

**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours ( Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024 on the first item on the agenda “ **On approval of the annual financial statements of JSC NC KazMunayGas for 2023** ”

**in accordance with subparagraph 1) paragraph 2 of Article 35, subparagraph 7) paragraph 1 of Article 36, paragraph 3 of Article 76 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, subparagraph 12) of paragraph 98 of Article 12, paragraph 143 of Article 17 of the Charter of the joint stock company “National Company “KazMunayGas”, approved by the decision of the annual General Meeting of Shareholders of JSC NC “KazMunayGas” dated May 30, 2023 (minutes No. 2\2023, issue No. 5), subparagraph 13) of paragraph 32 of Chapter 7 of the Regulations on the General Meeting of Shareholders of the National Company KazMunayGas joint-stock company, approved by the decision of the person owning all voting shares of NC KazMunayGas JSC dated December 2, 2022 (minutes of the meeting of the Board of Samruk-Kazyna JSC No. 66/22, issue No. 5), having considered the presented materials, the General Meeting of Shareholders of JSC NC KazMunayGas DECIDED:**

1. Approve the audited consolidated annual financial statements of JSC NC KazMunayGas for 2023, in accordance with Appendix No. 1 to this decision.

2. Approve the audited separate annual financial statements of JSC NC KazMunayGas for 2023, in accordance with Appendix No. 2 to this decision.

3. The Chairman of the Board of JSC NC KazMunayGas, in accordance with the established procedure, take the necessary measures arising from this decision .

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “ National company "KazMunayGas" approved by the decision of the annual General Meeting of Shareholders of JSC NC KazMunayGas dated May 30, 2023 (minutes No. 2\2023, issue No. 5), a simple majority of votes is required from the total number of voting

shares of JSC NC KazMunayGas participating in voting. The decision is made by open voting on the principle of “one share – one vote”.

Based on the voting results, **the DECISION WAS MADE unanimously** .

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**

**Joint Stock Company**  
**“National Company “KazMunayGas”**

Consolidated financial statements

*For the year ended December 31, 2023*  
*with independent auditor's report*

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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 2023, 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 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

### Basis for opinion

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



## *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, downstream and midstream assets, to the consolidated financial statements, the high level of subjectivity in respect of assumptions underlying 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 non-current assets and the impairment tests performed is disclosed in **notes 4 and 16** 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, where applicable.

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 government inspections, provisions for asset retirement obligations (ARO) and general legal proceedings, as well as other matters.

In 2023 the Group recognized additional ARO for refineries and recorded changes in certain estimates related to ARO.

The assessment as to whether, or not, a liability should be recognized and whether

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.

Our procedures in respect of ARO included assessment of legal and constructive

amounts can be reliably estimated involves estimation and judgement. Predicting the outcome of the matter and estimating the potential impact if the outcome is unfavourable represents a complex process and the potential exposure on the consolidated financial statements may be significant.

Calculation of ARO requires significant judgment due to the inherent complexity in estimating future costs and due to significance of this liability. Most of these obligations are expected to be settled in a long-term perspective. The Group involved specialists to assess the ARO. Management's assumptions used in the calculation include expected approach to decommissioning and discount rates, along with the effects of changes in inflation rates.

Assessment of legal and constructive obligations of the Group related to the liquidation of assets according to the contractual agreements and relevant local legislation requires management's judgement and evaluation and implies variability.

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 level of judgment required and the 2023 events describe above.

Information on provisions, contingent liabilities and commitments is disclosed in **notes 30** and **36** to the consolidated financial statements.

obligations related to the liquidation of assets on the basis of contractual agreements and relevant local legislation.

We considered the competence and objectivity of the specialists involved by the Group, who produced the cost estimates as a basis for ARO. We compared the discount and inflation rates used to available external data. We checked mathematical accuracy of the calculations.

We have also assessed changes in estimated future costs related to ARO and assessed how the Group took into consideration the recent changes in the related legislation.

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 2023 annual report***

Other information consists of the information included in the Group's 2023 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2023 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.



- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with 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

Auditor Qualification Certificate  
No. МФ-0000137 dated 8 February 2013

050660, Republic of Kazakhstan, Almaty  
Al-Farabi ave., 77/7, Esentai Tower

12 March 2024



Rustamzhan Sattarov  
General Director  
Ernst and Young LLP

State audit license for audit activities on  
the territory of the Republic of Kazakhstan:  
series МФЮ-2 No. 0000003 issued by the  
Ministry of finance of the Republic of  
Kazakhstan on 15 July 2005

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For the year ended December 31, 2023**

<i>In millions of tenge</i>	<b>Note</b>	<b>2023</b>	<b>2022 (restated)*</b>
<b>Revenue and other income</b>			
Revenue from contracts with customers	9	<b>8,319,543</b>	8,693,081
Share in profit of joint ventures and associates, net	10	<b>534,177</b>	991,310
Gain from disposal of subsidiary	5	<b>186,225</b>	-
Finance income	17	<b>147,245</b>	120,603
Other operating income		<b>55,378</b>	22,319
<b>Total revenue and other income</b>		<b>9,242,568</b>	9,827,313
<b>Costs and expenses</b>			
Cost of purchased oil, gas, petroleum products and other materials	11	<b>(4,621,881)</b>	(4,960,176)
Production expenses	12	<b>(1,219,722)</b>	(1,144,241)
Taxes other than income tax	13	<b>(594,080)</b>	(677,921)
Depreciation, depletion and amortization	37	<b>(601,204)</b>	(506,900)
Transportation and selling expenses	14	<b>(245,525)</b>	(205,352)
General and administrative expenses	15	<b>(177,792)</b>	(160,479)
Impairment of property, plant and equipment, intangible assets and exploration expenses	16	<b>(230,580)</b>	(19,917)
Finance costs	17	<b>(322,073)</b>	(308,055)
Foreign exchange gain, net		<b>25,222</b>	40,089
Other expenses		<b>(60,124)</b>	(85,424)
<b>Total costs and expenses</b>		<b>(8,047,759)</b>	(8,028,376)
<b>Profit before income tax</b>		<b>1,194,809</b>	1,798,937
Income tax expenses	33	<b>(270,348)</b>	(492,377)
<b>Net profit for the year</b>		<b>924,461</b>	1,306,560

*The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

<i>In millions of tenge</i>	<i>Note</i>	<b>2023</b>	<b>2022</b> <i>(restated)*</i>
<b>Other comprehensive income/(loss)</b>			
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods</i>			
Hedging effect	31	849	(11,872)
Exchange differences on translation of foreign operations		(176,614)	695,642
Net gain/(loss) on hedge of a net investment	28	46,152	(187,440)
Tax effect		11,101	(36,525)
<b>Net other comprehensive (loss)/income to be reclassified to profit or loss in the subsequent periods, net of tax</b>		<b>(118,512)</b>	<b>459,805</b>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain on defined benefit plans of the Group		341	9,075
Actuarial gain/(loss) on defined benefit plans of the joint ventures		651	(19)
Tax effect		(327)	(116)
<b>Net other comprehensive income not to be reclassified to profit or loss in the subsequent periods, net of tax</b>		<b>665</b>	<b>8,940</b>
<b>Net other comprehensive (loss)/income for the year, net of tax</b>		<b>(117,847)</b>	<b>468,745</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>806,614</b>	<b>1,775,305</b>
<b>Net profit/(loss) for the year attributable to:</b>			
Equity holders of the Parent Company		960,483	1,278,359
Non-controlling interests		(36,022)	28,201
		<b>924,461</b>	<b>1,306,560</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
Equity holders of the Parent Company		842,977	1,745,651
Non-controlling interests		(36,363)	29,654
		<b>806,614</b>	<b>1,775,305</b>
<b>Earnings per share** – tenge thousands</b>			
Basic and diluted	27	1.574	2.095

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.


\*\* The number of ordinary shares as of December 31, 2023 and 2022 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 84 form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at December 31, 2023**

<i>In millions of tenge</i>	<b>Note</b>	<b>2023</b>	<b>2022 (restated)*</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	19	174,187	251,280
Property, plant and equipment	18	7,181,206	6,994,001
Investment property		19,383	17,304
Intangible assets	20	874,930	918,261
Right-of-use assets		101,765	76,567
Investments in joint ventures and associates	22	4,821,427	4,947,403
VAT receivable		30,360	16,760
Advances for non-current assets		50,954	52,982
Other non-current non-financial assets		4,192	3,713
Loans and receivables due from related parties	25	94,334	129,857
Other non-current financial assets		23,217	10,672
Long-term bank deposits	21	63,891	59,229
Deferred income tax assets	33	65,829	41,598
		<b>13,505,675</b>	<b>13,519,627</b>
<b>Current assets</b>			
Inventories	23	376,444	310,764
Trade accounts receivable	24	561,258	519,684
VAT receivable		60,523	42,762
Income tax prepaid	33	33,051	36,167
Other current non-financial assets	24	157,257	109,173
Loans and receivables due from related parties	25	125,569	119,874
Other current financial assets	24	74,870	57,057
Short-term bank deposits	21	997,012	1,178,138
Cash and cash equivalents	26	1,050,873	763,185
		<b>3,436,857</b>	<b>3,136,804</b>
Assets classified as held for sale		<b>180</b>	<b>459</b>
		<b>3,437,037</b>	<b>3,137,263</b>
<b>Total assets</b>		<b>16,942,712</b>	<b>16,656,890</b>

*The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.*



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

<i>In millions of tenge</i>	<b>Note</b>	<b>2023</b>	<b>2022 (restated)*</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	27	916,541	916,541
Additional paid-in capital		1,142	1,142
Other equity		(910)	(1,759)
Currency translation reserve		4,090,281	4,209,612
Retained earnings		5,486,747	4,803,431
<b>Attributable to equity holders of the Parent Company</b>		<b>10,493,801</b>	<b>9,928,967</b>
Non-controlling interests	27	(99,404)	(61,541)
<b>Total equity</b>		<b>10,394,397</b>	<b>9,867,426</b>
<b>Non-current liabilities</b>			
Borrowings	28	3,365,736	3,784,897
Lease liabilities	29	87,880	65,872
Other non-current financial liabilities	31	18,743	15,080
Provisions	30	306,219	210,765
Employee benefit liabilities		70,975	66,097
Other non-current non-financial liabilities	31	37,777	41,548
Deferred income tax liabilities	33	1,126,767	999,010
		<b>5,014,097</b>	<b>5,183,269</b>
<b>Current liabilities</b>			
Trade accounts payable	31	663,930	565,092
Borrowings	28	391,358	369,489
Lease liabilities	29	17,400	15,682
Other current financial liabilities	31	145,953	283,820
Provisions	30	33,576	58,779
Employee benefit liabilities		5,703	4,969
Income tax payable	33	28,285	66,648
Other taxes payable	32	116,500	148,497
Other current non-financial liabilities	31	131,513	93,219
		<b>1,534,218</b>	<b>1,606,195</b>
<b>Total liabilities</b>		<b>6,548,315</b>	<b>6,789,464</b>
<b>Total equity and liabilities</b>		<b>16,942,712</b>	<b>16,656,890</b>
<b>Book value per ordinary share** – tenge thousands</b>	<b>27</b>	<b>15.603</b>	<b>14.668</b>

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.

