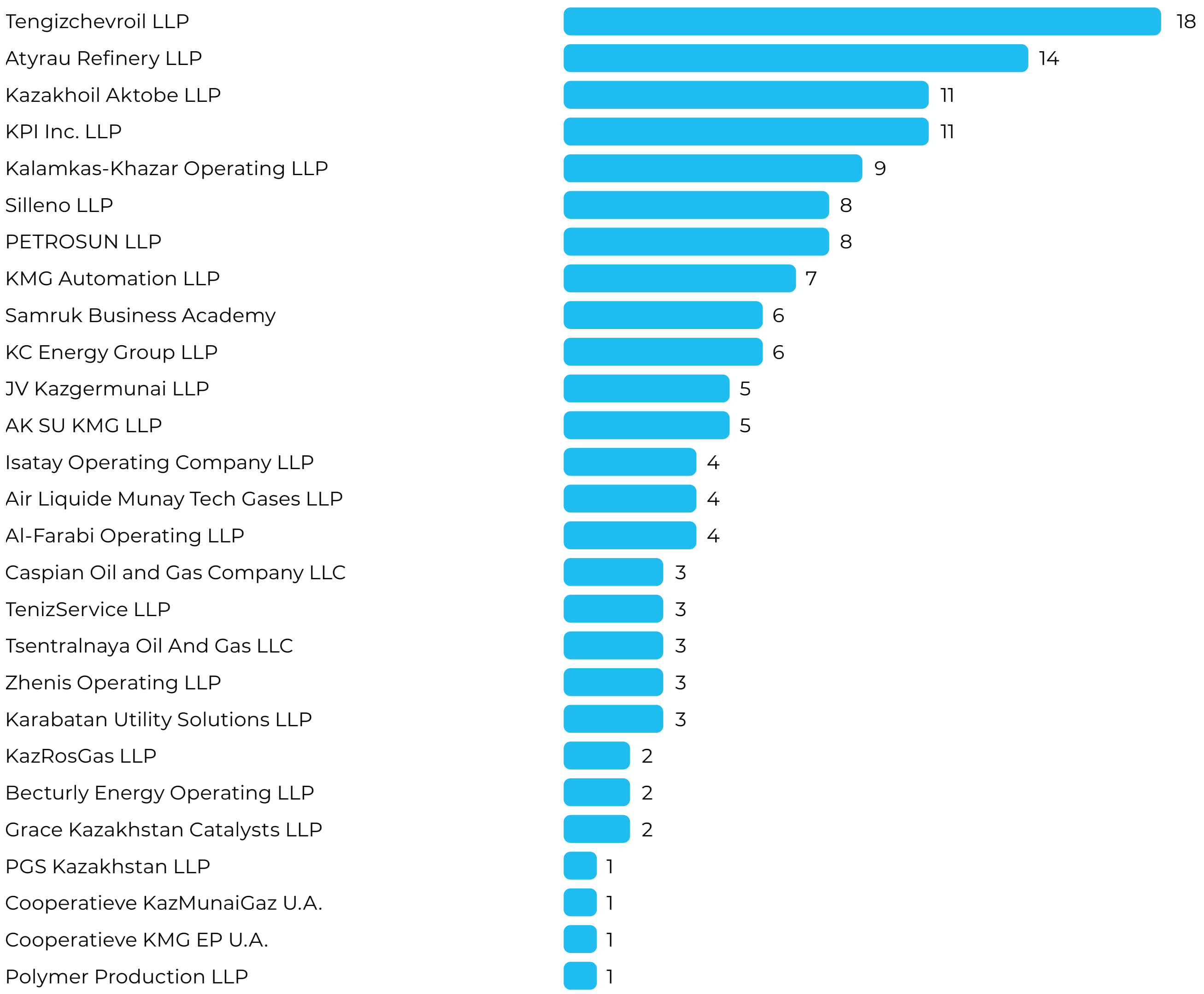
In addition, the Management Board passed 30 resolutions to amend some of KMG's internal documents.

The Management Board also adopted nine resolutions to reallocate the budget of KMG for 2024.

Within the remit covering the matters reserved exclusively to the General Meetings of Shareholders (Participants) of subsidiaries and associates, as part of its responsibility to determine the Company's voting position at the General Meetings of Shareholders (Participants), the Management Board passed:

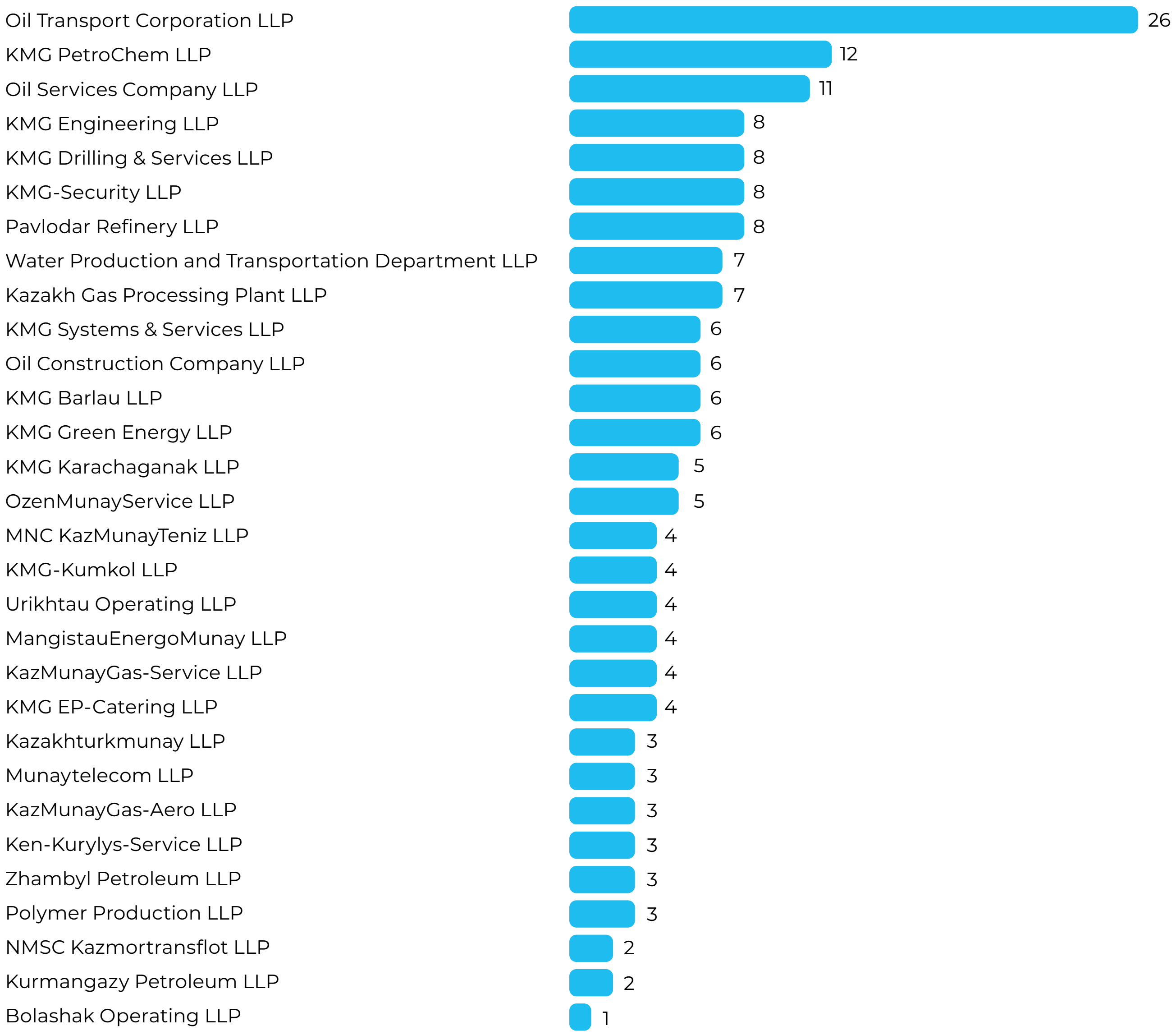
12 resolutions – acting as a shareholder/trustor of:

145 resolutions to determine KMG's position as a participant / trustee manager of a stake in the authorised capital of:



Along with the above, the Management Board passed 19 resolutions as the sole shareholder / the holder of 100% of voting shares in KMG's subsidiaries, including:

176 resolutions were passed by the Management Board as the sole shareholder / the sole founder / the holder of a 100% stake in KMG's subsidiaries, including:



In accordance with the Rules for Planning, Review and Pre-Approval of Charitable Support (Charitable Projects) by Samruk-Kazyna Group Entities approved by the Management Board of Samruk-Kazyna on 30 June 2022 (Minutes No. 36/22), the Management Board of KMG adopted three resolutions to offer charitable assistance to Kazakhstan's regions affected by floods, and to allocate additional support to populated areas in the Atyrau Region through Samruk-Kazyna Trust Corporate Foundation. Furthermore, the Board passed a resolution to provide sponsorship assistance to the Fund for the Sustainable Development of Education to support the implementation of the project titled "Otpan: Network of Anchor Schools in the Mangystau Region".

REMUNERATION REPORT

MEMBERS OF THE BOARD OF DIRECTORS

The Resolution of JSC Samruk-Kazyna's Management Board dated 26 September 2016 approved the Guidelines on Forming Boards of Directors at Companies of JSC Samruk-Kazyna, which provide, inter alia, for a procedure for remuneration payable to members of such Boards of Directors. Remuneration reflects the duties of the respective member of the board of directors, the scale of the company's operations and its long-term goals and objectives. Remuneration is paid to independent directors and Samruk-Kazyna's representatives based on a resolution of the General Meeting of Shareholders.

Total remuneration paid to members of the Board of Directors in 2022–2024

	2022	2023	2024
Total remuneration paid to members of the Board of Directors in USD	350,000	196,375	-
Total remuneration paid to members of the Board of Directors in KZT	29,538,710	97,215,050	207,200,000

REMUNERATION OF THE MANAGEMENT BOARD

KMG's Board of Directors determines the remuneration policy and the procedure for assessing performance of members of KMG's Management Board in line with the Corporate HR Management Standard of JSC Samruk-Kazyna Group, approved by the Resolution of JSC Samruk-Kazyna's Management Board dated 29 December 2022.

Remuneration paid to members of the Management Board for the reporting period (year) is performance-related to encourage them towards the strategic and priority goals outlined in measurable, interrelated, consistent, and balanced motivational KPI scorecards.

A motivational KPI scorecard outlines corporate and functional KPIs.

The Nomination and Remuneration Committee of the Board of Directors pre-reviews matters related to building an effective and transparent remuneration framework.

The total remuneration paid to members of KMG's Management Board for 2024 amounted to KZT 497,815,040.40 including all salaries and financial benefits (plus taxes and pension contributions) paid by KMG to members of the Management Board for serving on the Board in 2024, under the Remuneration Rules for the Executives of KMG and the Remuneration Rules for the Employees of Internal Audit, Corporate Secretary, Compliance and Ombudsman of KMG, approved by the Resolution of KMG's Board of Directors dated 10 September 2020.

Total remuneration paid to members of the Managent Board in 2022–2024

	2022	2023	2024
Total remuneration paid to members of the Managent Board in KZT	344,627,125	388,673,642	497,815,040

RESPONSIBILITY STATEMENT

In line with the Corporate Governance Code, the Board of Directors, and the Management Board are responsible for preparing a reliable annual report and financial statements of the Company.

The Board of Directors and each member of the Board of Directors confirm that they recognise their responsibility for preparing and approving the annual report and financial statements, and consider the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Each member of the Board of Directors confirms that to the best of their knowledge:
- the financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the subsidiary undertakings included in the consolidation taken as a whole;
- the Management Board's report includes a fair review of the development and performance of the business and the financial position of the Company and the subsidiary undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

In line with the Code, the Board of Directors has determined that Philip Holland, Armanbai Zhubayev, Arman Argingazin, Saya Mynsharipova, and Askar Shakirov are independent in character and judgement. The Board of Directors has also determined that there are no relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement.

The Company's management shall be responsible for preparing the Annual Report and IFRS consolidated financial statements, as well as for setting up and maintaining an internal control system necessary to ensure the fair presentation of information.

In preparing the Annual Report, management shall make an assessment of whether the Company can continue as a going concern in the foreseeable future.

[1] Approved by the Minutes of the Annual General Meeting of Shareholders of JSC NC KazMunayGas dated May 28, 2024 No. 1/2024 0.

CORPORATE CONTROL

In the event of corporate conflicts, the parties attempt to settle them by negotiation to efficiently protect the interests of KMG and other stakeholders.

In order to be effectively prevented or addressed, corporate conflicts primarily need to be identified as soon and fully as possible, with all corporate governance bodies to act in a consorted manner.

Corporate conflicts are addressed by the Chairman of the Board of Directors assisted by the Corporate Secretary. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are addressed by the Nomination and Remuneration Committee of the Board of Directors.

INTERNAL AUDIT

Internal audits are carried out by KMG's Internal Audit Service (IAS).

The IAS reports and is accountable to KMG's Board of Directors, and is supervised by the Audit Committee of KMG's Board of Directors.

For more details on KMG's Internal Audit Service, see KMG's 2023 Sustainability Report, pp. 259–260.

Internal Audit Service activities in 2024

The work plan of the Internal Audit Service for 2024 included a range of thematic audits and assessments of the production, operational, and financial processes at KMG and its subsidiaries and associates. Additionally, it encompassed monitoring the fulfilment of motivational key performance indicators for KMG's management and tracking the implementation of recommendations issued by the Internal Audit Service. While the plan outlined 22 audits, the Internal Audit Service successfully conducted 35 audits in total, including 12 ad hoc reviews.

As a result of the audits carried out in 2024, the IAS issued 466 recommendations aimed at improving KMG's operations. The IAS consistently monitors and oversees the development and implementation of measures to address these recommendations. To mitigate identified risks, the IAS evaluates the effectiveness of the internal control system, conducts ongoing monitoring, and performs post-audits to ensure compliance with the recommendations. The key areas of focus where recommendations were made following the audits in 2024 include production activities, procurement procedures, occupational safety, contract execution, information technology and information security, as well as investment activities and capital expenditures.

The Audit Committee not only monitors the IAS' performance but also facilitates professional development of the IAS employees and the management of its talent pool. These matters are covered by the IAS reports and reviewed by the Audit Committee on a quarterly basis.

The high professional level of the IAS employees is a key performance driver for KMG's internal audit function, therefore training and upskilling are prioritised.

EXTERNAL AUDIT

In order to independently assess the reliability of KMG Group's accounting (financial) statements, each year the Company engages an external auditor to conduct an audit of financial statements prepared in accordance with the IFRS.

According to the resolution of shareholders represented by the Management Board of Samruk-Kazyna dated 20 January 2022, an independent audit firm Ernst & Young LLP was selected as the external auditor of KMG's financial statements for 2022–2024.

The external auditor is approved by the General Meeting of Shareholders following theapproval by KMG's Board of Directors.

For more details on the auditor appointment and assessment of its independence, see KMG's 2023 Annual Report, p. 262.

Provision of non-audit services by the external auditor

According to the Auditor Engagement Policy, the external auditor is required to obtain approval from the Audit Committee to provide non-audit consulting services. The total fee for non-audit services rendered bythe external auditor to KMG Group for the reporting year must not exceed 50% of the average fee for audit services rendered by the external auditor to KMG Group for three consecutive previous reporting years.

KMG annually submits to the Audit Committee forapproval the information on non-audit services authorised for the external auditor and the audit and non-audit services provided by the external auditor during the reporting year. Non-audit services rendered by an external auditor in 2024 amounted to 2.8% of thetotal cost of audit services.

RISK MANAGEMENT SYSTEM

The corporate risk management system (CRMS) at KMG is designed to encompass all management levels and facilitate the identification, assessment, and mitigation of risks that could impact the sustainable development of the business. The primary goal is to enhance the Company's resilience amidst external and internal changes.

For more details on KMG's corporate risk management system, including its organisational structure, see KMG's 2023 Annual Report, p. 263.

CRMS development and improvement in 2024

The risk management system operates through interrelated processes that include the identification, analysis, monitoring, and management of key risks. In 2024, several initiatives were undertaken to improve the system, such as monitoring sanction risks and launching a pilot project aimed at automating key risk indicators.

KMG implements the three lines of defence model in accordance with the COSO framework. Ongoing efforts focus on promoting a strong risk culture and providing training to employees.

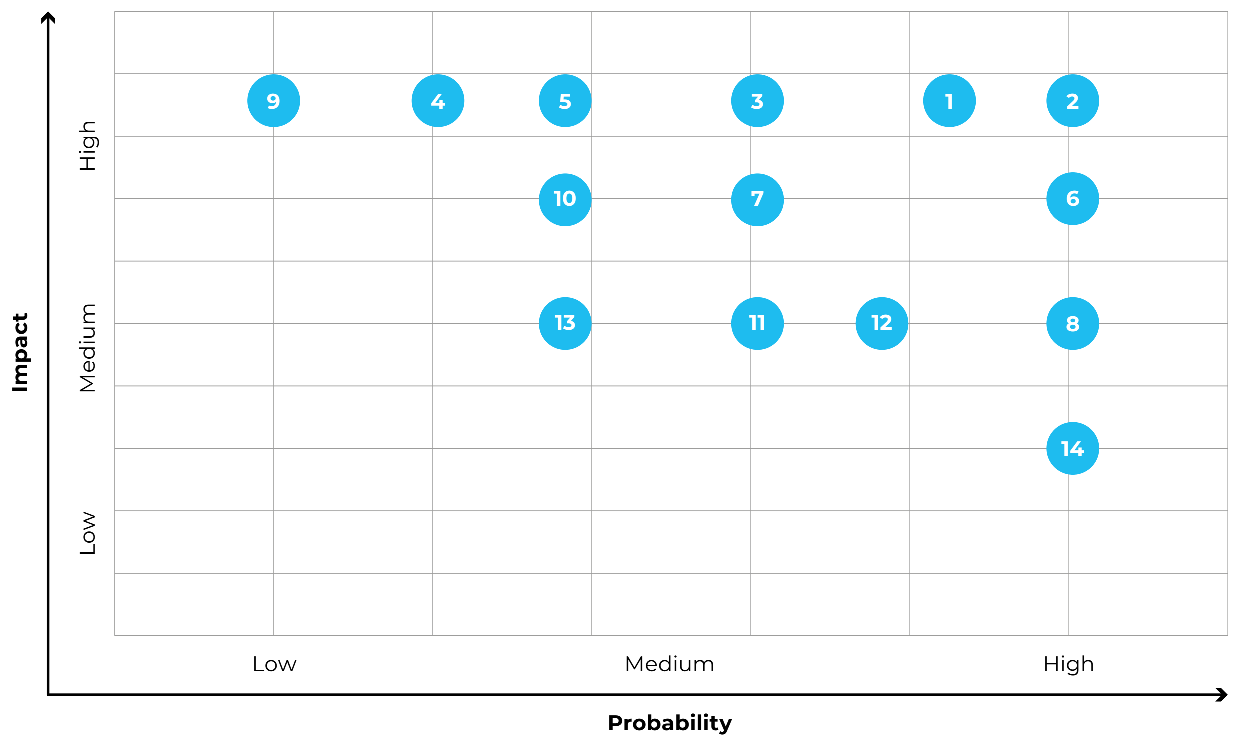
The internal control system (ICS) is integrated into KMG's core processes, offering reasonable assurance in achieving operational and financial objectives as well as ensuring legislative compliance. In 2024, the emphasis was placed on automating the monitoring of control procedures and formalising internal controls within key business processes.

The business continuity management system (BCMS) is crucial for ensuring the Company's resilience to various incidents. In 2024, business continuity plans were developed for key business processes at the subsidiaries and associates.

Corporate insurance protects the property interests of the Company and its shareholders. The main types of insurance include coverage for production assets, liability to third parties, and energy-related risks.

KMG faces several key risks, including the potential decrease in oil exports, price volatility, changes in legislation, and environmental and climate-related risks. Throughout the year, the Company implemented measures to mitigate these risks, such as diversifying oil transportation routes, monitoring sanction risks, and executing a low-carbon development programme.

Risk map



№	Risk
1	Risk of decreasing oil exports
2	Work-related injury risk
3	Country risks and the risk of sanctions
4	Liquidity and financial stability risks
5	Investment (project) risks
6	Social unrest in regions of operation
7	Strong volatility of oil prices
8	Production decline risk
9	Risk of emergencies or man-made disasters at production facilities
10	Risk of changes in applicable laws, and litigation and arbitration risks
11	Environmental risk
12	Geological risk
13	Climate risks and low-carbon development
14	Information security risks

Key risks of the Company

No change Risk has increased Risk has reduced

Trend (over the year)	Risk description and likely impacts	Mitigation and management
	Risk of decreasing oil exports Main causes: accidents, technical malfunctions at the the Caspian Pipeline Consortium (CPC), sanctions, geopolitical tensions, and a decline in demand. **Impact** Oil transportation restrictions, the suspension of production at major fields (Tengiz, Kashagan, and Karachaganak), storage overstocking, and a subsequent loss of profit.	In response, the Company is actively exploring alternative transportation routes, expanding pipeline capacity, and replacing critically important equipment at the CPC.
	Work-related injury risk Causes: non-compliance with occupational safety regulations and production discipline that poses threats to the lives and health of employees. **Impact** Injuries and threats to employee health, financial losses, reputational damage, and disruptions in production.	To mitigate these risks, the Company implements training programmes, establishes control procedures, and adopts new technologies to enhance safety. A near miss reporting programme is in place, utilising Qorgau cards and behavioural observations. Inspections and safety enhancement programmes continue at subsidiaries and associates, including collaboration with contractors.
	Country risks and the risk of sanctions Operating internationally exposes the Company to changes in economic and political environments. Sanctions may affect joint projects and the supply of equipment. In 2024, several suppliers withdrew from collaboration due to the involvement of Russian companies. **Impact** The tightening of sanctions may adversely affect operational and financial activities and may lead to the imposition of secondary sanctions on the Company.	· Monitoring and analysis of sanction risks, along with regular updates to the Fund and relevant departments. · Assessment of promising projects and engagement of alternative contractors. · Inclusion of protective mechanisms against sanctions in agreements. · Establishment of a working group focused on import substitution.
	Liquidity and financial stability risks The main risks are associated with liquidity, financial stability, and potential downgrades in credit ratings, which could necessitate urgent loan repayments and restrict access to financing. **Impact** There is a risk of insufficient funds for financing operational and investment activities. In 2024, the Company maintained financial stability.	· Controlling leverage and using free cash flow to repay debt. · Balancing borrowed and internal capital. · Cutting costs and monitoring budget execution. · Repaying existing loans and providing financial aid to subsidiaries and associates. · Maintaining a robust credit profile to ensure access to capital markets. · Making early debt repayments to reduce leverage.

Trend (over the year)	Risk description and likely impacts	Mitigation and management
	Investment (project) risks Projects in exploration, production, transportation, and processing of hydrocarbons are subject to both internal and external risks. In 2024, significant delays in project execution were primarily due to prolonged procurement procedures and waiting for guarantees from contractors. **Impact** Increased costs, commissioning delays, and failure to meet project goals.	• Regularly monitoring projects and making necessary adjustments to plans. • Engaging in negotiations with contractors to reduce operational costs. • Optimising the investment programme by excluding unprofitable projects. • Relying on a project management system maintained in line with international standards (Stage Gate Process)
	Social unrest in regions of operation The Company faces the risk of unauthorised strikes, particularly among contractor employees. In 2024, there was an increase in strikes in the Mangistau Region, with primary demands for wage increases and job security. **Impact:** Negative impact on the Company's reputation, disruptions in production processes, increased operational costs, and effects on capital expenditures. Rising inflation and a weakening tenge may complicate wage negotiations.	• KMG maintains a representative office in Aktau to address conflicts in the Mangistau Region. • Continuous monitoring of social conditions at enterprises is ongoing, with efforts to prevent conflicts in collaboration with government agencies. • Roadmaps have been developed to improve working conditions and infrastructure in subsidiaries and associates from 2023 to 2027. • A unified internal communication system has been implemented, featuring regular meetings between management and employees. • In 2024, a total of 1,194 individuals were employed in subsidiaries, associates, and contractor companies through additional agreements with contractors.
	Strong volatility of oil prices The Company is exposed to the risk of significant volatility in energy prices. **Impact** Volatility may lead to changes in revenue, cash flow, and other financial results.	• Implementing crisis management measures during sharp market fluctuations. • Adjusting the Company's Development Plan, along with reducing and optimising costs. • Prioritising investment projects. • Continuously monitoring prices and analysing demand for oil and oil products.
	Production decline risk Main external causes: emergency shutdowns, power supply disruptions, and severe weather conditions. Main internal causes: well wear, inefficient planning, and low-quality equipment. **Impact** Disruption of production plans, downtime in production, and loss of revenue.	• Construction of a 247 MW hybrid power plant in Zhanaozen in partnership with Eni (scheduled for implementation in 2024–2026). • Regular monitoring of the time between repairs for wells, ensuring timely equipment repairs and upgrades.

Trend (over the year)	Risk description and likely impacts	Mitigation and management
	Risk of emergencies or man-made disasters The Company's production activities are associated with potential accident risks that could harm property, the environment, and third parties. **Impact** • Worker injuries and fatalities. • Damage to equipment and infrastructure. • Costs associated with accident response, along with environmental fines.	• Monitoring geological data and drilling fluid parameters. • Mandatory control of drilling fluid preparation and monitoring indicators for detection of gas, oil, and water influxes. • Maintenance and diagnostics of equipment, along with industrial safety assessments. • Training and briefings for employees on safe operation of equipment. • Conclusion of voluntary property insurance contracts
	Risk of legislative changes and legal disputes The Company's activities may be affected by changes in legislation, including tax and customs regulations, as well as risks arising from unfavourable outcomes in court and arbitration disputes. **Impact** In 2024, KMG's Corporate Centre launched no lawsuits worth over USD 1 mln.	• Continuous monitoring of legislative changes and assessing their potential impact. • Participation in working groups to develop and discuss draft laws. • Monitoring judicial practices and applying best legal solutions. • Resolution of the Stati case without the right to renewal, which eliminated the risk of additional losses and strengthened the Company's legal position.
	Environmental risk The Company is exposed to the risk of adverse environmental impact and the tightening of environmental legislation. **Impact** Environmental risks may lead to fines, excess emissions charges, costs for environmental remediation, and escalated social tensions.	• Emission management and reduction of gas flaring. • Management of water resources and production waste. • Land reclamation and energy efficiency improvement. • Preventive environmental management and engagement with stakeholders. • Implementation of the waste disposal memorandum and monitoring of accumulated waste. • Adoption of best available technologies and automated environmental monitoring systems in subsidiaries and associates.

Trend (over the year)	Risk description and likely impacts	Mitigation and management
	Geological risks Exploration projects are associated with risks arising from the uncertainty of geology, which may lead to the failure to discover hydrocarbons or result in low reserve estimates. **Impact** Absence of commercially viable reserves or identification of reserves below anticipated levels.	· Collection and analysis of geological and geophysical data, along with data from similar fields. · Application of advanced geophysical surveying and data interpretation methods. · Conducting pro-active seismic surveying to mitigate risks. · Engaging strategic partners for joint field development. · Enhancing team expertise through training and experience exchange with foreign companies.
	Climate risks and low-carbon development The Company faces risks related to the energy transition and climate change, including regulatory, technological, and market risks, as well as physical risks due to extreme weather conditions and long-term climate change implications. In 2024, floods in the Atyrau, Aktobe, and West Kazakhstan regions triggered emergencies. Operational headquarters were established to oversee the response, facilitate ongoing monitoring, and deliver financial aid for recovery efforts. **Impact** Climate-related risks may result in increased costs, reduced profitability, decreased demand, negative effects on employee health, and diminished productivity.	· Development of KMG's 2060 Low-Carbon Development Programme. · Accounting for energy consumption and greenhouse gas emissions. · Monitoring and implementing emission reduction plans in subsidiaries and associates. · Engaging in negotiations with international organisations to attract investments in methane emission reduction projects. · Implementation of a forest-climate project in collaboration with Chevron and the Pavlodar Region akimat. · Construction of a desalination plant in Kenderli (Mangistau Region). · Implementation of renewable energy projects, including the development of a hybrid power plant in Zhanaozen (wind – 77 MW, solar – 50 MW, gas – 120 MW) in partnership with Eni, as well as the construction of a 1 GW wind power plant in the Zhambyl Region in collaboration with Total Eren.

Trend (over the year)	Risk description and likely impacts	Mitigation and management
	Information security risks The Company is exposed to risks related to breaches of confidentiality, integrity, and availability of information resources. In 2024, three critical-category incidents concerning information security were reported. Timely responses were ensured for all incidents, preventing negative impacts on the Company's IT infrastructure and business processes. **Impact:** Data leaks, disruptions in nformation systems, and failure to meet business targets	To manage information security risks, the Company implements: · continuous monitoring of information security incidents via the information security operations centre; · maintenance of the information security management system in line with the ISO/IEC 27001 international standard, as well as in compliance with the requirements established by Kazakhstan's laws on information security; · external assessments and audits of cyber security, along with initiatives aimed at identifying and addressing vulnerabilities in the information infrastructure; regular scans and pen testing of systems across KMG, its subsidiaries, and associates are conducted to detect potential vulnerabilities, with prompt measures implemented to fix them; · utilisation of the latest and innovative technologies, including automated systems for vulnerability analysis and incident monitoring, enabling the Company to proactively manage cyber threats; · awareness-raising activities for employees regarding information security, including prevention of phishing and social engineering threats; the Company regularly conducts training sessions, workshops, and testing aimed at fostering safe behaviour skills when using email and other communication channels.

BUSINESS ETHICS

COMPLIANCE SERVICE

Anti-corruption

KMG's compliance system helps make sure all our operations are aligned with the laws, industry standards, and other regulatory requirements. Components of the compliance system are integrated into all aspects of our operations.

Internal anti-corruption policies and practices

KMG conducts its business in a fair and ethical manner, always guided by the principle of legitimacy. We strictly comply with all applicable laws and regulations, take all steps to prevent corruption, care about business reputation, and seek to implement high international standards of ethics.

The key areas of focus for KMG's Compliance Service are:

- anti-corruption;
- regulatory compliance and adherence to the standard norms of corporate and business ethics;
- insider information management;
- business reputation management;
- management of conflicts of interest.

In line with best global practices of corporate governance, KMG has the following internal documents on compliance:
- Anti-Corruption Policy;
- Confidential Informing Policy;
- Conflict of Interest Management Policy;
- Counterparty Due Diligence Policy;
- Internal Control Rules for Granting Access Rights to Insider Information and Preventing Information Misuse by Insiders;
- Code of Business Ethics;
- Regulations on the Compliance Service.

Compliance controls

In order to meet the standards of business conduct and ethics, the Compliance Service carries out due diligence of KMG's counterparties. This practice helps prevent signing contracts with those acting in bad faith while also reducing the risks of contractual violations.

The Compliance Service also screens candidates nominated to fill vacancies related to administrative and organisational functions. This is a way to enable the reliability and professionalism of the Company's management by reducing the possibility of corruption by highly ranked officers. One of the hiring criteria for new employees in the area of procurement is to successfully pass psychology and polygraph (lie detector) tests.

Key measures to combat corruption at KMG Group include conducting anti-corruption monitoring and performing an internal analysis of corruption risks. Based on analysis results, we adopt action plans to eliminate root causes and conditions conducive to corruption.

Since 2020, the Company requires employees across the board to declare any conflicts of interest. This contributes to the efficiency of conflict of interest management.

KMG Group employs a whistleblower hotline as an effective tool in combating violations. Furthermore, since KMG's securities are listed and traded on stock exchanges, the Compliance Service takes steps to prevent insider information misuse by those classified as insiders under the laws of Kazakhstan.

Regular initiatives are conducted to cultivate an anti-corruption culture within the Company. To mitigate compliance risks in corporate decisions, the Compliance Service reviews materials submitted for consideration by the Management Board and the Board of Directors of KMG.

Staff training

KMG is dedicated to fostering an anti-corruption culture among its employees. To that end, we provide anti-corruption training and make sure it is continuous, consistent, and up-to-date.

In 2024, a variety of activities, including workshops and meetings, were carried out to strengthen the anti-corruption culture, improve compliance, and enhance corporate governance. As part of the anti-corruption policy implementation, KMG focused on awareness-raising and training for its employees across various entities.

