

21 November 2022

### JSC National Company KazMunayGas Financial results for the nine months of 2022

**Astana, November 21, 2022** - JSC National Company **KazMunayGas** ("**KMG**", the "**Company**"), Kazakhstan's national vertically integrated oil and gas company, publishes its interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) 34 "Interim Financial Statements" for the three and nine months ended September 30, 2022, with a report on the results of the review of interim financial information by an independent auditor.

#### Financial highlights for nine months of 2022<sup>1</sup> compared to nine months of 2021 (includes 100% stake in KMG Kashagan B.V. by full consolidation method):

- Revenue increased by 47.4% to 6,776 bn tenge (USD 14,774 mn) compared to 4,597 bn tenge (USD 10,825 mn);
- EBITDA increased by 41.8% to 2,020 bn tenge (USD 4,405 mn) compared to 1,425 bn tenge (USD 3,354 mn);
- The Company's net profit including share in income of joint ventures and associates increased by 15.9% and amounted to 1,162 bn tenge (USD 2,534 mn);
- Net profit adjusted for the share in profits of joint ventures and associated companies <sup>2</sup> was 634 bn tenge (USD 1,382 mn) compared to 637 bn tenge (USD 1,500 mn);
- FCF calculated in accordance with updated dividend policy amounted to – 21 bn tenge (USD – 46 mn) compared to 425 bn tenge (USD 1,000 mn) year-on-year;
- Gross debt as of September 30, 2022 amounted to 4,302 bn tenge (USD 9,024 mn) compared to the indicator as of December 31, 2021 in the amount of 3,746 bn tenge (USD 8,676 mn);
- The Company's net debt as of 30 September 2022 amounted to 2,186 bn tenge (USD 4,585 mn) compared to 1,987 bn tenge (USD 4,603 mn) as of December 31, 2021.

Name of the indicator	Unit of measure.	9M 2022	9M 2021	%
Dated Brent <sup>3</sup> , average	\$/bbl.	105.51	67.92	+55.4%
Dated Urals <sup>3</sup> , average	\$/bbl.	81.07	66.19	+22.5%
Exchange rate, average	KZT/USD	458.60	424.70	+6.1%
Revenue	bn tenge	6,776	4,597	+47.4%

<sup>1</sup> Amounts are shown in US dollars for convenience at the average exchange rate for the respective period (the average rates for the nine months of 2022 and 2021 are 458.60 and 424.70 KZT/USD, respectively; the end of the period - 30 Ылзуеуыиук 2022 and 31 December 2021 are 476.71 and 431.80, respectively). The exchange rates at the end of the period - 30 June 2022 and 31 December 2021 are KZT/USD 476.71 and KZT/USD 431.80, respectively. U.S. Dollars, respectively).

<sup>2</sup> Net profit adjusted for share in profit of joint ventures and associates = Net profit plus dividends received from joint ventures and associates less share in profit of joint ventures and associates

<sup>3</sup> Source: S&P Global Platts.

Share in profit of JVs and associates, net	bn tenge	779	464	+67.7%
Dividends received from joint ventures and associates	bn tenge	250	157	+59.7%
Net profit	bn tenge	1,162	1,003	+15.9%
Net profit adjusted for the share in profit of JVs and associates	bn tenge	634	637	-0.5%
EBITDA <sup>4</sup>	bn tenge	2,020	1,425	+41.8%
Adjusted EBITDA <sup>5</sup>	bn tenge	1,492	1,059	+40.9%
CAPEX (accrual basis)	bn tenge	323	295	+9.5%
CAPEX (cash basis)	bn tenge	288	291	-0.9%
FCF (on dividend policy) <sup>6</sup>	bn tenge	-21	425	-105.5%
Adjusted FCF adjusted for Kashagan shares acquisition financing <sup>7</sup>	bn tenge	730	425	+72.0%
Gross debt <sup>8</sup>	bn tenge	4,302	3,746 <sup>9</sup>	+14.8%
Net debt <sup>10</sup>	bn tenge	2,186	1,987 <sup>8</sup>	+10.0%

### Impact of Kashagan call option exercise on financial performance

On September 15, 2022 the Company increased its stake in KMG Kashagan B.V. from 50% to 100%. KMG Kashagan B.V. owns 16.88% in the Kashagan project.