\*\* The number of ordinary shares as of December 31, 2023 and 2022 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



Chief accountant

*D.A. Aryssova*

*A.S. Yesbergenova*

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS****For the year ended December 31, 2023**

<i>In millions of tenge</i>	<b>Note</b>	<b>2023</b>	<b>2022 (restated)*</b>
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>1,194,809</b>	1,798,937
<b>Adjustments:</b>			
Depreciation, depletion and amortization	37	<b>601,204</b>	506,900
Impairment of property, plant and equipment, intangible assets and exploration expenses	16	<b>230,580</b>	19,917
Gain on disposal of subsidiary	5	<b>(186,225)</b>	–
Realized losses from derivatives on petroleum products	12	<b>(69)</b>	121,539
Finance income	17	<b>(147,245)</b>	(120,603)
Finance costs	17	<b>322,073</b>	308,055
Gain on disposal of joint venture		<b>90</b>	–
Share in profit of joint ventures and associates, net	10	<b>(534,177)</b>	(991,310)
Movements in provisions		<b>(6,158)</b>	78,603
Net foreign exchange gain		<b>(29,107)</b>	(34,290)
Write-off of inventories to net realizable value		<b>4,646</b>	4,236
Loss on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		<b>501</b>	2,623
Reversal of impairment of VAT receivable	15	<b>(282)</b>	(1,942)
Change in financial guarantees		<b>344</b>	122
VAT non-recoverable	15	<b>5,811</b>	2,582
Allowance for impairment of advances for non-current assets		<b>20,320</b>	–
Allowance of expected credit loss for trade receivables and other assets	15	<b>9,125</b>	2,758
<b>Operating profit before working capital changes</b>		<b>1,486,240</b>	1,698,127
Change in VAT receivable		<b>(37,306)</b>	(14,118)
Change in inventory		<b>(76,763)</b>	(115,725)
Change in trade accounts receivable and other current assets		<b>4,640</b>	32,933
Change in trade and other payables and contract liabilities		<b>78,727</b>	(110,086)
Change in other taxes payable		<b>(127,565)</b>	(58,183)
<b>Cash generated from operations</b>		<b>1,327,973</b>	1,432,948
Dividends received from joint ventures and associates	22	<b>619,826</b>	462,309
Income taxes paid		<b>(147,166)</b>	(144,015)
Interest received		<b>123,389</b>	49,487
Interest paid	28, 29	<b>(256,408)</b>	(233,418)
<b>Net cash flow from operating activities</b>		<b>1,667,614</b>	1,567,311

*The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

<i>In millions of tenge</i>	<b>Note</b>	<b>2023</b>	<b>2022 (restated)*</b>
<b>Cash flows from investing activities</b>			
Placement of bank deposits		(1,460,352)	(1,698,647)
Withdrawal of bank deposits		1,614,940	1,138,294
Acquisition of subsidiary, net of cash acquired	6,7	(156,388)	(1,198,317)
Deferred consideration paid for the acquisition of subsidiary	7	(163,770)	-
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(683,439)	(451,476)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		3,317	2,219
Proceeds from disposal of subsidiary net of cash disposed	5	94,624	-
Cash of disposed subsidiaries		-	(4,137)
Additional contributions to joint ventures without changes in ownership	22	(20,117)	(15,398)
Loans given to related parties	34	(44,672)	(42,018)
Repayment of loans due from related parties	34	35,963	38,190
Acquisition of debt securities		(7,063)	-
Proceeds from sale of debt securities		289	118
Redeem of notes of the National Bank of RK	34	451,598	17,000
Acquisition of notes of the National Bank of RK	34	(425,263)	(87,000)
Other		697	(1,138)
<b>Net cash flows used in investing activities</b>		<b>(759,636)</b>	<b>(2,302,310)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	28	385,304	985,714
Repayment of borrowings	28	(666,232)	(224,327)
Dividends paid to shareholders	27	(300,002)	(199,997)
Dividends paid to non-controlling interests	27	(1,572)	(1,975)
Distributions to Samruk-Kazyna	27	(120)	(266,069)
Contribution from the related party	27	14,155	7,064
Payment of principal portion of lease liabilities	29	(26,933)	(19,709)
Return of insurance premium	28	-	7,370
Other distribution to shareholders	27	(8,962)	-
<b>Net cash flows (used in)/from financing activities</b>		<b>(604,362)</b>	<b>288,071</b>
Effects of exchange rate changes on cash and cash equivalents		(15,942)	65,755
Change in allowance for expected credit losses		14	114
<b>Net change in cash and cash equivalents</b>		<b>287,688</b>	<b>(381,059)</b>
Cash and cash equivalents, at the beginning of the year		763,185	1,144,244
<b>Cash and cash equivalents, at the end of the year</b>		<b>1,050,873</b>	<b>763,185</b>

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 7.

**Non-cash transactions**

For the year ended December 31, 2023, accounts payable for purchases of property, plant and equipment increased by 69,734 million tenge (2022: increased by 81,471 million tenge).

As at December 31, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting of against the payable for the acquisition of 49.50% ownership interest in Kazakhstan Petrochemical Industries Inc. LLP for 91,175 million tenge, payable for the acquisition of 49.50% ownership interest in Silleno LLP for 816 million tenge and the part of the payable for exercising the Option for 424,587 million tenge (acquisition of Kashagan) (Notes 7, 25 and 34).

Deputy Chairman of the Management Board

Chief accountant



*[Signature]*  
D.A. Artysova

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

<i>In millions of tenge</i>	Attributable to equity holders of the Parent Company					Total	Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings			
<b>As at December 31, 2021 (restated)*</b>	916,541	1,142	10,113	3,738,581	5,438,328	10,104,705	(89,282)	10,015,423
Net profit for the year (restated)*	-	-	-	-	1,278,359	1,278,359	28,201	1,306,560
Other comprehensive (loss)/income (restated)*	-	-	(11,872)	471,031	8,133	467,292	1,453	468,745
<b>Total comprehensive (loss)/income (restated)*</b>	-	-	(11,872)	471,031	1,286,492	1,745,651	29,654	1,775,305
Dividends (Note 27)	-	-	-	-	(199,997)	(199,997)	(2,296)	(202,293)
Distributions to Samruk-Kazyna (Note 27)	-	-	-	-	(273,870)	(273,870)	-	(273,870)
Acquisition of joint ventures (Notes 7, 8 and 27)	-	-	-	-	(63,634)	(63,634)	-	(63,634)
Acquisition of KMG Kashagan B.V. under common control (Note 7)	-	-	-	-	(1,777,076)	(1,777,076)	-	(1,777,076)
Transactions with Samruk-Kazyna (Note 27)	-	-	-	-	385,997	385,997	-	385,997
Contribution from the related party (Note 27)*	-	-	-	-	9,960	9,960	-	9,960
Equity contribution to subsidiary	-	-	-	-	-	-	383	383
Other distributions	-	-	-	-	(2,769)	(2,769)	-	(2,769)
<b>As at December 31, 2022 (restated)*</b>	916,541	1,142	(1,759)	4,209,612	4,803,431	9,928,967	(61,541)	9,867,426

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

<i>In millions of tenge</i>	Attributable to equity holders of the Parent Company					Total	Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings			
<b>As at December 31, 2022 (restated)*</b>	<b>916,541</b>	<b>1,142</b>	<b>(1,759)</b>	<b>4,209,612</b>	<b>4,803,431</b>	<b>9,928,967</b>	<b>(61,541)</b>	<b>9,867,426</b>
Net profit/(loss) for the year	-	-	-	-	960,483	960,483	(36,022)	924,461
Other comprehensive income/(loss)	-	-	849	(119,331)	976	(117,506)	(341)	(117,847)
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>849</b>	<b>(119,331)</b>	<b>961,459</b>	<b>842,977</b>	<b>(36,363)</b>	<b>806,614</b>
Dividends (Note 27)	-	-	-	-	(300,002)	(300,002)	(1,500)	(301,502)
Distributions to Samruk-Kazyna (Note 27)	-	-	-	-	(120)	(120)	-	(120)
Other operations (Note 27)	-	-	-	-	(17,925)	(17,925)	-	(17,925)
Acquisition of Polymer Production LLP under common control (Note 7)	-	-	-	-	(1,520)	(1,520)	-	(1,520)
Transactions with Samruk-Kazyna (Note 27)	-	-	-	-	26,597	26,597	-	26,597
Contribution from the related party (Note 27)	-	-	-	-	14,827	14,827	-	14,827
<b>As at December 31, 2023</b>	<b>916,541</b>	<b>1,142</b>	<b>(910)</b>	<b>4,090,281</b>	<b>5,486,747</b>	<b>10,493,801</b>	<b>(99,404)</b>	<b>10,394,397</b>

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2022 and reflect adjustments made, refer to Note 7.

Deputy Chairman of the Management Board

Chief accountant



*[Signature]*  
D.A. Aryssova

*[Signature]*

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 84 form an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****For the year ended 31 December 2023**

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**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, 2023, the Company has interest in 61 operating companies (as of December 31, 2022: 59) (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 12, 2024.

**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 International Financial Reporting Standards (IFRS) 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*.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**2. BASIS OF PREPARATION (continued)****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 Kazakhstan 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, 2023 was 454.56 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, 2023 (2022: 462.65 tenge to 1 US dollar). The currency exchange rate of KASE as at March 12, 2024 was 449.30 tenge to 1 US dollar. For the year ended December 31, 2023, the Group had net foreign exchange gain of KZT 25,222 million due to fluctuations in foreign exchange rates to tenge.

**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, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Changes in accounting policies and disclosures (continued)***New and amended standards and interpretations (continued)*

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 2023, 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.

*IFRS 17 Insurance Contracts*

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

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

The amendments had no significant impact on the Group's consolidated financial statements.

*Definition of Accounting Estimates - Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

*Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

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

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

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

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Changes in accounting policies and disclosures (continued)***New and amended standards and interpretations (continued)**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.

KMG Group is part of Samruk-Kazyna Group that is a multinational enterprise with revenue in excess of EUR 750 million 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), and will enter 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.

The Group is in the process of potential exposure assessment related to the Pillar II Model Rules implementation at the legislative level. The assessment is based on the most recent tax filings, country-by-country reporting for 2022 and current financial information for 2023.

Based on the assessment the Group identified potential exposure related to the Pillar II income taxes on profit earned by some companies in the Swiss Confederation jurisdiction and Kingdom of the Netherlands, where the effective income tax rate was below 15%. The Group does not expect a material exposure to Pillar II income taxes in these jurisdictions. However, exposure may also exist in other jurisdictions where the assessment is in progress.

The Group is still in the process of assessing the potential exposure to Pillar II income taxes as at December 31, 2023. The potential exposure, if any, to Pillar II income taxes is currently not known or reasonably estimable. The Group continues to progress on the assessment and expects to complete the assessment in 2024.

**Standards issued but not yet effective**

There are new pronouncements issued as at December 31, 2023:

- Amendments to *IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements* (issued on May 25, 2023);
- Amendments to *IAS 1 Presentation of Financial Statements: classification of Liabilities as Current or Non-current* (issued on January 23, 2020), *deferral of effective date of classification of Liabilities as Current or Non-current* (issued on July 15, 2020), *non-current Liabilities with Covenants* (issued on October 31, 2022);
- Amendments to *IFRS 16 Leases: Lease Liability in a Sale and Leaseback* (issued on September 22, 2022);
- Amendments to *IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on August 15, 2023).

The amendments are not expected to have a material impact on the Group’s financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****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, 2023. 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, 2023 and 2022, the following direct significant subsidiaries were included in these consolidated financial statements:

Significant entities	Main activity	Country of incorporation	Percentage ownership	
			2023	2022
KazMunayGas Exploration Production JSC (further KMG EP)	Exploration and production	Kazakhstan	<b>99.72%</b>	99.72%
KazMunayTeniz LLP	Exploration and production	Kazakhstan	<b>100%</b>	100%
KMG Karachaganak LLP	Exploration and production	Kazakhstan	<b>100%</b>	100%
Kazakhturkmunay LLP	Exploration and production	Kazakhstan	<b>100%</b>	100%
KMG Kashagan B.V. (Note 7)	Exploration and production	Netherlands	<b>100%</b>	100%
Dunga Operating GmbH (Note 6)	Production	Kazakhstan	<b>100%</b>	–
KazTransOil JSC	Oil transportation	Kazakhstan	<b>90%</b>	90%
KazMorTransFlot LLP	Oil transportation and construction	Kazakhstan	<b>100%</b>	100%
Cooperative KazMunayGas PKI U.A.	Refinery and marketing of oil products	Netherlands	<b>100%</b>	100%
Atyrau Refinery LLP	Refinery	Kazakhstan	<b>99.53%</b>	99.53%
Pavlodar oil chemistry refinery LLP (further Pavlodar refinery)	Refinery	Kazakhstan	<b>100%</b>	100%
KMG International N.V. (further KMG I)	Refinery and marketing of oil products	Romania	<b>100%</b>	100%
KMG Drilling&Services LLP	Drilling services	Kazakhstan	<b>100%</b>	100%

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****Investment 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 as “Impairment of investment in joint venture and associate” 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)**

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**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:

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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

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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)**

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**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)**

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**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)**

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**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)**

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**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**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.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**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)**

Excess profit tax (EPT) 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 EPT 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 EPT is 1.25:1. EPT 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 in excess of 25% of the deductions attributable to each contract.