During the reporting period, KMG's Compliance Service assessed existing anti-corruption processes for compliance with ISO 37001 (Anti-Bribery Management Systems). Following this assessment, we developed an action plan to facilitate KMG's upcoming certification.

The Compliance Service actively engages in initiatives to foster and develop the anti-corruption culture, implying a strong commitment to zero tolerance for corruption. These include in-person training sessions and awareness-raising events for employees, along with the display of visual materials that explain the Company's anti-corruption policy requirements in accessible public areas. Furthermore, ongoing consultations are held with employees and managers, supplemented by anti-corruption meetings with the Group leadership and regular newsletters that keep everyone informed about legislative requirements.

Hotline

In order to quickly identify violations, prevent any negative implications, ensure compliance with applicable laws and internal regulations, maintain strong business reputation and public perception, and foster corporate culture, Samruk-Kazyna Group, including KMG and its subsidiaries and associates, have a centralised hotline in place operated by KPMG, an independent auditor.

Using the hotline, employees can anonymously report known facts of corruption, fraud, discrimination, and any other violations committed by employees and counterparties of KMG and its subsidiaries and associates.

The hotline contacts are available on the websites of KMG and its subsidiaries and associates, with measures taken to raise employee awareness about it.

We encourage everyone to come forward and report violations of the Code of Conduct, including cases of corruption, discrimination, unethical behaviour, and other offences. We guarantee confidentiality and anonymity in the processing of 100% of reports.

In 2024, the hotline received 115 reports, up 35% year-on-year. This growth reflects rising interest and engagement from employees and contractors, along with increased trust in both the hotline and the compliance function at KMG. The Company actively seeks to encourage employees and other persons to report any issues via the hotline.

Hotline

- Phone: +7 (800) 080 47 47
- WhatsApp: +7 (771) 191 88 16
- Internet portal: www.sk-hotline.kz
- E-mail: mail@sk-hotline.kz
- The hotline is run by KPMG as an independent operator.

Nysana Hotline

- Phone: +7 (800) 080 30 30
- WhatsApp: +7 (702) 075 30 30
- Internet portal: nysana.cscc.kz
- E-mail: nysana@cscc.kz
- The Nysana call centre is available 24/7 to accept free calls related to any social and labour violations.

Reports via the hotline

We are aware of the importance of fostering whistleblowing channels as the key sources of information about threatened or actual violations. It is our belief that in order for people to trust whistleblowing tools, all reports so received need to be considered comprehensively, in full, and without any bias.

Information on identified corruption risks

During the reporting period, KMG conducted an internal analysis of corruption risks associated with its internal regulations, and organisational and management processes.

The analysis identified corruption risks in both domains.

In line with the guidelines of the Anti-Corruption Agency of the Republic of Kazakhstan, the Company developed an action plan to address the causes and conditions that contribute to the identified corruption risks. Additionally, we implemented measures to assess these risks for their inclusion in the Company's overall risk map.

Conflict of interest

The Company has established a process for disclosing information about conflicts of interest. The procedures and methods for such disclosure are outlined in the Conflict of Interest Management Policy for Employees and Officers. Furthermore, mandatory conflict of interest disclosures are required during the hiring process, when transferring to a higher position within another business unit, when changing job responsibilities, and in other relevant situations.

OMBUDSMAN OFFICE

One of the key roles of the Ombudsman Office is to make sure that KMG's practices are fair and that the interests of all the Company employees are observed. This is achieved through early dispute and conflict prevention and resolution, escalating systemic issues requiring action to relevant bodies and officers, and initiating proposals to stabilise conflict situations. KMG's Code of Business Ethics clearly states the principles stipulating that KMG employees and officers shall not tolerate discrimination against anyone on the basis of race, religion, nationality, gender, political or other affiliation, social origin, material position, job, language or other circumstances, as well as the granting of any privileges to individual employees based on the above characteristics.

KMG Ombudsman's activities are guided by Kazakhstan's laws and KMG's internal documents.

In 2024, the Ombudsman Office undertook efforts to raise awareness about the Code of Ethics among employees. It also held educational meetings with workers from the Group's major enterprises, including PetroKazakhstan Oil Products, Karazhanbasmunai, Mangistaumunaigaz, Ozenmunaigas, Atyrau Refinery, and others. The Nysana call centre's hotline received 112 messages related to KMG, resulting in activities to address the issues raised in relation to labour rights and business ethics, along with updates to the Code of Ethics to reflect the Company's corporate values and sustainability commitments. KMG's Ombudsman Office monitors timely review of reports received via the hotline by relevant units. In the reporting year, the Ombudsman also engaged with external organisations and participated in events relevant to their area of expertise.

The Ombudsman Office provided consultations and recommendations to those who submitted oral reports by phone or at personal meetings. In response to these reports, the Office took action to address the issues raised, including efforts to restore violated rights and protect lawful interests.

SHAREHOLDER AND INVESTOR RELATIONS

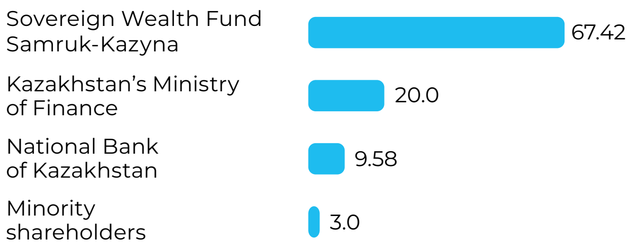
KMG'S SHAREHOLDERS

Shareholder	Ordinary shares	Ordinary shares, %	Preferred shares	Total shares	Total shares, %
Sovereign Wealth Fund Samruk-Kazyna	411,371,263	67.42	–	411,371,263	67.42
Kazakhstan's Ministry of Finance	122,023,898	20.00	–	122,023,898	20.00
The National Bank of Kazakhstan	58,420,748	9.58	–	58,420,748	9.58
Minority shareholders	18,303,584	3.00	–	18,303,584	3.00

Securities issues[1]

Type of shares	Authorised shares	Outstanding shares	Traded shares	Unissued shares
Ordinary	849,559,596	610,119,493	18,303,584	239,440,103

As of 31 December 2024, KMG had the following shareholder structure, %



The annual General Meeting of Shareholders is expected to approve the following documents and matters in relation to the reporting year:

- KMG's 2024 annual financial statements (consolidated and standalone);
- KMG's 2024 net profit distribution procedure;
- amount of dividend per ordinary share in KMG;
- 2024 dividend record date;
- date for the commencement of dividend payments for ordinary shares for 2024.

[1] As of 31 December 2024.

SHAREHOLDER RIGHTS

In accordance with the Law of the Republic of Kazakhstan on Joint Stock Companies and the Company's Charter, KMG may issue only ordinary shares. Holders of ordinary shares possess the following fundamental rights:

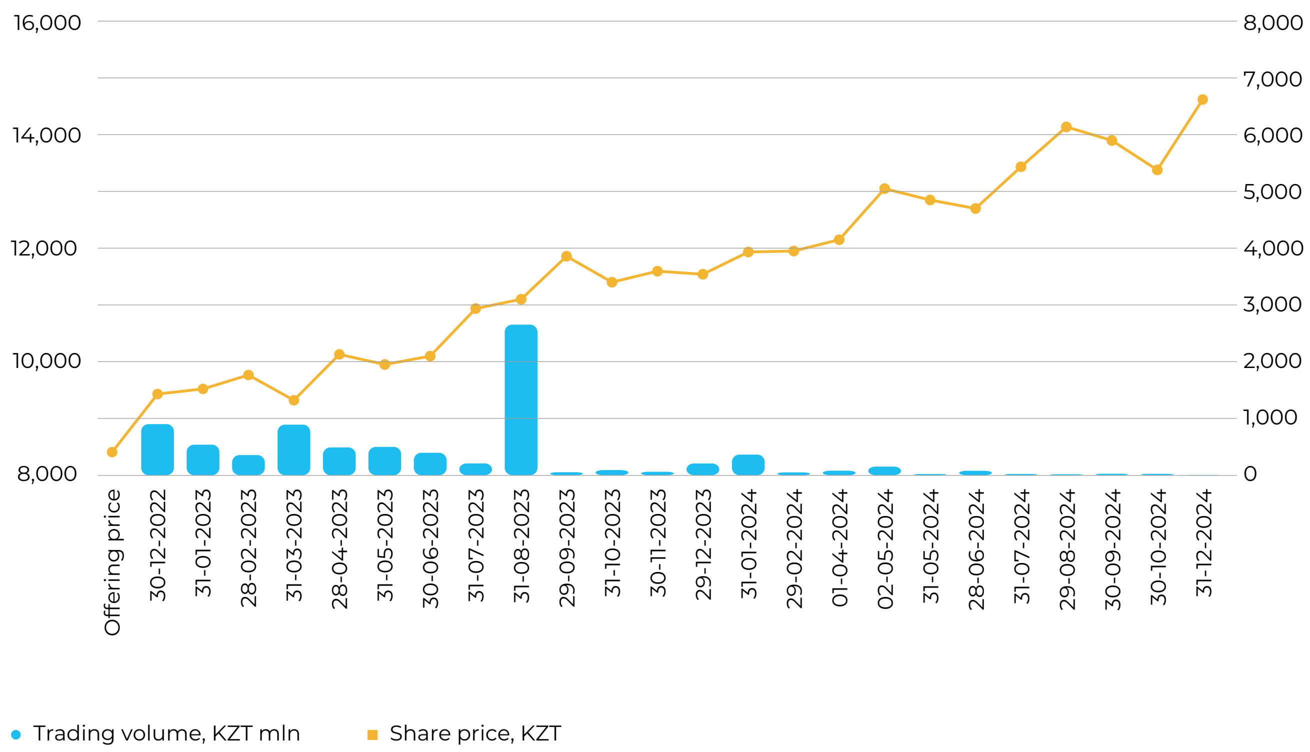
- to participate in the management of the Company;
- to receive dividends;
- to request and obtain information about the Company's activities, including access to its financial statements;
- to nominate candidates for election to the Board of Directors;
- to challenge resolutions of the governing bodies in court;
- to submit inquiries and receive responses within 30 calendar days;
- to receive part of the Company's assets in the event of its liquidation;
- to exercise the pre-emptive right to purchase shares or securities convertible into shares;
- to participate in the adoption of resolutions regarding changes in the number or type of shares.

These rights are established by the laws of the Republic of Kazakhstan and the Company's Charter, which ensures transparency and protection of shareholder interests.

PUBLICLY TRADED SHARES

KASE	Offering date	31 December 2024
Share price, KZT	8,406	14,621
Market capitalisation, KZT	5.1 tln	8.9 tln
Market capitalisation, USD	11 bln	17.0 bln
Share price performance	–	+73.9 %
Share price performance taking into account dividends paid	–	+85.6 %

KMG share price performance (offering date to 31 December 2024)



DIVIDENDS

KMG's dividend policy is aimed at balancing the interests of shareholders, creditors and the Company, as well as ensuring transparency in determining the amount of dividend payments to its shareholders. Resolutions on dividend payments are passed by KMG's General Meeting of Shareholders, taking into account the price of crude oil, the structure of KMG's debt, its capital expenditures, and other material circumstances.

Key terms for paying out dividends:
- positive equity;
- consolidated net income for the reporting period or retained earnings at the end of the reporting period;
- positive free cash flow.

In 2024, KMG delivered robust financial performance, positioning it to anticipate an increase in dividend payments. Following its IPO in 2022, the Company distributed record dividends of KZT 300 bln for each of the years 2022 and 2023.

Thus, KMG continues to strengthen its investment case by paying consistent and growing dividends to its shareholders.

On 26 June 2024, KMG completed the payment of dividends to shareholders based on the results of 2023. The total amount of dividends stood at KZT 300.0 bln. Dividend per ordinary share totalled KZT 491.71.

Dividend history[1]

Indicator	2019	2020	2021	2022	2023	2024
Dividend per share, KZT	60.64	133.97	81.95	327.80	491.71	491.71
Total dividends paid, KZT mln	36,998	81,738	49,999	199,997	300,002	300,002

For more details, see the Financial Statements section

BOND ISSUES

For more details, see the Financial Review section

KMG's outstanding Eurobonds[2]

Issue date / maturity date	Issue size, USD mln	Outstanding bonds, USD mln	Coupon rate, % p.a.	ISIN: RegS/144A
19 April 2017 / 19 April 2027	1,000	250	4.75	XS1595713782/US48667QAN51
19 April 2017 / 19 April 2047	1,250	1,250	5.75	XS1595714087/US48667QAP00
24 April 2018 / 24 April 2030	1,250	1,250	5.375	XS1807300105/US48667QAQ82
24 April 2018 / 24 October 2048	1,500	1,500	6.375	XS1807299331/US48667QAS49
14 October 2020 / 14 April 2033	750	750	3.50	XS2242422397/US48126PAA03

As of 31 December 2024, KMG had three outstanding local bond issues at the Corporate Centre level for a total amount of KZT 821,631.4 mln on par value.

[1] The actual payment of dividends to shareholders in the reporting period, regardless of the period for which they were accrued.
[2] Senior unsecured, as of 31 December 2024 at the Corporate Centre level.

KMG bonds to buy out Samruk-Kazyna's stake in Kashagan

Currency	Issue date / maturity date	Issue size, KZT mln	Outstanding bonds, KZT mln	Coupon rate, % p.a.	ISIN
KZT	16 September 2022 / 16 October 2035	751,631.4	751,631.4	9.3	KZ2C00008969
KZT	24 April 2023 / 1 April 2033	50,000	50,000	0.5	KZ2C00009736
KZT	24 November 2023 / 1 October 2033	20,000	20,000	0.5	KZ2C00010429

KMG's bonds issued to Samruk-Kazyna to finance the upgrade and expansion of the Astrakhan–Mangyshlak water pipeline

Currency	Issue date / maturity date	Issue size, KZT mln	Outstanding bonds, KZT mln	Coupon rate, % p.a.	ISIN
KZT	24 April 2023 / 1 April 2033	50,000	50,000	0.5	KZ2C00009736
KZT	24 November 2023 / 1 October 2033	20,000	20,000	0.5	KZ2C00010429

KMG'S CREDIT RATINGS

Credit ratings assigned by international rating agencies serve as reliable and independent tools for the Group's credit assessment. KMG seeks to maintain its key financial metrics at or above the levels required for investment-grade long-term ratings. KMG supplies rating agencies with all necessary information for an objective evaluation of its creditworthiness and maintains regular contact with them.
KMG's credit ratings are closely linked to the sovereign ratings of Kazakhstan; changes in the sovereign rating can impact the ratings of Kazakhstan's issuers, including KMG.

In 2024, international rating agencies reaffirmed or upgraded the Company's credit ratings:
- on 21 June 2024, Fitch Ratings reaffirmed KMG's long-term credit rating at BBB, with a stable outlook;
- on 11 September 2024, Moody's upgraded KMG's credit rating from Baa2 to Baa1, also changing the outlook to stable.

Thus, KMG currently holds investment-grade credit ratings from both Moody's and Fitch Ratings on par with the sovereign rating of the Republic of Kazakhstan.

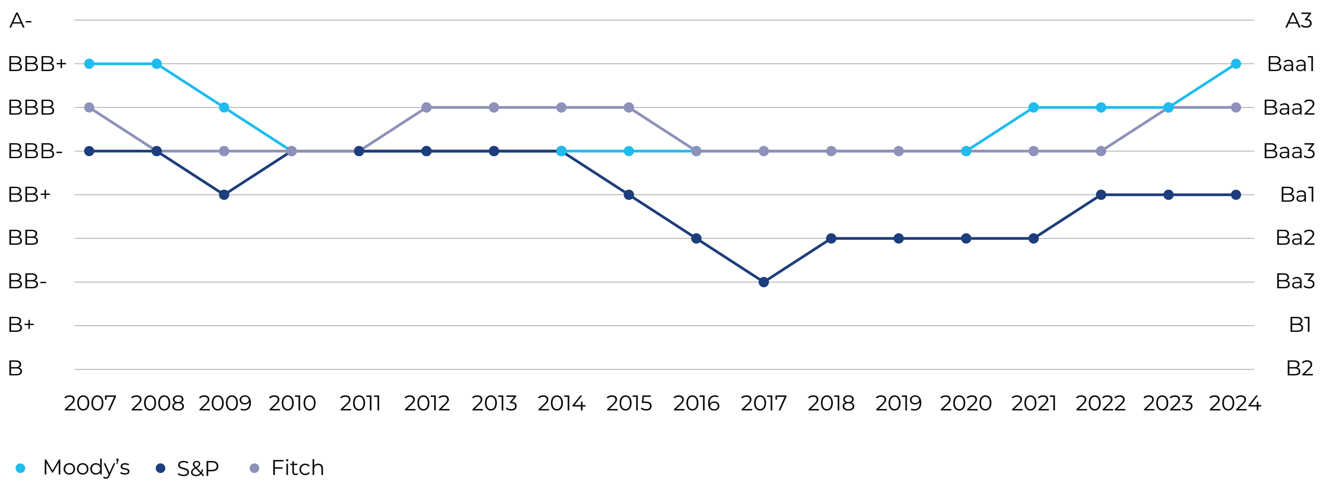
KMG's credit ratings

Rating agency	Date	Rating	Outlook
Moody's Investors Service	11 September 2024	Baa1	Stable
S&P	26 December 2023	BB+	Stable
Fitch Ratings	20 June 2024	BBB	Stable

Kazakhstan's credit ratings

Rating agency	Date	Rating	Outlook
Moody's Investors Service	9 September 2024	Baa1	Stable
S&P	3 March 2023	BBB–	Stable
Fitch Ratings	15 November 2024	BBB	Stable

Change in KMG's ratings



	Moody's	S&P	Fitch Ratings
2007	Baa1	BBB–	BBB
2008	Baa1	BBB–	BBB–
2009	Baa2	BB+	BBB–
2010	Baa3	BBB–	BBB–
2011	Baa3	BBB–	BBB–
2012	Baa3	BBB–	BBB
2013	Baa3	BBB–	BBB
2014	Baa3	BBB–	BBB
2015	Baa3	BB+	BBB
2016	Baa3	BB	BBB–
2017	Baa3	BB–	BBB–
2018	Baa3	BB	BBB–
2019	Baa3	BB	BBB–
2020	Baa3	BB	BBB–
2021	Baa2	BB	BBB–
2022	Baa2	BB+	BBB–
2023	Baa2	BB+	BBB
2024	Baa1	BB+	BBB

INVESTOR ENGAGEMENT

KMG actively engages with the investment community to ensure reliable access to financing while optimising its cost. This process involves Company leadership, including the Chairman of the Board of Directors, the Chairman and members of the Management Board, and representatives of key departments such as strategy, finance, operations, ESG, and investor relations.

Each quarter, KMG publishes:
- results presentations;
- press releases featuring financial results and trading updates;
- financial statements in accordance with IFRS;
- analytical books.

KMG holds semi-annual conference calls for investors to discuss financial and operating results, with senior management participating. In addition, the Company organises one-on-one calls with investors and rating agencies, and also takes part in conferences focused on ESG and global market trends.

In 2024, KMG continued to enhance transparency of its disclosures, responding promptly to investor inquiries. In particular, we published our expanded Sustainability Report for 2023. Also, the Company received an ESG Risk Rating of 32.8 points from Sustainalytics, ranking 44th among 294 oil and gas companies.

The Company is committed to improving its ongoing dialogue with investors, regularly reviewing market perceptions of KMG at the Board of Directors level.

All materials for investors, including contact information, are available in the Investors section of the Company's website

44th place
among 294 oil and gas companies

2024 Investor Calendar

1Q 2024	· Investor conference call on full-year 2023 financial and operating results · 2023 quarterly results presentation · 2023 financial results and trading update · IFRS consolidated financial statements for 2023
2Q 2024	· 1Q 2024 quarterly results presentation · 1Q 2024 financial results and trading update · Interim condensed consolidated IFRS financial statements for 3M 2024 ended 31 March 2024 · Publication of 2023 Annual Report · Report on payments to the government in 2023
3Q 2024	· Investor Day on the KASE based on 1H 2024 financial and operating results · 1H 2024 quarterly results presentation · 1H 2024 financial results and trading update · Interim condensed consolidated IFRS financial statements for 6M 2024 ended 30 June 2024 · 1H 2024 trading update · Publication of 2023 Sustainability Report
4Q 2024	· 3Q 2024 quarterly results presentation · 3Q 2024 financial results and trading update · Interim condensed consolidated IFRS financial statements for 9M 2024 ended 30 September 2024

2025 Investor Calendar

24 February – 28 February	2024 trading update
26 March – 28 March	2024 financial results
12 May – 16 May	1Q 2025 trading update
20 May – 23 May	1Q 2025 financial results
28 July – 1 August	1H 2025 trading update
18 August – 22 August	1H 2025 financial results
27 October – 31 October	9M 2025 trading update
24 November – 28 November	9M 2025 financial results

3 FINANCIAL STATEMENTS

In 2024, KMG demonstrated stable financial results, which laid a solid foundation for further growth. Effective management of own and borrowed funds contributed to maintaining financial balance and respecting the interests of key stakeholders.

Joint Stock Company
“National Company “KazMunayGas”

Consolidated financial statements

For the year ended December 31, 2024
with independent auditor’s report

CONTENTS

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Independent auditor's report

To the Shareholders, Board of Directors and Management of Joint Stock Company "National Company "KazMunayGas"

Opinion

We have audited the consolidated financial statements of Joint Stock Company "National Company "KazMunayGas" and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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Key audit matter	***How our audit addressed the key audit matter***
Impairment of non-current assets	
We consider this matter to be one of the matters of most significance in our audit due to materiality of the balances of non-current assets, including upstream, midstream and downstream assets, to the consolidated financial statements, the high level of subjectivity in respect of assumptions underlying the impairment analysis and significant judgements and estimates made by management. Assumptions included discount rates, oil and petroleum products prices forecasts and inflation and exchange rate forecasts. Significant estimates included production forecast, future capital expenditure and oil and gas reserves available for development and production. Information on the impairment tests performed for non-current assets is disclosed in ***notes 4*** and ***14*** to the consolidated financial statements.	We considered management's assessment of the existence of impairment indicators and where impairment indicators were identified, we involved our business valuation specialists in the testing of management's impairment analysis and calculation of recoverable amounts. We analyzed the assumptions underlying management forecasts. We compared oil and petroleum products prices used in the calculation of recoverable amount to available market forecasts. We compared the discount rates and long-term growth rates to general market indicators and other available evidence and checked the adjustments made by management when calculating the applicable discount rate. We tested the mathematical accuracy of the impairment models and assessed the analysis of the sensitivity of the results of impairment tests to changes in assumptions. We performed procedures to assess competence, capabilities and objectivity of the external experts engaged by the Group to estimate the volumes of oil and gas reserves and prepare impairment models. We analysed disclosures on impairment test in the consolidated financial statements.

Provisions and contingent liabilities

Provisions are recognized and contingent liabilities are disclosed by the Group in respect of the results of the government inspections, and general legal proceedings, as well as other matters.

The assessment as to whether, or not, a liability should be recognized and whether the amounts can be reliably estimated involves estimation and judgement.

Predicting the outcome of the matter and estimating the potential impact in case of an unfavourable outcome represent a complex process, and the potential impact on the consolidated financial statements may be significant.

We considered provisions and contingent liabilities to be one of the matters of most significance in our audit because of their significance to the consolidated financial statements, the significant judgment and events occurred in 2024.

Information on provisions, contingent liabilities and commitments is disclosed in *notes 29* and *35* to the consolidated financial statements.

We inquired the Group's management and legal department for instances of non-compliance with laws and regulations and the status of any pending and ongoing litigations, claims and proceedings. We obtained legal letters from internal legal advisers.

We inspected relevant correspondence, the minutes of the meetings of the Group's management and Board of Directors.

We analysed the most significant legal cases and discussed them with the Group's legal department. We have engaged our internal legal and tax specialist for the analysis.

We analysed the Group's management's estimates underlying the amounts recognized as provisions in the consolidated financial statements and assessed judgements in respect of the probability of potential outcomes of contingent liabilities in the consolidated financial statements.

We analysed the related disclosures in the consolidated financial statements.

Other information included in the Group's 2024 annual report

Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2024 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

Responsibilities of management and the Audit Committee for the consolidated financial statements

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The partner in charge of the audit resulting in this independent auditor's report is Kairat Medetbayev.

Ernst & Young LLP

Kairat Medetbayev
Auditor

Rustamzhan Sattarov
General Director
Ernst and Young LLP

Auditor Qualification Certificate
No. МФ-0000137 dated 8 February 2013

State Audit License for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2, № 0000003, issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

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

5 March 2025

A member firm of Ernst & Young Global Limited

JSC NC "KazMunayGas" Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2024

In millions of tenge	Note	2024	2023 (restated)*
Revenue and other income			
Revenue from contracts with customers	7	**8,330,261**	8,319,543
Share in profit of joint ventures and associates, net	8	**531,230**	534,177
Gain from disposal of subsidiary	5	**16,410**	186,225
Interest revenue calculated using the effective interest method	15	**184,392**	139,449
Other finance income	15	**123,290**	7,332
Other operating income		**52,377**	55,378
Total revenue and other income		**9,237,960**	9,242,104
Costs and expenses			
Cost of purchased oil, gas, petroleum products and other materials	9	**(4,347,011)**	(4,621,881)
Production expenses	10	**(1,398,604)**	(1,219,722)
Taxes other than income tax	11	**(592,984)**	(594,080)
Depreciation, depletion and amortization	36	**(642,666)**	(599,543)
Transportation and selling expenses	12	**(267,824)**	(245,525)
General and administrative expenses	13	**(254,148)**	(165,897)
Impairment of property, plant and equipment, intangible assets, non–current advances for fixed assets and exploration expenses	14	**(69,733)**	(248,140)
Finance costs	15	**(346,096)**	(321,630)
Foreign exchange gain, net		**185,459**	25,222
Expected credit losses		**(8,316)**	(11,874)
Other expenses		**(38,703)**	(42,564)
Total costs and expenses		**(7,780,626)**	(8,045,634)
Profit before income tax		**1,457,334**	1,196,470
Income tax expenses	32	**(363,087)**	(269,792)
Net profit for the year		**1,094,247**	926,678

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

In millions of tenge	Note	2024	2023 (restated)*
Other comprehensive income/(loss)			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods			
Hedging effect		**(1,463)**	849
Exchange differences on translation of foreign operations		**1,492,858**	(176,614)
Net (loss)/gain on hedge of a net investment	27	**(358,847)**	46,152
Tax effect		**(90,712)**	11,101
Net other comprehensive income/(loss) to be reclassified to profit or loss in the subsequent periods, net of tax		**1,041,836**	(118,512)
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods			
Actuarial gain on defined benefit plans of the Group		**870**	341
Actuarial gain on defined benefit plans of the joint ventures		**114**	651
Tax effect		**1**	(327)
Net other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax		**985**	665
Net other comprehensive income/(loss) for the year, net of tax		**1,042,821**	(117,847)
Total comprehensive income for the year, net of tax		**2,137,068**	808,831
Net profit/(loss) for the year attributable to:			
Equity holders of the Parent Company		**1,094,438**	962,700
Non-controlling interests		**(191)**	(36,022)
		1,094,247	926,678
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Parent Company		**2,136,253**	845,194
Non-controlling interests		**815**	(36,363)
		2,137,068	808,831
Earnings per share** – tenge thousands			
Basic and diluted	26	**1.794**	1.578

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2023 and reflect adjustments made, refer to Note 6.*

** *The number of ordinary shares as of December 31, 2024 and 2023 equaled to 610,119,493.*

Deputy Chairman of the Management Board — *D.A. Aryssova*

Chief accountant — *A.S. Yesbergenova*

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2024

In millions of tenge	Note	December 31, 2024	December 31, 2023 (restated)*
Assets			
Non-current assets			
Exploration and evaluation assets	17	**216,448**	174,187
Property, plant and equipment	16	**7,834,160**	7,171,242
Investment property		**12,374**	19,383
Intangible assets	18	**943,156**	883,283
Right-of-use assets	19	**122,991**	101,765
Investments in joint ventures and associates	21	**5,378,513**	4,821,427
VAT receivable		**30,396**	30,360
Advances for non-current assets		**88,216**	50,954
Other non-current non-financial assets		**7,767**	4,192
Loans and receivables due from related parties	24	**121,673**	94,334
Other non-current financial assets		**48,249**	23,217
Long-term bank deposits	20	**74,329**	63,891
Deferred income tax assets	32	**50,705**	65,829
		14,928,977	13,504,064
Current assets			
Inventories	22	**413,741**	376,444
Trade accounts receivable	23	**443,057**	561,258
VAT receivable		**48,408**	60,523
Income tax prepaid	32	**41,170**	33,051
Other current non-financial assets	23	**180,754**	157,257
Loans and receivables due from related parties	24	**84,240**	125,569
Other current financial assets	23	**63,528**	74,870
Short-term bank deposits	20	**1,513,816**	997,012
Cash and cash equivalents	25	**1,216,451**	1,050,873
		4,005,165	3,436,857
Assets classified as held for sale		**505**	180
		4,005,670	3,437,037
Total assets		**18,934,647**	16,941,101

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

JSC NC "KazMunayGas" Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

In millions of tenge	Note	December 31, 2024	December 31, 2023 (restated)*
Equity and liabilities			
Equity			
Share capital	26	**916,541**	916,541
Additional paid-in capital		**1,142**	1,142
Other equity		**(2,373)**	(910)
Currency translation reserve		**5,132,868**	4,090,281
Retained earnings		**5,985,894**	5,488,964
Attributable to equity holders of the Parent Company		**12,034,072**	10,496,018
Non-controlling interests	26	**(109,788)**	(99,404)
Total equity		**11,924,284**	10,396,614
Non-current liabilities			
Borrowings	27	**3,644,111**	3,365,736
Lease liabilities	28	**103,334**	87,880
Other non-current financial liabilities	30	**7,096**	18,743
Provisions	29	**308,129**	306,219
Employee benefit liabilities		**75,999**	70,975
Other non-current non-financial liabilities	30	**36,175**	37,777
Deferred income tax liabilities	32	**1,391,836**	1,122,939
		5,566,680	5,010,269
Current liabilities			
Trade accounts payable	30	**598,787**	663,930
Borrowings	27	**323,290**	391,358
Lease liabilities	28	**20,882**	17,400
Other current financial liabilities	30	**169,150**	145,953
Provisions	29	**19,524**	33,576
Employee benefit liabilities		**6,516**	5,703
Income tax payable	32	**15,600**	28,285
Other taxes payable	31	**83,631**	116,500
Other current non-financial liabilities	30	**206,303**	131,513
		1,443,683	1,534,218
Total liabilities		**7,010,363**	6,544,487
Total equity and liabilities		**18,934,647**	16,941,101
Book value per ordinary share** – tenge thousands	26	**17.998**	15.593

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2023 and reflect adjustments made, refer to Note 6.*

** *The average number of ordinary shares as of December 31, 2024 and 2023 equaled to 610,119,493. Presentation of Book value per ordinary share is a non-IFRS measure required by KASE.*

Deputy Chairman of the Management Board — *D.A. Aryssova*

Chief accountant — *A.S. Yesbergenova*

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

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JSC NC "KazMunayGas" Consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

In millions of tenge	Note	2024	2023 (restated)*
Cash flows from operating activities			
Profit before income tax		**1,457,334**	1,196,470
Adjustments:			
Depreciation, depletion and amortization	36	**642,666**	599,543
Impairment of property, plant and equipment, intangible assets, non-current advances for fixed assets and exploration expenses	14	**69,733**	248,140
Gain on disposal of subsidiary	5	**(16,410)**	(186,225)
Realized gain from derivatives on petroleum products	10	**(19,502)**	(69)
Interest revenue calculated using the effective interest method	15	**(184,392)**	(139,449)
Other finance income	15	**(123,290)**	(7,332)
Finance costs	15	**346,096**	321,630
Loss on disposal of joint venture		**1,928**	90
Share in profit of joint ventures and associates, net	8	**(531,230)**	(534,177)
Movements in provisions		**(15,912)**	(6,158)
Net foreign exchange gain		**(184,029)**	(29,107)
Write-off of inventories to net realizable value		**942**	4,646
Loss on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		**5,241**	501
Impairment/(reversal of impairment) of VAT receivable	13	**7,063**	(282)
Change in financial guarantees		**1,765**	344
VAT non-recoverable	13	**1,237**	5,811
Allowance of expected credit loss		**8,316**	11,874
Operating profit before working capital changes		**1,467,556**	1,486,250
Change in VAT receivable		**6,180**	(37,306)
Change in inventory		**36,690**	(76,763)
Change in trade accounts receivable and other current assets		**199,936**	4,630
Change in trade and other payables and contract liabilities		**(142,667)**	78,727
Change in other taxes payable		**(134,049)**	(127,565)
Cash generated from operations		**1,433,646**	1,327,973
Dividends received from joint ventures and associates	21	**701,104**	619,826
Income taxes paid		**(182,227)**	(147,166)
Interest received		**138,511**	123,389
Interest paid	27, 28	**(247,182)**	(256,408)
Net cash flow from operating activities		**1,843,852**	1,667,614

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

In millions of tenge	Note	2024	2023 (restated)*
Cash flows from investing activities			
Placement of bank deposits		**(2,068,061)**	(1,460,352)
Withdrawal of bank deposits		**1,734,453**	1,614,940
Acquisition of subsidiary, net of cash acquired	6	**–**	(156,388)
Deferred consideration paid for the acquisition of subsidiary	26, 33	**(1,520)**	(163,770)
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		**(644,752)**	(683,439)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		**1,939**	3,317
Proceeds from disposal of subsidiary, net of cash disposed	5	**8,010**	94,624
Proceeds from disposal of share in joint venture		**12,995**	–
Additional contributions to joint ventures without changes in ownership	21	**(74,209)**	(20,117)
Loans given to related parties	33	**(67,980)**	(44,672)
Repayment of loans due from related parties	33	**45,023**	35,963
Acquisition of debt securities		**(18,041)**	(7,063)
Proceeds from sale of debt securities		**13,736**	289
Guaranteed and other payments receivable from a joint venture participant		**9,905**	–
Redeem of notes of the National Bank of RK	33	**308,147**	451,598
Acquisition of notes of the National Bank of RK	33	**(302,600)**	(425,263)
Other		**–**	697
Net cash flows used in investing activities		**(1,042,955)**	(759,636)
Cash flows from financing activities			
Proceeds from borrowings	27	**214,894**	385,304
Repayment of borrowings	27	**(647,409)**	(666,232)
Dividends paid to shareholders	26	**(300,002)**	(300,002)
Dividends paid to non-controlling interests	26	**(2,759)**	(1,572)
Distribution of net assets of KazMunayGas Exploration Production JSC to non-controlling interest		**(5,901)**	–
Distributions to Samruk-Kazyna	26	**(2,059)**	(120)
Contribution from the related party	26	**–**	14,155
Payment of principal portion of lease liabilities	28	**(26,118)**	(26,933)
Proceeds from the repo agreements		**22,074**	–
Repayment of the repo agreements		**(22,074)**	–
Other operations with Samruk-Kazyna	26	**(6,652)**	(8,962)
Other		**(4,554)**	–
Net cash flows used in financing activities		**(780,560)**	(604,362)
Effects of exchange rate changes on cash and cash equivalents		**145,268**	(15,942)
Change in allowance for expected credit losses		**(27)**	14
Net change in cash and cash equivalents		**165,578**	287,688
Cash and cash equivalents, at the beginning of the year		**1,050,873**	763,185
Cash and cash equivalents, at the end of the year		**1,216,451**	1,050,873

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2023 and reflect adjustments made, refer to Note 6.*

Non-cash transactions

For the year ended December 31, 2024, accounts payable for purchases of property, plant and equipment decreased by 12,851 million tenge (2023: increased by 69,734 million tenge).