Previously, 50% interest in KMG Kashagan B.V. in the consolidated financial statements of KMG was reflected by equity method as investment in joint ventures, which implies inclusion of only 50% interest in net assets of KMG Kashagan B.V. in consolidated assets of KMG and 50% interest in net income of KMG Kashagan B.V. in the consolidated income statement of KMG.

Since the ownership of 100% interest in KMG Kashagan B.V., this company is consolidated by the method of full consolidation in the financial statements of KMG in the current period and as of the current date. In accordance with IFRS standards, KMG's historical results have been restated to include the 100% share of KMG Kashagan B.V. Accordingly, the financial performance of KMG in the

<sup>4</sup> EBITDA = revenue plus share in income of joint ventures and associates, net, minus cost of purchased oil, gas, petroleum products and other materials minus production costs minus general and administrative expenses minus transportation and distribution costs minus taxes other than income tax.

<sup>5</sup> Adjusted EBITDA = revenue plus dividends received from joint ventures and associates less cost of purchased oil, gas, petroleum products and other materials less production costs less general and administrative expenses less transportation and distribution costs less taxes other than income tax. Adjusted EBITDA for 9M 2021 excludes dividends from joint ventures and associates of KazTransGas JSC.

<sup>6</sup> Free cash flow (according to dividend policy) = consolidated cash flow of the Company from operating activities (including dividends received from joint ventures and associates, but not including net change in working capital in terms of advances received for oil supply) minus acquisition of fixed assets (including advances for fixed assets) minus acquisition of intangible assets minus acquisition of field development assets minus acquisition of appraisal and exploration assets minus acquisition of a share in a subsidiary/joint venture plus funds received from the sale of participatory interests in a subsidiary/joint/associated company (excluding funds received from the transfer of the Company's assets into a competitive environment according to the lists, approved by Resolutions No. 1141 of the Government of the Republic of Kazakhstan dated December 30, 2015 and No. 908 of December 29, 2020) based on the results of the reporting period

<sup>7</sup> Adjusted free cash flow to raise 751,631 bn tenge in financing for the buyout of Kashagan shares

<sup>8</sup> 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.

<sup>9</sup> Gross debt and net debt are shown as of 31 December 2021.

<sup>10</sup> 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.

previously published reports differs from the results in the nine months of 2022. More detailed information is available in the consolidated financial statements of KMG.

**Production results for the first nine months of 2022<sup>11</sup> :**

- Oil and gas condensate production increased by 0.9% to 16,060 thousand tonnes;
- Oil transportation volumes amounted to 55,085 thousand tonnes compared to 55,727 thousand tonnes in the same period last year;
- The volume of refining of hydrocarbons at Kazakhstani and Romanian refineries in aggregate increased by 5.8% and amounted to 14,896 thousand tonnes.

	9M 2022 (net to KMG)	9M 2021 (net to KMG)	%
Oil production, thous. tonnes	16,060 <sup>12</sup>	15,923	+0.9%
Gas production, mn m <sup>3</sup>	5,942 <sup>12</sup>	5,860	+1.4%
Oil transportation, thous. tons	55,085	55,727	-1.2%
Oil refining, thous. tonnes	14,896	14,083	+5.8%

**Review of financial results for nine months of 2022<sup>13</sup> and nine months of 2021 (includes 100% interest in KMG Kashagan B.V. by full consolidation method)**

*Revenue*

Revenue amounted to 6,776 bn tenge (USD 14,774 mn), an increase of 47.4% in the first nine months of 2021.

The revenue dynamics were positively affected by a 55.4% year-on-year increase in the average Brent crude oil price and weakening of the average exchange rate of the tenge against the US dollar by 8.0%.

*Share in profits of joint ventures and associates*

The share in income of joint ventures and associates increased by 67.7% to 779 bn tenge (USD 1,698 mn), mainly due to an increase in profits of “Tengizchevroil” LLP by 287 bn tenge (USD 574 mn) and Caspian Pipeline Consortium by 25 bn tenge (USD 45 mn).