Deferred tax is calculated with respect to both CIT and EPT. Deferred EPT is calculated on temporary differences for assets allocated to subsoil use contracts at the expected rate of EPT 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.

**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 11.60-16.60% depending on the functional currency, production period, size, equity risk premium, beta and gearing ratio of the relevant CGU.

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 2023 terms, is provided below:

	2024	2025	2026	2027	2028
Brent oil (ICE Brent \$/bbl)	84.60	83.00	78.00	73.00	74.47

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Impairment testing assumptions (continued)**

For 2023 in “*Exploration and production of oil and gas*” segment net impairment charges were 130,502 million tenge, which mainly relate to the exploration and evaluation assets of Aktoty and Kairan project in the amount of 74,255 million tenge and Jenis project in the amount of 40,244 million tenge (December 31, 2022: 8,895 million tenge of Southern Urikhtau project and 3,172 million tenge of Isatay project).

For 2023 in “*Refining and trading of crude oil and refined products*” net impairment charges were 100,809 million tenge, which mainly relate to the CGU KMGI in the amount of 97,636 million tenge (December 31, 2022: no impairment loss was recognized).

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.

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 16* 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Recoverability of oil and gas assets, downstream, refining and other assets (continued)*****KMGI CGU, including goodwill***

As at December 31, 2023 and 2022, 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 16*.

***Pavlodar refinery, including goodwill***

As of December 31, 2023, and 2022 the Group has goodwill of 88,553 million tenge related to acquisition of Pavlodar refinery (*Note 20*). In December 2023 and 2022 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 2023, the discount rate of 16.02% (2022: 12.86%) 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 2024-2028 (2022: 2023-2027 years), which assumes current management estimates on potential changes in operating and capital costs. As at December 31, 2023 and 2022 the recoverable amount of goodwill, which was determined based on value-in-use, 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 17.02% (2022: 13.86%) 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.

***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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Assets retirement obligations (continued)***Oil and gas production facilities (continued)*

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, 2023 were in the range from 2.03% to 14.54% and from 6.20% to 11.37%, respectively (December 31, 2022: from 2.09% to 15.05% and from 6.42% to 12.38%, respectively). As at December 31, 2023 the carrying amounts of the Group's asset retirement obligations relating to decommissioning of oil and gas facilities were 123,785 million tenge (December 31, 2022: 88,207 million tenge) (*Note 30*).

*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, 2023, the carrying values of the Group's asset retirement obligations relating to decommissioning of pipelines and land were 45,649 million tenge (December 31, 2022: 40,665 million tenge) (*Note 30*).

**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 July 1, 2021, the management believes that there are possible liabilities that may have an impact on the Group's financial position and results of operations.

At the date of issuance of the consolidated financial statements the Group has analysed the changes and, accordingly, estimated the amount of additional potential liabilities related to the asset retirement and land recultivation. As at December 31, 2023, the carrying amount of the Group's assets retirement obligations were in total amount of 39,271 million, which is equal to the present value of future cash outflows (*Note 36*).

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 30*.

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****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 30*. Contingent liabilities for tax risks other than on income tax are disclosed in *Note 36*. Provisions and contingent liabilities related to income tax are included or disclosed as income tax liabilities or contingencies (see *Note 33* and *36*).

**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 35*.

**5. LOSS OF CONTROL****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.

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.

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.

The results of KKO for the period from January 1, 2023 through the date of loss of control are presented below:

<i>In millions of tenge</i>	<b>January 1, 2023 – September 11, 2023</b>
Finance income	7
General and administrative expenses	(108)
Finance costs	(33)
Net foreign exchange loss	(98)
Income tax expenses	(1)
<b>Loss for the period</b>	<b>(233)</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****5. LOSS OF CONTROL (continued)*****KALAMKAS-KHAZAR OPERATING LLP (further KKO) (continued)***

The net cash flows incurred by KKO for the period from January 1, 2023 through the date of loss of control are as follows:

<i>In millions of tenge</i>	<b>January 1, 2023 – September 11, 2023</b>
Operating	(102)
Investing	(16,937)
Financing	17,059
<b>Net increase in cash and cash equivalents</b>	<b>20</b>

At the date of loss of control net assets of KKO were as follows:

<i>In millions of tenge</i>	<b>Net assets at the date of loss of control</b>
<b>Assets</b>	
Property, plant and equipment (Note 18)	5,185
Exploration and evaluation assets (Note 19)	14,678
Cash and cash equivalents	20
Other assets	626
<b>Total assets</b>	<b>20,509</b>
<b>Liabilities</b>	
Borrowings	2,511
Trade accounts payable	3,548
Other liabilities	5
<b>Total liabilities</b>	<b>6,064</b>
<b>Net assets directly associated with the disposal group</b>	<b>14,445</b>
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 22)*	93,258
<b>Gain from disposal of subsidiary</b>	<b>186,225</b>

\* The Group recognized 50% investment in a joint venture for the corresponding share at a fair value of identifiable net assets of KKO.

***PSA LLP (further PSA)***

On December 20, 2022, the Company transferred to Corporate fund Samruk-Kazyna Trust 100% interest in PSA for 1 tenge. As a result, the Group lost control over PSA.

The results of PSA for the period ended December 20, 2022 are presented below:

<i>In millions of tenge</i>	<b>January 1, 2022 – December 20, 2022</b>
General and administrative expenses	(8,950)
Finance costs	(58)
Net foreign exchange loss	(39)
<b>Loss for the period</b>	<b>(9,047)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****5. LOSS OF CONTROL (continued)****PSA LLP (further PSA) (continued)**

The net cash flows incurred by PSA period ended December 20, 2022 are as follows:

<i>In millions of tenge</i>	<b>January 1, 2022 – December 20, 2022</b>
Operating	(7,702)
Investing	(28)
Financing	11,871
<b>Net increase in cash and cash equivalents</b>	<b>4,108</b>

At the date of loss of control net assets of PSA were as follows:

<i>In millions of tenge</i>	<b>Net assets at the date of loss of control</b>
<b>Assets</b>	
Property, plant and equipment	36
Intangible assets	64
Right-of-use assets	255
VAT receivable	12
Other current assets	109
Cash and cash equivalents	4,137
<b>Total assets</b>	<b>4,613</b>
<b>Liabilities</b>	
Lease liabilities	286
Trade accounts payable	1,736
Other current liabilities	709
<b>Total liabilities</b>	<b>2,731</b>
<b>Net assets directly associated with disposal group</b>	<b>1,882</b>

Since the transfer of PSA was carried out pursuant to the instructions of Samruk-Kazyna, the difference between the sale price and the carrying amount of net assets of PSA at the date of loss of control was recorded as transactions with Samruk-Kazyna and presented in the line «Other distributions» in consolidated statement of changes in equity.

**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. 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.

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). The initial accounting for the business combination has not been completed. In accordance with *IFRS 3 Business Combinations* the valuation of property, plant and equipment will be completed and accounted for within 12 months from the date of acquisition.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****6. BUSINESS COMBINATION (continued)****Acquisition of Dunga Operating GmbH (continued)**

The provisional fair values of the identifiable assets and liabilities of *Dunga Operating GmbH* as at the date of acquisition are as presented below:

<i>In millions of tenge</i>	<b>At the date of acquisition</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment (Note 18)	192,313
Intangible assets (Note 20)	7,005
Long-term bank deposits	5,413
<b>Current assets</b>	
Inventories	6,607
Trade accounts receivable	9,426
Income tax prepaid	2,316
Other current non-financial assets	7,792
Other current financial assets	58
Cash and cash equivalents	7,961
<b>Total assets</b>	<b>238,891</b>
<b>Non-current liabilities</b>	
Provisions (Note 30)	4,346
Deferred income tax liabilities (Note 33)	55,196
<b>Current liabilities</b>	
Trade accounts payable	11,881
Other current financial liabilities	1,555
<b>Total liabilities</b>	<b>72,978</b>
<b>Total identifiable net assets at provisional fair values</b>	<b>165,913</b>
<b>Purchase consideration transferred, including withholding tax</b>	<b>165,913</b>

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 9,426 million tenge, that is the gross amount of trade accounts receivable. It is expected that the full contractual amounts can be collected.

**7. ACQUISITIONS UNDER COMMON CONTROL****Acquisition of subsidiary under common control***Polimer Production LLP (further Polimer)*

In December 2023, the Company acquired 99.9% and 0.1% interest in 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 not yet paid as at December 31, 2023.

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. Comparative consolidated financial position as at December 31, 2022, consolidated statement of comprehensive income for the year ended December 31, 2022 and consolidated statement of cash flows for the year ended December 31, 2022, as well as the related notes to the consolidated financial statements for the year ended December 31, 2022, were restated, as if the acquisition has occurred from the beginning of the earliest period presented.

The difference between the consideration and net assets of Polimer was recognized in equity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****7. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)***Polimer Production LLP (further Polimer) (continued)*Impact on comparative data due to acquisition of *Polimer* is presented below:

<i>In millions of tenge</i>	<b>As at December 31, 2022</b>
<b>Impact on financial position:</b>	
<b>Increase in assets</b>	
<b>Increase in non-current assets</b>	
Increase in property, plant and equipment	4,164
Increase in intangible assets	8
	<b>4,172</b>
<b>Increase in current assets</b>	
Increase in inventories	1,339
Increase in trade accounts receivable	147
Increase in VAT receivable	65
Increase in other current non-financial assets	36
Increase in cash and cash equivalents	368
	<b>1,955</b>
<b>Increase in total assets</b>	<b>6,127</b>
<b>Increase in non-current liabilities</b>	
Increase in borrowings	9,006
Increase in provisions	44
	<b>9,050</b>
<b>Increase in current liabilities</b>	
Increase in trade accounts payable	186
Increase in borrowings	2,046
Increase in provisions	672
Increase in other taxes payable	20
Increase in other current financial liabilities	103
Increase in other current non-financial liabilities	74
	<b>3,101</b>
<b>Increase in total liabilities</b>	<b>12,151</b>
<b>Decrease in equity</b>	
Decrease in retained earnings	6,024
<b>Decrease in equity, attributable to equity holders of the Parent Company</b>	<b>6,024</b>
<b>Decrease in total equity</b>	<b>6,024</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****7. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)***Polimer Production LLP (further Polimer) (continued)*

	<b>For the year ended December 31, 2022</b>
<i>In millions of tenge</i>	
<b>Impact on the results:</b>	
<b>Revenue and other income</b>	
Revenue from contracts with customers	6,697
Finance income	16
Other operating income	36
<b>Total revenue and other income</b>	<b>6,749</b>
<b>Costs and expenses</b>	
Cost of purchased oil, gas, petroleum products and other materials	(5,792)
Production expenses	(1,853)
Taxes other than income tax	(116)
Depreciation, depletion and amortization	(315)
Transportation and selling expenses	(12)
General and administrative expenses	(311)
Impairment of property, plant and equipment	(7,096)
Finance costs	(1,209)
Foreign exchange loss, net	(836)
Other expenses	(838)
<b>Total costs and expenses</b>	<b>(18,378)</b>
<b>Loss before income tax</b>	<b>(11,629)</b>
Income tax expenses	870
<b>Loss for the year</b>	<b>(10,759)</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>(10,759)</b>
<b>Net profit for the year attributable to:</b>	
Equity holders of the Parent Company	<b>(10,759)</b>
	<b>(10,759)</b>
<b>Total comprehensive income attributable to:</b>	
Equity holders of the Parent Company	<b>(10,759)</b>
	<b>(10,759)</b>

The net cash flows effect for the year ended December 31, 2022 were as follows:

	<b>2022 год</b>
<i>In millions of tenge</i>	
Operating	4
Investing	(1)
Financing	318
<b>Net increase in cash and cash equivalents</b>	<b>317</b>

The business of Polimer represented in the Group's *Other* segment in these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**7. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of subsidiary under common control (continued)***KMG Kashagan B.V. (further Kashagan)*

On October 16, 2015, Coöperatieve KazMunaiGaz U.A. (further Cooperative), a subsidiary of the Company, sold 50% of its shares in Kashagan to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022.