Deputy Chairman of the Management Board D.A. Aryssova

Chief accountant A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Parent Company							
In millions of tenge	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
As at December 31, 2022	916,541	1,142	(1,759)	4,209,612	4,803,431	9,928,967	(61,541)	9,867,426
Net profit/(loss) for the year (restated)*	–	–	–	–	962,700	962,700	(36,022)	926,678
Other comprehensive income/(loss)	–	–	849	(119,331)	976	(117,506)	(341)	(117,847)
Total comprehensive income/(loss) (restated)*	–	–	849	(119,331)	963,676	845,194	(36,363)	808,831
Dividends *(Note 26)*	–	–	–	–	(300,002)	(300,002)	(1,500)	(301,502)
Distributions to Samruk-Kazyna *(Note 26)*	–	–	–	–	(120)	(120)	–	(120)
Other operations with Samruk-Kazyna *(Note 26)*	–	–	–	–	(17,925)	(17,925)	–	(17,925)
Acquisition of Polimer Production LLP under common control *(Note 26)*	–	–	–	–	(1,520)	(1,520)	–	(1,520)
Transactions with Samruk-Kazyna *(Note 26)*	–	–	–	–	26,597	26,597	–	26,597
Contribution from the related party *(Note 26)*	–	–	–	–	14,827	14,827	–	14,827
As at December 31, 2023 (restated)*	916,541	1,142	(910)	4,090,281	5,488,964	10,496,018	(99,404)	10,396,614

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Attributable to equity holders of the Parent Company							
In millions of tenge	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
As at December 31, 2023 (restated) *	**916,541**	**1,142**	**(910)**	**4,090,281**	**5,488,964**	**10,496,018**	**(99,404)**	**10,396,614**
Net profit/(loss) for the year	–	–	–	–	1,094,438	1,094,438	(191)	1,094,247
Other comprehensive (loss)/income	–	–	(1,463)	1,042,587	691	1,041,815	1,006	1,042,821
Total comprehensive income/(loss)	–	–	(1,463)	1,042,587	1,095,129	2,136,253	815	2,137,068
Dividends *(Note 26)*	–	–	–	–	(300,002)	(300,002)	(2,820)	(302,822)
Distributions to Samruk-Kazyna *(Note 26)*	–	–	–	–	(16)	(16)	–	(16)
Other operations with Samruk-Kazyna *(Note 26)*	–	–	–	–	(1,989)	(1,989)	–	(1,989)
Transactions with Samruk-Kazyna *(Note 26)*	–	–	–	–	(296,192)	(296,192)	–	(296,192)
Effect of liquidation of KazMunaiGas Exploration Production JSC	–	–	–	–	–	–	(8,379)	(8,379)
As at December 31, 2024	**916,541**	**1,142**	**(2,373)**	**5,132,868**	**5,985,894**	**12,034,072**	**(109,788)**	**11,924,284**

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2023 and reflect adjustments made, refer to Note 6.*

Deputy Chairman of the Management Board — D.A. Aryssova

Chief accountant — A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 87 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. GENERAL

Joint stock company "National Company "KazMunayGas" (further the Company, JSC NC "KazMunayGas" or Parent Company) is oil and gas enterprise of the Republic of Kazakhstan (further RK), which was established on February 27, 2002 as a closed joint stock company pursuant to the Decree No. 811 of the President of the RK dated February 20, 2002 and the resolution of the Government of the RK (further the Government) No. 248 dated February 25, 2002. The Company was formed as a result of the merger of closed joint stock companies "National Oil and Gas Company Kazakhoil" and "National Company Transport Nefti i Gaza". As the result of the merger, all assets and liabilities, including ownership interest in all entities owned by these companies, have been transferred to the Company. The Company was reregistered as a joint stock company in accordance with the legislation of the RK in March 2004.

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company "Kazakhstan Holding Company for State Assets Management "Samruk", which in October 2008 was merged with the state owned Sustainable Development Fund "Kazyna" and formed joint stock company "National Welfare Fund Samruk-Kazyna", now renamed to joint stock company "Sovereign Wealth Fund Samruk-Kazyna" (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna.

On August 7, 2015, the National Bank of RK (further NB RK) purchased 9.58% plus one share of the Company from Samruk-Kazyna. From December 8, 2022, 3.00% of shares of the Company are freely available on the Astana International Exchange (further AIX) and the Kazakhstan Stock Exchange (further KASE) stock exchanges.

On December 22, 2023, 20.00% of the Company's shares owned by Samruk-Kazyna were transferred to the Ministry of Finance of the Republic of Kazakhstan.

As at December 31, 2024, the Company has interest in 64 operating companies (as of December 31, 2023: 61) (jointly "the Group").

The Company has its registered office in the RK, Astana, Dinmukhamed Kunayev, 8.

The principal activity of the Group includes, but is not limited, to the following:

- Participation in the development and implementation of the uniform public policy in the oil and gas sector;
- Representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- Corporate governance and monitoring of exploration, development, production, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil-and-gas pipeline and field infrastructure.

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries *(Note 3)*.

These consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on March 5, 2025.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these consolidated financial statements. All values in these consolidated financial statements are rounded to the nearest millions, except when otherwise indicated.

Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with IFRS accounting standards as issued by International Accounting Standards Board (IASB).

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Group consolidated financial statements are disclosed in *Note 4*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)

Statement of compliance (continued)

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern. The Management of the Group consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (the functional currency). The consolidated financial statements are presented in Kazakhstani tenge (tenge or KZT), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

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.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Group Companies

The results and financial position of all of the Group's subsidiaries, joint ventures and associates (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

Exchange rates

Weighted average currency exchange rates established by KASE are used as official currency exchange rates in the Republic of Kazakhstan. The currency exchange rate of KASE as at December 31, 2024 was 525.11 tenge to 1 United States dollar (US dollar). This rate was used to translate monetary assets and liabilities denominated in US dollar as at December 31, 2024 (December 31, 2023: 454.56 tenge to 1 US dollar). The currency exchange rate of KASE as at March 5, 2025 was 496.71 tenge to 1 US dollar. For the year ended December 31, 2024, the Group had net foreign exchange gain of 185,459 million tenge due to fluctuations in foreign exchange rates to tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION

Changes in accounting policies and disclosures

New and amended standards and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards and interpretations effective as of January 1, 2024.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2024, but do not have an impact on the consolidated financial statements of the Group.

The Group presented only the list of standards effective and applicable for the Group.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to *IAS 7 Statement of Cash Flows* and *IFRS 7 Financial Instruments*: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to *IFRS 16* to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

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

In January 2020 and October 2022, 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.

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements. The Group disclosed the information on compliance with covenants under the terms of the loan agreements in *Note 27.*

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Standards issued but not yet effective

There are new pronouncements issued as at December 31, 2024:

- *Lack of exchangeability* – Amendments to IAS 21 (issued in August 2023);
- IFRS 18 *Presentation and Disclosure in Financial Statements* (issued in April 2024);
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* (issued in May 2024);
- *Contracts Referencing Nature-dependent Electricity* – Amendments to IFRS 9 and IFRS 7 (issued in December 2024);
- Annual Improvements Volume 11 (issued in July 2024);
- *Amendments to the Classification and Measurement of Financial Instruments* – Amendments to IFRS 9 and IFRS 7 (issued in May 2024).

The amendments are not expected to have a material impact on the Group's consolidated financial statements, except for IFRS 18 *Presentation and Disclosure in Financial Statements*. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Amended standards the Group applied the exception to recognizing and disclosing information in 2023

Pillar 2

International Tax Reform – Pillar II Model Rules - Amendments to IAS 12 Income Taxes

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar II rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar II model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar II income taxes arising from that legislation, particularly before its effective date.

The Group is part of Samruk-Kazyna Group that is a multinational enterprise with revenue in excess of 750 million Euro per consolidated financial statements of the international group for the financial year, immediately preceding the reporting financial year, using the arithmetic average market exchange rate determined in accordance with the tax legislation of the Republic of Kazakhstan for the respective financial year.

Samruk-Kazyna is a parent entity of the international group. Entities of the multinational enterprise are presented in the following jurisdictions where Pillar II Model Rules have been enacted (or substantially enacted), entering into force in tax years 2024 and beyond: the Republic of Bulgaria, Federal Republic of Germany, Kingdom of the Netherlands, Romania, the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland.

The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar II income taxes in 2023.

In 2024, the Group, based on operational financial information for 2024, assessed the preliminary potential impact associated with the implementation of the Pillar II Model Rules at the legislative level.

Based on the results of its assessment, the Group has identified that preliminary potential income tax risk on profits determined under the Pillar II model rules and earned by certain companies with above-mentioned jurisdictions is not material to the consolidated financial statements of the Group.

The Group continues to progress on the assessment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has: power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee, and; the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement with the other vote holders of the investee; rights arising from other contractual arrangements; the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, revenue and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Profit or loss and each component of other comprehensive income are attributable to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Subsidiaries

As at December 31, 2024 and 2023, the following direct significant subsidiaries were included in these consolidated financial statements:

			Percentage ownership	
Significant entities	**Main activity**	**Country of incorporation**	**December 31, 2024**	December 31, 2023
KazMunayTeniz LLP	Exploration and production	Kazakhstan	**100%**	100%
KMG Karachaganak LLP	Exploration and production	Kazakhstan	**100%**	100%
Kazakhturkmunay LLP	Exploration and production	Kazakhstan	**100%**	100%
KMG Kashagan B.V.	Exploration and production	Netherlands	**100%**	100%
Ozenmunaigas JSC	Exploration and production	Kazakhstan	**100%**	–
Embamunaigas JSC	Exploration and production	Kazakhstan	**100%**	–
Dunga Operating GmbH *(Note 6)*	Production	Kazakhstan	**100%**	100%
KazTransOil JSC (further KTO)	Oil transportation	Kazakhstan	**90%**	90%
KazMorTransFlot LLP	Oil transportation and construction	Kazakhstan	**100%**	100%
Cooperative KazMunayGas PKI U.A.	Refinery and marketing of oil products	Netherlands	**100%**	100%
Atyrau Refinery LLP (further Atyrau Refinery)	Refinery	Kazakhstan	**99.53%**	99.53%
Pavlodar oil chemistry refinery LLP (further Pavlodar refinery)	Refinery	Kazakhstan	**100%**	100%
KMG International N.V. (further KMGI)	Refinery and marketing of oil products	Romania	**100%**	100%
KMG Drilling&Services LLP	Drilling services	Kazakhstan	**100%**	100%
KazMunayGas Exploration Production JSC (further KMG EP)	Exploration and production	Kazakhstan	**–**	99.72%

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with changes in fair value recognized in the statement of profit or loss in accordance with IFRS 9. If the contingent consideration is not within the scope of IFRS 9, it is measured at fair value through profit and loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Acquisition of subsidiaries from parties under common control

Acquisitions of subsidiaries from parties under common control are accounted for using the pooling of interest method.

The assets and liabilities of the subsidiary transferred under common control are recorded in the consolidated financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Related goodwill, if any, inherent in the Predecessor's original acquisition is also recorded in the consolidated financial statements. Any difference between the total book value of net assets, including the Predecessor's goodwill, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to equity.

The consolidated financial statements, including corresponding figures, are presented as if the subsidiary had been acquired by the Group on the date it was originally acquired by the Predecessor.

Acquisition of joint ventures and associates from parties under common control

Acquisition of joint ventures and associates from parties under common control are accounted for using the pooling of interest method.

The Group's share in the assets and liabilities of the joint ventures and associates transferred under common control is recorded in the consolidated financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Any difference between the Group's share in the total book value of net assets, and the consideration paid is accounted for in the consolidated financial statements as an adjustment to equity.

JSC "National Company "KazMunayGas" Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments in associates and joint ventures

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint venture and associates are accounted for using the equity method.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the joint venture or associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the joint venture or associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the interest in the joint venture or associate.

The aggregate of the Group's share in profit or loss of a joint venture and an associate is shown on the face of the consolidated statement of comprehensive income and represents profit or loss after tax and non-controlling interest in the subsidiaries of the joint venture or associate. The financial statements of the joint venture or associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring their accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss under the item "Share in profit of joint ventures and associates, net" in the consolidated statement of comprehensive income.

Upon loss of joint control over the joint venture or significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture or associate upon loss of joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Oil and natural gas exploration, evaluation and development expenditure

Costs incurred before obtaining subsoil use rights (licenses)

Costs incurred before obtaining full subsoil use rights (licenses) are expensed in the period in which they are incurred, except when costs are incurred after signing preliminary agreements with the Government of RK, in such cases costs incurred after this date are capitalized in exploration and evaluation assets.

Subsoil use rights and property acquisition costs

Exploration and production subsoil use rights and related property acquisition costs are capitalized within exploration and evaluation assets and subclassified as intangible. Each property under exploration and appraisal is reviewed on an annual basis to confirm that drilling activity is planned and it is not impaired. If no future activity is planned, the carrying amount of the exploration subsoil use right and related property acquisition costs is written off. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves') and internal approval of development, the carrying amount of the subsoil use right and related property acquisition costs held on a field-by-field basis is aggregated with exploration and evaluation assets and transferred to oil and gas assets or intangible assets.

Exploration and evaluation costs

Once the legal right to explore has been acquired, geological and geophysical exploration costs and costs directly associated with exploration and appraisal wells, including unsuccessful development or delineation wells are capitalized as exploration and evaluation intangible or tangible assets, according to the nature of the costs, until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors. If no expected reserves are found, the exploration and evaluation asset is tested for impairment. If extractable hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells, are likely to be developed commercially; the costs continue to be carried as an asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbon reserves.

All such carried costs are subject to technical, commercial and management review as well as review for impairment at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Oil and natural gas exploration, evaluation and development expenditure (continued)

Exploration and evaluation costs (continued)

When proved reserves of hydrocarbons are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas assets after impairment is assessed and impairment loss recognized, if any.

When this is no longer the case, and the Group decides to relinquish the contract territory to the Government and terminate the subsoil use contracts, the assets are written off.

Development costs

Expenditures on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, are capitalized within oil and gas assets.

Oil and gas assets and other property, plant and equipment

Oil and gas assets and other property, plant and equipment are stated at cost less accumulated depreciation, depletion and impairment.

The initial cost of an asset comprises its purchase price or construction cost, borrowing cost for long-term construction or development project, if recognition criteria is met, any costs directly attributable to bringing the asset into operation and the initial estimate of decommissioning obligation, if there is any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and gas assets are depreciated using a unit-of-production method, whereas tangible assets are depreciated over proved developed reserves and intangible assets − over proved reserves. Certain oil and gas assets with useful lives less than the remaining life of the fields or term of the subsoil use contracts are depreciated on a straight-line basis over useful lives.

Property, plant and equipment other than oil and gas assets and land principally comprise buildings, machinery and equipment, vehicles and others that are depreciated on a straight-line basis over the expected remaining useful average lives as follows:

Refinery assets	4-100 years
Pipelines	2-30 years
Buildings and improvements	2-100 years
Machinery and equipment	2-30 years
Vehicles	3-35 years
Other	2-20 years
Land	Not depreciated

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

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

An item of property, plant and equipment, inclusive of production wells which stop producing commercial quantities of hydrocarbons and are scheduled for abandonment, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognized.

Intangible assets

Intangible assets are stated at cost, less accumulated amortization and accumulated impairment losses. Intangible assets include expenditure on acquiring subsoil use rights for oil and natural gas exploration, evaluation and development, computer software and goodwill. Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

Intangible assets, except for goodwill and subsoil use rights, are amortized on a straight-line basis over the expected remaining useful life. The expected useful lives of the assets are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. Computer software costs have an estimated useful life of 3 to 7 years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is tested for impairment annually (as at December 31) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to oil and gas development tangible and intangible assets or whenever facts and circumstances indicate impairment.

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

- The period for which the Group entity has the right to explore and appraise in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on the further exploration for and evaluation of hydrocarbon resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of hydrocarbon resources in the specific area have not led to the discovery of commercially viable quantities of hydrocarbon resources and the Group entity has decided to discontinue such activities in the specific area;
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Asset retirement obligation (decommissioning)

Provision for decommissioning is recognized in full, on a discounted cash flow basis, when the Group has an obligation to dismantle and remove a facility or an item of plant, property and equipment and to restore the site on which it is located, and when a reasonable estimate of that provision can be made. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created. This asset is subsequently depreciated as part of the capital costs of the production and transportation facilities based on the appropriate depreciation method.

Changes in the measurement of an existing decommissioning provision that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or change in the discount rate, is accounted for so that:

(a) Changes in the provision are added to, or deducted from, the cost of the related asset in the current period;

(b) The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the provision exceeds the carrying amount of the asset, the excess is recognized immediately in the consolidated statement of comprehensive income; and

(c) If the adjustment results in an addition to the cost of an asset, the Group considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Group tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss, in accordance with IAS 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a debt financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, 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 Group'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 recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through profit or loss.

The Group does not have financial assets at fair value through other comprehensive income.

Derecognition

A financial asset is primarily derecognized (removed from the consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

ECL are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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).

For trade and other receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derecognition (continued)

Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Leases

The Group 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 in exchange for consideration.

The Group as a lessee

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is 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 recognized, 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.

If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes 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 Group and payments of penalties for terminating a lease if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized 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 Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities are increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities are remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in Finance lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Inventories

Inventories are stated at the lower of cost and net realizable value on a first-in first-out (FIFO) basis. Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition. The cost of crude oil and refined products is the cost of production, including the appropriate proportion of depreciation, depletion and amortization and overheads based on normal capacity. Net realizable value of crude oil and refined products is based on estimated selling price in the ordinary course of business less any costs expected to be incurred to complete the sale.

Cash and cash equivalents

Cash and cash equivalents include cash in bank and cash on hand, demand deposits with banks with original maturities of three months or less.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans borrowings and payables, or as derivatives financial instruments.

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

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Trade and other payables

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs.

The Group does not have financial liabilities at fair value through profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the expected credit losses allowance calculated under IFRS 9 and the amount recognized less cumulative amortization, if any.

Net investment hedges

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of a derivative or a foreign exchange gains and losses for a non-derivative is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivatives is recognized immediately in profit or loss. The amount recognized in OCI is fully or partially reclassified to profit or loss as a reclassification adjustment on disposal or partial disposal of the foreign operation, respectively.

JSC "National Company "KazMunayGas" Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Provisions are recognized when the Group 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. When the Group expects 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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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 a finance cost.

Provision for obligations to the Government

The Government assigns various sponsorship and financing obligations to the Group. Management of the Group believes that such Government's assignments represent constructive obligations of the Group and require recognition on the basis of respective resolution of the Government. Furthermore, as the Government is acting as the ultimate controlling party of the Group, the expenditures on these assignments are recognized as other distributions to the Shareholders directly in the equity, in the consolidated financial statements.

Employee benefits

Pension scheme

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state − managed retirement benefit schemes are dealt with as defined contribution plans where the Group's obligations under the scheme are equivalent to those arising in a defined contribution retirement benefit plan.

Long-term employee benefits

The Group provides long-term employee benefits to employees before, on and after retirement, in accordance with the collective agreements between the Group entities and their employees. The collective agreement provides for certain one-off retirement payments, financial aid for employees' disability, anniversaries, funeral and other benefits. The entitlement to benefits is usually conditional on the employee remaining in service up to retirement age.

The expected costs of the benefits associated with one-off retirement payments are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans with defined payments upon the end of employment. Actuarial gains and losses arising in the year are taken to other comprehensive income. For this purpose, actuarial gains and losses comprise both the effects of changes in actuarial assumptions and experience adjustments arising because of differences between the previous actuarial assumptions and what has actually occurred. Other movements are recognized in the current period, including current service cost, any past service cost and the effect of any curtailments or settlements.

The most significant assumptions used in accounting for defined benefit obligations are discount rate and mortality assumptions. The discount rate is used to determine the net present value of future liabilities and each year the unwinding of the discount on those liabilities is charged to the consolidated statement of comprehensive income as finance costs. The mortality assumption is used to project the future stream of benefit payments, which is then discounted to arrive at a net present value of liabilities.

Employee benefits other than one-off retirement payments are considered as other long-term employee benefits. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for the defined benefit plan. Actuarial gains and losses on other long-term employee benefits are recognized in the profit or loss. These obligations are valued by independent qualified actuaries on an annual basis.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition

Revenues are recognized when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset, which usually occurs when the title is passed, provided that the contract price is fixed or determinable and collectability of the receivable is reasonably assured. Specifically, domestic sales of crude oil and gas, as well as petroleum products and materials are usually recognized when title passes. For export sales, title generally passes at the border of the RK. Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts, volume rebates and reimbursable taxes.

Sales of support services are recognized as services are performed provided that the service price can be determined and no significant uncertainties regarding the receipt of revenues exist.

The Group mainly recognizes revenue for the following types:

Revenue from sale of crude oil and oil products

Revenue from the sale of oil and oil products is recognized when control of the goods is transferred to the customer and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for such goods or services.

Revenue from transportation services

Revenue from transportation services is recognized when services are provided based on the actual volumes of oil transported in the reporting period.

Revenue from oil and oil products refinery services

Revenue from oil and oil products refinery services is recognized if it is probable that the economic benefits will flow to the Group and if the revenue can be measured reliably, regardless of the timing of payment.

Interest income and expense

For all financial instruments measured at amortized cost, and interest income and interest expense are recorded using the effective interest rate. Effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income and interest expense is included in finance costs in the consolidated statement of comprehensive income.

Contract liabilities

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

Income taxes

Income tax for the year comprises current income tax, excess profit tax and deferred 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 rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax (CIT) relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income taxes (continued)

Alternative mineral extraction tax (AMET) is treated as an income tax and forms part of income tax expense. In accordance with the applicable tax legislation, the Group accrues and pays AMET in respect of each subsoil use contract, at varying rates based on the ratio of aggregate annual income to deductions for the year for a particular subsoil use contract. The ratio of aggregate annual income to deductions in each tax year triggering the application of AMET is 1.24:1. AMET rates are applied to the part of the taxable income (taxable income after corporate income tax and allowable adjustments) related to each subsoil use contract.

Deferred tax is calculated with respect to both CIT and AMET. Deferred AMET is calculated on temporary differences for assets allocated to subsoil use contracts at the expected rate of AMET to be paid under the contract.

Deferred income 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.

Equity

Non-controlling interest

Non-controlling interests are initially recognized in proportion to identifiable net assets at the acquisition date.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the Company's owners. Total comprehensive income is attributed to the Company's owners and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are declared before the reporting date or after the reporting date but before the consolidated financial statements are authorized for issue.

Presentation of information

The consolidated statement of comprehensive income has been restated to present Interest revenue calculated using the effective interest method separately from finance income and, Expected credit losses separately from General and administrative expenses, Finance income and Finance costs. The Group believes that this separation allows for the presentation of information that is more relevant to users of the financial statements.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities and assets, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Impairment testing assumptions

The Group assessed the existence of impairment indicators of non-current assets and where impairment indicators were identified, the Group performed the impairment tests.

The Group's long-term assumptions for Brent oil prices, KZT/USD exchange rate and inflation projections have been revised and are based on externally sourced forecasts and rates of the independent research organizations considering long-term market expectations. Production volumes estimates are based on proved developed and undeveloped reserves for subsidiaries, and on proved and probable reserves for significant investments in joint ventures and associates. Production period is either based on subsoil use contracts' expiration date or on extended license period, to which the Group has strong intention to extend its licenses. Estimated production volumes are based on the Group's production plans that are mostly used for the purposes of application filing for extension of subsoil use contracts.

Discount rates were estimated on the weighted average cost of capital of the individual cash generating unit and ranged between 11.22-16.42% depending on the functional currency, production period, size, equity risk premium, beta and gearing ratio of the relevant CGU.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Impairment testing assumptions (continued)

The long-term price assumptions applied were derived from Bloomberg consensus; so did the near-term commodity price assumptions, a summary of which, in real 2024 terms, is provided below:

	2025	2026	2027	2028	2029
Brent oil (ICE Brent $/bbl)	73.25	71.00	73.00	72.00	72.30

For 2024 in *"Exploration and production of oil and gas"* segment net impairment charges were 57,100 million tenge, which mainly relate to the impairment of a seawater desalination plant and supply infrastructure in Zhanaozen city in the amount of 53,197 million tenge *(Note 14)*.

For 2024 in "*Corporate*" segment net impairment charges were 40,678 million tenge, which mainly relate the exploration and evaluation assets of Abai project in the amount of 17,703 million tenge *(Note 14)*.

For 2024 in *"Other"* segment net impairment charges were 11,609 million tenge, which mainly relate to a reversal of a previously recognized impairment loss in the amount of the excess of the value in use of the Jack-up rig over its carrying amount in the amount of 16,189 million tenge *(Note 14)*.

For 2023 in *"Exploration and production of oil and gas"* segment net impairment charges were 107,725 million tenge, which mainly relate to the exploration and evaluation assets of Aktoty and Kairan project in the amount of 74,255 million tenge *(Note 14)*.

For 2023 in "*Corporate*" net impairment charges were 40,337 million tenge, which mainly relate the exploration and evaluation assets of Jenis project in the amount of 40,244 million tenge *(Note 14)*.

For 2023 in "*Refining and trading of crude oil and refined products*" net impairment charges were 97,854 million tenge, which mainly relate to the CGU KMGI in the amount of 97,636 million tenge *(Note 14)*.

Headroom of the majority of oil and refining assets are sensitive to changes in price or other assumptions. The changes within next financial periods may result in recoverable amount of these assets above or below the current carrying amounts and therefore there is a risk of impairment reversals or charges in those periods.

Oil and gas reserves

Oil and gas reserves are a material factor in the Group's computation of depreciation, depletion and amortization expenses. The Group estimates its oil and gas reserves in accordance with the methodology of the Society of Petroleum Engineers (SPE). In estimating its reserves under SPE methodology, the Group uses long-term planning prices. Using planning prices for estimating proved reserves removes the impact of the volatility inherent in using year-end spot prices. Management believes that long-term planning price assumptions, which are also used by management for their business planning and investment decisions are more consistent with the long-term nature of the upstream business and provide the most appropriate basis for estimating oil and gas reserves.

All reserve estimates involve some degree of uncertainty. The uncertainty depends mainly on the amount of reliable geological and engineering data available at the time of the estimate and the interpretation of this data.

The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Proved reserves are more certain to be recovered than unproved reserves and may be further sub-classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Oil and gas reserves (continued)

Estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data, availability of new data, or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy. Proved developed reserves are used to calculate the unit of production rates for depreciation, depletion and amortization in relation to oil and gas production assets. The Group has included in proved reserves only those quantities that are expected to be produced during the initial subsoil use contract period. This is due to the uncertainties surrounding the outcome of such renewal procedures, since the renewal is ultimately at the discretion of the Government. An increase in the Group's subsoil use contract periods and corresponding increase in reported reserves would generally lead to lower depreciation, depletion and amortization expense and could materially affect earnings. A reduction in proved developed reserves will increase depreciation, depletion and amortization expense (assuming constant production), reduce income and could also result in an immediate write-down of the property's book value. Given the relatively small number of producing fields, it is possible that any changes in reserve estimates year on year could significantly affect prospective charges for depreciation, depletion and amortization.

Please refer *Note 14* for details on annual impairment test results.

Recoverability of oil and gas assets, downstream, refining and other assets

The Group assesses assets or CGU for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, future capital requirements, operating performance (including production and sales volumes) that are subject to risk and uncertainty. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered to be impaired and is written down to its recoverable amount. In assessing recoverable values, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general.

KMGI CGU, including goodwill

As at December 31, 2024 and 2023, the Group performed its annual impairment tests for goodwill and downstream, refining and other assets due to existence of impairment indicators at the CGUs of KMGI. For the detailed discussion of KMGI CGU impairment test refer to *Note 14*.

Pavlodar refinery, including goodwill

As of December 31, 2024, and 2023 the Group has goodwill of 88,553 million tenge related to acquisition of Pavlodar refinery *(Note 18)*. In December 2024 and 2023 the Group performed annual impairment test for the Pavlodar refinery goodwill. In assessing the recoverable amount, the fair value less the cost of sale was calculated, determined using a marketing scheme. The Group considered the forecast for oil tolling volumes, oil tolling tariffs, capital expenditures, among other factors, when reviewing for indicators of impairment. The recoverable amount is calculated using a discounted cash flow model. In 2024, the discount rate of 14.12% (2023: 16.02%) was calculated based on the pre-tax weighted average cost of capital. The inherent risk was included by applying an individual beta factor. The beta factor was estimated based on the publicly available market data. Forecasted cash flows till to 2032 were based on five-years business plan of Pavlodar refinery 2025-2029 (2023: 2024-2028 years), which assumes current management estimates on potential changes in operating and capital costs. As at December 31, 2024 and 2023 the recoverable amount of goodwill, which was determined based on fair value less cost to sell, exceeded its book value, as such no impairment of Pavlodar refinery goodwill was recognized.