*EBITDA*

EBITDA was 2,020 bn tenge (USD 4,405 mn), up 41.8% compared to 1,425 bn tenge (USD 3,354 mn) in the same period of 2021, driven by a 50.4% growth in Oil & Gas Exploration and Production of

<sup>11</sup> Production results are stated in accordance with KMG's shareholdings in joint ventures and associates and 100% for consolidated subsidiaries. More detailed information is available in the press release on production results for the nine months of 2022 at: <https://www.kmg.kz/eng/investoram/reporting-and-financial-result/>.

<sup>12</sup> KMG Kashagan B.V.'s oil and gas production volumes are included at 50% until 15 September 2022 and 100% after 15 September 2022.

<sup>13</sup> On 11 March 2021 the Company and Samruk-Kazyna signed a trust management agreement in relation to 100% of ordinary shares of KazTransGas JSC (“KTG”). On 9 November 2021 the Company transferred 100% of shares of KTG to Samruk-Kazyna for KZT 1 and the trust management agreement was terminated. The transaction was preceded by a number of legal and financial conditions, including obtaining approvals from the state authorities and KMG's creditors. The last of the conditions was fulfilled on November 8, 2021. As from 8 November 2021, KTG was classified as a discontinued operation. For further details, see Note 4 to the Interim Condensed Consolidated Financial Statements for the three and nine months ended 30 September 2022.

oil and gas and a 38.6% growth in Refining and trading of crude oil and refined products segments. This growth was achieved due to increase of international prices for crude oil and petroleum products.

#### *Adjusted EBITDA*

Adjusted EBITDA, which represents dividends received from joint ventures and associates instead of share in profits of joint ventures and associates, was 1,492 bn tenge (USD 3,254 mn), showing a 40.9% growth.

#### *Net profit*

The Company's net profit increased by 15.9% from 1,003 bn tenge (USD 2,361 mn) to 1,162 bn tenge (USD 2,534 mn).

#### *Net profit adjusted for the share in profit of JVs and associates*

The Company's net profit adjusted for the share in profit of JVs and associates decreased by a modest 0.5% from 637 bn tenge (USD 1,382 mn) to 634 bn tenge (USD 1,500 mn).

#### *Cost of purchased oil, gas, oil products and other materials*

The cost of purchased oil, gas, oil products and other materials in the reporting period increased by 52.6%, reaching 3,951 bn tenge (USD 8,615 mn). The increase in cost of sales was largely due to an increase in crude oil and oil products prices.

#### *Operating expenses*

Production costs increased by 61.9% to 826 bn tenge (USD 1,802 mn), including due to growth of wage costs workers in the regions of operations as a whole KMG .

Transportation and selling expenses were 145 bn tenge (USD 315 mn), up 9.2% YoY.

General and administrative expenses increased by 17.7% to 104 bn tenge (USD 226 mn) due to an increase in salaries for employees in the regions where the Company operates.

Taxes other than income tax increased by 60.0% to 508 bn tenge (USD 1,108 mn) mainly as a result of an increase in rent tax and MET due to higher oil prices.

Finance costs amounted to 228 bn tenge (USD 496 mn), an increase of 22.9% mainly due to increase in interest expense on borrowings and bonds due to weakening of tenge and some increase in interest rates.

#### *Capital expenditure*

The Company's capital expenditure (on an accrual basis, as disclosed in the segment reporting) was 323 bn tenge (USD 704 mn), up 9.5% primarily in the oil and gas exploration and production segment.

#### *Free cash flow*

Free cash flow recalculated under the new dividend policy amounted to – 21 bn tenge, down 105.0% YoY. The negative value of the indicator is due to the costs incurred for the acquisition of a stake in

Kashagan. At the same time, the adjusted free cash flow to raise financing for the buyout of this stake in Kashagan amounted to 730 bn tenge, showing an increase of 72.0%.