In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of Kashagan cannot be sold, transferred or pledge. As of December 31, 2021 the Restrictions remained in force.

On June 14, 2022 the Amsterdam Court lifted the Restrictions.

On September 14, 2022 the Cooperative and Samruk-Kazyna signed an Amendment to Share Option Agreement and Exercise of Option (further Amendment Agreement), which set the exercise price of the Option in the amount of 3,781.7 million US dollars (equivalent to 1,777,076 million tenge presented in statement of changes in equity).

Amendment Agreement and Agreement on Transfer of Debt and Set-Off dated September 14, 2022 between the Company, Samruk-Kazyna and Cooperative determine the following way for consideration payment:

- The amount of 2,476.3 million US dollars to be converted at the agreed exchange rate of 475.00 tenge to 1 US dollar for subsequently setting off a part of the amount against the provided financial aid from the Company to Samruk-Kazyna for 424,587 million tenge, and paying the rest of the amount by the Company from the proceeds of the sale of bonds for 751,631 million tenge (*Notes 28 and 34*);
- The amount of 566.7 million US dollars to be paid with 10 business days after the completion of the deal (paid as at December 31, 2022; equivalent to 271,032 million tenge per exchange rate at the date of payment);
- The amount of 375.1 million US dollars to be paid by December 31, 2022 (paid as at December 31, 2022; equivalent to 175,654 million tenge per exchange rate at the date of payment) and the amount of 363.6 million US dollars to be paid by June 30, 2023 (paid as at December 31, 2023: 163,770 million tenge per exchange rate at the date of payment) (*Notes 31 and 34*).

On September 15, 2022 the Group fulfilled conditions of the Amendment Agreement, completing the transaction, exercised the Option and 50% of Kashagan shares were re-registered in favor of Cooperative.

As a result of exercising the Option, the Group has control over Kashagan and recognized Kashagan 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 Kashagan based on Predecessor's accounting books.

The difference between the consideration and net assets of Kashagan was recognized in equity.

The business of Kashagan represented in the Group's *Exploration and production of oil and gas* segment in these consolidated financial statements.

Detailed information on acquisition of Kashagan is presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.

**KLPE LLP (further - KLPE)**

On December 1, 2022, the Company acquired 100% interest in charter capital of KLPE for 2 tenge from SKO and Polimer. Primary activity of KLPE is the construction of the first integrated gas and chemical complex in Kazakhstan.

As a result of acquisition, the Group has control over KLPE and recognized KLPE 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 KLPE based on Predecessor's accounting books.

The difference between the transferred consideration and Kashagan's net assets was recognized in equity.

The business of KLPE represented in the Group's *Other* segment in these consolidated financial statements.

Detailed information on acquisition of KLPE is presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****7. ACQUISITIONS UNDER COMMON CONTROL (continued)****Acquisition of joint venture under common control***Kazakhstan Petrochemical Industries Inc. LLP (further KPI)*

On June 13, 2022, Samruk-Kazyna transferred 49.50% of the shares KPI to the Company. The cost of the acquisition was 91,175 million tenge and was paid by setting off a part of the amount against the provided financial aid from the Company to Samruk- Kazyna (*Note 25*). KPI is engaged in the implementation of the investment project “Construction of the first integrated petrochemical complex in Atyrau region”.

49.50% interest in KPI was accounted for as an acquisition of the joint venture from the parties under common control and accounted for under the pooling of interest method based on its carrying value. Samruk-Kazyna Odeu LLP (further SKO), subsidiary of Samruk-Kazyna, and the Company have joint control over the KPI where decisions about the relevant activities of KPI require unanimous consent.

The difference between the consideration paid and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in consolidated statement of changes in equity.

Detailed information on acquisition of KPI is presented in the Group’s annual consolidated financial statements for the year ended December 31, 2022.

**8. ACQUISITION OF JOINT VENTURE***PETROSUN LLP (further Petrosun)*

On July 1, 2022, in accordance with the minutes of the meeting of the Commission under the chairmanship of the Prime-Minister of RK for the demonopolization of the economy, namely the market of fuels and lubricants, the Company acquired 49% interest in Petrosun, that specializes in the sale of liquefied petroleum gas and petroleum products. The acquisition price was 1 tenge. The difference between the consideration paid and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition was recognized as a contribution from Samruk-Kazyna based on instruction in minutes above and presented in the line «*Acquisition of joint ventures*» in consolidated statement of changes in equity in the amount of 10,989 million tenge (*Note 27*).

49% interest in Petrosun is recognized as a joint venture and accounts for using the equity method in accordance with IAS 28 *Investments in Associates and Joint Ventures*. CNPC INTERNATIONAL IN KAZAKHSTAN LLP (the second owner of Petrosun) and the Company have joint control over Petrosun where decisions about the relevant activities of Petrosun require the unanimous consent.

**9. REVENUE FROM CONTRACTS WITH CUSTOMERS**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022 (restated)</b>
<b>Type of goods and services</b>		
Sales of crude oil and gas	<b>4,628,125</b>	4,593,971
Sales of refined products	<b>2,848,921</b>	3,369,860
Refining of oil and oil products	<b>248,058</b>	204,390
Oil transportation services	<b>226,142</b>	187,533
Other revenue	<b>368,297</b>	337,327
	<b>8,319,543</b>	8,693,081
<b>Geographical markets</b>		
Kazakhstan	<b>1,454,546</b>	1,217,280
Other countries	<b>6,864,997</b>	7,475,801
	<b>8,319,543</b>	8,693,081
<b>Timing of revenue recognition</b>		
At a point in time	<b>8,121,191</b>	8,510,294
Over time	<b>198,352</b>	182,787
	<b>8,319,543</b>	8,693,081

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****10. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>Joint ventures</b>		
Tengizchevroil LLP	<b>340,884</b>	742,660
Petrosun	<b>46,567</b>	23,184
Mangistau Investments B.V. Group (MMG)	<b>38,255</b>	48,486
KazRosGas LLP	<b>32,324</b>	554
KazGerMunay LLP	<b>20,983</b>	20,530
Kazakhstan-China Pipeline LLP	<b>18,720</b>	16,783
Valsera Holdings B.V. Group (PKOP)	<b>17,296</b>	21,009
Teniz Service LLP	<b>116</b>	(6,497)
Kazakhoil-Aktobe LLP	<b>(1,869)</b>	12,648
KPI	<b>(12,339)</b>	(18,227)
Ural Group Limited	<b>(47,006)</b>	(11,470)
Other	<b>3,896</b>	4,234
	<b>457,827</b>	853,894
<b>Associates</b>		
Caspian Pipeline Consortium	<b>64,358</b>	117,763
PetroKazakhstan Inc.	<b>4,889</b>	6,502
Other	<b>7,103</b>	13,151
	<b>76,350</b>	137,416
	<b>534,177</b>	991,310

**11. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b> (restated)
Purchased oil for resale	<b>3,402,819</b>	3,620,699
Cost of oil for refining	<b>687,792</b>	765,164
Materials and supplies	<b>416,851</b>	421,601
Purchased petroleum products for resale	<b>90,108</b>	87,644
Purchased gas for resale	<b>24,311</b>	65,068
	<b>4,621,881</b>	4,960,176

**12. PRODUCTION EXPENSES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b> (restated)
Payroll	<b>510,927</b>	434,520
Repair and maintenance	<b>212,500</b>	190,592
Realized losses from derivatives on petroleum products (Note 31)	<b>(69)</b>	121,539
Energy	<b>117,957</b>	119,381
Short-term lease expenses	<b>102,385</b>	78,568
Transportation costs	<b>123,310</b>	31,017
Environmental protection	<b>17,930</b>	21,461
Write-off of inventories to net realizable value	<b>1,590</b>	19,473
Others	<b>133,192</b>	127,690
	<b>1,219,722</b>	1,144,241

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****13. TAXES OTHER THAN INCOME TAX**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b> (restated)
Mineral extraction tax	<b>142,900</b>	163,334
Rent tax on crude oil export	<b>138,986</b>	215,765
Export customs duty	<b>113,248</b>	131,732
Excise	<b>112,320</b>	90,012
Social tax	<b>44,863</b>	38,195
Property tax	<b>31,505</b>	29,221
Other taxes	<b>10,258</b>	9,662
	<b>594,080</b>	677,921

**14. TRANSPORTATION AND SELLING EXPENSES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b> (restated)
Transportation	<b>184,940</b>	153,403
Payroll	<b>19,990</b>	16,591
Other	<b>40,595</b>	35,358
	<b>245,525</b>	205,352

**15. GENERAL AND ADMINISTRATIVE EXPENSES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b> (restated)
Payroll	<b>80,672</b>	77,854
Consulting services	<b>17,828</b>	20,678
Maintenance	<b>6,845</b>	6,148
Social payments	<b>6,037</b>	5,829
Accrual of expected credit losses for trade receivables and other current financial assets (Note 24)	<b>8,691</b>	2,876
VAT non-recoverable	<b>5,811</b>	2,582
Communication	<b>2,080</b>	1,864
Allowance for fines, penalties and tax provisions	<b>169</b>	605
Accrual of impairment of other current non-financial assets (Note 24)	<b>3,204</b>	28
Reversal of impairment of VAT receivable	<b>(282)</b>	(1,942)
Other	<b>46,737</b>	43,957
	<b>177,792</b>	160,479

For the year ended December 31, 2023, the total payroll amounted to 611,589 million tenge (2022: 528,965 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in the consolidated statement of comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****16. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022 (restated)</b>
<b>Impairment charge and reversal</b>		
Property, plant and equipment (Note 18)	<b>101,782</b>	7,658
Intangible assets (Note 20)	<b>483</b>	139
Investment property	<b>–</b>	7
	<b>102,265</b>	7,804
<b>Exploration expenses (impairment and write-off) (Note 19)</b>		
Kairan and Aktoty	<b>74,255</b>	–
Jenis	<b>40,244</b>	–
Liman project	<b>8,847</b>	–
Urikhtay project	<b>4,876</b>	8,895
Isatay project	<b>93</b>	3,172
Others	<b>–</b>	46
	<b>128,315</b>	12,113
	<b>230,580</b>	19,917

Impairment was recognized for the following CGUs:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022 (restated)</b>
CGUs of KMGI	<b>97,636</b>	–
Others	<b>4,629</b>	7,804
	<b>102,265</b>	7,804

**Impairment of property, plant and equipment*****KMG International N.V. (further 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.

***Refining and Petrochemicals CGU of KMGI***

The discount rate applied to cash flow projections for Refining and Petrochemicals CGU was 11.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 1.50% (2022: positive 2.10%) growth rate, for 2023 is the average annual growth rate during 2028-2051 for market refinery margins estimated by Platts-PIRA available as at valuation date. The capitalization rate used for residual values was 13.10% (2022:10.00%).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**16. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES (continued)****Impairment of property, plant and equipment (continued)*****KMG International N.V. (further KMGI) CGU (continued)******Downstream CGU of KMGI***

The discount rate applied to cash flow projections for Downstream CGU was 11.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 0.40% (2022: positive 2.10%) perpetuity growth rate, taking into account expected market demand during 2029-2051 from the latest market studies available as at valuation date (Wood Mackenzie) and the long term inflation rate for USD as per PWC report Global Economy Watch Projections, issued in July 2023. The capitalization rate used for residual values was 11.20% (2022: 10.00%).

***Sensitivity to changes in assumptions for CGU Refinery***

The additional impairment charges of 25,595 million tenge will occur if the discount rate increases by more than 1% to 12.6%, should the volumes decrease by more than 2.0% an additional impairment charge will be 41,869 million tenge and contribution margin decrease by more than 2.0% an additional impairment charge will be 28,831 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 28,168 million tenge.