Sensitivity to changes in assumptions

Results of the assessment of recoverable amount of Pavlodar refinery goodwill are sensitive to changes in key assumptions, in particular, assumptions related to changes in discount rate and target EBITDA in terminal period. Increase in discount rates by 1.0% to 15.12% (2023: 17.02%) and decrease of target EBITDA in terminal period by 1% would not result decrease of the recoverable amount of CGU Pavlodar refinery to its carrying value.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Recoverability of oil and gas assets, downstream, refining and other assets (continued)

Other CGUs

Revision to the Group's commodity price and other assumptions have not resulted in impairment charges in any other CGUs of the *Refining and trading of crude oil and refined products segment*.

Assets retirement obligations

Oil and gas production facilities

Under the terms of certain subsoil use contracts, legislation and regulations the Group has legal obligations to dismantle and remove tangible assets and restore the land at each production site. Specifically, the Group's obligation relates to the ongoing closure of all non-producing wells and final closure activities such as removal of pipes, buildings and recultivation of the contract territories, and also obligations to dismantle and remove tangible assets and restore territory at each production site. Since the subsoil use contract terms cannot be extended at the discretion of the Group, the settlement date of the final closure obligations has been assumed to be the end of each subsoil use contract period. The extent of the Group's obligations to finance the abandonment of wells and for final closure costs depends on the terms of the respective subsoil use contracts and current legislation.

Where neither subsoil use contracts nor legislation include an unambiguous obligation to undertake or finance such final abandonment and closure costs at the end of the subsoil use contract term, no liability has been recognized. There is some uncertainty and significant judgment involved in making such a determination. Management's assessment of the presence or absence of such obligations could change with shifts in policies and practices of the Government or in the local industry practice.

The Group calculates asset retirement obligations separately for each contract. The amount of the obligation is the present value of the estimated expenditures expected to be required to settle the obligation adjusted for expected inflation and discounted using average long-term risk-free interest rates for emerging market sovereign debt adjusted for risks specific to the Kazakhstan market.

At each reporting date the Group reviews site restoration provisions, and adjusts them to reflect the current best estimate in accordance with IFRIC 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*.

Estimating the future closure costs involves significant estimates and judgments by management. Most of these obligations are many years in the future and, in addition to ambiguities in the legal requirements, the Group's estimate can be affected by changes in asset removal technologies, costs and industry practice. The Group estimates future well abandonment cost using current year prices and the average long-term inflation rate.

The long-term inflation and discount rates used to determine the obligation in the consolidated statement of financial position across the Group entities at December 31, 2024 were in the range from 2.24% to 8.60% and from 6.85% to 12.15%, respectively (December 31, 2023: from 2.03% to 14.54% and from 6.20% to 11.37%, respectively). As at December 31, 2024 the carrying amounts of the Group's asset retirement obligations relating to decommissioning of oil and gas facilities were 142,009 million tenge (December 31, 2023: 123,785 million tenge) *(Note 29)*.

Major oil and gas pipelines

According to the Law of the RK *On Major Pipelines* which was made effective on July 4, 2012 KazTransOil JSC (further KTO) has legal obligation to decommission its major oil pipelines at the end of their operating life and to restore the land to its original condition. Asset retirement obligation is calculated based on estimate of the work to decommission and rehabilitate. As at December 31, 2024, the carrying values of the Group's asset retirement obligations relating to decommissioning of pipelines and land were 37,405 million tenge (December 31, 2023: 45,649 million tenge) *(Note 29)*.

Environmental remediation obligations provision

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. In accordance with the amendments to the Environmental Code of the RK effective from July1, 2021, the management believes that there are possible liabilities that may have an impact on the Group's financial position and results of operations.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Environmental remediation obligations provision (continued)

At the date of issuance of the consolidated financial statements the Group has analyzed the changes and, accordingly, estimated the amount of additional potential liabilities related to the asset retirement and land recultivation. As at December 31, 2024, the carrying amount of the Group's assets retirement obligations were in total amount of 41,778 million tenge (31 December, 2023: 39,271 million tenge), which is equal to the present value of future cash outflows *(Notes 29 and 35)*.

The Group continues to monitor this matter and will adjust for new facts and circumstances, and any clarification provided by the State body in regards to the application of the Environmental Code of the RK.

The Group also makes judgments and estimates in establishing provisions for environmental remediation obligations. Environmental expenditures are capitalized or expensed depending upon their future economic benefit. Expenditures that relate to an existing condition caused by past operations and do not have a future economic benefit are expensed.

Liabilities are determined based on current information about costs and expected plans for remediation and are recorded on discounted basis. The Group's environmental remediation provision represents management best estimate based on an independent assessment of the anticipated expenditure necessary for the Group to remain in compliance with the current regulatory regime in Kazakhstan and Europe. The Group has classified this obligation as non-current except for the portion of costs, included in the annual budget for 2024. For environmental remediation provisions, actual costs can differ from estimates because of changes in laws and regulations, public expectations, discovery and analysis of site conditions and changes in clean-up technology. Movements in the provision for environmental remediation obligations are disclosed in *Note 29*.

Employee benefits

The cost of defined long-term employee benefits payable before, on and after retirement and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Taxation

In assessing tax risks, management considers to be probable obligations the known areas of tax positions which the Group would not appeal or does not believe it could successfully appeal, if assessed by tax authorities. Such determinations inherently involve significant judgment and are subject to change as a result of changes in tax laws and regulations, amendments to the taxation terms of the Group's subsoil use contracts, the determination of expected outcomes from pending tax proceedings and current outcome of ongoing compliance audits by tax authorities. The provision for tax risks other than on income tax are disclosed under provisions for taxes in *Note 29*. Contingent liabilities for tax risks other than on income tax are disclosed in *Note 35*. Provisions and contingent liabilities related to income tax are included or disclosed as income tax liabilities or contingencies (see *Note 32* and *35*).

Useful lives of property, plant and equipment

The Group assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for prospectively as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments presented in the consolidated financial statements. Further details are disclosed in *Note 34*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. LOSS OF CONTROL

Karaton Operating Ltd. (further Karaton)

On February 21, 2024, the Company and Tatneft PJSC signed a purchase and sale agreement for a 50% share of Karaton, subsidiary of the Company, holder of a contract for the production of hydrocarbons at Karaton subsoil blocks located in Atyrau region. As a result, on February 21, 2024, the Group lost control over Karaton.

The sale price of a 50% share in Karaton was 18.2 million US dollars (equivalent to 8,255 million tenge at the date of disposal of subsidiary).

On March 13, 2024, Tatneft PJSC made a payment of cash consideration in the amount of 18.2 million US dollars (equivalent to 8,188 million tenge at the date of payment).

The investment retained in the former subsidiary is accounted as an investment in joint venture accounted for using the equity method and with initial fair value of 8,255 million tenge at the date of loss of control.

The Company and Tatneft PJSC have joint control over the Karaton where decisions about the relevant activities of Karaton require unanimous consent.

The net cash flows incurred by Karaton for the period from January 1, 2024 through the date of loss of control are as follows:

In millions of tenge	
Investing	(118)
Net decrease in cash and cash equivalents	**(118)**

At the date of loss of control net assets of Karaton were as follows:

In millions of tenge	
Assets	
Exploration and evaluation assets *(Note 17)*	291
Property, plant and equipment *(Note 16)*	28
Other assets	21
Cash and cash equivalents	178
Total assets	**518**
Liabilities	
Trade accounts payable	5
Other current liabilities	413
Total liabilities	**418**
Net assets directly associated with the disposal group	**100**
Cash consideration received at the date of disposal of subsidiary	8,255
Fair value of 50% retained interest in a joint venture *(Note 21)**	8,255
Gain from disposal of subsidiary	**16,410**

* *The Group recognized 50% investment in a joint venture for the corresponding share at a fair value of identifiable net assets of Karaton.*

The business of Karaton represented in the Group's *Exploration and production of oil and gas* segment.

KALAMKAS-KHAZAR OPERATING LLP (further KKO)

On February 9, 2023, the Company and Lukoil PJSC signed a purchase and sale agreement for a 50% share of KKO, subsidiary of the Company, holder of a contract for the production of hydrocarbons at the Kalamkas-Sea, Khazar and Auezov subsoil blocks located in the Kazakhstani sector of the Caspian Sea. On September 11, 2023, KKO was re-registered after the parties fulfilled the suspensive conditions of a purchase and sale agreement. As a result of the transaction, the Group lost control over KKO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. LOSS OF CONTROL (continued)

KALAMKAS-KHAZAR OPERATING LLP (further KKO) (continued)

The sale price of a 50% share was 200 million US dollars (equivalent to 93,258 million tenge at the date of disposal of subsidiary). According to the terms of the sale and purchase agreement, the sale price may be adjusted by 100 million US dollars if certain conditions are met (further the Additional consideration). The Group recognized this Additional consideration as a financial asset measured at fair value through profit or loss in the amount of 29 million US dollars (equivalent to 14,154 million tenge) within other non-current financial assets in the consolidated statement of the financial position. As at December 31, 2024, the fair value of the Additional consideration was 33 million US dollars (equivalent to 17,461 million tenge) (December 31, 2023: 30 million US dollars (equivalent to 13,860 million tenge).

On September 21, 2023, Lukoil PJSC made payment of cash consideration in the amount of 200 million US dollars (equivalent to 94,644 million tenge at the date of payment).

The investment retained in the former subsidiary is an investment to a joint venture accounted for using the equity method and its fair value is 93,258 million tenge at the date of loss of control. The Company and Lukoil PJSC have joint control over the KKO where decisions about the relevant activities of KKO require unanimous consent.

The results of KKO for the period from January 1, 2023 through the date of loss of control are presented below:

In millions of tenge	
Finance income	7
General and administrative expenses	(108)
Finance costs	(33)
Net foreign exchange loss	(98)
Income tax expenses	(1)
Loss for the period	**(233)**

The net cash flows incurred by KKO for the period from January 1, 2023 through the date of loss of control are as follows:

In millions of tenge	
Operating	(102)
Investing	(16,937)
Financing	17,059
Net increase in cash and cash equivalents	**20**

At the date of loss of control net assets of KKO were as follows:

In millions of tenge	
Assets	
Property, plant and equipment *(Note 16)*	5,185
Exploration and evaluation assets *(Note 17)*	14,678
Cash and cash equivalents	20
Other assets	626
Total assets	**20,509**
Liabilities	
Borrowings	2,511
Trade accounts payable	3,548
Other liabilities	5
Total liabilities	**6,064**
Net assets directly associated with the disposal group	**14,445**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. LOSS OF CONTROL (continued)

KALAMKAS-KHAZAR OPERATING LLP (further KKO) (continued)

In millions of tenge	
Cash consideration received at the date of disposal of subsidiary	93,258
Fair value of the Additional consideration at the date of disposal of subsidiary	14,154
Fair value of 50% retained interest in a joint venture *(Note 21)**	93,258
Gain from disposal of subsidiary	**186,225**

* *The Group recognized 50% investment in a joint venture for the corresponding share at a fair value of identifiable net assets of KKO.*

The business of KKO represented in the Group's *Exploration and production of oil and gas* segment.

6. BUSINESS COMBINATION

Acquisition of Dunga Operating GmbH

On October 9, 2023 KMG signed a purchase agreement with TOTALENERGIES EP DENMARK A/S for the acquisition of a 100% of the shares of Total E&P Dunga GmbH (renamed to Dunga Operating GmbH in December 2023), engaged in the exploration and production of crude oil and natural gas in Dunga field. The base consideration comprises of 358.5 million US dollars (equivalent to 165,913 million tenge). The agreement contains certain closing conditions precedent, which were met on October 30, 2023 and on November 20, 2023, the transaction was completed after the re-registration of Dunga Operating GmbH shares to KMG. KMG has obtained control over Dunga Operating GmbH, a subsidiary, increasing the KMG share in the hydrocarbon resource base and production of the crude oil and natural gas on the RK market.

At the date of issue consolidated financial statements for the year ended December 31, 2023, the initial accounting for the business combination was not completed and the Group assessed the fair value of the net identifiable assets and liabilities of Dunga Operating GmbH at provisional amounts being the fair value of the consideration given of 358.5 million US dollars (equivalent to 165,913 million tenge) in accordance with *IFRS 3 Business Combinations.*

In 2024 the Group completed the valuation of the fair value of the net identifiable assets and liabilities of Dunga Operating GmbH at the date of acquisition to complete the initial accounting for the business combination.

The fair value of the net identifiable assets and liabilities of Dunga Operating GmbH at the date of acquisition was 156,099 million tenge, a decrease of 9,814 million tenge over the provisional value. These leads to decrease in depreciation charge of property, plant and equipment and corporate income tax of 1,661 and 556 million tenge, respectively, from the acquisition date to 31 December 2023.

The 2023 comparative information was restated to reflect these adjustments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. BUSINESS COMBINATION (continued)

Acquisition of Dunga Operating GmbH (continued)

The fair values of the identifiable assets and liabilities of *Dunga Operating GmbH* as at the date of acquisition are as presented below:

In millions of tenge	**At the date of acquisition**
Assets	
Non-current assets	
Property, plant and equipment *(Note 16)*	181,462
Intangible assets *(Note 18)*	5,481
Long-term bank deposits	5,413
Other non-current assets	3,132
Current assets	
Inventories	6,387
Trade accounts receivable	5,870
Income tax prepaid	2,284
Other current non-financial assets	5,601
Other current financial assets	55
Cash and cash equivalents	8,288
Total assets	**223,973**
Non-current liabilities	
Provisions *(Note 29)*	4,346
Deferred income tax liabilities *(Note 32)*	48,752
Other non-current financial liabilities	447
Current liabilities	
Trade accounts payable	8,802
Other current financial liabilities	5,527
Total liabilities	**67,874**
Total identifiable net assets at fair values	**156,099**
Purchase consideration transferred, including withholding tax	**165,913**
Goodwill arising on acquisition	**9,814**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. BUSINESS COMBINATION (continued)

Acquisition of Dunga Operating GmbH (continued)

The business of Dunga Operating GmbH is represented in the Group's *Exploration and production of oil and gas* segment in these consolidated financial statements.

The acquisition date fair value of the trade accounts receivable amounts to 5,870 million tenge, that is the gross amount of trade accounts receivable. It is expected that the full contractual amounts can be collected.

The deferred income tax liability mainly comprises the tax effect of the accelerated depreciation for tax purposes of tangible and intangible assets.

The Goodwill of 9,814 million tenge arising on acquisition represents the Group's future benefits from the exploration and production of crude oil and natural gas in the Dunga field. None of the goodwill recognised is expected to be deductible for income tax purposes.

There was no recognized contingent liability at the date of acquisition.

From the date of acquisition, Dunga Operating GmbH contributed 2,872 million tenge of revenue and 1,172 million tenge to profit before tax from continuing operations of the Group in 2023. If the combination had taken place at the beginning of the 2023, revenue from continuing operations would have been 34,032 million tenge and profit before tax from continuing operations for the Group would have been 21,468 million tenge.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

In millions of tenge	**2024**	2023
Type of goods and services		
Sales of crude oil and gas	**4,695,223**	4,628,125
Sales of refined products	**2,697,812**	2,848,921
Refining of oil and oil products	**258,530**	248,058
Oil transportation services	**240,728**	226,142
Other revenue	**437,968**	368,297
	8,330,261	8,319,543
Geographical markets		
Switzerland	**1,852,928**	1,677,575
UAE	**1,850,402**	223,586
Kazakhstan	**1,602,854**	1,454,546
Romania	**1,198,203**	1,334,646
The Netherlands	**741,826**	2,500,126
Other countries	**1,084,048**	1,129,064
	8,330,261	8,319,543
Timing of revenue recognition		
At a point in time	**8,093,554**	8,121,191
Over time	**236,707**	198,352
	8,330,261	8,319,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET

In millions of tenge	**2024**	2023
Joint ventures		
Tengizchevroil LLP	**303,480**	340,884
Mangistau Investments B.V. Group (MMG)	**35,726**	38,255
KC Energy Group LLP *	**27,288**	–
PETROSUN LLP *	**26,238**	46,567
KazGerMunay LLP	**25,336**	20,983
Kazakhstan-China Pipeline LLP	**20,844**	18,720
KazRosGas LLP	**19,157**	32,324
Kazakhoil-Aktobe LLP	**5,986**	(1,869)
Valsera Holdings B.V. Group (PKOP)	**(177)**	17,296
Teniz Service LLP	**(1,742)**	116
Kazakhstan Petrochemical Industries Inc. LLP	**(5,210)**	(12,339)
Ural Group Limited	**(8,961)**	(47,006)
Other	**(2,185)**	3,896
	445,780	457,827
Associates		
Caspian Pipeline Consortium	**81,525**	64,358
PetroKazakhstan Inc.	**2,253**	4,889
Other	**1,672**	7,103
	85,450	76,350
	531,230	534,177

* *KC Energy Group LLP was founded under conditions similar to the current activities of PETROSUN LLP with the same composition of participants and the same management mechanisms. It is planned that the activities of PETROSUN LLP will be gradually transferred to KC Energy Group LLP.*

9. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS

In millions of tenge	**2024**	2023
Purchased oil for resale	**3,380,238**	3,402,819
Materials and supplies	**561,039**	416,851
Cost of oil for refining	**338,490**	687,792
Purchased petroleum products for resale	**67,244**	90,108
Purchased gas for resale	**–**	24,311
	4,347,011	4,621,881

10. PRODUCTION EXPENSES

In millions of tenge	**2024**	2023
Payroll	**606,560**	510,927
Repair and maintenance	**272,584**	212,500
Transportation costs	**156,399**	123,310
Energy	**125,666**	117,957
Short-term lease expenses	**92,377**	102,385
Environmental protection	**15,015**	17,930
Write-off of inventories to net realizable value	**1,485**	1,590
Realized gain from derivatives on petroleum products	**(19,502)**	(69)
Others	**148,020**	133,192
	1,398,604	1,219,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. TAXES OTHER THAN INCOME TAX

In millions of tenge	**2024**	2023
Rent tax on crude oil export	**139,656**	138,986
Export customs duty	**124,941**	113,248
Excise	**120,114**	112,320
Mineral extraction tax	**99,446**	142,900
Social tax	**50,921**	44,863
Property tax	**33,345**	31,505
Turnover tax	**14,472**	–
Other taxes	**10,089**	10,258
	592,984	594,080

As per Law no 296/2023 of Romania, the companies in the oil and gas sector with turnover of more than 50 million euro will have to pay an additional 0.5% turnover tax to the corporate income tax for 2024-2025. In 2024 KMGI paid turnover tax in the amount of 28.5 million Euro (equivalent to 14,472 million tenge).

12. TRANSPORTATION AND SELLING EXPENSES

In millions of tenge	**2024**	2023
Transportation	**200,844**	184,940
Payroll	**21,552**	19,990
Other	**45,428**	40,595
	267,824	245,525

13. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of tenge	**2024**	2023
Payroll	**93,824**	80,672
Trust management expenses	**53,276**	–
Consulting services	**16,531**	17,828
Maintenance	**8,926**	6,845
Impairment/(reversal of impairment) of VAT receivable	**7,063**	(282)
Social payments	**6,825**	6,037
Communication	**2,218**	2,080
VAT non-recoverable	**1,237**	5,811
Other	**64,248**	46,906
	254,148	165,897

For 2024, the total payroll amounted to 721,936 million tenge (2023: 611,589 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in the consolidated statement of comprehensive income.

For 2024, the Group recognized remuneration to JSC NC QazaqGaz, a subsidiary of Samruk-Kazyna, for the services of trust management of a 50% interest in KazRosGaz LLP, a joint venture, in the amount of 53,276 million tenge as trust management expenses in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES

In millions of tenge	**2024**	2023
Impairment charge and reversal		
Property, plant and equipment *(Note 16)*	**65,401**	101,782
Intangible assets *(Note 18)*	**–**	483
Non – current advances for fixed assets	**(17,324)**	17,560
	48,077	119,825
Exploration expenses (impairment and write-off) ***(Note 17)***		
Abai project	**17,703**	–
Aktoty and Kairan project	**3,953**	74,255
Jenis project	**–**	40,244
Liman project	**–**	8,847
Urikhtau project	**–**	4,876
Isatay project	**–**	93
	21,656	128,315
	69,733	248,140

Impairment charge and reversal was recognized for the following CGUs:

In millions of tenge	**2024**	**2023**
Seawater desalination plant	**53,197**	17,560
CGUs of KMGI	**1,010**	97,636
Drilling jack-up rig	**(16,189)**	-
Others	**10,059**	4,629
	48,077	119,825

Impairment of property, plant and equipment

Impairment of a seawater desalination plant and supply infrastructure

As part of the Comprehensive Plan for the Social and Economic Development of Mangistau region for 2021-2025, in order to provide drinking water to the population of the city of Zhanaozen, Ak Su KMG LLP, a subsidiary of Ozenmunaigas JSC, began construction of a seawater desalination plant and supply infrastructure in Zhanaozen city. The Group estimates that the recoverable amount of this property is nil and, accordingly, as at 31 December 2024, recognized an impairment charge for construction costs incurred in the amount of 70,521 million tenge, and reversed the reserve accrued in 2023 for the advances for the construction of this desalination plant in the amount of 17,324 million tenge

Reversal of impairment of Drilling jackup rig

As of December 31, 2024, KMG Drilling & Services LLP, a subsidiary of the Company, conducted an impairment test for the jack-up rig and recognized a reversal of a previously recognized impairment loss in the amount of the excess of the value in use of the jack-up rig over its carrying amount in the amount of 16,189 million tenge.

Value in use was determined by discounting the expected future cash flows from the operation of the jack-up rig under a three-year contract with Dragon Oil (Turkmenistan) Ltd for drilling operations in the Turkmen sector of the Caspian Sea, with an option to extend it for two years.

14. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES (continued)

The following significant assumptions were made in calculating value in use:

Discount rate	17.7%
Daily operating rate for the operation of a jack-up rig	130 thousand USD
Daily operating expenses	68 thousand USD
Number of operating days per year during which the jack-up rig will be used	365
Load factor including idle days	95%

Reversals of impairment are limited so that the carrying amount of the asset as at December 31, 2024 does not exceed its recoverable amount, and does not exceed the carrying amount at which Drilling jackup rig would have been recognized in case of had no impairment loss been recognized in prior years.

Impairment of KMGI CGU

For the year ended December 31, 2023, the Group performed its impairment tests for goodwill and downstream, refining and other assets due to existence of impairment indicators at the CGUs of KMGI: CGU Refining, CGU Petrochemicals and CGU Downstream. As the result of the impairment test, recoverable amount of KMGI CGUs were lower than its carrying values. The total impairment loss for the analyzed KMGI's CGUs was 94,962 million tenge, of which CGU Refining was estimated at 80,761 million tenge, for CGU Petrochemicals at 340 million tenge and for CGU Downstream at 13,861 million tenge.

The main impairment indicators have been i) the increased oil & gas market refining margins volatility and decreased market demand in the context of strict decarbonization regulations and geopolitical instability, ii) lack of a long-term decarbonization plan of KMGI, iii) the change in the tax environment in Romania, in particular the introduction at the end of 2023 of a turnover tax in the oil and gas sector in the amount of 0.5%, starting from 2024 to 2025, and further 1% or more depending on the turnover of enterprises.

The Group considered forecasted refining margins and production volumes, among other factors, when analyzing the impairment indicators. The recoverable amount of KMGI CGU Refining was determined based on fair value less costs of disposal (FVLCD), which was calculated using the discounted cash flow method. The key assumptions used in the FVLCD calculations for the CGU were operating profit, including the assumption that KMGI will be able to recover, through an increase in the final selling price, the costs of turnover tax from 2026, discount rates and growth rate used to extrapolate cash flows beyond the budgeted period.

In addition, KMGI applied the assumption that introduced in 2024 an additional tax burden on KMGI turnover will be recovered by a phased increase in the price for the final users.

As of 31 December 2024, KMGI retested for impairment and no additional impairment or reversal of previously recognized impairment was identified.

In June 2023, an incident occurred at the Petromedia Refinery, a subsidiary of KMGI, which led to the temporary decommissioning of the Mild Hydrocracker installation. Petromedia Refinery conducted assessments to estimate the incident consequences and recognized impairment of property, plant and equipment for 2,674 million tenge.

Exploration expenses

For the year ended December 31, 2024, the Group recognized impairment loss of 17,703 million tenge on exploration and evaluation assets relating to Abai project due to negative drilling results and the absence of signs of hydrocarbon reserves in the well.

For the year ended December 31, 2023, the Group recognized impairment loss of 40,244 million tenge on exploration and evaluation assets relating to Jenis project due to negative drilling results (the absence of hydrocarbons in the well).

For the year ended December 31, 2023, the Group recognized impairment loss of 74,255 million tenge on exploration and evaluation assets relating to Aktoty and Kairan project, due to the notification of termination of the subsoil use right for the mentioned mining areas received from the Ministry of Energy of RK.

For the year ended December 31, 2023, the Group has recognized impairment of exploration and evaluation assets in the amount of 4,876 million tenge of the Urikhtau, due to the expiration of the Contract for the use of Devonian sediments.

15. INTEREST REVENUE, OTHER FINANCE INCOME / FINANCE COST

Interest revenue calculated using the effective interest method

In millions of tenge	**2024**	2023
Interest income on bank deposits, financial assets, loans and bonds	**182,627**	139,105
Amortization of issued financial guarantees	**1,765**	344
	184,392	139,449

Other finance income

In millions of tenge	**2024**	2023
Recognition of a change in the fair value of a financial instrument due to its modification *(Note 27)*	**59,769**	–
Derecognition of loan *(Note 27)*	**48,442**	4,377
Revaluation of financial assets at fair value through profit or loss	**6,806**	827
Other	**8,273**	2,128
	123,290	7,332

Finance costs

In millions of tenge	**2024**	2023
Interest expense on loans and bonds *(Note 27)*	**279,227**	271,785
Interest expense on lease liabilities *(Note 28)*	**8,444**	7,420
Unwinding of discount on payables to Samruk-Kazyna for exercising the Option	**–**	3,256
Interest expense	**287,671**	282,461
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions *(Note 29)*	**18,870**	13,398
Discount on long-term accounts receivable *(Note 33)*	**8,741**	–
Unwinding of discount on employee benefits obligations	**7,648**	7,157
Other	**23,166**	18,614
	346,096	321,630

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. PROPERTY, PLANT AND EQUIPMENT

In millions of tenge	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve-ments	Machinery and equip-ment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2022	4,598,235	266,566	1,075,385	235,465	268,052	74,540	115,090	360,668	6,994,001
Business combination *(Note 6)*	159,727	–	–	6,020	854	49	104	14,708	181,462
Foreign currency translation	(72,146)	(749)	(5,719)	(2,769)	(525)	(494)	(1,418)	(3,864)	(87,684)
Change in estimate	8,755	793	–	365	–	–	–	(1,572)	8,341
Additions	52,199	2,042	63,802	3,527	6,308	11,212	3,714	575,509	718,313
Disposals	(18,295)	(559)	(7,751)	(1,566)	(3,641)	(2,533)	(5,055)	(3,473)	(42,873)
Loss of control over subsidiaries *(Note 5)*	–	–	–	–	–	–	–	(5,185)	(5,185)
Depreciation charge	(354,521)	(10,666)	(102,767)	(15,290)	(26,001)	(11,145)	(9,543)	–	(529,933)
Accumulated depreciation and impairment on disposals	17,150	438	7,735	912	3,520	2,508	4,763	1,641	38,667
(Impairment)/reversal of impairment *(Note 14)*		(28)	(83,187)	(13,749)	(1,595)	(888)	149	(2,484)	(101,782)
Transfers from/to assets classified as held for sale	–	–	–	208	–	(4)	2	–	206
Transfers from exploration and evaluation assets *(Note 17)*	21	–	–	–	–	–	–	19	40
Transfers to investment property	–	–	(702)	(1,742)	–	–	–	–	(2,444)
Other changes	16	(25)	–	133	44	(2)	19	(72)	113
Transfers	256,521	3,950	61,857	31,593	128,416	4,852	6,586	(493,775)	–
Net book value as at December 31, 2023 (restated)	4,647,662	261,762	1,008,653	243,107	375,432	78,095	114,411	442,120	7,171,242
At cost	7,523,664	417,598	2,856,817	610,240	782,754	234,741	261,453	513,875	13,201,142
Accumulated depreciation and impairment	(2,876,002)	(155,836)	(1,848,164)	(367,133)	(407,322)	(156,646)	(147,042)	(71,755)	(6,029,900)
Net book value as at December 31, 2023 (restated)	**4,647,662**	**261,762**	**1,008,653**	**243,107**	**375,432**	**78,095**	**114,411**	**442,120**	**7,171,242**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. PROPERTY, PLANT AND EQUIPMENT (continued)

In millions of tenge	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve-ments	Machinery and equip-ment	Vehicles	Other	Capital work in progress	Total
Net book value as at December 31, 2023 (restated)	**4,647,662**	**261,762**	**1,008,653**	**243,107**	**375,432**	**78,095**	**114,411**	**442,120**	**7,171,242**
Foreign currency translation	**571,416**	**6,245**	**33,626**	**13,340**	**9,007**	**4,495**	**12,631**	**35,800**	**686,560**
Change in estimate	**(8,763)**	**(7,341)**	**(2,770)**	**(3,197)**	**687**	**–**	**–**	**–**	**(21,384)**
Additions	**56,890**	**59**	**69,497**	**947**	**7,706**	**10,187**	**3,910**	**519,302**	**668,498**
Disposals	**(38,605)**	**(59)**	**(5,681)**	**(6,650)**	**(7,267)**	**(3,124)**	**(7,612)**	**(2,217)**	**(71,215)**
Loss of control over subsidiaries *(Note 5)*	**–**	**–**	**–**	**–**	**–**	**–**	**(28)**	**–**	**(28)**
Depreciation charge	**(390,800)**	**(11,358)**	**(100,757)**	**(13,150)**	**(32,356)**	**(14,141)**	**(10,424)**	**–**	**(572,986)**
Accumulated depreciation and impairment on disposals	**31,438**	**59**	**5,607**	**6,439**	**7,046**	**3,069**	**6,349**	**1,857**	**61,864**
(Impairment)/reversal of impairment *(Note 14)*	**–**	**–**	**(3,671)**	**(2,942)**	**15,985**	**(2,200)**	**12**	**(72,585)**	**(65,401)**
Transfers from exploration and evaluation assets *(Note 17)*	**58**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**58**
Transfers to investment property	**–**	**–**	**(425)**	**(6,273)**	**(27)**	**–**	**(3)**	**–**	**(6,728)**
Other changes	**51**	**(4)**	**174**	**(301)**	**59**	**(1)**	**485**	**(16,783)**	**(16,320)**
Transfers	**231,203**	**4,322**	**50,335**	**36,164**	**26,561**	**7,687**	**7,487**	**(363,759)**	**–**
Net book value as at December 31, 2024	**5,100,550**	**253,685**	**1,054,588**	**267,484**	**402,833**	**84,067**	**127,218**	**543,735**	**7,834,160**
At cost	**8,656,287**	**425,890**	**3,205,635**	**681,123**	**840,291**	**259,995**	**292,885**	**710,089**	**15,072,195**
Accumulated depreciation and impairment	**(3,555,737)**	**(172,205)**	**(2,151,047)**	**(413,639)**	**(437,458)**	**(175,928)**	**(165,667)**	**(166,354)**	**(7,238,035)**
Net book value as at December 31, 2024	**5,100,550**	**253,685**	**1,054,588**	**267,484**	**402,833**	**84,067**	**127,218**	**543,735**	**7,834,160**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. PROPERTY, PLANT AND EQUIPMENT (continued)

For the year ended December 31, 2024, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in the amount of 3,718 million tenge related to the construction of those property, plant and equipment at the range of capitalized interest rate from 5.71% to 15.75% (as at December 31, 2023: 9,794 million tenge at the range of capitalized interest rate from 6.86% to 18,25%).

As at December 31, 2024, the cost of fully depreciated but still in use property, plant and equipment was 404,898 million tenge (as at December 31, 2023: 370,497 million tenge).

As at December 31, 2024, property, plant and equipment with the net book value of 163,170 million tenge were mainly pledged as collateral to secure borrowings of the Group (as at December 31, 2023: 168,214 million tenge).

Capital commitments are disclosed in *Note 35*.