#### *Debt management*

#### **Debt indicators**

<b>Name of the indicator</b>	<b>Unit.</b>	<b>30 September 2022</b>	<b>31 December 2021</b>	<b>%</b>
Bonds	bn tenge	3,401	2,706	+25.7%
Loans	bn tenge	901	1,040	-13.4%
<b>Total debt</b>	<b>bn tenge</b>	<b>4,302</b>	<b>3,746</b>	<b>+14.8%</b>

*Numbers may not add up due to rounding.*

Total debt as of 30 September 2022 was 4,302 bn tenge (USD 9,024 mn), an increase of 14.8% in tenge terms and 4.0% in US dollar terms compared to 31 December 2021.

In September 2022, the Company placed bonds in the amount of 752 bn tenge with a coupon rate of 3.0% per annum and maturing in 2035. These bonds were fully purchased by Samruk-Kazyna JSC as part of the acquisition of shares of KMG Kashagan B.V. The difference between fair value and face value of the bond in the amount of 380 bn tenge is reflected as transactions with Samruk-Kazyna JSC in the interim consolidated statement of changes in equity.

In January 2022, Atyrau refinery (ANPZ) made full early repayment of a loan from Eximbank in the amount of USD 604 million (259 billion tenge), including interest. The funds reserved in November 2021 were used for repayment.

As of 30 September 2022, amounts owed to Samruk-Kazyna JSC are mainly represented by amounts owed for exercise of the Option in the amount of 345 bn tenge. This amount in the Company's consolidated financial statements for the period is included in other current financial liabilities. At the same time the total debt of the Company, including this debt to Samruk-Kazyna JSC for execution of the Call Option to buy back Kashagan shares, amounted to 4,647 bn tenge (USD 9,748 mn).

#### *Net debt*

Net debt as of September 30, 2022 was 2,186 bn tenge (USD 4,585 mn) which is 10.0% higher in tenge terms than as of December 31, 2021. At the same time the Company's net debt including the debt to Samruk-Kazyna for exercise of the Kashagan shares Buy-Back Option was 2,531 bn tenge (USD 5,310 mn).

#### *Cash and cash equivalents*

#### **Consolidated cash and cash equivalents including deposits**

<b>Name of the indicator</b>	<b>Unit</b>	<b>30 September 2022</b>	<b>31 December 2021</b>	<b>%</b>
Cash and cash equivalents	bn tenge	1,374	1,141	+20.4%
Short-term deposits	bn tenge	681	562	+21.1%
Long-term deposits	bn tenge	61	56	+8.7%
<b>Cash and cash equivalents including deposits</b>	<b>bn tenge</b>	<b>2,116</b>	<b>1,759</b>	<b>+20.3%</b>

*The numbers may not add up due to rounding.*

Consolidated cash, cash equivalents, including cash in the form of deposits as of 30 September 2022 increased by 20.3% compared to the indicator as of 31 December 2021, and amounted to 2,116 bn tenge (USD 4,438 mn). In US dollar terms, it also increased by 9.0% to USD 4,438 mn compared to USD 4,074 mn as of 31 December 2021.