The additional impairment charges of 51,858 million tenge will occur if the additional tax burden is not recovered in the form of a turnover tax by increasing the price for the final users.

***Sensitivity to changes in assumptions for CGU Downstream***

The additional impairment charges of 18,705 million tenge will occur if the discount rate increases by more than 1.0%, should the volumes decrease by more than 2.0% an additional impairment charge will be 14,721 million tenge and gross margin decrease by more than 2.0% an additional impairment charge will be 20,318 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 20,076 million tenge.

***Sensitivity to changes in assumptions for CGU Petrochemicals***

The additional impairment charges of 788 million tenge will occur if the discount rate increases by more than 1.0%, should the volumes decrease by more than 1.50% an additional impairment charge will be 1,422 million tenge and contribution margin decrease by more than 1.50% an additional impairment charge will be 1,320 million tenge or perpetuity growth rate decrease by more than 1.50% an additional impairment charge will be 638 million tenge.

In June 2023, an incident occurred at the Petromidia Refinery, a subsidiary of KMGI, which led to the temporary decommissioning of the Mild Hydrocracker installation. Petromidia 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, 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 Kairan and Aktoty 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 Urikhtay, due to the expiration of the Contract for the use of Devonian sediments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****17. FINANCE INCOME / FINANCE COST****Finance income**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022 (restated)</b>
Interest income on bank deposits, financial assets, loans and bonds	<b>139,105</b>	115,492
Amortization of issued financial guarantees	<b>344</b>	–
<b>Total interest income</b>	<b>139,449</b>	115,492
Derecognition of loan ( <i>Note 28</i> )	<b>4,377</b>	–
Revaluation of financial assets at fair value through profit or loss	<b>827</b>	895
Other	<b>2,592</b>	4,216
	<b>147,245</b>	120,603

**Finance costs**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022 (restated)</b>
Interest expense on loans and bonds	<b>271,785</b>	259,344
Interest expense on lease liabilities ( <i>Note 29</i> )	<b>7,420</b>	4,188
Unwinding of discount on payables to Samruk-Kazyna for exercising the Option ( <i>Note 31</i> )	<b>3,256</b>	3,929
Commission for the early redemption of the loan ( <i>Note 28</i> )	<b>–</b>	4,498
<b>Total interest expense</b>	<b>282,461</b>	271,959
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions ( <i>Note 30</i> )	<b>13,398</b>	17,947
Unwinding of discount on employee benefits obligations	<b>7,157</b>	4,723
Other	<b>19,057</b>	13,426
	<b>322,073</b>	308,055



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****18. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	<b>Oil and gas assets</b>	<b>Pipelines</b>	<b>Refinery assets</b>	<b>Buildings and improve- ments</b>	<b>Machinery and equip- ment</b>	<b>Vehicles</b>	<b>Other</b>	<b>Capital work in progress</b>	<b>Total</b>
<b>Net book value as at December 31, 2021 (restated)</b>	4,428,347	262,717	1,121,420	216,879	245,626	75,225	109,198	278,019	6,737,431
Foreign currency translation	275,403	1,760	21,162	6,698	3,925	2,490	5,491	9,300	326,229
Change in estimate	(105,568)	(7,609)	–	(3,405)	–	–	–	–	(116,582)
Additions	84,069	638	938	18,964	9,956	5,743	876	384,227	505,411
Disposals	(46,201)	(1,761)	(3,295)	(948)	(5,138)	(4,810)	(4,180)	(863)	(67,196)
Loss of control over subsidiaries	–	–	–	–	–	–	(36)	–	(36)
Depreciation charge	(262,374)	(13,821)	(110,749)	(17,110)	(27,077)	(9,395)	(10,503)	–	(451,029)
Accumulated depreciation and impairment on disposals	44,364	1,651	2,901	820	4,717	4,073	3,678	625	62,829
Reversal of impairment/(impairment) (Note 16)	909	643	(3,009)	(4,609)	(4,941)	(140)	4,487	(998)	(7,658)
Transfers from assets classified as held for sale	–	–	–	324	5	11	68	–	408
Transfers from exploration and evaluation assets (Note 19)	3,253	–	–	–	–	–	–	–	3,253
Transfers from investment property	–	–	–	2,073	–	–	–	–	2,073
Other changes	(635)	(65)	11	–	(784)	–	279	62	(1,132)
Transfers	176,668	22,413	46,006	15,779	41,763	1,343	5,732	(309,704)	–
<b>Net book value as at December 31, 2022 (restated)</b>	4,598,235	266,566	1,075,385	235,465	268,052	74,540	115,090	360,668	6,994,001
At cost	6,915,401	412,952	2,765,873	566,147	654,179	222,283	258,420	411,846	12,207,101
Accumulated depreciation and impairment	(2,317,166)	(146,386)	(1,690,488)	(330,682)	(386,127)	(147,743)	(143,330)	(51,178)	(5,213,100)
<b>Net book value as at December 31, 2022 (restated)</b>	<b>4,598,235</b>	<b>266,566</b>	<b>1,075,385</b>	<b>235,465</b>	<b>268,052</b>	<b>74,540</b>	<b>115,090</b>	<b>360,668</b>	<b>6,994,001</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****18. PROPERTY, PLANT AND EQUIPMENT (continued)**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improve- ments	Machinery and equip- ment	Vehicles	Other	Capital work in progress	Total
<b>Net book value as at December 31, 2022 (restated)</b>	<b>4,598,235</b>	<b>266,566</b>	<b>1,075,385</b>	<b>235,465</b>	<b>268,052</b>	<b>74,540</b>	<b>115,090</b>	<b>360,668</b>	<b>6,994,001</b>
Business combination (Note 6)	170,276			4,520	664	67	447	16,339	192,313
Foreign currency translation	(71,585)	(749)	(5,719)	(2,769)	(525)	(494)	(1,418)	(3,864)	(87,123)
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	(355,969)	(10,666)	(102,767)	(15,290)	(26,001)	(11,145)	(9,543)	–	(531,381)
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 16)		(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 19)	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)	–
<b>Net book value as at December 31, 2023</b>	<b>4,657,324</b>	<b>261,762</b>	<b>1,008,653</b>	<b>241,607</b>	<b>375,242</b>	<b>78,113</b>	<b>114,754</b>	<b>443,751</b>	<b>7,181,206</b>
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	(2,866,340)	(155,836)	(1,848,164)	(368,633)	(407,512)	(156,628)	(146,699)	(70,124)	(6,019,936)
<b>Net book value as at December 31, 2023</b>	<b>4,657,324</b>	<b>261,762</b>	<b>1,008,653</b>	<b>241,607</b>	<b>375,242</b>	<b>78,113</b>	<b>114,754</b>	<b>443,751</b>	<b>7,181,206</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****18. PROPERTY, PLANT AND EQUIPMENT (continued)****Additions**

In 2023, additions were mainly attributable to development drilling at Ozenmunaigas JSC, Embamunaigas JSC, subsidiaries of KMG EP and KMG Karachaganak LLP for the total amount of 289,128 million tenge, replacement of the section of the pipelines "Uzen-Atyrau-Samara" and "Astrakhan-Mangyshlak" for a total of 174,799 million tenge in KazTransOil JSC.

**Other**

For the year ended December 31, 2023, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs related to construction of 9,794 million tenge at the average capitalization rate of 10,78% (for the year ended December 31, 2022: 1,304 million tenge at the average capitalization rate of 4.40%).

As at December 31, 2023, the cost of fully depreciated but still in use property, plant and equipment was 370,497 million tenge (as at December 31, 2022: 384,815 million tenge).

As at December 31, 2023, property, plant and equipment with the net book value of 168,214 million tenge were mainly pledged as collateral to secure borrowings of the Group (as at December 31, 2022: 778,757 million tenge).

Capital commitments are disclosed in *Note 36*.

**19. EXPLORATION AND EVALUATION ASSETS**

<i>In millions of tenge</i>	<b>Tangible</b>	<b>Intangible</b>	<b>Total</b>
<b>Net book value as at December 31, 2021</b>	221,368	13,636	235,004
Additions	17,417	510	17,927
Foreign currency translation	13,682	–	13,682
Change in estimate	33	–	33
Impairment ( <i>Note 16</i> )	(10,418)	(1,695)	(12,113)
Transfer to property, plant and equipment ( <i>Note 18</i> )	(3,253)	–	(3,253)
Other changes	173	(173)	–
<b>Net book value as at December 31, 2022</b>	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 ( <i>Note 18</i> )	(40)	–	(40)
Impairment ( <i>Note 16</i> )	(118,462)	(9,853)	(128,315)
Loss of control over subsidiaries ( <i>Note 5</i> )	–	(14,678)	(14,678)
Write-off	(2)	(175)	(177)
<b>Net book value as at December 31, 2023</b>	157,025	17,162	174,187

As at December 31, 2023 and 2022, the exploration and evaluation assets are represented by the following projects:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022
North Caspian project	140,098	206,007
KMG Barlau	14,346	–
Embamunaigas JSC	1,509	14,084
Zhenis	–	18,310
Urikhtau	–	4,889
Other	18,234	7,990
	<b>174,187</b>	251,280

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 20. INTANGIBLE ASSETS

<i>In millions of tenge</i>	Licenses	Subsoil use rights (under production)	Goodwill	Marketing related intangible assets	Software	Other	Total
<b>Net book value as at December 31, 2021 (restated)</b>	510,140	201,725	99,849	25,467	17,411	34,909	889,501
Foreign currency translation	36,280	14,389	807	1,819	351	1,916	55,562
Additions	765	637	–	–	2,414	7,811	11,627
Disposals	(2,546)	–	–	–	(3,605)	(516)	(6,667)
Amortization charge	(23,284)	(7,990)	–	–	(6,372)	(1,245)	(38,891)
Accumulated amortization and impairment on disposals	2,271	–	–	–	3,326	362	5,959
Loss of control over subsidiaries	–	–	–	–	–	(64)	(64)
Impairment (Note 16)	–	–	–	–	–	(139)	(139)
Other changes	274	669	–	–	425	5	1,373
Transfers	801	2,790	–	–	4,304	(7,895)	–
<b>Net book value as at December 31, 2022 (restated)</b>	524,701	212,220	100,656	27,286	18,254	35,144	918,261
Foreign currency translation	(9,038)	(3,637)	(212)	(477)	(165)	(274)	(13,803)
Additions	148	68	–	–	1,056	14,457	15,729
Disposals	(699)	–	–	–	(1,198)	(297)	(2,194)
Amortization charge	(33,763)	(11,004)	–	–	(6,239)	(1,007)	(52,013)
Accumulated amortization and impairment on disposals	695	–	–	–	1,198	267	2,160
Business combination (Note 6)	–	–	–	–	5,289	1,716	7,005
Impairment (Note 16)	–	–	–	–	–	(483)	(483)
Other changes	–	62	–	–	230	(24)	268
Transfers	1,265	–	–	–	969	(2,234)	–
<b>Net book value as at December 31, 2023</b>	<b>483,309</b>	<b>197,709</b>	<b>100,444</b>	<b>26,809</b>	<b>19,394</b>	<b>47,265</b>	<b>874,930</b>
At cost	687,462	264,388	209,189	68,816	85,944	112,936	1,428,735
Accumulated amortization and impairment	(204,153)	(66,679)	(108,745)	(42,007)	(66,550)	(65,671)	(553,805)
<b>Net book value as at December 31, 2023</b>	<b>483,309</b>	<b>197,709</b>	<b>100,444</b>	<b>26,809</b>	<b>19,394</b>	<b>47,265</b>	<b>874,930</b>
At cost	698,950	268,892	209,401	70,041	78,585	100,138	1,426,007
Accumulated amortization and impairment	(174,249)	(56,672)	(108,745)	(42,755)	(60,331)	(64,994)	(507,746)
<b>Net book value as at December 31, 2022 (restated)</b>	<b>524,701</b>	<b>212,220</b>	<b>100,656</b>	<b>27,286</b>	<b>18,254</b>	<b>35,144</b>	<b>918,261</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****20. INTANGIBLE ASSETS (continued)**

As at December 31, 2023 and 2022, 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:

<b>Cash-generating unit</b>	<b>December 31, 2023</b>	December 31, 2022
Pavlodar refinery CGU	<b>88,553</b>	88,553
CGUs of KMGI	<b>11,891</b>	12,103
<b>Total goodwill</b>	<b>100,444</b>	100,656

In 2023 and 2022, based on the impairment test results, no impairment of Pavlodar refinery or KMGI goodwill was recognized. For the detailed discussion of Pavlodar refinery goodwill impairment test refer to *Note 4*.