17. EXPLORATION AND EVALUATION ASSETS

In millions of tenge	Tangible	Intangible	Total
Net book value as at December 31, 2022	239,002	12,278	251,280
Additions	39,905	29,590	69,495
Foreign currency translation	(3,378)	–	(3,378)
Transfer to property, plant and equipment *(Note 16)*	(40)	–	(40)
Impairment *(Note 14)*	(118,462)	(9,853)	(128,315)
Loss of control over subsidiaries *(Note 5)*	–	(14,678)	(14,678)
Write-off	(2)	(175)	(177)
Net book value as at December 31, 2023	157,025	17,162	174,187
Additions	**26,063**	**13,058**	**39,121**
Foreign currency translation	**21,217**	**–**	**21,217**
Change in estimate	**4,008**	**–**	**4,008**
Transfer to property, plant and equipment *(Note 16)*	**(58)**	**–**	**(58)**
Impairment *(Note 14)*	**(20,647)**	**(1,009)**	**(21,656)**
Loss of control over subsidiaries *(Note 5)*	**(191)**	**(100)**	**(291)**
Other transfers	**84**	**(84)**	**–**
Write-off	**–**	**(80)**	**(80)**
Net book value as at December 31, 2024	**187,501**	**28,947**	**216,448**

As at December 31, 2024 and 2023, the exploration and evaluation assets are represented by the following projects:

In millions of tenge	December 31, 2024	December 31, 2023
North Caspian project	**161,838**	140,098
KMG Barlau LLP	**27,199**	14,346
Embamunaigas JSC	**2,711**	1,509
Turgai paleozoi project	**14,604**	–
Other	**10,096**	18,234
	216,448	174,187

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. INTANGIBLE ASSETS

In millions of tenge	Licenses	Subsoil use rights (under production)	Goodwill	Marketing related intangible assets	Software	Other	Total
Net book value as at December 31, 2022	524,701	212,220	100,656	27,286	18,254	35,144	918,261
Foreign currency translation	(9,038)	(3,637)	(212)	(477)	(314)	(274)	(13,952)
Additions	148	68	–	–	1,056	14,457	15,729
Disposals	(699)	–	–	–	(1,198)	(297)	(2,194)
Amortization charge	(33,763)	(11,004)	–	–	(6,027)	(1,007)	(51,801)
Accumulated amortization and impairment on disposals	695	–	–	–	1,198	267	2,160
Business combination *(Note 6)*	–	667	–	–	3,098	1,716	5,481
Goodwill arising on acquisition *(Note 6)*	–	–	9,814	–	–	–	9,814
Impairment *(Note 14)*	–	–	–	–	–	(483)	(483)
Other changes	–	62	–	–	230	(24)	268
Transfers	1,265	–	–	–	969	(2,234)	–
Net book value as at December 31, 2023 (restated)	483,309	198,376	110,258	26,809	17,266	47,265	883,283
Foreign currency translation	**71,153**	**29,423**	**1,846**	**4,161**	**882**	**2,243**	**109,708**
Additions	**1,100**	**151**	**–**	**–**	**3,619**	**3,752**	**8,622**
Disposals	**(319)**	**–**	**–**	**–**	**(1,736)**	**(219)**	**(2,274)**
Amortization charge	**(32,175)**	**(10,115)**	**–**	**–**	**(5,472)**	**(1,539)**	**(49,301)**
Accumulated amortization and impairment on disposals	**319**	**–**	**–**	**–**	**1,720**	**56**	**2,095**
Other changes	**1,002**	**–**	**–**	**–**	**1,320**	**(2,322)**	**–**
Transfers	**–**	**387**	**–**	**–**	**83**	**(9,447)**	**(8,977)**
Net book value as at December 31, 2024	**524,389**	**218,222**	**112,104**	**30,970**	**17,682**	**39,789**	**943,156**
At cost	**795,467**	**306,196**	**220,849**	**79,497**	**94,036**	**114,224**	**1,610,269**
Accumulated amortization and impairment	**(271,078)**	**(87,974)**	**(108,745)**	**(48,527)**	**(76,354)**	**(74,435)**	**(667,113)**
Net book value as at December 31, 2024	**524,389**	**218,222**	**112,104**	**30,970**	**17,682**	**39,789**	**943,156**
At cost	687,462	265,055	219,003	68,816	85,944	112,936	1,439,216
Accumulated amortization and impairment	(204,153)	(66,679)	(108,745)	(42,007)	(68,678)	(65,671)	(555,933)
Net book value as at December 31, 2023 (restated)	483,309	198,376	110,258	26,809	17,266	47,265	883,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. INTANGIBLE ASSETS (continued)

As at December 31, 2024 and 2023, marketing related intangible assets were represented by trademarks of KMGI.

Carrying amount of goodwill is allocated to each of the group of cash-generating units as follows:

Cash-generating unit	December 31, 2024	December 31, 2023 (restated)
Pavlodar refinery CGU	**88,553**	88,553
CGUs of KMGI	**13,737**	11,891
CGU Dunga *(Note 6)*	**9,814**	9,814
Total goodwill	**112,104**	110,258

In 2024 and 2023, based on the impairment test results, no impairment of Pavlodar refinery, KMGI or Dunga goodwill was recognized. For the detailed discussion of Pavlodar refinery goodwill impairment test refer to *Note 4*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. RIGHT-OF-USE ASSETS

In millions of tenge	Oil and gas assets	Refinery assets	Buildings and improve-ments	Machinery and equip-ment	Vehicles	Other	Total
Net book value as at December 31, 2022	27,643	6,336	13,143	3,593	809	25,043	76,567
Foreign currency translation	(517)	(103)	(225)	15	88	(596)	(1,338)
Change in estimate	2,057	19	335	228	336	963	3,938
Additions	1,447	–	6,028	32	7,601	40,634	55,742
Disposals	(20,711)	–	(2,337)	(115)	(4,763)	(26)	(27,952)
Depreciation charge	(5,319)	(363)	(2,788)	(3,149)	(2,185)	(4,363)	(18,167)
Accumulated depreciation and impairment on disposals	6,195	–	2,012	–	4,701	67	12,975
Net book value as at December 31, 2023	10,795	5,889	16,168	604	6,587	61,722	101,765
Foreign currency translation	**1,509**	**816**	**2,010**	**66**	**28**	**10,381**	**14,810**
Change in estimate	**–**	**88**	**1,135**	**1,866**	**(382)**	**4,679**	**7,386**
Additions	**3,343**	**–**	**2,060**	**2,281**	**3,517**	**12,589**	**23,790**
Disposals	**(6,662)**	**(18)**	**(2,215)**	**(582)**	**(925)**	**(5,165)**	**(15,567)**
Depreciation charge	**(6,714)**	**(371)**	**(3,311)**	**(3,172)**	**(2,063)**	**(6,101)**	**(21,732)**
Accumulated depreciation and impairment on disposals	**5,880**	**18**	**644**	**379**	**525**	**5,093**	**12,539**
Net book value as at December 31, 2024	**8,151**	**6,422**	**16,491**	**1,442**	**7,287**	**83,198**	**122,991**
At cost	23,936	7,754	28,912	16,187	9,112	76,628	162,529
Accumulated depreciation and impairment	(13,141)	(1,865)	(12,744)	(15,583)	(2,525)	(14,906)	(60,764)
Net book value as at December 31, 2023	10,795	5,889	16,168	604	6,587	61,722	101,765
At cost	**20,844**	**8,941**	**34,042**	**22,545**	**11,544**	**101,156**	**199,072**
Accumulated depreciation and impairment	**(12,693)**	**(2,519)**	**(17,551)**	**(21,103)**	**(4,257)**	**(17,958)**	**(76,081)**
Net book value as at December 31, 2024	**8,151**	**6,422**	**16,491**	**1,442**	**7,287**	**83,198**	**122,991**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. BANK DEPOSITS

In millions of tenge	**December 31, 2024**	December 31, 2023
Denominated in US dollar	**1,582,708**	1,055,456
Denominated in tenge	**5,662**	5,628
Less: allowance for expected credit losses	**(225)**	(181)
	1,588,145	1,060,903

As at December 31, 2024, the weighted average interest rate for long-term bank deposits was 3.54% in US dollars and 6.85% in tenge (December 31, 2023: 2.73% in US dollars and 6.23% in tenge).

As at December 31, 2024, the weighted average interest rate for short-term bank deposits was 4.88% in US dollars and 0.49% in tenge (December 31, 2023: 5.65% in US dollars and 1.38% in tenge).

In millions of tenge	**December 31, 2024**	December 31, 2023
Maturities under 1 year	**1,513,816**	997,012
Maturities between 1 and 2 years	**1,977**	279
Maturities over 2 years	**72,352**	63,612
	1,588,145	1,060,903

As at December 31, 2024 bank deposits include those pledged as collateral with carrying value of 74,329 million tenge (December 31, 2023: 63,891 million tenge), which are represented mainly by 71,273 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2023: 60,573 million tenge).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

In millions of tenge	**Main activity**	**Place of business**	**December 31, 2024**		December 31, 2023	
			Carrying value	**Percentage ownership**	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP (TCO)[1]	Oil and gas exploration and production	Kazakhstan	**3,987,223**	**20.00%**	3,598,510	20.00%
Mangistau Investments B.V. Group (MMG)	Oil and gas development and production	Kazakhstan	**196,938**	**50.00%**	203,614	50.00%
KALAMKAS-KHAZAR OPERATING LLP (KKO)	Oil and gas development and production	Kazakhstan	**88,018**	**50.00%**	93,258	50.00%
Ural Group Limited (UGL)	Oil and gas exploration and production	Kazakhstan	**67,860**	**50.00%**	7,641	50.00%
KazRosGas LLP (KRG)	Processing and sale of natural gas and refined gas products	Kazakhstan	**66,539**	**50.00%**	69,479	50.00%
Kazakhstan-China Pipeline LLP (KCP)	Oil transportation	Kazakhstan	**66,202**	**50.00%**	53,358	50.00%
Silleno LLP (Silleno)[2]	Construction of the first integrated gas-chemical complex	Kazakhstan	**65,079**	**40.00%**	17,552	60.00%
KazGerMunay LLP (KGM)	Oil and gas exploration and production	Kazakhstan	**44,264**	**50.00%**	36,506	50.00%
Valsera Holdings B.V. Group (PKOP)	Oil refining	Kazakhstan	**37,688**	**50.00%**	41,515	50.00%
KC Energy Group (KCEG)[3]	Sale of liquefied gas and oil products	Kazakhstan	**27,749**	**49.00%**	–	–
Kazakhoil-Aktobe LLP (KOA)	Production of crude oil	Kazakhstan	**24,028**	**50.00%**	18,042	50.00%
PETROSUN LLP (Petrosun)[3]	Sale of liquefied gas and oil products	Kazakhstan	**8,978**	**49.00%**	31,740	49.00%
Karaton Operating Ltd. (Karaton)	Oil and gas development and production	Kazakhstan	**8,907**	**50.00%**	–	–
Teniz Service LLP (Teniz Service)	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	**6,468**	**48.996%**	8,210	48.996%
Other			**57,916**		40,793	
Associates						
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons	Kazakhstan / Russia	**484,247**	**20.75%**	451,913	20.75%
PetroKazakhstan Inc. (PKI)	Exploration, production and processing of oil and gas	Kazakhstan	**82,175**	**33.00%**	94,887	33.00%
Other			**58,234**		54,409	
			5,378,513		4,821,427	

[1]The share of 20% provides the Group the joint control over TCO where decisions about the relevant activities require unanimous consent.

[2]The share of 40% and 60% as at December 31, 2024 and 2023, respectively, provided the Group the joint control over Silleno where decisions about the relevant activities require unanimous consent.

[3]KC Energy Group LLP was founded under conditions similar to the current activities of PETROSUN LLP with the same composition of participants and the same management mechanisms. It is planned that the activities of PETROSUN LLP will be gradually transferred to KC Energy Group LLP.

All of the above joint ventures and associates are strategic for the Group's business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

As at December 31, 2024, the Group's share in unrecognized losses of joint ventures and associates was equal to 112,808 million tenge (December 31, 2023: 7,145 million tenge).

The following table summarizes the movements in the investments in 2024 and 2023:

In millions of tenge	**2024**	2023
On January 1	**4,821,427**	4,947,403
Share in profits of joint ventures and associates, net *(Notes 8)*	**531,230**	534,177
Recognition of investment in joint ventures *(Note 5)*	**8,255**	93,258
Disposal of share in joint venture without losing joint control	**(6,393)**	–
Dividends received	**(701,104)**	(619,826)
Change in dividends receivable	**(58,263)**	(107,633)
Other changes in the equity of the joint venture	**57,997**	41,764
Additional contributions without change in ownership	**74,209**	20,117
Disposals, net	**–**	(8,621)
Eliminations and adjustments*	**(322)**	(2,140)
Foreign currency translation	**651,477**	(78,088)
Other changes	**–**	1,016
On December 31	**5,378,513**	4,821,427

* *Equity method eliminations and adjustments represent capitalized borrowing costs on the loans provided by the Company and subsidiaries to joint ventures.*

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2024:

In millions of tenge	**TCO**	**MMG**	**KKO**	**UGL**	**KRG**	**KCP**	**Silleno**
Non-current assets	**26,176,361**	**453,936**	**31,962**	**242,666**	**19,368**	**119,017**	**132,833**
Current assets, including	**2,664,463**	**237,009**	**6,307**	**23,706**	**127,977**	**49,543**	**1,918**
Cash and cash equivalents	***1,142,568***	***84,851***	***6,301***	***15,317***	***75,084***	***39,103***	***1,884***
Non-current liabilities, including	**(7,086,258)**	**(140,577)**	**(43,328)**	**(47,481)**	**(403)**	**(22,936)**	**–**
Non-current financial liabilities	***(3,675,770)***	**–**	**–**	***(24,832)***	**–**	**–**	**–**
Current liabilities, including	**(1,818,449)**	**(159,532)**	**(5,819)**	**(19,923)**	**(13,864)**	**(13,220)**	**(5,623)**
Current financial liabilities	**(1,050,220)**	**–**	**–**	**–**	**–**	**–**	**–**
Equity	**19,936,117**	**390,836**	**(10,878)**	**198,968**	**133,078**	**132,404**	**129,128**
Share of ownership	**20%**	**50%**	**50%**	**50%**	**50%**	**50%**	**40%**
Impairment of the investment	**–**	**–**	**–**	**(20,000)**	**–**	**–**	**–**
Equity method adjustments	**–**	**1,520**	**–**	**(11,624)**	**–**	**–**	**13,428**
Recognition of investment	**–**	**–**	**93,258**	**–**	**–**	**–**	**–**
Accumulated unrealized losses	**–**	**–**	**199**	**–**	**–**	**–**	**–**
Carrying amount of the investments as at December 31, 2024	**3,987,223**	**196,938**	**88,018**	**67,860**	**66,539**	**66,202**	**65,079**
Revenue	**8,358,505**	**871,754**	**–**	**26,561**	**255,369**	**87,939**	**–**
Depreciation, depletion and amortization	***(2,615,840)***	***(94,355)***	**–**	***(6)***	***(312)***	***(10,267)***	***(31)***
Finance income	**116,985**	**1,800**	**139**	**–**	**6,602**	**2,688**	**800**
Finance costs	**(240,018)**	**(17,802)**	**(1,495)**	**(586)**	**–**	**(333)**	**(80)**
Income tax expenses	**(669,126)**	**(38,238)**	**–**	**9,581**	**(14,569)**	**(10,519)**	**–**
Profit/(loss) for the year from continuing operations	**1,517,402**	**71,452**	**(10,479)**	**(17,923)**	**38,314**	**41,688**	**(2,138)**
Other comprehensive income /(loss)	**2,693,108**	**4,365**	**–**	**33,036**	**20,455**	**(1)**	**–**
Total comprehensive income/(loss)	**4,210,510**	**75,817**	**(10,479)**	**15,113**	**58,769**	**41,687**	**(2,138)**
Dividends received	**389,991**	**44,584**	**–**	**–**	**53,276**	**8,000**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2024:

In millions of tenge	**KGM**	**PKOP**	**KCEG**	**KOA**	**Petrosun**	**Karaton**	**Teniz Service**
Non-current assets	**83,427**	**414,933**	**133**	**30,963**	**–**	**6,272**	**6,332**
Current assets, including	**57,674**	**111,847**	**176,367**	**42,928**	**20,485**	**4,560**	**8,602**
Cash and cash equivalents	***45,346***	***48,361***	***42,673***	***33,661***	***18,020***	***295***	***7,270***
Non-current liabilities, including	**(18,375)**	**(278,761)**	**–**	**(16,468)**	**–**	**(8,130)**	**(736)**
Non-current financial liabilities	**–**	***(226,189)***	**–**	**–**	**–**	**–**	**–**
Current liabilities, including	**(34,198)**	**(120,536)**	**(119,870)**	**(9,366)**	**(2,162)**	**(1,399)**	**(998)**
Current financial liabilities	**–**	***(71,775)***	**–**	**–**	**–**	**–**	**–**
Equity	**88,528**	**127,483**	**56,630**	**48,057**	**18,323**	**1,303**	**13,200**
Share of ownership	**50%**	**50%**	**49%**	**50%**	**49%**	**50%**	**48.996%**
Accumulated unrealized losses	**–**	**(26,053)**	**–**	**–**	**–**	**–**	**–**
Equity method adjustments	**–**	**–**	**–**	**–**	**–**	**8,255**	**–**
Carrying amount of the investments as at December 31, 2024	**44,264**	**37,688**	**27,749**	**24,028**	**8,978**	**8,907**	**6,468**
Revenue	**148,440**	**256,007**	**791,620**	**77,345**	**707,668**	**–**	**2,077**
Depreciation, depletion and amortization	***(23,042)***	***(33,021)***	**–**	***(8,196)***	***(17)***	**–**	***(438)***
Finance income	**1,066**	**1,968**	**2,374**	**5,528**	**3,179**	**1,704**	**849**
Finance costs	**(1,096)**	**(29,742)**	**(1,170)**	**(2,344)**	**(2,622)**	**(383)**	**(68)**
Income tax expenses	**(25,528)**	**(7,484)**	**(13,918)**	**(2,814)**	**(13,687)**	**–**	**–**
Profit/(loss) for the year from continuing operations	**50,672**	**(353)**	**55,690**	**11,973**	**53,547**	**1,304**	**(3,556)**
Other comprehensive income/(loss)	**9,658**	**(86)**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income/(loss)	**60,330**	**(439)**	**55,690**	**11,973**	**53,547**	**1,304**	**(3,556)**
Dividends received	**23,389**	**3,285**	**–**	**–**	**49,000**	**–**	**–**

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2023:

In millions of tenge	**TCO**	**MMG**	**KKO**	**UGL**	**KRG**	**KCP**	**Silleno**
Non-current assets	24,831,196	462,565	9,192	193,637	33,032	127,038	36,284
Current assets, including	1,863,832	199,708	1,232	11,475	148,932	49,554	5,546
Cash and cash equivalents	*696,871*	*89,410*	*112*	*6,905*	*65,122*	*23,837*	5,516
Non-current liabilities, including	(7,434,076)	(132,981)	(10,376)	(145,798)	(238)	(23,107)	–
Non-current financial liabilities	*(4,091,040)*	–	–	*(119,188)*	–	–	–
Current liabilities, including	(1,268,404)	(119,109)	(324)	(4,033)	(42,769)	(46,768)	(18,222)
Current financial liabilities	–	–	–		–	*(32,843)*	–
Equity	17,992,548	410,183	(276)	55,281	138,957	106,717	23,608
Share of ownership	20%	50%	50%	50%	50%	50%	60%
Impairment of the investment	–	–	–	(20,000)	–	–	–
Equity method adjustments	–	(1,477)	–	–	–	–	3,560
Recognition of investment	–	–	93,258	–	–	–	–
Accumulated unrealized losses	–	–	138	–	–	–	(173)
Carrying amount of the investments as at December 31, 2023	3,598,510	203,614	93,258	7,641	69,479	53,358	17,552
Revenue	8,796,634	878,362	–	(352)	260,125	86,843	–
Depreciation, depletion and amortization	*(2,426,361)*	*(107,455)*	–	*(109)*	*(295)*	*(10,170)*	–
Finance income	86,023	784	2	–	2,243	585	(14)
Finance costs	(283,225)	(14,411)	(118)	(606)	–	(3,628)	215
Income tax expenses	(730,465)	(47,354)	–	8,206	(13,996)	(9,341)	–
Profit/(loss) for the year from continuing operations	1,704,419	76,510	(44)	(94,011)	64,648	37,440	(992)
Other comprehensive (loss)/income	(325,499)	1,285	–	(3,243)	(305)	1	–
Total comprehensive income/(loss)	1,378,920	77,795	(44)	(97,254)	64,343	37,441	(992)
Dividends received	426,893	–	–	–	553	2,500	–

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2023:

In millions of tenge	**KGM**	**PKOP**	**KOA**	**Petrosun**	**Teniz Service**
Non-current assets	64,031	431,261	41,969	17	8,898
Current assets, including	52,764	114,561	23,956	137,202	16,907
Cash and cash equivalents	*44,840*	*66,459*	*10,794*	*6,440*	*14,619*
Non-current liabilities, including	(14,966)	(304,590)	(18,608)	–	(545)
Non-current financial liabilities	–	*(258,338)*	–	–	–
Current liabilities, including	(28,817)	(106,740)	(11,233)	(72,443)	(8,504)
Current financial liabilities	–	*(80,398)*	–	–	–
Equity	73,012	134,492	36,084	64,776	16,756
Share of ownership	50%	50%	50%	49%	48.996%
Impairment of the investment	–	–	–	–	–
Equity method adjustments	–	–	–	–	–
Accumulated unrealized losses	–	(25,731)	–	–	–
Carrying amount of the investments as at December 31, 2023	36,506	41,515	18,042	31,740	8,210
Revenue	145,728	250,435	80,064	1,336,888	13,994
Depreciation, depletion and amortization	*(20,007)*	*(41,216)*	*(10,365)*	*(14)*	*(632)*
Finance income	1,292	6,013	851	3,258	313
Finance costs	(1,667)	(36,390)	(375)	(1,006)	(56)
Income tax expenses	(27,450)	(12,954)	(11,617)	(23,812)	(3,390)
Profit/(loss) for the year from continuing operations	41,965	34,592	(3,737)	95,034	237
Other comprehensive loss	(1,729)	16	–	–	–
Total comprehensive income/(loss)	40,236	34,608	(3,737)	95,034	237
Dividends received	15,793	–	7,000	39,200	2,303

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2024:

	December 31, 2024	
In millions of tenge	**CPC**	**PKI**
Non-current assets	**2,109,714**	**174,833**
Current assets	**288,618**	**139,072**
Non-current liabilities	**(8,147)**	**(16,382)**
Current liabilities	**(299,418)**	**(27,971)**
Equity	**2,090,767**	**269,552**
Share of ownership	**20.75%**	**33%**
Goodwill	**50,413**	**–**
Impairment of the investment	**–**	**(6,778)**
Carrying amount of the investment	**484,247**	**82,175**
Revenue	**1,063,100**	**132,943**
Depreciation, depletion and amortization	**(221,309)**	**(25,378)**
Finance income	**15,676**	**2,011**
Finance costs	**(1,558)**	**(1,269)**
Income tax expenses	**(95,835)**	**(9,368)**
Profit for the year	**392,890**	**6,828**
Other comprehensive loss	**334,726**	**20,354**
Total comprehensive income	**727,616**	**27,182**
Dividends received	**105,910**	**17,920**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2023:

	December 31, 2023	
In millions of tenge	CPC	PKI
Non-current assets	1,969,703	206,008
Current assets	295,663	138,626
Non-current liabilities	(18,722)	(20,063)
Current liabilities	(279,064)	(16,497)
Equity	1,967,580	308,074
Share of ownership	20.75%	33%
Goodwill	43,640	–
Impairment of the investment	–	(6,778)
Carrying amount of the investment	451,913	94,887
Revenue	1,039,509	128,343
Depreciation, depletion and amortization	(245,423)	(25,990)
Finance income	14,080	926
Finance costs	(1,519)	(1,172)
Income tax expenses	(118,490)	(7,009)
Profit for the year	310,160	14,814
Other comprehensive loss	(42,915)	(4,927)
Total comprehensive income	267,245	9,887
Dividends received	113,892	2,864

The following tables illustrate aggregate financial information of individually immaterial joint ventures (the Group's proportional share):

In millions of tenge	December 31, 2024	December 31, 2023
Group share in:		
Non-current assets	**70,182**	46,566
Current assets	**30,806**	19,485
Non-current liabilities	**(27,553)**	(16,170)
Current liabilities	**(17,652)**	(10,560)
Goodwill	**172**	172
Accumulated unrecognized share of losses	**1,961**	1,300
Carrying amount of the investments as at December 31	**57,916**	40,793
Profit for the year from continuing operations	**2,497**	4,286
Other comprehensive loss	**(118)**	(844)
Total comprehensive income	**2,379**	3,442
Unrecognized share of loss	**(761)**	(204)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following tables illustrate aggregate financial information of individually immaterial associates (the Group's proportional share):

In millions of tenge	December 31, 2024	December 31, 2023
Group share in:		
Non-current assets	**65,590**	60,636
Current assets	**85,423**	92,172
Non-current liabilities	**(12,685)**	(17,916)
Current liabilities	**(80,094)**	(81,358)
Accumulated unrecognized share of losses	**–**	875
Carrying amount of the investments as at December 31	**58,234**	54,409
Profit for the year from continuing operations	**1,672**	7,103
Other comprehensive income	**3,066**	375
Total comprehensive income	**4,738**	7,478

22. INVENTORIES

In millions of tenge	December 31, 2024	December 31, 2023
Materials and supplies (at cost)	**231,205**	232,469
Crude oil (at cost)	**92,028**	61,621
Refined products (at lower of cost and net realizable value)	**90,508**	82,354
	413,741	376,444

As at December 31, 2024 carrying value of inventories under pledge as collateral amounted to 225,073 million tenge (December 31, 2023: 186,378 million tenge).

23. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

In millions of tenge	December 31, 2024	December 31, 2023
Trade accounts receivable		
Trade accounts receivable	**472,143**	593,448
Less: allowance for expected credit losses	**(29,086)**	(32,190)
	443,057	561,258
Other current financial assets		
Other receivables	**117,313**	97,771
Dividends receivable	**7,997**	20,952
Less: allowance for expected credit losses	**(61,782)**	(43,853)
	63,528	74,870
Other current non-financial assets		
Advances paid and prepaid expenses	**137,553**	91,769
Taxes receivable, other than VAT	**37,414**	63,188
Other	**6,643**	5,659
Less: impairment allowance	**(856)**	(3,359)
	180,754	157,257
Total other current assets	**244,282**	232,127

As at December 31, 2024 and 2023, the above assets were non-interest bearing.

23. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)

As at December 31, 2024, trade accounts receivable with a carrying value of 181,246 million tenge are pledged as collateral (December 31, 2023: 197,546 million tenge).

As of December 31, 2024 and 2023, trade accounts receivable is denominated in the following currencies:

In millions of tenge	**December 31, 2024**	December 31, 2023
US dollars	**280,970**	364,490
Tenge	**94,420**	121,165
Romanian Leu	**63,296**	68,896
Euro	**2,770**	3,324
Other currency	**1,601**	3,383
	443,057	561,258

Movements in the allowance for expected credit losses and impairment were as follows:

	Individually impaired	
In millions of tenge	**Trade accounts receivable and other current financial assets**	**Other current non-financial assets**
As at December 31, 2022	71,494	157
Charge for the year, net	8,691	3,204
Written-off	(4,336)	–
Foreign currency translation	194	(2)
As at December 31, 2023	76,043	3,359
Charge for the year, net	**8,134**	**(2,545)**
Written-off	**(1,175)**	**–**
Foreign currency translation	**7,866**	**42**
As at December 31, 2024	**90,868**	**856**

Set out below is the information about credit risk exposure on the Group's trade receivables using a provision matrix:

		Days past due				
In millions of tenge	**Current**	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
December 31, 2024						
Expected credit loss rate	**0.38%**	**0.96%**	**5.72%**	**3.64%**	**79.41%**	
Trade accounts receivable	**405,631**	**21,091**	**3,347**	**8,240**	**33,834**	**472,143**
Expected credit losses	**(1,524)**	**(202)**	**(191)**	**(300)**	**(26,869)**	**(29,086)**
December 31, 2023						
Expected credit loss rate	0.23%	12.18%	14.33%	5.84%	58.78%	
Trade accounts receivable	519,801	16,351	1,594	7,527	48,175	593,448
Expected credit losses	(1,214)	(1,991)	(229)	(439)	(28,317)	(32,190)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. LOANS AND RECEIVABLES DUE FROM RELATED PARTIES

In millions of tenge	**December 31, 2024**	December 31, 2023
At amortized cost		
NB RK notes *(Note 33)*	**38,329**	43,709
Loans due from related parties *(Note 33)*	**35,074**	50,103
Bonds receivable from Samruk-Kazyna *(Note 33)*	**32,539**	21,021
Other	**6,933**	7,032
Less: allowance for expected credit losses	**(705)**	(1,863)
	112,170	120,002
At fair value through profit or loss		
Loans due from related parties *(Note 33)*	**82,945**	86,173
Guaranteed returns from shareholders of joint venture	**10,798**	13,728
	93,743	99,901
Total loans and receivables due from related parties	**205,913**	219,903

Loans and receivables due from related parties are denominated in the following currencies:

In millions of tenge	**December 31, 2024**	December 31, 2023
Tenge	**105,256**	114,939
US dollars	**100,657**	104,964
	205,913	219,903

In millions of tenge	**December 31, 2024**	December 31, 2023
Current portion	**84,240**	125,569
Non-current portion	**121,673**	94,334
	205,913	219,903

Movements in the allowance for expected credit losses of loans and receivables due from related parties were as follows:

In millions of tenge	
As at December 31, 2022	1,878
Charged, net	(17)
Foreign currency translation	2
As at December 31, 2023	1,863
Charged, net	**(73)**
Written off	**(1,086)**
Foreign currency translation	**1**
As at December 31, 2024	**705**

As at December 31, 2024 and 2023 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). Since initial recognition of the loans and receivables due from related parties there have been no significant increases in credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. CASH AND CASH EQUIVALENTS

In millions of tenge	**December 31, 2024**	December 31, 2023
Term deposits with banks − US dollar	**848,432**	580,214
Term deposits with banks − tenge	**172,922**	124,702
Term deposits with banks − other currencies	**60,346**	76,316
Current accounts with banks − US dollar	**78,600**	120,787
Current accounts with banks − tenge	**7,786**	13,321
Current accounts with banks − other currencies	**17,689**	10,409
The contracts of reverse repo with original maturities of three months or less	**26,395**	116,091
Cash in transit	**1,864**	5,463
Cash-on-hand and cheques	**2,487**	3,613
Less: allowance for expected credit losses	**(70)**	(43)
	1,216,451	1,050,873

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group.

As at December 31, 2024, the weighted average interest rate for time deposits with banks was 4.22% in US dollars, 14.53% in tenge and 5.18% in other currencies (December 31, 2023: 5.40% in US dollars, 15.45% in tenge and 5.99% in other currencies).

As at December 31, 2024 and 2023, cash and cash equivalents were not pledged as collateral for obligations of the Group.

26. EQUITY

Share capital

Total number of outstanding, issued and paid shares comprises:

	December 31, 2024 and 2023
Number of shares issued and paid, including	**610,119,493**
Par value of 27,726.63 tenge	137,900
Par value of 10,000 tenge	20,719,604
Par value of 5,000 tenge	59,707,029
Par value of 2,500 tenge	71,104,187
Par value of 2,451 tenge	1
Par value of 1,000 tenge	1
Par value of 921 tenge	1
Par value of 858 tenge	1
Par value of 838 tenge	1
Par value of 704 tenge	1
Par value of 592 tenge	1
Par value of 500 tenge	458,450,766
Share capital (thousands of tenge)	**916,540,545**

As at December 31, 2024 and 2023, the Company had only one class of issued shares. As at December 31, 2024 and 2023, common shares in the number of 239,440,103 were authorized, but not issued. In 2024, there was no issuance of any ordinary share.

Dividends

In 2024, based on the decision of Shareholders, the Company declared and paid off dividends for 2023 of 491.71 tenge per common share in the total of 300,002 million tenge (2023: declared and paid-off dividends for 2022 of 491.71 tenge per common share in the total of 300,002 million tenge).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. EQUITY (continued)

Dividends (continued)

In 2024, the Group declared and paid-off dividends to the non-controlling interest holders of KTO, KMGI in the total amount of 2,820 million tenge and 2,759 million tenge, respectively (2023: 1,500 million tenge and 1,572 million tenge, respectively).