*Key corporate events since the beginning of 2022:*

- On 21 January 2022, Atyrau Refinery made full early repayment of the loan from Eximbank in the amount of USD 604 mn (259 bln tenge), including interest.
- Since 15 April 2022, Mirzagaliyev M.M. has been appointed as the Chairman of the Management Board of KMG.
- Since the beginning of 2022 new appointments have been made to the structure of KMG's Board of Directors and Management Board. As of 21 August 2022, the Board of Directors of KMG consists of eight members (Walton K.D. - Chairman of the Board of Directors, Mirzagaliyev M.M., Karabalin U.S., Zhanadil Ye.B., Auganov G.K., Holland F.M., Miller T.G., Khairova A.A. ), the Management Board of KMG consists of 8 people (Mirzagaliyev M.M. - Chairman of the Board, Iskaziyyev K.O., Karabayev D.S., Munbayev M.K., Abdulgafarov D.Ye., Kairdenov A.K., Zakirov B.K., Lavrenov V.S.).
- On 13 June 2022, the Company completed the acquisition of a 49.5% stake in Kazakhstan Petrochemical Industries Inc. LLP, which is implementing a large-scale project for the construction of a polypropylene plant.
- On 20 June 2022, the Company, in accordance with the decision of Samruk-Kazyna JSC and the National Bank of the Republic of Kazakhstan, completed the payment of dividends on KMG shares for 2021 in the amount of 327.80 tenge per share for a total amount of 200 bln tenge.
- On 23 June 2022, KMG opened its representative office in Aktau in order to strengthen work in the region of presence on issues of interaction with local executive bodies, trade unions of KMG subsidiaries and contractors, implementation of projects to ensure employment of the population, control over the execution of production programs, as well as fields development.
- In July 2022, the Company acquired a 49% stake in Petrosun LLP, the main activity of which is the sale of liquefied petroleum gas and petroleum products.
- On 12 September 2022 the Company placed 752 bn tenge bonds with 3.0% coupon rate and maturity in 2035 to finance execution of a call option to buy back KMG Kashagan B.V.'s shares from Samruk-Kazyna JSC.
- On 15 September 2022, the Company exercised its right under a call option agreement entered into in 2015 and acquired from Samruk-Kazyna JSC a 50% interest in NC KMG Kashagan B.V. for USD 3.8 bn. The Company is the owner of 16.88% in the Production Sharing Agreement for the North Caspian Project (the Kashagan project).
- 27 September 2022 Standard & Poor's Ratings Services upgraded the Company's rating to BB+, Outlook Negative, following the call option exercise to buy back KMG Kashagan B.V.'s shares from Samruk-Kazyna JSC.
- On 27 October 2022 the Company approved a new dividend policy in respect of its shareholders which sets out a new dividend policy and corresponding procedure for dividend payments.
- In November 2022 hydrocarbon production at Kashagan is fully resumed after the shutdown of the Bolashak integrated oil and gas treatment facility on 3 August 2022, due to the detection of signs of gas leakage at the production site.
- On 7 November 2022 Samruk-Kazyna announced the local shares offering (IPO), in which it plans to sell up to 30,505,974 common shares (5%) of the Company owned by Samruk-Kazyna 551,698,745 shares at a price of 8,406 tenge per share. Acceptance of applications by investors began on 9 November 2022 and will end for institutional investors on 30 November 2022, and for retail investors - on 2 December 2022.

- 8 November 2022 the President gave the start of a large-scale integrated gas chemical complex LLP Kazakhstan Petrochemical Industries Inc. designed to produce up to 500 thousand tonnes of polypropylene per year.
- On 12 November 2022 work was fully completed on the replacement of the buoyancy tank at the Single Point Mooring, SPM-1 of the Caspian Pipeline Consortium. Thus, the SPM-1 and SPM-3 are currently in operation, which implies restoration of daily oil shipment volumes at the offshore terminal.

More detailed information is available at: <https://www.kmg.kz/eng/investoram/reporting-and-financial-result/>

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**About JSC National Company KazMunayGas:**

JSC National Company KazMunayGas is the leading vertically integrated oil and gas company in Kazakhstan. KMG manages assets across the entire production cycle from hydrocarbon exploration and production to transportation, processing and specialized services. Founded in 2002, the company represents Kazakhstan's interests in the country's oil and gas industry.

KMG's main assets are as follows:

**Exploration and Production:** Ozenmunaigas (OMG) - 100%, Embamunaigas (EMG) - 100%, Kazakhturkmunai (KTM) - 100%, KazMunayTeniz - 100%, Urikhtau (UO) - 100%, Mangistaumunaigas (MMG) - 50%, Kazgermunai (KGM) - 50%, Karazhanbasmunai (KBM) - 50%, Kazakhoil Aktobe (KOA) - 50%, PetroKazakhstan Inc (PKI) - 33%, Tengizchevroil (Tengiz) - 20%, Kashagan - 16.88%, Karachaganak - 10%.

**Midstream:** KazTransOil - 90%, Kazakhstan-China Pipeline (KCP) - 50%, Munai Tas - 51%, Batumi Oil Terminal - 100%, Caspian Pipeline Consortium (CPC) - 20.75%, Kazmortransflot - 100%.

**Downstream and other:** Pavlodar refinery - 100%, Atyrau refinery - 99.53%, Shymkent refinery - 49.72%, KMG International - 100%, Petromidia - 54.63%, Vega - 54.63%, KazRosGas - 50%, Kazakhstan Petrochemical Industries Inc. - 49.5%.