**21. BANK DEPOSITS**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022
Denominated in US dollar	<b>1,055,456</b>	1,230,928
Denominated in tenge	<b>5,628</b>	6,616
Less: allowance for expected credit losses	<b>(181)</b>	(177)
	<b>1,060,903</b>	1,237,367

As at December 31, 2023, the weighted average interest rate for long-term bank deposits was 2.73% in US dollars and 6.23% in tenge (December 31, 2022: 0.94% in US dollars and 0.74% in tenge).

As at December 31, 2023, the weighted average interest rate for short-term bank deposits was 5.65% in US dollars and 1.38% in tenge (December 31, 2022: 2.64% in US dollars and 1.24% in tenge).

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022
Maturities under 1 year	<b>997,012</b>	1,178,138
Maturities between 1 and 2 years	<b>279</b>	94
Maturities over 2 years	<b>63,612</b>	59,135
	<b>1,060,903</b>	1,237,367

As at December 31, 2023 bank deposits include those pledged as collateral with carrying value of 63,891 million tenge (December 31, 2022: 59,229 million tenge), which are represented mainly by 60,573 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2022: 55,517 million tenge).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

In millions of tenge	Main activity	Place of business	December 31, 2023		December 31, 2022	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
Joint ventures						
Tengizchevroil LLP (TCO)	Oil and gas exploration and production	Kazakhstan	3,598,510	20.00%	3,825,053	20.00%
Mangistau Investments B.V. Group (MMG)	Oil and gas development and production	Kazakhstan	203,614	50.00%	164,716	50.00%
KKO	Oil and gas development and production	Kazakhstan	93,258	50.00%	–	–
	Processing and sale of natural gas and refined gas products	Kazakhstan	69,479	50.00%	58,812	50.00%
KazRosGas LLP (KRG)	Oil transportation	Kazakhstan	53,358	50.00%	37,138	50.00%
Kazakhstan-China Pipeline LLP (KCP)	Oil refining	Kazakhstan	41,515	50.00%	26,351	50.00%
Valsera Holdings B.V. Group (PKOP)	Oil and gas exploration and production	Kazakhstan	36,506	50.00%	32,070	50.00%
KazGerMunay LLP (KGM)	Sale of liquefied gas and oil products	Kazakhstan	31,740	49.00%	24,373	49.00%
Petrosun LLP (Petrosun) (Note 8)	Production of crude oil	Kazakhstan	18,042	50.00%	26,911	50.00%
Kazakhoil-Aktobe LLP (KOA)	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	8,210	48.996%	10,396	48.996%
Teniz Service LLP (Teniz Service)	Oil and gas exploration and production	Kazakhstan	7,641	50.00%	31,490	50.00%
Ural Group Limited (UGL)			58,345		42,014	
Other						
Associates						
		Kazakhstan / Russia				
Caspian Pipeline Consortium (CPC)	Transportation of liquid hydrocarbons		451,913	20.75%	521,882	20.75%
PetroKazakhstan Inc. (PKI)	Exploration, production and processing of oil and gas	Kazakhstan	94,887	33.00%	94,635	33.00%
Other			54,409		51,562	
			4,821,427		4,947,403	

All of the above joint ventures and associates are strategic for the Group’s business.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

As at December 31, 2023, the Group’s share in unrecognized losses of joint ventures and associates was equal to 7,145 million tenge (December 31, 2022: 19,950 million tenge).

The following table summarizes the movements in the investments in 2023 and 2022:

<i>In millions of tenge</i>	2023	2022
<b>On January 1</b>	<b>4,947,403</b>	<b>4,145,646</b>
Share in profits of joint ventures and associates, net (Notes 10)	534,177	991,310
Acquisitions under common control (Notes 7 and 34)	–	17,368
Acquisition (Note 8)	–	10,989
Recognition of investment in KKO (Note 5)	93,258	–
Dividends received	(619,826)	(462,309)
Change in dividends receivable	(107,633)	(41,682)
Other changes in the equity of the joint venture	41,764	(637)
Other changes	1,016	–
Additional contributions without change in ownership	20,117	15,398
Disposals, net (Note 34)	(8,621)	–
Transfers to assets classified as held for sale	–	(76)
Eliminations and adjustments*	(2,140)	(1,944)
Foreign currency translation	(78,088)	273,340
<b>On December 31</b>	<b>4,821,427</b>	<b>4,947,403</b>

\* 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 2023:

<i>In millions of tenge</i>	TCO	MMG	KKO	KRG	KCP	PKOP
Non-current assets	24,831,196	462,565	9,192	33,032	127,038	431,261
Current assets, including	1,863,832	199,708	1,232	148,932	49,554	114,561
Cash and cash equivalents	696,871	89,410	112	65,122	23,837	66,459
Non-current liabilities, including	(7,434,076)	(132,981)	(10,376)	(238)	(23,107)	(304,590)
Non-current financial liabilities	(4,091,040)	–	–	–	–	(258,338)
Current liabilities, including	(1,268,404)	(119,109)	(324)	(42,769)	(46,768)	(106,740)
Current financial liabilities	–	–	–	–	(32,843)	(80,398)
<b>Equity</b>	<b>17,992,548</b>	<b>410,183</b>	<b>(276)</b>	<b>138,957</b>	<b>106,717</b>	<b>134,492</b>
Share of ownership	20%	50%	50%	50%	50%	50%
Equity method adjustments	–	(1,477)	–	–	–	–
Recognition of investment	–	–	93,258	–	–	–
Accumulated unrealized losses	–	–	138	–	–	(25,731)
<b>Carrying amount of the investments as at December 31, 2023</b>	<b>3,598,510</b>	<b>203,614</b>	<b>93,258</b>	<b>69,479</b>	<b>53,358</b>	<b>41,515</b>
Revenue	8,796,634	878,362	–	260,125	86,843	250,435
Depreciation, depletion and amortization	(2,426,361)	(107,455)	–	(295)	(10,170)	(41,216)
Finance income	86,023	784	2	2,243	585	6,013
Finance costs	(283,225)	(14,411)	(118)	–	(3,628)	(36,390)
Income tax expenses	(730,465)	(47,354)	–	(13,996)	(9,341)	(12,954)
<b>Profit/(loss) for the year from continuing operations</b>	<b>1,704,419</b>	<b>76,510</b>	<b>(44)</b>	<b>64,648</b>	<b>37,440</b>	<b>34,592</b>
Other comprehensive (loss)/income	(325,499)	1,285	–	(305)	1	16
<b>Total comprehensive income/(loss)</b>	<b>1,378,920</b>	<b>77,795</b>	<b>(44)</b>	<b>64,343</b>	<b>37,441</b>	<b>34,608</b>
Dividends received	426,893	–	–	553	2,500	–

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****22. 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:

<i>In millions of tenge</i>	<b>KGM</b>	<b>Petrosun</b>	<b>KOA</b>	<b>Teniz Service</b>	<b>UGL</b>
Non-current assets	64,031	17	41,969	8,898	193,637
Current assets, including	52,764	137,202	23,956	16,907	11,475
<i>Cash and cash equivalents</i>	44,840	6,440	10,794	14,619	6,905
Non-current liabilities, including	(14,966)	–	(18,608)	(545)	(145,798)
<i>Non-current financial liabilities</i>	–	–	–	–	(119,188)
Current liabilities, including	(28,817)	(72,443)	(11,233)	(8,504)	(4,033)
<i>Current financial liabilities</i>	–	–	–	–	–
<b>Equity</b>	<b>73,012</b>	<b>64,776</b>	<b>36,084</b>	<b>16,756</b>	<b>55,281</b>
Share of ownership	50%	49%	50%	48.996%	50%
Impairment of the investment	–	–	–	–	(20,000)
<b>Carrying amount of the investments as at December 31, 2023</b>	<b>36,506</b>	<b>31,740</b>	<b>18,042</b>	<b>8,210</b>	<b>7,641</b>
Revenue	145,728	1,336,888	80,064	13,994	(352)
<i>Depreciation, depletion and amortization</i>	(20,007)	(14)	(10,365)	(632)	(109)
Finance income	1,292	3,258	851	313	–
Finance costs	(1,667)	(1,006)	(375)	(56)	(606)
Income tax expenses	(27,450)	(23,812)	(11,617)	(3,390)	8,206
<b>Profit/(loss) for the year from continuing operations</b>	<b>41,965</b>	<b>95,034</b>	<b>(3,737)</b>	<b>237</b>	<b>(94,011)</b>
Other comprehensive loss	(1,729)	–	–	–	(3,243)
<b>Total comprehensive income/(loss)</b>	<b>40,236</b>	<b>95,034</b>	<b>(3,737)</b>	<b>237</b>	<b>(97,254)</b>
Dividends received	15,793	39,200	7,000	2,303	–

The following tables illustrate summarized financial information of material joint ventures, based on financial statements of these entities for 2022:

<i>In millions of tenge</i>	<b>TCO</b>	<b>MMG</b>	<b>KRG</b>	<b>KCP</b>	<b>PKOP</b>
Non-current assets	25,713,747	464,868	40,100	137,004	454,653
Current assets, including	3,046,293	111,126	99,637	42,103	120,412
<i>Cash and cash equivalents</i>	1,905,924	28,622	59,000	17,871	79,079
Non-current liabilities, including	(7,808,607)	(144,698)	(269)	(58,417)	(377,788)
<i>Non-current financial liabilities</i>	(4,163,850)	–	–	(32,197)	(340,106)
Current liabilities, including	(1,826,167)	(99,344)	(21,844)	(46,415)	(97,393)
<i>Current financial liabilities</i>	–	–	–	(33,900)	(82,347)
<b>Equity</b>	<b>19,125,266</b>	<b>331,952</b>	<b>117,624</b>	<b>74,275</b>	<b>99,884</b>
Share of ownership	20%	50%	50%	50%	50%
Equity method adjustments	–	(1,260)	–	–	–
Accumulated unrealized losses	–	–	–	–	(23,591)
<b>Carrying amount of the investments as at December 31, 2022</b>	<b>3,825,053</b>	<b>164,716</b>	<b>58,812</b>	<b>37,138</b>	<b>26,351</b>
Revenue	10,949,194	910,069	192,427	86,319	219,429
<i>Depreciation, depletion and amortization</i>	(1,129,895)	(26,647)	(323)	(10,269)	(38,552)
Finance income	36,076	594	2,765	357	244
Finance costs	(99,857)	(9,404)	–	(4,593)	(31,616)
Income tax expenses	(1,591,414)	(38,267)	(4,040)	(8,703)	(10,260)
<b>Profit for the year from continuing operations</b>	<b>3,713,299</b>	<b>96,971</b>	<b>1,107</b>	<b>33,566</b>	<b>42,018</b>
Other comprehensive income	1,114,004	1,784	7,884	–	(228)
<b>Total comprehensive income</b>	<b>4,827,303</b>	<b>98,755</b>	<b>8,991</b>	<b>33,566</b>	<b>41,790</b>
Dividends received	207,892	92,071	–	5,000	2,189



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****22. 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 2022:

<i>In millions of tenge</i>	<b>KGM</b>	<b>Petrosun</b>	<b>KOA</b>	<b>Teniz Service</b>	<b>UGL</b>
Non-current assets	71,787	28	51,963	14,283	275,714
Current assets, including	53,303	123,612	17,357	16,745	1,851
<i>Cash and cash equivalents</i>	46,729	14,662	1,186	2,570	1,704
Non-current liabilities, including	(21,559)	–	(4,101)	(573)	(171,042)
<i>Non-current financial liabilities</i>	–	–	–	–	(133,544)
Current liabilities, including	(39,392)	(73,899)	(11,397)	(9,236)	(3,543)
<i>Current financial liabilities</i>	–	–	–	–	–
<b>Equity</b>	64,139	49,741	53,822	21,219	102,980
Share of ownership	50%	49%	50%	48.996%	50%
Impairment of the investment	–	–	–	–	(20,000)
<b>Carrying amount of the investments as at December 31, 2022</b>	32,070	24,373	26,911	10,396	31,490
Revenue	150,039	676,932	90,330	3,182	223
<i>Depreciation, depletion and amortization</i>	(22,550)	(22)	(111)	(645)	(26)
Finance income	791	870	933	27	–
Finance costs	(994)	(812)	(261)	(49)	(8,387)
Income tax expenses	(39,783)	(12,722)	(10,266)	(58)	(3,005)
<b>Profit/(loss) for the year from continuing operations</b>	41,061	47,315	25,296	(13,261)	(22,939)
Other comprehensive income	4,115	–	–	–	2,746
<b>Total comprehensive income/(loss)</b>	45,176	47,315	25,296	(13,261)	(20,193)
Dividends received	22,826	9,800	14,000	–	–

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2023:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	
	<b>CPC</b>	<b>PKI</b>
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)
<b>Equity</b>	1,967,580	308,074
Share of ownership	20.75%	33%
Goodwill	43,640	–
Impairment of the investment	–	(6,778)
<b>Carrying amount of the investment</b>	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)
<b>Profit for the year</b>	310,160	14,814
Other comprehensive loss	(42,915)	(4,927)
<b>Total comprehensive income</b>	267,245	9,887
Dividends received	113,892	2,864

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following tables illustrate summarized financial information of material associates, based on their financial statements for 2022:

<i>In millions of tenge</i>	<b>December 31, 2022</b>	
	<b>CPC</b>	<b>PKI</b>
Non-current assets	2,240,723	224,559
Current assets	292,198	116,827
Non-current liabilities	(35,730)	(18,489)
Current liabilities	(196,152)	(15,586)
<b>Equity</b>	<b>2,301,039</b>	<b>307,311</b>
Share of ownership	20.75%	33%
Goodwill	44,416	–
Impairment of the investment	–	(6,778)
<b>Carrying amount of the investment</b>	<b>521,882</b>	<b>94,635</b>
Revenue	976,076	140,901
Depreciation, depletion and amortization	(216,491)	(24,217)
Finance income	8,119	439
Finance costs	–	(1,503)
Income tax expenses	(122,394)	(17,548)
<b>Profit for the year</b>	<b>567,533</b>	<b>19,702</b>
Other comprehensive income	185,893	9,782
<b>Total comprehensive income</b>	<b>753,426</b>	<b>29,484</b>
Dividends received	98,854	2,890

The following tables illustrate aggregate financial information of individually immaterial joint ventures (the Group's proportional share):

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Group share in:</b>		
Non-current assets	<b>68,336</b>	39,088
Current assets	<b>22,813</b>	18,950
Non-current liabilities	<b>(16,170)</b>	(13,922)
Current liabilities	<b>(21,493)</b>	(8,800)
Goodwill	<b>172</b>	172
Accumulated unrecognized share of losses	<b>1,127</b>	1,706
Other changes	<b>3,560</b>	4,820
<b>Carrying amount of the investments as at December 31</b>	<b>58,345</b>	<b>42,014</b>
Profit for the year from continuing operations	<b>3,692</b>	4,013
Other comprehensive loss	<b>(845)</b>	(1,148)
<b>Total comprehensive income</b>	<b>2,847</b>	<b>2,865</b>
Unrecognized share of loss	<b>(204)</b>	(221)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****22. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)**

The following tables illustrate aggregate financial information of individually immaterial associates (the Group’s proportional share):

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022
<b>Group share in:</b>		
Non-current assets	<b>60,636</b>	53,699
Current assets	<b>92,172</b>	87,702
Non-current liabilities	<b>(17,916)</b>	(15,673)
Current liabilities	<b>(81,358)</b>	(75,041)
Accumulated unrecognized share of losses	<b>875</b>	875
<b>Carrying amount of the investments as at December 31</b>	<b>54,409</b>	51,562
Profit for the year from continuing operations	<b>7,103</b>	31,339
Other comprehensive income	<b>375</b>	3,675
<b>Total comprehensive income</b>	<b>7,478</b>	35,014

**23. INVENTORIES**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022 (restated)
Materials and supplies (at cost)	<b>232,469</b>	180,762
Crude oil (at cost)	<b>61,621</b>	60,670
Refined products (at lower of cost and net realizable value)	<b>82,354</b>	69,332
	<b>376,444</b>	310,764

As at December 31, 2023 carrying value of inventories under pledge as collateral amounted to 186,378 million tenge (December 31, 2022: 126,345 million tenge).

**24. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022 (restated)
<b>Trade accounts receivable</b>		
Trade accounts receivable	<b>593,448</b>	549,430
Less: allowance for expected credit losses	<b>(32,190)</b>	(29,746)
	<b>561,258</b>	519,684
<b>Other current financial assets</b>		
Other receivables	<b>97,771</b>	98,485
Dividends receivable	<b>20,952</b>	320
Less: allowance for expected credit losses	<b>(43,853)</b>	(41,748)
	<b>74,870</b>	57,057
<b>Other current non-financial assets</b>		
Advances paid and prepaid expenses	<b>91,769</b>	60,260
Taxes receivable, other than VAT	<b>63,188</b>	43,030
Other	<b>5,659</b>	6,040
Less: impairment allowance	<b>(3,359)</b>	(157)
	<b>157,257</b>	109,173
<b>Total other current assets</b>	<b>232,127</b>	166,230

As at December 31, 2023 and 2022, the above assets were non-interest bearing.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****24. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)**

As at December 31, 2023, trade accounts receivable with a carrying value of 197,546 million tenge are pledged as collateral (December 31, 2022: 167,255 million tenge).

As of December 31, 2023 and 2022, trade accounts receivable is denominated in the following currencies:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022 (restated)</b>
US dollars	<b>364,490</b>	325,296
Tenge	<b>121,165</b>	114,406
Romanian Leu	<b>68,896</b>	73,508
Euro	<b>3,324</b>	3,871
Other currency	<b>3,383</b>	2,603
	<b>561,258</b>	519,684

Movements in the allowance for expected credit losses and impairment were as follows:

<i>In millions of tenge</i>	<b>Individually impaired</b>	
	<b>Trade accounts receivable and other current financial assets</b>	<b>Other current non-financial assets</b>
<b>As at December 31, 2021 (restated)</b>	66,275	103
Charge for the year, net ( <i>Notes 15</i> )	2,876	28
Written-off	(748)	(3)
Foreign currency translation	3,091	29
<b>As at December 31, 2022 (restated)</b>	71,494	157
Charge for the year, net ( <i>Note 15</i> )	<b>8,691</b>	<b>3,204</b>
Written-off	<b>(4,336)</b>	<b>-</b>
Foreign currency translation	<b>194</b>	<b>(2)</b>
<b>As at December 31, 2023</b>	<b>76,043</b>	<b>3,359</b>

Set out below is the information about credit risk exposure on the Group's trade receivables using a provision matrix:

<i>In millions of tenge</i>	<b>Days past due</b>					<b>Total</b>
	<b>Current</b>	<b>&lt;30 days</b>	<b>30-60 days</b>	<b>61-90 days</b>	<b>&gt;91 days</b>	
<b>December 31, 2023</b>						
Expected credit loss rate	<b>0.23%</b>	<b>12.18%</b>	<b>14.33%</b>	<b>5.84%</b>	<b>58.78%</b>	
Trade accounts receivable	<b>519,801</b>	<b>16,351</b>	<b>1,594</b>	<b>7,527</b>	<b>48,175</b>	<b>593,448</b>
Expected credit losses	<b>(1,214)</b>	<b>(1,991)</b>	<b>(229)</b>	<b>(439)</b>	<b>(28,317)</b>	<b>(32,190)</b>
<b>December 31, 2022 (restated)</b>						
Expected credit loss rate	0.23%	3.80%	9.83%	41.72%	95.69%	
Trade accounts receivable	484,508	32,690	3,489	857	27,886	549,430
Expected credit losses	(1,120)	(1,242)	(343)	(358)	(26,683)	(29,746)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****25. LOANS AND RECEIVABLES DUE FROM RELATED PARTIES**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>At amortized cost</b>		
NB RK notes (Note 34)	<b>43,709</b>	70,192
Loans due from related parties (Note 34)	<b>50,103</b>	31,062
Bonds receivable from Samruk-Kazyna (Note 34)	<b>21,021</b>	19,665
Treasury bills of foreign states	<b>7,032</b>	–
Less: allowance for expected credit losses	<b>(1,863)</b>	(1,878)
	<b>120,002</b>	119,041
<b>At fair value through profit or loss</b>		
Loans due from related parties (Note 34)	<b>86,173</b>	117,511
Guaranteed returns from shareholders of joint venture	<b>13,728</b>	13,179
	<b>99,901</b>	130,690
<b>Total loans and receivables due from related parties</b>	<b>219,903</b>	249,731

Loans and receivables due from related parties are denominated in the following currencies:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
US dollars	<b>104,964</b>	146,435
Tenge	<b>114,939</b>	103,296
	<b>219,903</b>	249,731

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current portion	<b>125,569</b>	119,874
Non-current portion	<b>94,334</b>	129,857
	<b>219,903</b>	249,731

Movements in the allowance for expected credit losses of loans and receivables due from related parties were as follows:

<i>In millions of tenge</i>	
<b>As at December 31, 2021</b>	3,249
Charged, net	(1,376)
Foreign currency translation	5
<b>As at December 31, 2022</b>	1,878
Charged, net	(17)
Foreign currency translation	2
<b>As at December 31, 2023</b>	<b>1,863</b>

As at December 31, 2023 and 2022 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)****26. CASH AND CASH EQUIVALENTS**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022 (restated)</b>
Term deposits with banks – US dollar	<b>580,214</b>	228,818
Term deposits with banks – tenge	<b>124,702</b>	231,793
Term deposits with banks – other currencies	<b>76,316</b>	17,550
Current accounts with banks – US dollar	<b>120,787</b>	200,478
Current accounts with banks – tenge	<b>13,321</b>	20,878
Current accounts with banks – other currencies	<b>10,409</b>	15,816
The contracts of reverse repo with original maturities of three months or less	<b>116,091</b>	27,499
Cash in transit	<b>5,463</b>	17,449
Cash-on-hand and cheques	<b>3,613</b>	2,961
Less: allowance for expected credit losses	<b>(43)</b>	(57)
	<b>1,050,873</b>	763,185

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, 2023, the weighted average interest rate for time deposits with banks was 5.40% in US dollars, 15.45% in tenge and 5.99% in other currencies (December 31, 2022: 1.12% in US dollars, 13.01% in tenge and 4.84% in other currencies).

As at December 31, 2023 and 2022, cash and cash equivalents were not pledged as collateral for obligations of the Group.

**27. EQUITY****Share capital**

Total number of outstanding, issued and paid shares comprises:

	<b>December 31, 2023 and 2022</b>
<b>Number of shares issued and paid, including</b>	<b>610,119,493</b>
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
<b>Share capital (thousands of tenge)</b>	<b>916,540,545</b>

As at December 31, 2023 and 2022, the Company had only one class of issued shares. As at December 31, 2023 and 2022, common shares in the number of 239,440,103 were authorized, but not issued. In 2023, there was no issuance of any ordinary share.

**Dividends**

In 2023, based on the decision of Shareholders, the Company declared and paid off dividends for 2022 of 491.71 tenge per common share in the total of 300,002 million tenge (2022: declared and paid-off dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**27. EQUITY (continued)****Dividends (continued)**

In 2023, the Group declared and paid-off dividends to the non-controlling interest holders of KTO, KMGI in the total amount of 1,500 million tenge and 1,572 million tenge, respectively (2022: 2,296 million tenge and 1,975 million tenge, respectively).

**Transactions with Samruk-Kazyna**

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 34*).