Transactions with Samruk-Kazyna

On March 20, 2024, the coupon rate of the bonds placed in 2022 by the Company and purchased by Samruk-Kazyna was increased from 3.00% to 9.30%. In accordance with IFRS 9 the increase in the nominal rate led to a significant modification of the financial instrument, namely the derecognition of bonds with a coupon rate of 3.00% and the recognition of bonds with a coupon rate of 9.30%.

The difference between the carrying value and the fair value of the bond derecognized at the date of modification was recognized within finance income *(Note 15)* in these consolidated financial statements in the amount of 59,769 million tenge.

The negative difference of 293,288 million tenge between the fair value of the bond derecognized and the fair value of the newly recognized bond was presented as a transaction with Samruk-Kazyna in the consolidated statement of changes in equity.

In 2023, Samruk-Kazyna purchased the Company placed bonds for 70,000 million tenge. The difference between the fair value and nominal amount of bonds of 30,824 million tenge was recognized as an increase in equity within Transactions with Samruk-Kazyna in the consolidated statement of changes in equity *(Note 33)*.

In 2023, Samruk-Kazyna received a loan from KMG Karachaganak LLP, subsidiary of the Company, in the amount of 25,000 million tenge with maturity in December 2024. The difference between the fair value and nominal amount of bonds of 4,227 million tenge was recognized as a decrease in equity within Transactions with Samruk-Kazyna in the consolidated statement of changes in equity. In November 2024, the loan term was extended until December 2025. As a result, the Group recognized the effect of the loan modification in the amount of 2,904 million tenge as Transactions with Samruk-Kazyna in the consolidated statement of changes in equity.

Distributions to Samruk-Kazyna

In 2024, in accordance with the Government decree on the construction of social objects in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities and paid liabilities for 16 million tenge and 2,059 million tenge, respectively (2023: 120 million tenge).

Contributions from the related party

In December 2023, the Company acquired 99.9% and 0.1% interest in Polimer Production LLP (further Polimer) from Samruk-Kazyna Ondeu LLP (further SKO), subsidiary of Samruk-Kazyna, and JSC UK MEZ HimPark Taraz, the third party, for consideration of 1,520 million tenge.

The Group has control over Polimer and recognized Polimer as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Polimer based on Predecessor's accounting books.

The difference of 1,520 million tenge between the consideration and net assets of Polimer was recognized in equity.

In 2023, SKO, a previous shareholder of Polimer, made a contribution to the share capital of Polimer for 14,155 million tenge and repaid Polimer's debt to a third party in the amount of 672 million tenge. The Group recognized this as Contribution from the related party in the consolidated statement of changes in equity.

Other operations with Samruk-Kazyna

In 2023, in accordance with the Order of the President of the RK on the construction of the Sport Complex in the city of Uralsk as a result of his working visit to the West Kazakhstan region dated March 9, 2023, the Group recognized an obligation for the construction of the Sport Complex for the total amount of 17,925 million tenge and recognized it in the consolidated statement of changes in equity. The Company made an advance payment in the amount of 8,962 million tenge. In 2024, the Group increased accrued liabilities for the construction of the Sports Complex in the city of Uralsk in the amount of 1,989 million tenge *(Note 29)*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. EQUITY (continued)

Other operations with Samruk-Kazyna (continued)

As of December 31, 2024, the Group completed the construction of the Sports Complex in the city of Uralsk, and on January 22, 2025, the Group carried out state registration of putting the facility into operation and ownership act. As of December 31, 2024, the Company offset the accrued liability in the amount of 19,914 million tenge with the carrying amount of Sports Complex.

Book value per share

In accordance with the decision of KASE dated October 4, 2010 financial statements shall disclose book value per share (ordinary and preferred) as of the reporting date, calculated in accordance with the KASE rules.

In millions of tenge	**December 31, 2024**	December 31, 2023 (restated)
Total assets	**18,934,647**	16,941,101
Less: intangible assets	**943,156**	883,283
Less: total liabilities	**7,010,363**	6,544,487
Net assets	**10,981,128**	9,513,331
Number of ordinary shares	**610,119,493**	610,119,493
Book value per ordinary share (in thousand tenge)	**17.998**	15.593

Earnings per share

In thousand tenge	**2024**	2023
Weighted average number of common shares for basic and diluted earnings per share	**610,119,493**	610,119,493
Basic and diluted earnings per share	**1.794**	1.578

Non-controlling interests

The following tables illustrate information of subsidiaries in which the Group has significant non-controlling interests:

		December 31, 2024		December 31, 2023	
	Country of incorporation and operation	**Non-controlling shares**	**Carrying value**	Non-controlling shares	Carrying value
Rompetrol Downstream S.R.L.	Romania	**45.37%**	**82,724**	45.37%	67,535
KTO	Kazakhstan	**10.00%**	**63,870**	10.00%	59,156
Rompetrol Petrochemicals S.R.L.	Romania	**45.37%**	**22,120**	45.37%	18,572
Rompetrol Vega	Romania	**45.37%**	**(29,521)**	45.37%	(25,320)
KMG EP	Kazakhstan	**–**	**–**	0.28%	8,215
Rompetrol Rafinare S.A.	Romania	**45.37%**	**(310,421)**	45.37%	(253,347)
Other			**61,440**		25,785
			(109,788)		(99,404)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. EQUITY (continued)

Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries on a stand-alone basis, in which the Group has significant non-controlling interests as at December 31, 2024 and for the year then ended:

In millions of tenge	**Rompetrol Downstream S.R.L.**	**KTO**	**Rompetrol Petrochemicals S.R.L.**	**Rompetrol Vega**	**Rompetrol Rafinare S.A.**
Summarized statement of financial position					
Non-current assets	**133,296**	**840,928**	**2,897**	**27,976**	**118,375**
Current assets	**234,461**	**139,023**	**46,503**	**17,223**	**56,753**
Non-current liabilities	**(71,025)**	**(204,199)**	**(500)**	**(47,700)**	**(176,147)**
Current liabilities	**(114,409)**	**(112,191)**	**(147)**	**(62,563)**	**(683,150)**
Total equity	**182,323**	**663,561**	**48,753**	**(65,064)**	**(684,169)**
Attributable to:					
Equity holder of the Parent Company	**99,599**	**599,691**	**26,633**	**(35,543)**	**(373,748)**
Non-controlling interests	**82,724**	**63,870**	**22,120**	**(29,521)**	**(310,421)**
Summarized statement of comprehensive income					
Revenue	**889,308**	**311,900**	**–**	**87,742**	**1,522,309**
Profit/(loss) for the year from continuing operations	**8,990**	**65,092**	**1,312**	**402**	**(31,651)**
Total comprehensive income/(loss) for the year, net of tax	**33,477**	**72,136**	**7,821**	**(9,257)**	**(125,792)**
Attributable to:					
Equity holder of the Parent Company	**18,288**	**64,922**	**4,273**	**(5,057)**	**(68,718)**
Non-controlling interests	**15,189**	**7,214**	**3,548**	**(4,200)**	**(57,074)**
Dividends declared to non-controlling interests	**–**	**(2,500)**	**–**	**–**	**–**
Summarized cash flow information					
Operating activity	**7,648**	**90,771**	**–**	**22,895**	**495,168**
Investing activity	**(4,358)**	**(69,457)**	**–**	**(22,862)**	**(540,019)**
Financing activity	**(7,147)**	**(27,500)**	**–**	**(61)**	**16,742**
Net decrease in cash and cash equivalents	**(3,858)**	**(4,029)**	**–**	**(28)**	**(28,109)**

26. EQUITY (continued)

Non-controlling interests (continued)

The following tables illustrate summarized financial information of subsidiaries on a stand-alone basis, in which the Group has significant non-controlling interests as at December 31, 2023 and for the year then ended:

In millions of tenge	Rompetrol Downstream S.R.L.	KTO	Rompetrol Petrochemicals S.R.L.	KMG EP	Rompetrol Vega	Rompetrol Rafinare S.A.
Summarized statement of financial position						
Non-current assets	123,201	812,534	1,784	1,190,313	22,949	123,516
Current assets	216,576	132,793	39,749	1,546,121	11,676	76,687
Non-current liabilities	(66,489)	(216,157)	(433)	(91,794)	(42,739)	(148,648)
Current liabilities	(124,441)	(112,746)	(168)	(217,704)	(47,693)	(609,932)
Total equity	**148,847**	**616,424**	**40,932**	**2,426,936**	**(55,807)**	**(558,377)**
Attributable to:						
Equity holder of the Parent Company	81,312	557,268	22,360	2,418,721	(30,487)	(305,030)
Non-controlling interests	67,535	59,156	18,572	8,215	(25,320)	(253,347)
Summarized statement of comprehensive income						
Revenue	1,012,646	290,386	–	1,184,834	108,639	1,696,983
Profit/(loss) for the year from continuing operations	**5,439**	**69,508**	**3,125**	**37,360**	**(4,278)**	**(98,216)**
Total comprehensive income/(loss) for the year, net of tax	**2,352**	**70,146**	**2,440**	**34,250**	**(3,422)**	**(90,054)**
Attributable to:						
Equity holder of the Parent Company	1,285	63,131	1,333	34,154	(1,869)	(49,195)
Non-controlling interests	1,067	7,015	1,107	96	(1,553)	(40,859)
Dividends declared to non-controlling interests	–	(1,500)	–	–	–	–
Summarized cash flow information						
Operating activity	(44,926)	87,839	5	144,334	2,501	(988,089)
Investing activity	(3,264)	(160,028)	–	(319,182)	(2,470)	(64,948)
Financing activity	49,441	64,418	–	55,725	(31)	1,118,004
Net increase/(decrease) in cash and cash equivalents	**1,251**	**(8,485)**	**5**	**(124,491)**	**–**	**64,967**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. BORROWINGS

In millions of tenge	**December 31, 2024**	December 31, 2023
Fixed interest rate borrowings	**3,396,818**	3,253,754
Weighted average nominal interest rates	**6.25%**	5.36%
Floating interest rate borrowings	**570,583**	503,340
Weighted average nominal interest rates *(Note 34)*	**8.41%**	8.93%
	3,967,401	3,757,094

As at December 31, 2024 and 2023, borrowings are denominated in the following currencies:

In millions of tenge	**December 31, 2024**	December 31, 2023
US dollar	**2,982,986**	3,018,895
Tenge	**937,610**	700,223
Euro	**35,601**	24,850
Other currencies	**11,204**	13,126
	3,967,401	3,757,094

In millions of tenge	**December 31, 2024**	December 31, 2023
Current portion	**323,290**	391,358
Non-current portion	**3,644,111**	3,365,736
	3,967,401	3,757,094

As at December 31, 2024 and 2023, the bonds comprised:

In millions of tenge	Issuance amount	Redemption date	Effective Interest Rate	**December 31, 2024**	December 31, 2023
Bonds					
KASE 2023	70 billion KZT	2033	11.74% (0.50% nominal interest rate)	**45,873**	41,375
KASE 2022	751.6 billion KZT	2035	12.105% (9.30% nominal interest rate)	**642,749**	392,158
Bonds LSE 2020	750 million USD	2033	3.50%	**396,299**	343,005
AIX 2019	150 million USD	2024	5.00%	**–**	19,800
Bonds LSE 2018	1.5 billion USD	2048	6.375%	**778,795**	673,677
Bonds LSE 2018	1.25 billion USD	2030	5.375%	**653,507**	569,892
Bonds LSE 2017	1.25 billion USD	2047	5.75%	**639,143**	552,309
Bonds LSE 2017	1 billion USD	2027	4.75%	**131,604**	454,062
Total				**3,287,970**	3,046,278

On March 20, 2024, the coupon rate of the bonds placed in 2022 by the Company and purchased by Samruk-Kazyna was increased from 3.00% to 9.30%. In accordance with IFRS 9 the increase in the nominal rate led to a significant modification of the financial instrument, namely the derecognition of bonds with a coupon rate of 3.00% and the recognition of bonds with a coupon rate of 9.30%.

The difference between the carrying value and the fair value of the bond derecognized at the date of modification was recognized within other finance income *(Note 15)* in these consolidated financial statements in the amount of 59,769 million tenge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. BORROWINGS (continued)

The negative difference of 293,288 million tenge between the fair value of the bond derecognized and the fair value of the newly recognized bond was presented as a transaction with Samruk-Kazyna in the consolidated statement of changes in equity *(Note 26)*.

On September 12, 2024, the Company made a partial early repayment of bonds maturing in 2027 in the amount of 750 million US dollars (equivalent to 358,171 million tenge).

On April 26, 2023, the Company made an early repayment of Eurobonds in the amount of 501 million US dollars (equivalent to 227,520 million tenge), including premium for early repayment and coupon payment with an interest rate of 4.75% and maturity in 2025.

On April 27 and November 22, 2023, the Company placed bonds for 70,000 million tenge at a coupon interest rate of 0.50% per annum and due in 2033. Samruk-Kazyna purchased the bonds. The coupon rate of the bonds is below market rate. The difference between the fair value and nominal amount of bonds of 30,824 million tenge was recognized as a transaction with Samruk-Kazyna in the consolidated statement of changes in equity *(Note 26)*.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. BORROWINGS (continued)

As at December 31, 2024 and 2023, the borrowings comprised:

In millions of tenge	Issuance amount	Redemption date	Effective Interest Rate	December 31, 2024	December 31, 2023
Loans					
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank, Alpha Bank, Garanti Bank, OTP Bank, Intesa Sanpaolo)	551.8 million USD[1]	2026	SOFR O/N+2.50% SOFR 1M+2.750% SOFR1M+2.50%	**149,937**	141,506
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	200 million USD	2025	COF[2] (4.33%) + 1.50%	**91,405**	62,800
Halyk bank JSC (Halyk bank)	110 billion KZT	2025	11.00%	**64,883**	94,999
Cargill	100 million USD	2026	SOFR 3M+2.80%	**52,732**	46,176
Halyk Bank	169 billion KZT	2032	Base rate of NBRK + 1.50%	**49,219**	–
Development bank of Kazakhstan JSC (DBK)	79 billion KZT	2026	15.20% (7.99% nominal rate)	**43,892**	80,992
The European Bank for Reconstruction and Development (EBRD)	61 billion KZT	2028	CPI 6M + 4.00% CPI + 3.75%	**37,730**	11,822
Halyk bank	41.4 billion KZT	2032	Key Rate of National Bank of RK + 1.50%	**31,157**	47,391
The Syndicate of banks (BCR, Raiffeisen Bank, OTP, Alpha, Garanti)	83 million EUR	2029	EURIBOR 6M + 3.00%	**28,471**	24,844
Eni Isatay	–	After the start of commercial mining	CME TERM SOFR + 3.00%	**24,761**	5,751
The European Development Bank	21 billion KZT	2033	Base rate of NBRK – 2.00%	**22,107**	–
BCP	170 million USD	2025	COF (4.63%) + 2.00%	**21,181**	37,893
Banca Transilvania	57.96 million EUR	2025	SOFR 1M + 2.50% ROBOR 1M + 2.00%	**17,975**	15,710
OTP Bank	119 million RON	2030	ROBOR 3M + 1.10%	**10,087**	10,964
ING Bank NV	250 million USD	2025	COF (4,55%) + 1.80%	**7,714**	13,839
Halyk bank	41 billion KZT	2024	17.75 - 18.75%	**–**	31,487
Credit Agricole	150 million USD	2024	COF (5.6%) + 2.00%	**–**	26,936
Lukoil Kazakhstan Upstream	–	After the start of commercial mining	O/N SOFR + 2.85%	**–**	47,363
Other	–	–	–	**26,180**	10,343
Total				**679,431**	710,816

[1] *275.9 million USD with revolving credit facility;*

[2] *Cost of funding.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. BORROWINGS (continued)

In 2024, KMGI partially repaid a syndicated loan for a total amount of 71.88 million US dollars (equivalent to 33,735 million tenge), including interest.

In 2024, KMGI received a loan from Bank of Tokyo-Mitsubishi UFJ, Ltd. for a total amount of 35.91million US dollars (equivalent to 16,854 million tenge) at a COF rate of (4.33%) + 1.50% and maturing by the end of 2025 to finance working capital.

In 2024, Atyrau Refinery and Pavlodar partially repaid the loan of DBK for a total amount of 46,688 million tenge, including interest *(Note 33)*.

In 2024, Atyrau Refinery received a loan from the EBRD for a total amount of 26,600 million tenge at a rate of CPI + 3.75% and maturing until 2028 to refinance the loan from Halyk Bank.

In 2024, Atyrau Refinery and KTO partially repaid a loan from Halyk Bank totaling 21,000 million tenge, including interest.

In 2024, KMGI repaid a loan from ING Bank in the total amount of 29.21 million US dollars (equivalent to 13,709 million tenge).

In 2024, Kazakh Gas Processing Plant LLP, subsidiary of the Company, received a loan from Halyk Bank for a total amount of 48,246 million tenge at a Base rate of National Bank of RK + 1.50% and maturing by the end of 2032 for the construction of Oil and Gas Refinery plant.

In 2024, based on the notification of the Ministry of Energy of the RK on the termination of the contract for subsoil use under the Zhenis project, the Company derecognized the loan received from Lukoil Kazakhstan Upstream (carry-financing) in the amount of 48,432 million tenge *(Note 15)*.

In 2023, KMGI received Syndicated loan (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank) used to finance its working capital for the total amount of 307 million US dollars (equivalent to 140,232 million tenge), on a net basis.

In 2023, KMGI partially repaid a Syndicated Loan (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank) in the amount of 73.94 million US dollars (equivalent to 33,734 million tenge), including interest.

In 2023, KMGI received a loan from Bank of Tokyo-Mitsubishi UFJ. Ltd to finance working capital for 101 million US dollars (equivalent to 45,855 million tenge), on a net basis, at the rate of COF (5.37%) + 1.80% per annum and maturity in 2024.

In 2023, KMGI received a loan from BCP to finance working capital for 83 million US dollars (equivalent to 38,031 million tenge), on a net basis, at the rate of COF (5.7481%) + 1.50% per annum and maturity in 2024.

In 2023, Atyrau refinery made full repayment of the loan from VTB Bank (PJSC) for 42,371 million Rubles (equivalent to 213,729 million tenge), including accrued interest.

In 2023, Atyrau refinery partially repaid loans from Halyk Bank for a total amount of 102,674 million tenge, respectively, including interest.

In 2023, Atyrau refinery received a loan from Halyk Bank in the amount of 31,410 million tenge at an interest rate of 17.75-18.75% per annum and maturing in 2024 for the purpose of repayment of current liabilities.

In 2023, Atyrau refinery and Pavlodar refinery partially repaid a loan from the DBK in the total amount of 31,261 million tenge, including interest.

In 2023, based on the notification of the Ministry of Energy of the RK on the termination of the subsoil use contract, the Company derecognized the loan of Eni Isatai B.V. for the Isatai project in the amount of 4,377 million tenge (*Note 15*).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. BORROWINGS (continued)

Changes in liabilities arising from financing activities:

	2024				2023			
In millions of tenge	**Short-term loans**	**Long-term loans**	**Bonds**	**Total**	Short-term loans	Long-term loans	Bonds	Total
On January 1	**214,457**	**496,360**	**3,046,277**	**3,757,094**	173,053	699,611	3,281,722	4,154,386
Received in cash	**34,975**	**179,919**	**–**	**214,894**	138,787	176,517	70,000	385,304
Repayment of principal in cash	**(118,862)**	**(145,496)**	**(383,051)**	**(647,409)**	(95,296)	(329,830)	(241,106)	(666,232)
Interest accrued *(Note 15)*	**19,383**	**41,729**	**218,115**	**279,227**	17,198	68,901	185,686	271,785
Interest paid*	**(19,422)**	**(34,195)**	**(192,286)**	**(245,903)**	(17,030)	(63,606)	(173,836)	(254,472)
Effect of loan modification	**–**	**–**	**233,519**	**233,519**	–	–	–	–
Effect of initial loan recognition	**–**	**–**	**–**	**–**	–	–	(30,824)	(30,824)
Foreign currency translation	**21,907**	**32,849**	**358,847**	**413,603**	(2,297)	(2,526)	(46,152)	(50,975)
Foreign exchange(gain)/loss	**(897)**	**2,245**	**6,549**	**7,897**	42	(53,380)	(1,520)	(54,858)
Derecognition of loan *(Note 15)*	**–**	**(48,442)**	**–**	**(48,442)**	–	(4,377)	–	(4,377)
Other	**–**	**2,921**	**–**	**2,921**	–	5,050	2,307	7,357
On December 31	**151,541**	**527,890**	**3,287,970**	**3,967,401**	214,457	496,360	3,046,277	3,757,094
Current portion	**151,541**	**122,729**	**49,020**	**323,290**	214,457	125,152	51,749	391,358
Non-current portion	**–**	**405,161**	**3,238,950**	**3,644,111**	–	371,208	2,994,528	3,365,736

* *The repayment of the interest is classified in the consolidated statement of cash flows as operating cash flows.*

Covenants

The Group is required to comply with financial and non-financial covenants under the terms of all loan agreements. Under the terms of the loan agreements, failure to comply with covenants may result in the repayment of these long-term loans upon demand. As of December 31, 2024 and December 31, 2023, the Group complied with all financial and non-financial covenants.

27. BORROWINGS (continued)

Hedge of net investment in the foreign operations

As at December 31, 2024, certain borrowings denominated in foreign currency were designated as hedge instrument for the net investment in the foreign operations. These borrowings are being used to hedge the Group's exposure to the US dollar foreign exchange risk on these investments. In 2024, a loss of 358,847 million tenge (2023: gain of 46,152 million tenge) on the translation of these borrowings were transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US Dollars borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate borrowings. As at December 31, 2024 and 2023, there was no ineffective portion of the hedge.

28. LEASE LIABILITIES

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

	Minimum lease payments		Present value of minimum lease payments	
In millions of tenge	**December 31, 2024**	December 31, 2023	**December 31, 2024**	December 31, 2023
Within one year	**26,471**	19,767	**20,882**	17,400
Two to five years inclusive	**56,149**	49,777	**29,308**	26,128
After five years	**102,326**	89,424	**74,026**	61,752
	184,946	158,968	**124,216**	105,280
Less: amounts representing finance costs	**(60,730)**	(53,688)	**–**	–
Present value of minimum lease payments	**124,216**	105,280	**124,216**	105,280
Less: amounts due for settlement within 12 months	**(26,471)**	(19,767)	**(20,882)**	(17,400)
Amounts due for settlement after 12 months	**158,475**	139,201	**103,334**	87,880

As at December 31, 2024, interest calculation was based on effective interest rates ranging from 2.95% to 25.29% (December 31, 2023: from 2.95% to 20.65%).

Changes in lease liabilities for the year ended December 31, 2024 and 2023:

In millions of tenge	**2024**	2023
On January 1	**105,280**	81,554
Additions of leases	**23,790**	55,740
Interest accrued *(Note 15)*	**8,444**	7,420
Repayment of principal	**(26,118)**	(26,933)
Interest paid	**(1,279)**	(1,936)
Foreign exchange (gain)/loss	**(4,611)**	1,964
Foreign currency translation	**14,842**	(1,442)
Modification	**7,386**	3,938
Early termination	**(2,661)**	(15,025)
Other	**(857)**	–
On December 31	**124,216**	105,280

29. PROVISIONS

In millions of tenge	Asset retirement obli-gations	Provision for environ-mental obligation	Provision for taxes	Other	Total
As at December 31, 2022	128,872	81,353	10,923	48,397	269,545
Foreign currency translation	(1,506)	(1,062)	(44)	(333)	(2,945)
Change in estimate	10,019	(1,198)	–	142	8,963
Unwinding of discount *(Notes 15)*	10,556	2,719	–	123	13,398
Provision for the year	57,996	416	482	31,608	90,502
Business combination *(Note 6)*	4,346	–	–	–	4,346
Unused amounts reversed *(Note 35)*	(356)	–	(4,319)	(28,364)	(33,039)
Use of provision	(1,222)	(5,167)	(68)	(4,518)	(10,975)
As at December 31, 2023	208,705	77,061	6,974	47,055	339,795
Foreign currency translation	**11,879**	**9,137**	**158**	**3,002**	**24,176**
Change in estimate	**(18,446)**	**(210)**	**–**	**(14)**	**(18,670)**
Unwinding of discount *(Note 15)*	**17,082**	**1,647**	**–**	**141**	**18,870**
Provision for the year	**4,225**	**–**	**61**	**6,601**	**10,887**
Transfers and reclassifications to other financial liabilities *(Note 35)*	**–**	**–**	**–**	**(4,742)**	**(4,742)**
Unused amounts reversed	**(788)**	**(2,377)**	**(4,305)**	**(131)**	**(7,601)**
Use of provision *(Note 26)*	**(1,465)**	**(6,139)**	**–**	**(27,458)**	**(35,062)**
As at December 31, 2024	**221,192**	**79,119**	**2,888**	**24,454**	**327,653**

Detailed description of significant provisions, including critical estimates and judgments used, is included in *Note 4*.

Current portion and long-term portion are segregated as follows:

In millions of tenge	Asset retirement obliga-tions	Provision for environ-mental obligation	Provision for taxes	Other	Total
Current portion	**1,440**	**1,910**	**2,888**	**13,286**	**19,524**
Long-term portion	**219,752**	**77,209**	**–**	**11,168**	**308,129**
As at December 31, 2024	**221,192**	**79,119**	**2,888**	**24,454**	**327,653**
Current portion	2,847	3,751	6,974	20,004	33,576
Long-term portion	205,858	73,310	–	27,051	306,219
As at December 31, 2023	208,705	77,061	6,974	47,055	339,795

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES

In millions of tenge	**December 31, 2024**	December 31, 2023
Trade accounts payable	**598,787**	663,930
Other financial liabilities		
Due to employees	**78,950**	72,970
Other trade payables	**40,534**	42,562
Derivative financial instruments	**2,950**	114
Other	**53,812**	49,050
	176,246	164,696
Current portion	**169,150**	145,953
Non-current portion	**7,096**	18,743
	176,246	164,696
Other non-financial liabilities		
Contract liabilities	**227,046**	153,962
Other	**15,432**	15,328
	242,478	169,290
Current portion	**206,303**	131,513
Non-current portion	**36,175**	37,777
	242,478	169,290

As of December 31, 2024, and 2023, trade accounts payable were denominated in the following currencies:

In millions of tenge	**December 31, 2024**	December 31, 2023
US dollars	**389,492**	444,674
Tenge	**137,939**	153,016
Romanian Leu	**56,388**	51,244
Euro	**6,296**	8,157
Other currency	**8,672**	6,839
Total	**598,787**	663,930

As at December 31, 2024 and 2023, trade accounts payable and other financial liabilities were not interest bearing.

31. OTHER TAXES PAYABLE

In millions of tenge	**December 31, 2024**	December 31, 2023
VAT	**28,394**	23,233
Mineral Extraction Tax	**15,782**	30,485
Rent tax on crude oil export	**15,071**	37,557
Social tax	**7,436**	7,620
Individual income tax	**6,042**	9,424
Turnover tax	**4,847**	–
Excise tax	**1,871**	1,537
Withholding tax from non-residents	**59**	1,957
Other	**4,129**	4,687
	83,631	116,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INCOME TAX EXPENSES

As at December 31, 2024 income taxes prepaid of 41,170 million tenge (2023: 33,051 million tenge) are mainly represented by corporate income tax. As at December 31, 2024 income taxes payable of 15,600 million tenge (2023: 28,285 million tenge) are mainly represented by corporate income tax.

Income tax expense comprised the following for the years ended December 31, 2024 and 2023:

In millions of tenge	**2024**	2023 (restated)
Current income tax		
Corporate income tax	**168,573**	117,003
Withholding tax on dividends and interest income	**81,138**	86,287
Alternative mineral extraction tax	**2,628**	–
Excess profit tax	**1,149**	691
Deferred income tax		
Corporate income tax	**131,419**	109,578
Alternative mineral extraction tax	**5,734**	(10,391)
Withholding tax on dividends	**(27,554)**	(33,376)
Income tax expenses	**363,087**	269,792

A reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (20% in 2024 and 2023) to income tax expenses was as follows for the years ended December 31:

In millions of tenge	**2024**	2023 (restated)
Profit before income tax	**1,457,334**	1,196,470
Statutory tax rate	**20%**	20%
Income tax expense on accounting profit	**291,467**	239,294
Share in profit of joint ventures and associates	**(60,724)**	(55,703)
Other non-deductible expenses and non-taxable income	**28,874**	44,981
Effect of different corporate income tax rates	**61,780**	74,959
Alternative mineral extraction tax	**8,362**	(10,391)
Excess profit tax	**1,149**	691
Change in unrecognized deferred tax assets	**32,179**	(24,039)
Income tax expenses	**363,087**	269,792

KMG Kashagan B.V. and KMG Karachaganak have a Production Sharing Agreement and a Final Production Sharing Agreement, respectively, that provide for a stabilized tax regime under the 1997 Tax Code, which must be applied throughout the entire abovementioned agreements period. The most significant tax impact of the stabilized tax regime is the application of a 30% corporate income tax rate to taxable profit.

Income tax rates for companies operating in jurisdictions such as the Netherlands, Romania and Switzerland range from 11.89% to 25.8%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INCOME TAX EXPENSES (continued)

Deferred tax balances, calculated by applying the statutory tax rates effective at the respective reporting dates to the temporary differences between the tax basis of assets and liabilities and the amounts reported in the consolidated financial statements, are comprised of the following at December 31:

	2024					2023 (restated)				
In millions of tenge	**Corporate income tax**	**Alternative mineral extraction tax**	**Withholding tax**	**Total**	**Recognized in profit and loss**	Corporate income tax	Alternative mineral extraction tax	Withholding tax	Total	Recognized in profit and loss
Deferred tax assets										
Property, plant and equipment	**23,894**	**–**	**–**	**23,894**	**875**	23,019	–	–	23,019	(934)
Tax loss carryforward	**608,820**	**–**	**–**	**608,820**	**(74,465)**	683,285	–	–	683,285	(2,191)
Employee benefits related accruals	**5,360**	**–**	**–**	**5,360**	**(2,268)**	7,628	–	–	7,628	1,004
Impairment of financial assets	**9,361**	**–**	**–**	**9,361**	**1,256**	8,105	–	–	8,105	8,104
Environmental liability	**2,070**	**–**	**–**	**2,070**	**(961)**	3,031	–	–	3,031	(728)
Other	**86,668**	**4,291**	**–**	**90,959**	**59,281**	105,081	10,334	–	115,415	68,186
Less: unrecognized deferred tax assets	**(583,520)**	**–**	**–**	**(583,520)**	**(32,179)**	(551,341)	–	–	(551,341)	24,039
Less: deferred tax assets offset with deferred tax liabilities	**(106,239)**	**–**	**–**	**(106,239)**	**117,074**	(223,313)	–	–	(223,313)	(35,364)
Deferred tax assets	**46,414**	**4,291**	**–**	**50,705**	**68,613**	55,495	10,334	–	65,829	62,116
Deferred tax liabilities										
Property, plant and equipment	**858,119**	**231**	**–**	**858,350**	**88,577**	769,233	540	–	769,773	204,863
Undistributed earnings of joint ventures and associates	**–**	**–**	**634,427**	**634,427**	**(27,554)**	–	–	571,270	571,270	(33,376)
Other	**5,298**	**–**	**–**	**5,298**	**115**	5,209	–	–	5,209	(8,196)
Less: deferred tax assets offset with deferred tax liabilities	**(106,239)**	**–**	**–**	**(106,239)**	**117,074**	(223,313)	–	–	(223,313)	(35,364)
Deferred tax liabilities	**757,178**	**231**	**634,427**	**1,391,836**	**178,212**	551,129	540	571,270	1,122,939	127,927
Net deferred tax liability	**710,764**	**(4,060)**	**634,427**	**1,341,131**		495,634	(9,794)	571,270	1,057,110	
Deferred tax expense					**109,599**					65,811

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INCOME TAX EXPENSES (continued)

Deferred corporate income tax and excess profit tax are determined with reference to individual subsoil use contracts. Deferred corporate income tax is also determined for activities outside of the scope of subsoil use contracts. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax asset arising mainly from tax losses carry forward amounted to 583,520 million tenge as at December 31, 2024 (as at December 31, 2023: 551,341 million tenge).

Tax losses carry forward as at December 31, 2024 and 2023 in the RK expire for tax purposes after ten years from the date they are incurred.

The movements in the deferred tax liability/(asset) were as follows:

	2024				2023 (restated)			
In millions of tenge	**Corporate income tax**	**Alternative mineral extraction tax**	**Withholding tax**	**Total**	Corporate income tax	Alternative mineral extraction tax	Withholding tax	Total
Net deferred tax liability as at January 1, net	**495,634**	**(9,794)**	**571,270**	**1,057,110**	341,068	597	615,747	957,412
Foreign currency translation	**83,737**	**–**	**90,711**	**174,448**	(4,091)	–	(11,101)	(15,192)
Tax expense/(income) during the year recognized in profit and loss	**131,419**	**5,734**	**(27,554)**	**109,599**	109,578	(10,391)	(33,376)	65,811
Tax expense during the year recognized in other comprehensive income	**(26)**	**–**	**–**	**(26)**	327	–	–	327
Business combination *(Note 6)*	**–**	**–**	**–**	**–**	48,752	–	–	48,752
Net deferred tax liability as at December 31, net	**710,764**	**(4,060)**	**634,427**	**1,341,131**	495,634	(9,794)	571,270	1,057,110

33. RELATED PARTY DISCLOSURES

Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties. Outstanding balances at the year-end are mainly unsecured and interest free and settlement occurs in cash, except as indicated below. The Group recognizes allowances for ECL on debt from related parties in accordance with the same principles and policies for ECL applied to determine ECL on debt owed to third parties.

Transactions balances

The following table provides the balances of transactions with related parties as at December 31, 2024 and 2023:

In millions of tenge	December 31,	Due from related parties*	Due to related parties*	Cash and deposits placed with related parties	Borrowings payable to related parties	Financial assets and loans due from related parties
Samruk-Kazyna entities	**2024**	**57,787**	**2,716**	**56,849**	**688,622**	**54,489**
	2023	43,080	4,392	5,911	453,333	50,665
Associates	**2024**	**18,314**	**13,650**	**–**	**–**	**–**
	2023	8,681	2,962	–	–	
Other state-controlled parties	**2024**	**2,611**	**3,407**	**–**	**65,999**	**38,329**
	2023	3,188	1,419	–	80,992	43,709
Joint ventures	**2024**	**32,014**	**162,787**	**–**	**–**	**106,338**
	2023	68,413	235,725	–	–	104,706

* *The amounts are mainly classified as «Trade accounts receivables» and «Trade accounts payables»*

Due from/to related parties

Samruk-Kazyna entities

In 2024, the Company sold investment property to Samruk-Kazyna with a carrying value of 13,503 million tenge. According to the terms of the purchase and sale agreement, the sales price was 22,872 million tenge with deferred payment until June 2027. The difference between the sales price, which is the fair value, and the nominal amount of the debt of Samruk-Kazyna in the amount of 8,741 million tenge is reflected in these consolidated financial statements as finance expenses *(Note 15)*.

As at December 31, 2024, due from related parties are mainly represented by the sale of oil products of JSC "NC Kazakhstan Temir Zholy", subsidiary of Samruk-Kazyna, in the amount of 26,027 million tenge (December 31, 2023: 30,793 million tenge).

As at December 31, 2023, payable due to Samruk-Kazyna for exercising the option with a right to buy back 50% of shares of KMG Kashagan B.V. was fully repaid for 364 million US dollars (equivalent to 163,770 million tenge per exchange rate at the date of repayment).

Joint ventures

As at December 31, 2024 due to joint ventures were mainly represented by accounts payable for crude oil to TCO for 143,651 million tenge (December 31, 2023: 181,831 million tenge).

33. RELATED PARTY DISCLOSURES (continued)

Cash and deposits placed with related parties

Samruk-Kazyna entities

As at December 31, 2024, the Group has current accounts and time deposits consisting of cash in tenge and dollars on the accounts of Kazpost JSC, subsidiary of Samruk-Kazyna, in the total amount of 56,849 million tenge (December 31, 2023: 5,911 million tenge).

Borrowings payable to related parties

Samruk-Kazyna entities

As at December 31, 2024 the borrowings payable to related parties were mainly represented by the bonds placed by the Company in 2022 and acquired by Samruk-Kazyna for 642,749 million tenge (December 31, 2023: 392,158 million tenge) *(Note 27).*

Other state-controlled parties

As at December 31, 2024 the borrowings payable to related parties include loans received from DBK by Atyrau refinery in the amount of 43,892 million tenge (December 31, 2023: loans received from DBK by Atyrau and Pavlodar refineries in the amount of 80,992 million tenge) *(Note 27).*

Financial assets and loans due from related parties

Samruk-Kazyna entities

As at December, 31, 2024 financial assets and loans due from related parties were mainly represented by the bonds receivable from the Samruk-Kazyna of 22,461 million tenge, net of expected credit losses (December 31, 2023: 20,963 million tenge).

Other state-controlled parties

During 2024, the Group purchased short-term notes of NB RK in the total amount of 308,147 million tenge with an interest rate of 13.71%, as well as short-term notes of NB RK acquired in 2023 and 2024 in the amount of 302,600 million tenge were redeemed.

During 2023, the Group purchased short-term notes of NB RK in the total amount of 451,598 million tenge with an interest rate of 15.96%, as well as short-term notes of NB RK acquired in 2022 and 2023 in the amount of 425,263 million tenge were redeemed.

Joint ventures

As at December, 31, 2024 financial assets and loans due from related parties were mainly represented by loans issued to Ural Group Limited, KALAMKAS-KHAZAR OPERATING LLP and Kazakhstan Petrochemical Industries Inc. LLP for the total amount of 94,732 million tenge (December 31, 2023: 73,990 million tenge).

During 2024, the Group provided loans to related parties in the amount of 67,980 million tenge and received 45,023 million tenge as a loan repayment from related parties (2023: 44,672 million tenge and 35,963 million tenge, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. RELATED PARTY DISCLOSURES (continued)

Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during 2024 and 2023:

In millions of tenge		Sales to related parties*	Purchases from related parties*	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	**2024**	**169,073**	**90,515**	**68,847**	**80,315**
	2023	158,392	33,705	4,058	39,795
Associates	**2024**	**43,888**	**84,599**	**154**	**–**
	2023	12,742	81,497	194	–
Other state-controlled parties	**2024**	**1,329**	**49,934**	**7,458**	**10,773**
	2023	346	31,349	5,421	12,475
Joint ventures	**2024**	**410,418**	**1,744,984**	**13,534**	**6,324**
	2023	439,502	1,709,923	17,540	–

* *The amounts are mainly classified as «Revenue from contracts with customers», «Cost of purchased oil, gas, petroleum products and other materials», «Production expenses», «Transportation and selling expenses» and «General and administrative expenses»*

Sales to related parties / purchases from related parties

Joint ventures

In 2024, sales to joint ventures were mainly represented by transportation and cargo servicing provided to TCO for 21,138 million tenge (2023: 22,613 million tenge), transportation charges and oil servicing provided to MMG for 67,770 million tenge and for 113,330 million tenge, respectively (2023: 67,755 million tenge and 137,855 million tenge, respectively).

In 2024, purchases from joint ventures were mainly attributable to purchases of crude oil from TCO to perform the oil delivery customer contract for 1,703,581 million tenge (2023: 1,602,095 million tenge).

Key management employee compensation

Total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses in the accompanying consolidated statement of the comprehensive income was equal to 7,568 million tenge and 7,769 million tenge for the years ended December 31, 2024 and 2023, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly consist of borrowings, loans given, financial guarantees, cash and cash equivalents, bank deposits as well as accounts receivable and accounts payable. The Group is exposed to interest rate risk, foreign currency risk and credit risk. The Group further monitors the market risk and liquidity risk arising from all financial instruments.

Market risk

The Group takes on exposure to market risks. Market risks arise from open positions in interest rate, currency, and securities, all of which are exposed to general and specific market movements. The Group manages market risk through periodic estimation of potential losses that could arise from adverse changes in market conditions and establishing appropriate margin and collateral requirements. The sensitivity analyses in the following sections relate to the position as of December 31, 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Foreign currency risk

As a result of significant borrowings and accounts payable denominated in the US dollars, the Group's consolidated statement of financial position can be affected significantly by movement in the US dollar/tenge exchange rates. The Group also has transactional currency exposures. Such exposure arises from revenues in the US dollars. The Group has a policy on managing its foreign currency risk in US dollar by matching US dollar denominated financial assets with US dollar denominated financial liabilities. The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before income tax (due to changes in the cash flows of monetary assets and liabilities). The sensitivity of possible changes in exchange rates for other currencies are not considered due to its insignificance to the consolidated financial results of Group's operations.

In millions of tenge	Increase/ (decrease) in tenge to US dollar exchange rate	Effect on profit before tax
2024	**+9%**	**(100,651)**
	(7%)	**81,317**
2023	+14%	(224,731)
	(14%)	224,731

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowings with floating interest rates. The Group's policy is to manage its interest rate cost using a mix of fixed and variable rate borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before income tax (through the impact on floating rate borrowings). There is no significant impact on the Group's equity.

In millions of tenge	Increase/ decrease in basis points	Effect on profit before tax
2024	**+4.50**	**(25,680)**
SOFR	**+0.39**	**(2,226)**
2023		
SOFR	+3,97	(19,982)
	-3,97	19,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognized, creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The maximum exposure is the carrying amount as disclosed in *Note 23*. There are no significant concentrations of credit risk within the Group.

With respect to credit risks arising on other financial assets of the Group, which comprise cash and cash equivalents, bank deposits, loans and receivables from related parties and other financial assets, the Group's exposure to credit risks arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the risk profile of the Group's cash and cash equivalents, short-term and long-term deposits held in banks as at December 31, 2024 and 2023 using the Fitch credit ratings, or in their absence, using their equivalent rates in S&P and Moody's:

	As at December 31	
	2024	2023
AA- to A+	**18%**	19%
A to A-	**65%**	58%
BBB+ to BBB-	**11%**	18%
BB+ to BB-	**6%**	5%
B+ to B-	**–**	–

Liquidity risk

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

Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31, 2024 and 2023 based on contractual undiscounted payments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

In millions of tenge	Due less than one month	Due later than one month but not later than three months	Due later than three months but not later than one year	Due later than one year but not later than five years	Due after 5 years*	Total
As at December 31, 2024						
Borrowings*	**8,311**	**4,279**	**508,247**	**1,760,405**	**5,449,825**	**7,731,067**
Trade accounts payable	**208,205**	**226,758**	**163,824**	**–**	**–**	**598,787**
Financial guarantees**	**–**	**59**	**32,269**	**14,991**	**–**	**47,319**
Lease liabilities	**2,788**	**4,488**	**19,195**	**56,149**	**102,326**	**184,946**
Other financial liabilities	**63,206**	**44,567**	**77,932**	**8,990**	**–**	**194,695**
	282,510	**280,151**	**801,467**	**1,840,535**	**5,552,151**	**8,756,814**
As at December 31, 2023						
Borrowings*	38,896	1,329	503,846	1,413,755	4,738,778	6,696,604
Trade accounts payable	122,306	340,634	200,991	–	–	663,931
Financial guarantees**	–	64	–	46,555	–	46,619
Lease liabilities	2,124	1,964	15,679	49,777	89,424	158,968
Other financial liabilities	71,323	24,605	69,792	20,067	–	185,787
	234,649	**368,596**	**790,308**	**1,530,154**	**4,828,202**	**7,751,909**

* *The Group excludes from the maturity profile table the borrowings payable to project partners under the carry-in financing agreements, due to the uncertainty of maturity of these loans. As of December 31, 2024, the borrowings due to partners were 31,926 million tenge (December 31, 2023: 57,656 million tenge).*

** *The Group includes financial guarantees to the maturity profile table, however, the cash outflow in relation to financial guarantees is subject to certain conditions. Financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because of specified debtor fails to make payment when due in accordance with the original or modified terms of debt instrument. In 2024 and 2023 there was no significant instances of financial guarantees execution.*

Capital management

The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital to ensure that Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company seeks to maintain a prudent capital structure to support its capital investment plans and maintain investment grade credit rating through the cycle. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality while also enabling the pursuit of organic and inorganic investment opportunities. The Company has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt incurrence.

For the purpose of the Group's capital management, the capital structure of the Group consists of borrowings (*Note 27)* less cash *(Note 25)* and short-term deposits *(Note 20)* and equity, comprising share capital, additional paid-in capital, other reserves and retained earnings (*Note 26)*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

The Group's management regularly reviews the capital structure. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Also to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to borrowings that define capital structure requirements. There have been no breaches of the financial covenants of any borrowing in the years ended December 31, 2024 and 2023 *(Note 27)*.

In millions of tenge	**December 31, 2024**	December 31, 2023 (restated)
Borrowings	**3,967,401**	3,757,094
less: cash, cash equivalents and short-term bank deposits	**2,730,267**	2,047,885
Net debt	**1,237,134**	1,709,109
Equity	**11,924,284**	10,396,614
Capital and net debt	**13,161,418**	12,105,823

No changes were made in the overall strategy, objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2023.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments

The carrying amount of the Group financial instruments as at December 31, 2024 and 2023 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

	December 31, 2024					December 31, 2023				
			Fair value by level of assessment					Fair value by level of assessment		
In millions of tenge	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**	Carrying amount	Fair value	Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	**32,479**	**27,650**	**–**	**27,650**	**–**	20,963	16,797	–	16,797	–
NB RK notes	**38,329**	**38,329**	**–**	**38,329**	**–**	43,708	43,708	–	43,708	–
Loans and receivables due from related parties at fair value through profit and loss	**93,743**	**93,743**	**–**	**–**	**93,743**	99,901	99,901	–	–	99,901
Loans given to related parties at amortized cost	**34,445**	**36,700**	**–**	**21,838**	**14,862**	48,299	48,502	–	–	48,502
Fixed interest rate borrowings	**3,396,818**	**3,238,502**	**2,406,715**	**831,787**	**–**	3,253,754	3,051,997	2,452,370	599,627	–
Floating interest rate borrowings	**570,583**	**570,656**	**–**	**570,656**	**–**	503,340	503,340	–	503,340	–

The fair value of bonds receivable from the Samruk-Kazyna and other debt instruments have been calculated by discounting the expected future cash flows at market interest rates.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 − quoted (unadjusted) market 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.

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 category.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Fair values of financial instruments (continued)

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range as of December 31, 2024	2023
Loans given to related parties at amortized cost	Discounted cash flow method	Interest and discount rate	**12.20-17.90%**	7.30-18.5%
Financial guarantee issued			**7.6%**	7.8%

35. CONTINGENT LIABILITIES AND COMMITMENTS

Operating environment

Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the Government.

Commodity price risk

The Group generates most of its revenue from the sale of commodities, primarily crude oil and oil products. Historically, the prices of these products have been volatile and have fluctuated widely in response to changes in supply and demand, market uncertainty, the performance of the global or regional economies and cyclicality in industries. Prices may also be affected by the Government actions, including the imposition of tariffs and import duties, speculative trades, an increase in capacity or oversupply of the Group's products in its main markets. These external factors and the volatility of the commodity markets make it difficult to estimate future prices. A substantial or extended decline in commodity prices would materially and adversely affect the Group's business and the consolidated financial results and cash flows of operations. The Group mainly does not hedge its exposure to the risk of fluctuations in the price of its products.

Taxation

Tax legislation and regulatory framework of the Republic of Kazakhstan are subject to constant changes and allow for different interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan's tax laws are severe. Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of the Republic of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by the authorities in respect of taxes for five calendar years preceding the year of review.

Management believes that as at December 31, 2024 its interpretation of the relevant legislation is appropriate and that it is probable that the Group's tax positions will be sustained, except as provided for or otherwise disclosed in these consolidated financial statements.

Transfer pricing control

Transfer pricing control in Kazakhstan has a very wide scope and applies to many transactions that directly or indirectly relate to international business regardless of whether the transaction participants are related or not. *The transfer pricing legislation* requires that all taxes applicable to a transaction should be calculated based on market price determined in accordance with the arm's length principle. The law on transfer pricing came into force in Kazakhstan from January 1, 2009. The law is not explicit and there is little precedence with some of its provisions. Moreover, the law is not supported by detailed guidance for application of transfer pricing control to various types, as a result, there is a risk that the tax authorities may take a position that differs from the Group's position, which could result in additional taxes, fines and interest. As at December 31, 2024 management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Group's positions with regard to transfer pricing will be sustained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Comprehensive tax audit at oil refineries of the Group

All three major oil refineries in the Group, Atyrau refinery, Pavlodar refinery and PKOP were subject to a comprehensive tax audit covering periods of a few years (up to 2020) in 2020-2022. As a result of the audits, the total amount of additional charges for VAT for 37,728 million tenge, for income tax for 17,830 million tenge, for other taxes for 476 million tenge, including penalties for all additional charges of 8,959 million tenge and reduction in tax carry-forward losses for 119,871 million tenge.

Atyrau refinery, Pavlodar refinery and PKOP did not agree with the assessment and appealed to the Ministry of Finance of RK. The refineries' appeals are under consideration by the Ministry of Finance of the RK.

PKOP partially appealed one of the notifications regarding the amount of additional taxes and penalties for 3,694 million tenge. However, on February 15, 2024, the Civil Chamber of the Supreme Court canceled the decision in favor of PKOP made on November 15, 2021 by the Civil Chamber of the Shymkent City Court.

During 2024, PKOP took measures to appeal the decision of the Judicial Collegium for Civil Cases of the Supreme Court to the Prosecutor General's Office of the Republic of Kazakhstan. However, due to the lack of procedural opportunity, consideration of the petitions was refused. Accordingly, PKOP recognized a provision and paid tax and fine in the amount of 3,694 million tenge. However, the Group continues to work to appeal the decision.

The potential amount of additional value added tax (VAT) assessments for the period from 2020 to 2024 is calculated by applying the VAT rate of 12% to the amount of excise tax reimbursed by the toller, excluding potential fines and penalties as stipulated in accordance with the Administrative Code of the Republic of Kazakhstan.

The excise tax amount is determined by applying the excise tax rate per ton, established by Government Resolution of the Republic of Kazakhstan (hereinafter referred to as "GRRK") No. 173 dated April 6, 2018 (as amended by GRRK No. 841 dated November 25, 2021, and GRRK No. 155 dated March 24, 2022) to the volume of petroleum products (gasoline and diesel fuel) transferred to tollers annually. The total volume of petroleum products transferred to tollers from 2020 to 2024 amounted to 28,788 thousand tons, including 14,352 thousand tons of gasoline and 14,436 thousand tons of diesel fuel. Additionally, from January 1, 2022, to April 4, 2022 (before the amendments introduced by GRRK No. 155 dated March 24, 2022, took effect on April 5, 2022), the volume of transferred petroleum products amounted to 978 thousand tons of gasoline and 1,030 thousand tons of diesel fuel.

Legal issues and claims

The civil litigation at KMGI

Faber Invest & Trade Inc. (further Faber), the non-controlling shareholder of KMGI subsidiaries, resumed several previous civil filings in 2020, one of which challenged the increase in the Rompetrol Rafinare Constanta, the KMGI subsidiary, share capital in 2003-2005. The hearings have been held periodically. As of December 31, 2024, all Faber claims were dismissed and the case was closed.

Civil legal dispute between the National Mineral Resources Agency (NAMR) and Oilfield Exploration Business Solutions S.A (OEBS), subsidiary of KMGI, at the Focsani field

On December 17, 2019 OEBS has been noticed by the NAMR that a Request for Arbitration would have been filed in to ICC Paris for an alleged breach by OEBS of the Concession Agreement as regards the exploration block near Focsani. Starting from that period, OEBS was in dispute with NAMR. On July 29, 2022 the Court decided to oblige OEBS to pay 10.1 million U.S. dollars from a total NAMR claim of 20 million U.S. dollars. In 2022, the Group recognized a provision in the amount of 10.1 million dollars (equivalent to 4,673 million tenge).

On May 23, 2024, the court dismissed the appeal filed by OEBS, and obliged OEBS to pay 10.1 million U.S. dollars. OEBS approached NAMR and the Romanian fiscal authorities with a proposal to gradually pay the amount until 2026. As a result, OEBS was authorized to make the payment as follows: 30% of the liabilities will be paid by NAMR, while 70% will be paid in accordance with the debt Restructuring Plan with the Romanian tax authorities.

As of December 31, 2024, OEBS paid 30% directly to NAMR the remaining 70% was included in the restructuring plan and will be paid until 2026. The Group also reclassified the previously recognized provision into other financial liabilities *(Note 29 and 30).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Competition investigation in Moldova

Since the beginning of 2021, Rompetrol Moldova (further RPM), a subsidiary of KMGI operating in Moldova, is involved in an investigation and related court proceedings initiated by the Competition Council of Moldova (further CCM) alleging RPM agreed with other industry players on retail prices for petroleum products. RPM is challenging the competition report prepared by the CCM investigation division that forms the basis for the allegations in accordance with applicable regulations. A few attempts to dismiss the said report were unsuccessful with the latest ruling rejecting RPM's request to dismiss the report issued by the local court on May 26, 2022. RPM has filed an appeal and a first hearing is scheduled for March 21, 2023. In 2022, the Group recognized a provision in the amount of 12 million dollars (equivalent to 5,552 million tenge). During 2023, RPM filed in an appeal and the first hearing was scheduled for October 4, 2023, however, the court rejected the appeal. The second appeal was filed in on January 24, 2024. The first hearing was scheduled for October 16, 2024. However, on July 3, 2024, the SCM announced that RPM was found guilty. On August 1, 2024, RPM filed an appeal against the fine and requested a deferment of payment pending the resolution of the underlying case. On August 26, 2024, the court issued a decision suspending payment of the fine pending the resolution of the litigation. The CCM filed in an appeal and on December 9, 2024 the Court rejected the appeal of CCM regarding the suspension of payment until a final court decision on this dispute.

The case of arbitration between KazRosGas LLP, a joint venture of the company, (further KRG) and Karachaganak Petroleum Operating B.V. (further KPO)

On August 23, 2022, the Secretariat of the International Chamber of Commerce in Paris submitted to KRG a Notice of Initiation of Arbitration Proceedings by KPO, which is the operator under the Final Production Sharing Agreement for the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, with amendments and additions (further FPSA). KPO intends to increase the gas sale price under the existing Karachaganak Gas Purchase and Sale Agreement. If the gas price is agreed later than October 1, 2022, KRG and KPO shall recalculate the gas price for the period from October 1, 2022 to the date of the price agreement.

In October 2022, a working group was established to develop a negotiating position of the Kazakh side on the peaceful settlement of the dispute over the arbitration process between the KRG and KPO, chaired by the First Vice Minister of Energy of RK. The working group also includes representatives of the Ministry of Energy of RK, JSC "NC "QazaqGaz", KMG and KRG.

In August 2023, the Tribunal approved the Procedural Timetable for the Arbitration (further Arbitration Timetable), according to which the final hearing is scheduled for the week of November 18, 2024, and the deadline for the Tribunal to make decision is until the end of March 2025.

In January 2024, a meeting was held between the Ministry of Energy of the Republic of Kazakhstan, KPO, KMG and the KRG to peacefully resolve the dispute. From 18 to 22 November 2024, an evidentiary hearing of the Tribunal was held, at which the parties and experts presented their final positions on the merits of the dispute to the Tribunal, and barristers, together with the Tribunal, cross-examined the experts. On 1 January 2025, legal representatives of both Parties notified the Tribunal and the Secretariat of the conclusion of an agreement on the settlement of the dispute and the termination of the arbitration proceedings. As a result, the price formula remains the same.

The case of an administrative offense of the Pavlodar refinery initiated by the Department of Agency for protection and development of competition of RK (hereafter – Antimonopoly agency) of the Pavlodar region

In 2022 the Prosecutor's Office of the Pavlodar region together with the Antimonopoly agency conducted an inspection of the Pavlodar refinery operations for compliance with the legislation of the RK in the field of oil and petroleum products turnover, labor, tax and antimonopoly legislation for 2020-2021. On March 16, 2022 Antimonopoly agency issued the Conclusion which stated that Pavlodar refinery set monopolistically high tariff for oil refining services. On July 25, 2022, Antimonopoly agency of the Pavlodar region initiated an administrative offence and issued a Protocol to the Specialized Court for Administrative Offenses of Pavlodar city for setting by the Pavlodar refinery monopolistically high tariff for oil refining services in 2021 and to confiscate revenue for 2021 of 21,961 million tenge and impose fine of 6,226 million tenge.

On June 9, 2023, Specialized Court for Administrative Offenses of Pavlodar city issued a resolution to terminate administrative proceedings. On June 30, 2023, Decree on the consumption of administrative proceedings and the cancellation of the protocol entered into legal force. As a result, as at December 31, 2023, administrative proceedings were closed, and Pavlodar refinery reversed a provision accrued in 2022 in the amount of 28,187 million tenge and recognized in other operating income *(Note 29).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Environmental issues

In 2021, a new Environmental Code came into force, which increases the responsibility of industrial enterprises for environmental pollution, and also provides for the introduction of a waste management hierarchy and the construction of waste energy recycling plants. According to the Environmental Code, facilities belonging to category I after the cessation of operation of facilities that have a negative impact on the environment must eliminate the consequences of the operation of such facilities and provide the authorized body in the field of environmental protection with financial security for obligations related to the elimination of the consequences of the activity within three years, starting July 1, 2029. In accordance with the Environmental Code of the Republic of Kazakhstan, the Company has legal obligations to dismantle and liquidate fixed assets and restore land plots. As of December 31, 2024, the carrying amount of the reserve for the largest oil refineries of the Group: Atyrau and Pavlodar Refineries amounted to 41,778 million tenge (as of December 31, 2023: 39,271 million tenge) *(Note 29),* which is equal to the present value of future cash outflows associated with the dismantling of the plant and land reclamation. For tax purposes, the Company did not take into an account these expected expenses as part of deferred taxes, since it does not expect taxable profit after the liquidation of assets.

Environmental audits

The Department Ecology of the Atyrau Region of the Committee for Environmental Regulation and Control of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan conducted an inspection of the land facilities of the North Caspian Operating Company N.V., which is the operator under the Production Sharing Agreement for the North Caspian Sea (further Operator). Based on the results of the inspection, an order was issued to the Operator to eliminate violations, including regarding the excessive placement of sulfur in the amount of 1,020 thousand tons. The Operator did not agree with the inspection results and filed an administrative claim to dispute the given order. On June 14, 2023, the Specialized Inter-District Administrative Court of the city of Astana ruled in favor of the Operator regarding the placement of sulphur. On February 27, 2024, the Judicial Panel for Administrative Cases of the Court the city of Astana annulled this decision. The dispute is now pending before the Supreme Court of the Republic of Kazakhstan. Should the Operator be held accountable as per the administrative ruling, the fine amount will be determined in line with the Administrative Code of the Republic of Kazakhstan. As at December 31, 2024, the Group did not recognize provisions for this case.

Cost recovery audits

KMG Kashagan B.V. has a share of 16.88% in the North Caspian Production Sharing Agreement dated November 18, 1997, as amended (further PSA).

KMG Karachaganak LLP, subsidiary of the Company, has a share of 10% in the Final Production Sharing Agreement in respect of the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, as amended (further FPSA).

Under the base principles of the PSA and FPSA, the RK transferred to the participants of these agreements (further Contractors) the exclusive rights to conduct activities in the subsurface areas, but did not transfer neither ownership rights, nor lease rights to these areas. Thus, all extracted and processed oil (i.e. the hydrocarbons produced) are the property of the RK.

Subsoil use operations are carried out on the basis of reimbursement of certain expenditures and the RK reimburses such expenditures to Contractors not in cash but in the form of the portion of oil production, thereby allowing Contractors to recover their expenditures (further Recoverable Costs) and earn profit.

PSA and FPSA provides for a procedure of expense reimbursement and determine the list of expenses that are not Recoverable Costs.

PSA LLP conducts audits of Recoverable Costs as an organization authorized to act on behalf of the RK within the framework of the PSA and FPSA (further the Authorized Body).

The RK and the Contractors under the PSA and FPSA (except for KMG Kashagan B.V. and KMG Karachaganak LLP) have a number of disputes concerning the application of certain PSA and FPSA provisions, which have been referred to arbitration under the PSA and FPSA.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Kazakhstan local market obligation

The Government requires oil companies in the RK to supply a portion of the products to meet the Kazakhstan domestic energy requirement on an annual basis, mainly to maintain oil products supply balance on the local market and to support agricultural producers during the spring and autumn sowing and harvest campaigns.

Kazakhstan local market oil prices are significantly lower than export prices and even lower than the normal domestic market prices determined in an arm-length transaction. If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Group, such supplies will take precedence over market sales and will generate substantially less revenue (not less than cost of production) than crude oil sold on the export market, which may materially and adversely affect the Group's business, prospects, consolidated financial position and performance.

In 2024, in accordance with its obligations, the Group delivered to the Kazakhstan market 8,146 thousand tons of crude oil, including its share in the joint ventures and associates in the total volume of 2,880 thousand tons (2023: 7,541 thousand tons, including its share in the joint ventures and associates of 2,560 thousand tons).

Commitments under subsoil use contracts

As at December 31, 2024, the Group had the following commitment (net of VAT) related to minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

In millions of tenge	Capital expenditures, including joint ventures and associates	Capital expenditures of joint ventures and associates	Operational expenses, including joint ventures and associates	Operational expenses of joint ventures and associates
Year				
2025	**360,885**	**33,962**	**83,986**	**57,911**
2026	**229,843**	**14,581**	**52,601**	**12,821**
2027	**144,476**	**10,771**	**19,501**	**13,309**
2028	**152,571**	**10,794**	**19,958**	**13,946**
2029-2049	**175,134**	**9,334**	**42,089**	**14,544**
Total	**1,062,909**	**79,442**	**218,135**	**112,531**

As at December 31, 2023 commitments (net of VAT) under subsoil use contracts included:

In millions of tenge	Capital expenditures, including joint ventures and associates	Capital expenditures of joint ventures and associates	Operational expenses, including joint ventures and associates	Operational expenses of joint ventures and associates
Year				
2024	342,291	25,633	76,014	69,296
2025	262,118	7,690	22,549	11,650
2026	285,609	10,933	20,392	12,330
2027	352,313	6,344	18,876	13,026
2028-2048	340,207	7,316	41,345	13,568
Total	**1,582,538**	**57,916**	**179,176**	**119,870**

Oil supply commitments

As of December 31, 2024, KMG Kashagan B.V. had commitments under the oil supply agreements in the total amount of 2.4 million tons (December 31, 2023: 3.0 million tons). The monetary equivalent is determined based on the market prices at the moment of realization.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

Other contractual commitments

As at December 31, 2024, the Group, had other capital commitments related to acquisition and construction of long-term assets of approximately 136,221 million tenge, net of VAT, including its share in joint ventures commitments of 17,862 (as at December 31, 2023: 166,049 million tenge, net of VAT, including its share in joint ventures commitments of 15,465 million tenge).

As at December 31, 2024, the Group had commitments in the total amount of 58,483 million tenge (as at December 31, 2023: 93,919 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and *Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK* to facilitate production units.

Non-financial guarantees

As of December 31, 2024 and 2023, the Group has outstanding performance guarantees issued in favour of third parties whereas it provides guarantee should its joint venture or associate fail to perform their obligations under the natural gas purchase-sale, transportation and other agreements.

As of December 31, 2024 and 2023, the management of the Group believes that there were no expected cases of non-performance from the guaranteed parties and, accordingly, no obligations related to the above stated non-financial contingencies were recognized.

36. SEGMENT REPORTING

The Group's operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engages in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions.

The Group's activity consists of three main operating segments: exploration and production of oil and gas, oil transportation, and refining and trading of crude oil and refined products. The Group presents the Company's activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 7* to the consolidated financial statements.

As at December 31, 2024 and 2023 disaggregated revenue mainly represents sales and services made to the external parties by the following operating segments:

	December 31, 2024					
In millions of tenge	Exploration and production of oil and gas	Oil transpor-tation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	**767,376**	**–**	**3,927,847**	**–**	**–**	**4,695,223**
Sales of refined products	**4,999**	**–**	**1,805,243**	**871,374**	**16,196**	**2,697,812**
Refining of oil and oil products	**–**	**–**	**258,530**	**–**	**–**	**258,530**
Oil transportation services	**–**	**237,475**	**1,595**	**1,466**	**192**	**240,728**
Other revenue	**26,573**	**55,342**	**164,607**	**1,845**	**189,601**	**437,968**
Total	**798,948**	**292,817**	**6,157,822**	**874,685**	**205,989**	**8,330,261**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. SEGMENT REPORTING (continued)

In millions of tenge	Exploration and production of oil and gas	Oil transporta-tion	Refining and trading of crude oil and refined products	Corporate	Other	Total
	December 31, 2023					
Sales of crude oil and gas	887,301	–	3,740,824	–	–	4,628,125
Sales of refined products	4,948	–	2,008,452	823,828	11,693	2,848,921
Refining of oil and oil products	–	–	248,058	–	–	248,058
Oil transportation services	–	218,890	1,892	5,172	188	226,142
Other revenue	17,519	48,112	145,168	1,668	155,830	368,297
Total	**909,768**	**267,002**	**6,144,394**	**830,668**	**167,711**	**8,319,543**

Segment performance is evaluated based on revenues, net profit and adjusted EBITDA, which are measure on the same basis as in the consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale, exploration expenses, impairments of joint ventures and associates, finance income and expense, income tax expenses.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

Eliminations and adjustments represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

Geographic information

The Group's property, plant and equipment *(Note 16)* are located in the following countries:

In millions of tenge	2024	2023 (restated)
Kazakhstan	**7,155,527**	6,617,819
Other countries	**678,633**	553,423
	7,834,160	7,171,242

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. SEGMENT REPORTING (continued)

The following represents information about profit and loss for 2024 and assets and liabilities as at December 31, 2024 of operating segments of the Group:

In millions of tenge	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	798,948	292,817	6,157,822	874,685	205,989	–	8,330,261
Revenues from sales to other segments	1,687,114	156,087	197,018	104,826	186,154	(2,331,199)	–
Total revenue	2,486,062	448,904	6,354,840	979,511	392,143	(2,331,199)	8,330,261
Cost of purchased oil, gas, petroleum products and other materials	(53,766)	(20,815)	(5,447,383)	(553,840)	(63,400)	1,792,193	(4,347,011)
Production expenses	(639,251)	(254,754)	(387,897)	(236,265)	(299,386)	418,949	(1,398,604)
Taxes other than income tax	(397,851)	(21,315)	(33,173)	(128,808)	(11,837)	–	(592,984)
Transportation and selling expenses	(210,806)	(19,094)	(108,751)	(13,041)	–	83,868	(267,824)
General and administrative expenses	(52,639)	(17,651)	(61,045)	(113,171)	(27,673)	18,031	(254,148)
Share in profit of joint ventures and associates, net	359,311	104,204	55,150	–	12,565	–	531,230
EBITDA	1,491,060	219,479	371,741	(65,614)	2,412	(18,158)	2,000,920
EBITDA, %	74%	11%	19%	(3%)	–	(1%)	
Depreciation, depletion and amortization	(453,254)	(44,489)	(130,315)	(3,346)	(11,262)	–	(642,666)
Interest revenue calculated using the effective interest method	27,165	11,553	40,522	208,689	14,247	(117,784)	184,392
Other finance income	2,451	1,088	225	113,374	6,152	–	123,290
Finance costs	(45,579)	(19,788)	(109,221)	(237,334)	(12,421)	78,247	(346,096)
(Impairment)/reversal of impairment of property, plant and equipment, intangible assets, non–current advances for fixed assets and exploration expenses	(57,100)	(2,475)	(4,064)	(40,678)	11,609	22,975	(69,733)
Gain from disposal of subsidiary	–	–	–	16,410	–	–	16,410
Foreign exchange gain, net	20,602	1,799	2,922	160,363	651	(878)	185,459
Excepted credit losses	(16,787)	(782)	3,210	(458)	(260)	6,761	(8,316)
Other operating income	11,431	5,350	4,451	26,492	7,993	(3,340)	52,377
Other expenses	37,483	(2,079)	(3,884)	(6,017)	(12,404)	(51,802)	(38,703)
Income tax expenses	(220,400)	(9,426)	(38,129)	(90,576)	(4,556)	–	(363,087)
Profit/(loss) for the year from continuing operations	797,072	160,230	137,458	81,305	2,161	(83,979)	1,094,247
Other segment information							
Investments in joint ventures and associates	4,503,070	582,045	134,681	–	158,717	–	5,378,513
Capital expenditures	433,140	63,777	154,161	32,512	32,651	–	716,241
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(30,523)	(7,554)	(54,589)	(31,966)	(10,170)	–	(134,802)
Assets of the segment	11,643,803	1,550,949	3,238,703	2,254,912	601,821	(355,541)	18,934,647
Liabilities of the segment	1,967,848	362,981	1,814,519	5,747,682	220,781	(3,103,448)	7,010,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. SEGMENT REPORTING (continued)

The following represents information about profit and loss for 2023 and assets and liabilities as at December 31, 2023 of operating segments of the Group:

In millions of tenge	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	909,768	267,002	6,144,394	830,668	167,711	–	8,319,543
Revenues from sales to other segments	1,415,539	165,242	180,601	81,526	145,221	(1,988,129)	–
Total revenue*	2,325,307	432,244	6,324,995	912,194	312,932	(1,988,129)	8,319,543
Cost of purchased oil, gas, petroleum products and other materials*	(47,394)	(19,317)	(5,434,056)	(544,457)	(44,900)	1,468,243	(4,621,881)
Production expenses	(534,569)	(252,477)	(394,240)	(212,249)	(245,707)	419,520	(1,219,722)
Taxes other than income tax	(424,909)	(19,181)	(17,571)	(122,151)	(10,268)	–	(594,080)
Transportation and selling expenses	(191,482)	(10,514)	(99,054)	(10,505)	(2)	66,032	(245,525)
General and administrative expenses	(40,731)	(16,826)	(53,752)	(44,229)	(25,109)	14,750	(165,897)
Share in profit of joint ventures and associates, net	356,257	85,161	70,926	–	21,833	–	534,177
EBITDA*	**1,442,479**	**199,090**	**397,248**	**(21,397)**	**8,779**	**(19,584)**	**2,006,615**
EBITDA, %*	**72%**	**10%**	**20%**	**(1%)**	**–**	**(1%)**	
Depreciation, depletion and amortization*	(414,098)	(39,611)	(132,820)	(3,549)	(9,465)	–	(599,543)
Interest revenue calculated using the effective interest method	16,764	10,528	37,772	114,743	14,105	(54,463)	139,449
Other finance income	121	172	316	5,180	2,062	(519)	7,332
Finance costs	(28,732)	(8,773)	(113,789)	(190,867)	(9,227)	29,758	(321,630)
Impairment of property, plant and equipment, intangible assets, non–current advances for fixed assets and exploration expenses	(107,725)	(1,658)	(97,854)	(40,337)	(566)	–	(248,140)
Gain from disposal of subsidiary	–	–	–	186,225	–	–	186,225
Foreign exchange gain, net	(6,842)	643	47,910	(17,396)	(135)	1,042	25,222
Excepted credit losses	(2,403)	(627)	(2,171)	(8,061)	(141)	1,529	(11,874)
Other operating income	5,334	2,341	37,567	5,277	13,417	(8,558)	55,378
Other expenses	(5,001)	(2,219)	(11,564)	(12,068)	(12,031)	319	(42,564)
Income tax expenses*	(154,329)	(9,307)	(36,967)	(67,780)	(1,409)	–	(269,792)
Profit/(loss) for the year from continuing operations*	**745,568**	**150,579**	**125,648**	**(50,030)**	**5,389**	**(50,476)**	**926,678**
Other segment information							
Investments in joint ventures and associates	4,056,464	536,576	129,442	–	98,945	–	4,821,427
Capital expenditures*	389,846	193,008	153,989	44,097	22,597	–	803,537
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(14,486)	(7,365)	(49,875)	(35,150)	(11,337)	–	(118,213)
Assets of the segment*	**11,573,073**	**1,475,597**	**3,091,573**	**1,857,357**	**430,184**	**(1,486,683)**	**16,941,101**
Liabilities of the segment*	**1,626,832**	**370,240**	**1,844,550**	**4,546,456**	**137,282**	**(1,980,873)**	**6,544,487**

* *Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2023 and reflect adjustments made, refer to Note 6.*

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37. SUBSEQUENT EVENTS

On February 17, 2025, the civilian industrial facility of the international Caspian Pipeline Consortium, the Kropotkinskaya oil pumping station, was attacked by unmanned aerial vehicles of the aircraft type. As a result of the attack, the facility was damaged and decommissioned. As at the date of this report oil is pumped from the Republic of Kazakhstan without any restrictions.

4 APPENDIX

Report on compliance with the Corporate Governance Code

This report has been prepared in accordance with paragraph 6 of the Code and contains information on KMG's compliance/non-compliance with the principles and provisions of the Code.

Based on the results of 2024, KMG generally complied with the provisions and principles of the Code, taking into account the following aspects:

1. **In accordance with paragraph 66 of Chapter 5 of the Code,** "It is recommended that the Board of Directors elect a senior independent director from among the independent directors. The key functions of the senior independent director include: 1) acting as an advisor to the Chairman of the Board of Directors and providing him with support in communicating the goals he defines; 2) assessing the performance of the Chairman of the Board of Directors; 3) planning the succession of the Chairman of the Board of Directors; 4) in the event of disagreements between shareholders, the executive body, the Chairman of the Board of Directors and other directors, acting as a mediator in resolving the disagreements."

This requirement of the Code was not observed at KMG during the reporting period – in 2024, the senior independent director from among the independent directors of the BoD was not elected.

At the same time, in compliance with the specified requirement of the Code, by resolution of the BoD dated 11 February 2025 (minutes No. 1/2025, item No. 6), a senior independent director was elected from among the independent directors of the BoD, and his functions were determined, including the requirements of the Code.

2. **In accordance with paragraph 27 of Chapter 3 of the Code** "It is recommended to ensure an optimal asset structure for the fund's organisations. In a holding company, the parent company may be created in the form of a joint-stock company. It is preferable to create other organisations in the organizational and legal form of a limited liability partnership. Inorganizations already created in theform of a joint-stock company, it is recommended to consider the possibility of reorganisation into a limited liability partnership, taking into account economic, legal and other aspects and ensuring the interests of the fund group. Thecreation of new organisations in the form of a joint-stock company is allowed in exceptional cases, such as the planned future sale of the organisation's shares on the stock market. When creating an organisation in the form of a limited liability partnership, the participants independently decide on the need to create supervisory boards and theadvisability of electing independent members to it, depending on the scale and specifics of the activities of the organisation being created.

These requirements of the Code were generally observed by KMG in the reporting period. KMG is systematically working to optimise the asset structure. When creating new legal entities, KMG gives preference to creating them in the organisational and legal form of a limited liability partnership, as recommended in the Code. In 2024, legal entities in the form of a joint-stock company were not created, and the reorganisation of existing legal entities in the form of a joint-stock company into legal entities in the form of a limited liability partnership was not carried out. At the same time, work to optimise the asset structure of the KMG Group will continue in accordance with the approved plans / programmes[1].

On 1 November 2023, the List of NSA was approved by the resolution of the BoD (minutes No. 22/2023, item No. 7). The same resolution invalidated the List of NSA approved by the resolution of the BoD dated 11 November 2022. In continuation of this work, by the resolution of the BoD dated 7 February 2024 (minutes No. 1/2024, item No. 12), roadmaps for the withdrawal of KMG's non-strategic assets were approved, and previously approved roadmaps were set to be lost.

3. **In accordance with paragraph 144 of Chapter 6.2 of the Code,** " In a fund and organisations, sustainable development should be integrated into: 1) the management system (in the management system in the field of sustainable development, the roles, competencies, and responsibilities of each body and all employees for the implementation of principles, standards, and relevant policies and plans in the field of sustainable development are clearly defined and established); 2) the development plan by integrating the goals of Environmental , Social , and Corporate Governance (hereinafter referred toas ESG); 3) risk management system (the fund and organisations shall improve practices for managing environmental and climate risks associated with climate change); 4) investment resolution-making process (it is necessary to integrate the practice of analysing significant ESG factors and assessing ESG risks in order to identify investment risks and opportunities that are highly likely to affect the fund's performance and investment efficiency); 5) remuneration system for senior management and management bodies (the fund and organisations shall develop and publicly disclose ESG goals, ESG target indicators shall be used to assess the performance of managers); 6) key processes, including planning (long-term, medium-term (five-year plan) and short-term (annual budget) periods), reporting, human resources management, operational activities and others, as well as in resolution-making processes at all levels of management; 7) a system of regular interaction with stakeholders, which implies the provision of relevant and reliable information, ensuring the possibility of two-way dialogue, awareness of environmental hazards and risks associated with the activities of portfolio companies, and the development of a flexible complaints mechanism. Holding companies have a consolidated stakeholder map for their group and draw up a corresponding plan for interaction with such parties. The board of directors and the executive body of the fund and organisations ensure the formation of an appropriate system in the field of sustainable development and its implementation. The fund and organisations develop action plans in the field of sustainable development taking into account international standards and best practices. The board of directors carries out strategic management and control over the implementation of the system in the field of sustainable development. The executive body draws up a corresponding plan and submits it for consideration by the board of directors.

This requirement of the Code was generally observed in KMG during the reporting period. By the resolution of the BoD dated 2 April 2020 (minutes No. 4/2020, item No. 15), the Guidelines for the Sustainable Development Management System were approved, which include a description of the organisation of the stakeholder engagement process, the integration of sustainable development principles into key processes and monitoring, the preparation of annual sustainable development reports, the implementation of priority areas (initiatives) in the field of sustainable development, the development and maintenance of a sustainable development culture, the identification and assessment of risks, documentation management, and the measurement of sustainable development performance. In pursuance of the provisions of these Guidelines, KMG carried out work, including holding annual meetings of the BoD on sustainable development (in 2024 – the BoD meeting of 13 November 2024 (minutes No. 23/2024), approving the KMG Sustainable Development Policy (BoD resolution of 15 June 2022 (minutes No. 11/2022, issue No. 12), defining the UN's priority sustainable development goals, and approving an action plan to improve KMG's ESG risk rating (BoD resolution of 5 October 2023 (minutes No. 19/2023, issue No. 6). At the same time, work on integrating sustainable development into key processes continues.

4. **In accordance with subparagraph 6) of paragraph 60 of Chapter 5 of the Code,** "in order to understand current issues of the organisation's activities, members of the Board of Directors must regularly visit the organisation's key facilities and hold meetings with employees."

This requirement of the Code was generally observed in KMG during the reporting period. The Chairman of the Management Board of KMG regularly visited the key facilities of the company, and some members of the BoD also visited the key facilities of KMG, however, the entire BoD did not visit the key facilities of the company.

At the same time, in compliance with the specified requirement of the Code, by the resolution of the BoD dated 11 February 2025 (minutes No. 1/2025, item No. 7), a schedule of visits by members of the BoD to KMG facilities was agreed upon.

5. **In accordance with paragraph 83 of Chapter 5 of the Code** "The remuneration of a member of the Board of Directors of the organisation is established in accordance with the methodology developed by the fund. In this case, the expected positive effect for the organisation from the participation of this person in the Board of Directors is taken into account. In organisations with several shareholders, the relevant rules for remuneration of members of the Board of Directors are developed based on the fund's methodology and approved by the general meeting of shareholders. The Nomination and Remuneration Committee of the Board of Directors of the organisation makes proposals on the amount of remuneration of candidates for independent directors." **In accordance with paragraph 55 of Chapter 4 of the Code,** "Organisations have defined a transparent procedure for electing and establishing remuneration of the Board of Directors (supervisory board and/or executive body), approved by the general meeting of shareholders (the sole shareholder)/participant (the sole participant)."

This requirement of the Code was generally observed in KMG during the reporting period. By the resolution of the General Meeting of Shareholders of KMG dated 30 May 2023 (minutes No. 2\2023, issue No. 6 (with amendments and additions made by the resolution of the General Meeting of Shareholders of NC KazMunayGas JSC dated 6 November 2023 [minutes No. 5/2023, item No. 2]) the Regulation on the BoD was approved, providing, among other things, for the procedure for the formation of the BoD, as well

[1] The reduction of legal entities in the KMG group is carried out within the framework of privatization and divestment programs. On December 29, 2020, Resolution No. 908 of the Government of the Republic of Kazakhstan approved the Comprehensive Privatization Plan for 2021-2025, which includes 51 companies of KMG Group, including 22 companies included in the perimeter of KMG's IPO. PPRK No. 44 dated 2 February 2022 'On Amendments and Additions to the Resolution of the Government of the Republic of Kazakhstan No. 908 dated 29 December 2020 'On Certain Privatisation Issues for 2021 — 2025" dated 2 August 2022 No. 523 made amendments and additions to the Comprehensive Privatization Plan for 2021-2025 approved by PPRK No. 908 dated 29 December 2020 taking into account the Key Criteria (principles) approved by PPRK No. 44. As a result, a number of assets from the KMG Group of Companies were included in PPRK No. 908.

as section 4.2 " Remuneration and (or) compensation of expenses of members of the Board of Directors", clause 4.2.3 of which stipulates that "The rules for remuneration of members of the Board of Directors shall be developed based on the methodology of the Fund and approved by the resolution of the GM." At the same time, due to the lack of a methodology of the Fund on the basis of which it would be possible to develop rules for remuneration of members of the BoD, such rules were not approved in KMG. In pursuance of this requirement of the Code, the Plan provides for the development of relevant Rules for remuneration of members of the BoD based on the methodology of the Fund.

6. **In accordance with paragraph 99 of Chapter 5 of the Code** "The recommended frequency of meetings of the Board of Directors is from eight to twelve meetings per year. It is recommended to distribute the number of issues planned for consideration throughout the year evenly to ensure thorough and complete discussion and the adoption of timely and high-quality resolutions."

This requirement of the Code was not generally observed in KMG during the reporting period – 26 meetings of the BoD were held in 2024, of which 15 were scheduled and 11 were extraordinary. Thus, the number of meetings of the BoD held in 2024 is more than 2 times higher than the recommended maximum frequency of meetings.

7. **In accordance with paragraph 99 of Chapter 5 of the Code,** "The Board of Directors must comply with the procedures established by the organisation's documents for preparing and holding meetings of the Board of Directors."

   In accordance with paragraph 100 of Chapter 5 of the Code, "Materials for meetings of the Board of Directors shall be sent in advance – at least seven calendar days in advance, and for more important issues determined by the Charter of the organisation – at least fifteen working days in advance, unless other deadlines are established by the Charter. The list of important issues includes, but is not limited to, the development plan, the action plan, motivational KPIs for the head and members of the executive body, the annual report and participation in the creation of other legal entities. The agenda of the meeting of the Board of Directors shall not include issues for which materials were submitted in violation of the deadlines. In the event that issues are included in the agenda in violation of the deadlines, the Chairman of the Board of Directors shall be provided with an exhaustive justification for this need. "

This requirement of the Code was generally observed in the reporting period. Materials for the meetings of the BoD are sent in advance - at least 7 calendar days, and for more important issues defined by the KMG Charter – at least 15 calendar days, unless other deadlines are established by the Charter. At the same time, in 2024 there were cases of submitting materials and including issues in the agenda with violation of the deadlines. In such cases, the performers submit a petition signed by the Chairman of the KMG Management Board or the person replacing him, to include an additional issue in the agenda of the BoD meeting with exhaustive justifications for this need. Also, issues on the discipline of interaction between management and the BoD in the reporting period are regularly considered by the BoD – the issue of the discipline of interaction with the BoD in 2024 was considered at the meeting of the BoD on 11 February 2025 (minutes No. 1/2025, item No. 5).

8. **In accordance with paragraph 104 of Chapter 5 of the Code,** "The Board of Directors is recommended to conduct an audit of previously adopted resolutions. Both the resolution itself and the process of its adoption are subject to analysis. It is recommended to conduct an audit of previously adopted resolutions when the Board of Directors evaluates its activities."

This requirement of the Code was generally observed in KMG during the reporting period. The revision of previously adopted resolutions of the BoD is envisaged as part of the external assessment of the activities of the BoD, conducted once every three years, which falls on the period of 2024. By the resolution of the BoD dated 20 December 2025 (minutes No. 25/2024, item No. 6), it was determined to carry out an assessment of the activities of the BoD in 2024 year through an external assessment by engaging an independent consultant. During this assessment, it is also planned to revise the resolutions previously taken by the BoD.

9. **In accordance with paragraph 12 of Chapter 5 of Section 2 of the Code,** "The process, timing and procedure for conducting the assessment of the activities of the Board of Directors, its committees and members of the Board of Directors must be clearly regulated in the internal documents of the organisation. The Chairman and members of the Board of Directors must undergo training in conducting the assessment."

This requirement of the Code was generally observed in KMG during the reporting period. The process, timing and procedure for assessing the performance of the BoD, its committees and members of the BoD are regulated by the Regulation on the Assessment of the Performance of the Board of Directors, Board Committees, Chairman, Board Members and Corporate Secretary of KMG, approved by the BoD resolution of 4 October 2018 (minutes No. 14/2018, item No. 19). However, in 2024, the Chairman and members of the BoD did not undergo training on conducting the assessment.

10. **In accordance with paragraph 1 of Chapter 6 of the Code** "It is recommended that the manager supervising the risk management and internal control function not be the risk owner, which ensures his independence and objectivity. It is prohibited to combine the risk management and internal control functions with functions related to economic planning, corporate financing, treasury, and investment resolution-making. Combination with other functions is allowed if there is no significant conflict of interest."

KMG generally complied with this requirement of the Code in the reporting period. At the same time, according to KMG's current organisational structure, the RMIS is directly subordinate to the Deputy Chairman of KMG's Management Board in charge of strategy, investment and business development. The head of the RMIS is not the owner of any risk and, accordingly, there is no conflict of interest. In addition, the Head of the RMIS has independent and independent participation in the Committees under the Management Board of KMG with full voting rights as a representative of the structural unit for risk management.

11. **In accordance with paragraph 91 of Chapter 5 of the Code,** the Chairman of the NRC is the Chairman of the BoD. This requirement of the Code was not observed in KMG during the reporting period — the Chairman of the NRC is an independent director. In 2025, the BoD will consider the issue of the advisability of electing the Chairman of the BoD as the Chairman of the NRC as well.

12. **In accordance with paragraph 127 of Chapter 5 of the Code** "When considering each issue, a separate discussion is devoted to the risks associated with making/not making a resolution and their impact on the value and sustainable development of the organisation." This requirement of the Code was generally observed in KMG during the reporting period – part of the resolution-making process by the KMG Management Board is the availability of information on the risks associated with the proposed resolution. However, no separate information on the impact of risks on the value and sustainable development of KMG was generated. In 2025, the BoD will consider the issue of updating the Regulation on the KMG Management Board taking into account this provision of the Code.

13. **In accordance with paragraph 57 of Chapter 4 of the Code,** "If an organisation has a shareholder (participant) who owns fifty or more percent of the voting shares (participatory interests) or who has the right to determine resolutions by virtue of agreements concluded with the organisation and/or other shareholders (participants), the redistribution of financial resources in favor of such a shareholder (participant) must be carried out through dividend payments. If there are other mechanisms for the redistribution of the organisation's funds in favor of a shareholder (participant) who owns fifty or more percent of the voting shares (participatory interests), they are fixed in the organisation's documents and disclosed to all shareholders." This requirement of the Code was generally observed in KMG during the reporting period – by the resolution of the Fund's Management Board dated 27 October 2022 (minutes No. 59/22), the KMG Dividend Policy was approved. The Fund owns 67.42 % of KMG shares. At the same time, this policy does not contain provisions on other mechanisms for the redistribution of KMG funds in favor of the Fund, except for dividends. In 2025, the BoD will consider the issue of the advisability of updating KMG documents taking into account this provision of the Code.

14. **In accordance with paragraph 64 of Chapter 5 of the Code** "The recommended number of women on the Board of Directors of organisations is at least thirty percent of the total number of members of the Board of Directors." This requirement of the Code was partially observed in KMG during the reporting period – the composition of the BoD in 2024 was 9 people, while Saya Mynsharipova carried out activities on the BoD, which gives only 11.11 %.

15. **In accordance with paragraph 98 of Chapter 5 of the Code** "Meetings of the Board of Directors are held in accordance with the work plan approved before the beginning of the calendar year, including a list of issues to be considered and a schedule of meetings with dates." This requirement of the Code was generally observed in KMG during the reporting period - by resolution of the BoD dated 31 August 2023, the schedule of meetings of the BoD and its committees for 2024 was approved (minutes No. 18/2023, item No. 5), and by the resolution of the BoD dated 6 December 2023 (minutes No. 24/2023, item No. 6), the BoD Work Plan for 2024 was approved. However, during 2024, there were deviations from both the meeting schedule and the BoD Work Plan. When the BoD works in 2025, the process of monitoring the compliance of the activities of the BoD and its committees with the plan and schedules of the work of the BoD and its committees will be tightened, with the provision of reporting information to the BoD.

16. **In accordance with paragraph 168 of Chapter 7 of the Code,** "The Internet resource shall contain the following information at a minimum: ... 8) information on the members of the Management Board, including the following details: photograph, last name, first name, patronymic, date of birth, citizenship, position and functions performed, education, including primary and additional (name of educational institution, year of graduation, qualification, degree obtained), work experience over the past five years, professional qualifications, positions held concurrently, number and proportion of shares owned in affiliated companies;". This requirement of the Code was generally observed by KMG in the reporting period – information on the members of the KMG Management Board was posted on the KMG website, with the exception of information on positions held concurrently. This information will be included.

MAJOR AND INTERESTED-PARTY TRANSACTIONS

Major transactions[1]

In the reporting period, no transactions recognised as major transactions under the Law of the Republic of Kazakhstan On Joint Stock Companies and KMG's internal documents were made by the Board of Directors or the General Shareholders' Meeting.

Interested-party transactions[2]

Kazakhstan polyethylene plant

On 11 September 2024, the construction of a 1.25 mtpa polyethylene plant started in the National Industrial Petrochemical Technopark special economic zone in the Atyrau Region, with investments rounding some USD 7.4 bln. The project is run by Silleno, whose shareholders are KMG (40%), Sinopec Overseas Investment Holding (30%), and SIBUR Holding (30%). The project is financed by equity and loans from international banks. The value of the project that is the subject of the interested-party transaction is 21% of the total book value of KMG's assets.

[1] A transaction or a series of interrelated transactions resulting in the (potential) acquisition or disposal of property by a company, the value of which amounts to twenty-five percent (25%) or more of the total book value of such company's assets.

[2] Transactions where the issuer is an interested party and which are related to the acquisition or disposal of property worth of ten or more percent of the total book value of the issuer's assets as of the date of the resolution of its authorised body to enter into such transactions.

GLOSSARY

ACCA – Association of Chartered Certified Accountants

ADR – European Agreement of Transport of Dangerous Goods on Road

AGM – Annual General Meeting of Shareholders

AMDM – Automated Master Data Management

AMS – automated monitoring system

APC – advanced process control system

APG – associated petroleum gas

API Spec – American Petroleum Institute Specification (industry-focused management system standard for oil and gas service providers and repair organisations)

bbl – barrel

bln – billion(s)

BOSIET – basic offshore safety induction and emergency training

CBAM – Carbon Border Adjustment Mechanism

CCUS – carbon capture, utilisation and storage

CDP – Carbon Disclosure Project

CEPI – Caspian Environmental Protection Initiative

CFA – Chartered Financial Analyst

CHP – combined heat and power plant

CIA – Certified Internal Auditor

CIMA – Chartered Institute of Management Accountants

CTL – complex technology lines

DipIFR – Diploma in International Financial Reporting

DMAIC – define, measure, analyse, improve, control (approach to sequential problem solving and business process improvement used in production management)

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation

EDD – electric desalting device

EE – energy efficiency

EOR – enhanced oil recovery

EPC – engineering, procurement, and construction

ESG – environmental, social, and governance

ESP – electric submersible pump unit

FAR – Fatal Accident Rate (fatality rate per 100 million man-hours)

FCA – Free Carrier

FEED – Front-End Engineering Design

FGP – Future Growth Project

FPSA – Final Production Sharing Agreement for the Karachaganak oil and gas condensate field, signed on 18 November 1997

FROSIO – world-renowned member organisation for formulation of quality requirements for surface treatment and insulation inspectors based in Norway

FS – feasibility study

GHG – greenhouse gases

GHGP – Greenhouse Gas Protocol

GJ – Gigajoule

GPP – gas power plant

GPP – gas processing plant

GSU – gas separation unit

GTU – gas treatment unit

HSE – health, safety and environment

ICP Programme – Internal Carbon Pricing Programme

IFRS – International Financial Reporting Standards

IOGP – International Association of Oil & Gas Producers

IOSH – Institution of Occupational Safety and Health

IPCC – Intergovernmental Panel on Climate Change

IPMA – International Project Management Association

I-REC – International Renewable Energy Certificate

ISGOTT – International Safety Guide for Oil Tankers and Terminals

ISO – International Organisation for Standardisation

ITSM – IT service management

IWCF – International Well Control Forum (international non-profit accreditation, testing, and certification body for oil and gas professionals in safe drilling and well control)

JVA – Joint Venture Agreement

KEBCO – Kazakhstan Export Blend Crude Oil

KEP – Karachaganak Expansion Project

KMGE School – a programme to provide KMG Engineering with personnel in niche areas, involving the selection of undergraduate students

KPC – Karachaganak Processing Complex

KPI – key performance indicators

kW – kilowatt

LDAR – leak detection and repair

LPG – liquefied petroleum gas

LPG – liquefied petroleum gas

LTIR – Lost Time Incident Rate (per 1 million man-hours)

MES – manufacturing execution system

mln – million(s)

MVCR – Motor Vehicle Crash Rate (per 1 million kilometres driven)

NCS PSA – North Caspian Sea Production Sharing Agreement of 18 November 1997

NEBOSH – National Examination Board in Occupational Safety and Health

NGL – natural gas liquids

NO_x – nitrogen oxides

NWRF – non-work-related fatality

OGMP 2.0 – Oil & Gas Methane Partnership 2.0

OHSAS – Occupational Health and Safety Assessment Series

OPITO – Offshore Petroleum Industry Training Organisation

PET – polyethylene terephthalate

PMP – Project Management Professional certification

PQ – pre-qualification

Pre-FEED – Pre-Front-End Engineering Design

PRMS – Petroleum Resources Management System

PSA – production sharing agreement

RAEX – Russia's largest non-credit rating agency

RES – renewable energy sources

RoSPA – Royal Society for the Prevention of Accidents (UK charity aimed at saving lives and preventing serious injuries from accidents)

SAF – sustainable aviation fuel

SAP – Systems, Applications and Products in Data Processing (German company, producer of enterprise software)

SDG – United Nations' Sustainable Development Goals

SGI – sour gas injection systems

SGP – Second Generation Plant

SO_x – Sulphur Oxides (Group of sulphur oxides with the general formula SO(x))

SPE-PRMS – Society of Petroleum Engineers' Petroleum Resources Management System

SPP – solar power plant

SRS – Social Responsibility Scale

TCFD – Task Force on Climate-related Financial Disclosures

TEU – twenty-foot equivalent unit

TGP – Third Generation Plant

UN – United Nations

VAT – Value Added Tax

WPMP – Wellhead Pressure Management Project

WPP – wind power plant

WRI – World Resources Institute

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Procurements

- Tel: +7 (7172) 78 61 80
- All procurements of goods, works, and services of the Company are in line with the Procurement Procedure of Samruk-Kazyna in an electronic format on the website.
- KMG does not sell petroleum products.
- We also remind you that since 1 April 2019, gas stations are operated by a new owner — PetroRetail

Hotline

You may inform on any violations of the Code of Conduct, including cases of corruption, discrimination, unethical behaviour and other violations.

We guarantee confidentiality and anonymity of all reports.

Hotline

- Tel: 8 (800) 080 47 47
- WhatsApp: +7 (771) 191 88 16
- Internet portal: www.sk-hotline.kz
- E-mail: mail@sk-hotline.kz
- The hotline is run by KPMG as an independent operator.

Nysana Hotline

- Tel: 8 800 080 30 30
- WhatssApp: +7 (778) 120 99 11
- Internet portal: nysana.cscc.kz
- E-mail: nysana@cscc.kz
- Nysana call centre accepts toll-free calls concerning all social and labour violations 24/7.

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