In 2023, Samruk-Kazyna received a loan from KMG Karachaganak LLP in the amount of 25,000 million tenge. The difference between the fair value and nominal amount of bonds of 4,226 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity.

In 2022, the Company provided Samruk-Kazyna additional interest-free financial aid tranches of 23,605 million tenge under a long-term financial aid agreement signed on December 25, 2015, with a current maturity in 2022 (*Note 34*). The difference between the fair value and nominal amount of the additional tranches of 1,906 million tenge was recognized as a decrease in equity within transactions with Samruk-Kazyna in the consolidated statement of changes in equity.

In September 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. The coupon rate is below market rate. Samruk-Kazyna purchased the bonds. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity (*Notes 28 and 34*).

In September 2022, within the exercising of the Option the Group is due to Samruk-Kazyna in the amount of 738.8 million US dollars (equivalent to 350,321 million tenge per exchange rate at the date of recognition). The payable was recognized at fair value upon initial recognition. The difference between the fair value and nominal amount of the payable of 7,426 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity (*Notes 7 and 34*).

**Distributions to Samruk-Kazyna**

In 2023, 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 for 120 million tenge (2022: 10,199 million tenge and 2,398 million tenge, respectively).

In July 2022, based on the decision of Samruk-Kazyna and Cooperative, Kashagan declared and paid-off dividends in the amount of 1,133.4 million U.S. dollars (equivalent to 529,789 million tenge). Due to the recognition of the acquisition of Kashagan under common control the Group recognized dividends distributed to the former shareholder of Kashagan as Distributions to Samruk-Kazyna in the amount of 566.7 million U.S. dollars (equivalent to 263,671 million tenge) (*Note 7*).

**Contributions from the related party**

In 2023, SKO, a previous shareholder of Polimer, made a contribution to the share capital of Polimer for 14,155 million tenge (2022: 3,322 million tenge). In 2022 Polimer also accounted for discount in the amount of 2.896 million tenge in the consolidated statement of changes in equity on a loan received from SKO. In 2022, SKO, a previous shareholder of KLPE, made a contribution to the share capital of KLPE for 3,742 million tenge.

Due to the acquisition of KLPE under common control (*Note 7*) the Group recognized this as contribution from the related party in the consolidated statement of changes in equity.

**Acquisitions of joint ventures**

In 2022 the difference between the consideration paid for acquisition of 49.5% interest in KPI and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in consolidated statement of changes in equity in the amount of 74,743 million tenge (*Note 7*).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****27. EQUITY (continued)****Acquisitions of joint ventures (continued)**

In 2022 the difference between the consideration paid for acquisition of 49% interest in Petrosun for 1 tenge and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition in the amount of 10,989 million tenge was recognized as a contribution from Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in consolidated statement of changes in equity (*Note 8*).

In 2022 the difference between the consideration paid for acquisition of 49.9% ownership interest in Silleno from SKO in the amount of 816 million tenge and the carrying value of investment in Silleno in the amount of 120 million tenge was recognized as contribution from Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in consolidated statement of changes in equity.

**Other distribution to the shareholders**

In 2023, in accordance with the Order of the President of the RK on the construction of the Sport Complex as a result of his working visit to the West Kazakhstan region dated March 9, 2023, the Company recognized an obligation for the construction of the Sport Complex for the total amount of 17,925 million tenge (*Note 30*) 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.

**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.

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022 (restated)
Total assets	<b>16,942,712</b>	16,656,890
Less: intangible assets	<b>874,930</b>	918,261
Less: total liabilities	<b>6,548,315</b>	6,789,464
<b>Net assets</b>	<b>9,519,467</b>	8,949,165
Number of ordinary shares	<b>610,119,493</b>	610,119,493
<b>Book value per ordinary share (in thousand tenge)</b>	<b>15,603</b>	14,668

**Earnings per share**

<i>In thousand tenge</i>	<b>2023</b>	2022 (restated)
Weighted average number of common shares for basic and diluted earnings per share	<b>610,119,493</b>	610,119,493
Basic and diluted earnings per share	<b>1,574</b>	2,095

**Non-controlling interests**

The following tables illustrate information of subsidiaries in which the Group has significant non-controlling interests:

	<b>Country of incorporation and operation</b>	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
		<b>Non- controlling shares</b>	<b>Carrying value</b>	<b>Non- controlling shares</b>	<b>Carrying value</b>
Romp petrol Downstream S.R.L.	Romania	<b>45.37%</b>	<b>67,535</b>	45.37%	66,468
KTO	Kazakhstan	<b>10.00%</b>	<b>59,156</b>	10.00%	53,642
Romp petrol Petrochemicals S.R.L.	Romania	<b>45.37%</b>	<b>18,572</b>	45.37%	17,464
KMG EP	Kazakhstan	<b>0.28%</b>	<b>8,215</b>	0.28%	8,119
Romp petrol Vega	Romania	<b>45.37%</b>	<b>(25,320)</b>	45.37%	(23,768)
Romp petrol Rafinare S.A.	Romania	<b>45.37%</b>	<b>(253,347)</b>	45.37%	(212,487)
Other			<b>25,785</b>		29,021
			<b>(99,404)</b>		(61,541)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****27. 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:

<i>In millions of tenge</i>	<b>Rompetrol Downstream S.R.L.</b>	<b>KTO</b>	<b>Rompetrol Petrochemicals S.R.L.</b>	<b>KMG EP</b>	<b>Rompetrol Vega</b>	<b>Rompetrol Rafinare S.A.</b>
<b>Summarized statement of financial position</b>						
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)
<b>Total equity</b>	<b>148,847</b>	<b>616,424</b>	<b>40,932</b>	<b>2,426,936</b>	<b>(55,807)</b>	<b>(558,377)</b>
<b>Attributable to:</b>						
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)
<b>Summarized statement of comprehensive income</b>						
Revenue	1,012,646	290,386	–	1,184,834	108,639	1,696,983
<b>Profit/(loss) for the year from continuing operations</b>	<b>5,439</b>	<b>69,508</b>	<b>3,125</b>	<b>37,360</b>	<b>(4,278)</b>	<b>(98,216)</b>
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>2,352</b>	<b>70,146</b>	<b>2,440</b>	<b>34,250</b>	<b>(3,422)</b>	<b>(90,054)</b>
<b>Attributable to:</b>						
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)	–	–	–	–
<b>Summarized cash flow information</b>						
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
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,251</b>	<b>(8,485)</b>	<b>5</b>	<b>(124,491)</b>	<b>–</b>	<b>64,967</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****27. 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, 2022 and for the year then ended:

<i>In millions of tenge</i>	<b>Rompetrol Downstream S.R.L.</b>	<b>KTO</b>	<b>Rompetrol Petrochemicals S.R.L.</b>	<b>KMG EP</b>	<b>Rompetrol Vega</b>	<b>Rompetrol Refinare S.A.</b>
<b>Summarized statement of financial position</b>						
Non-current assets	93,101	652,668	3,210	1,047,369	31,254	119,520
Current assets	166,214	119,379	36,121	1,600,377	15,215	48,757
Non-current liabilities	(16,185)	(149,990)	(664)	(83,988)	(43,795)	(85,885)
Current liabilities	(96,635)	(91,602)	(176)	(202,509)	(55,058)	(550,715)
<b>Total equity</b>	<b>146,495</b>	<b>530,455</b>	<b>38,491</b>	<b>2,361,249</b>	<b>(52,384)</b>	<b>(468,323)</b>
<b>Attributable to:</b>						
Equity holder of the Parent Company	80,027	476,813	21,027	2,353,130	(28,616)	(255,836)
Non-controlling interests	66,468	53,642	17,464	8,119	(23,768)	(212,487)
<b>Summarized statement of comprehensive income</b>						
Revenue	1,178,244	255,627	–	1,294,096	122,133	2,233,851
<b>Profit/(loss) for the year from continuing operations</b>	<b>13,557</b>	<b>45,582</b>	<b>858</b>	<b>708,225</b>	<b>(16,794)</b>	<b>50,548</b>
<b>Total comprehensive income/(loss) for the year, net of tax</b>	<b>21,156</b>	<b>55,416</b>	<b>3,370</b>	<b>721,462</b>	<b>(19,076)</b>	<b>15,768</b>
<b>Attributable to:</b>						
Equity holder of the Parent Company	11,557	49,874	1,841	719,442	(10,421)	8,614
Non-controlling interests	9,599	5,542	1,529	2,020	(8,655)	7,154
Dividends declared to non-controlling interests	–	(1,000)	–	(16)	–	–
<b>Summarized cash flow information</b>						
Operating activity	36,791	73,513	(3,149)	218,119	4,570	67,361
Investing activity	14,540	(47,288)	3,150	(222,714)	(1,012)	(16,045)
Financing activity	(44,507)	17,011	–	(2,390)	(3,490)	(50,443)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,824</b>	<b>44,659</b>	<b>1</b>	<b>2,189</b>	<b>68</b>	<b>873</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****28. BORROWINGS**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022 (restated)
Fixed interest rate borrowings	<b>3,253,754</b>	3,595,474
Weighted average effective interest rates	<b>5.36%</b>	6.41%
Floating interest rate borrowings	<b>503,340</b>	558,912
Weighted average effective interest rates (Note 35)	<b>8.93%</b>	8.61%
	<b>3,757,094</b>	4,154,386

As at December 31, 2023 and 2022, borrowings are denominated in the following currencies:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022 (restated)
US dollar	<b>3,018,895</b>	3,152,169
Tenge	<b>700,223</b>	715,804
Euro	<b>24,850</b>	23,069
Russian ruble	<b>–</b>	245,349
Other currencies	<b>13,126</b>	17,995
	<b>3,757,094</b>	4,154,386

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022 (restated)
Current portion	<b>391,358</b>	369,489
Non-current portion	<b>3,365,736</b>	3,784,897
	<b>3,757,094</b>	4,154,386

As at December 31, 2023 and 2022, the bonds comprised:

<i>In millions of tenge</i>	<b>Issuance amount</b>	<b>Redemption date</b>	<b>Interest</b>	<b>December 31, 2023</b>	December 31, 2022
<b>Bonds</b>					
KASE 2023	70 billion KZT	2033	0.50% (11.74% effective interest rate)	<b>41,375</b>	–
KASE 2022	751.6 billion KZT	2035	3.00% (14.5% effective interest rate)	<b>392,158</b>	379,306
Bonds LSE 2020	750 million USD	2033	3.50%	<b>343,005</b>	349,059
AIX 2019	150 million USD	2024	5.00%	<b>19,800</b>	34,385
Bonds LSE 2018	1.5 billion USD	2048	6.375%	<b>673,677</b>	685,181
Bonds LSE 2018	1.25 billion USD	2030	5.375%	<b>569,892</b>	579,391
Bonds LSE 2018	0.5 billion USD	2025	4.75%	<b>–</b>	232,586
Bonds LSE 2017	1.25 billion USD	2047	5.75%	<b>552,309</b>	561,160
Bonds LSE 2017	1 billion USD	2027	4.75%	<b>454,062</b>	460,655
<b>Total</b>				<b>3,046,278</b>	3,281,723

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 27).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****28. BORROWINGS (continued)**

As at December 31, 2023 and 2022, the borrowings comprised:

<i>In millions of tenge</i>	<b>Issuance amount</b>	<b>Redemption date</b>	<b>Interest</b>	<b>December 31, 2023</b>	<b>December 31, 2022 (restated)</b>
<b>Loans</b>					
The Syndicate of banks (Unicredit Tiriak Bank, ING Bank, BCR, Raiffeisen Bank, Alpha Bank, Garanti Bank, OTP Bank)	531.8 million USD <sup>1</sup>	2026	ROBOR 1M+2% SOFR O/N+2.5% SOFR1M+2.5% SOFR 1M+2.75%	<b>141,506</b>	26,270
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	11.00%	<b>94,999</b>	135,062
Development bank of Kazakhstan JSC (DBK)	157 billion KZT	2024-2026	7.00% - 7.99%	<b>80,992</b>	100,694
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	200 million USD	2024	COF <sup>2</sup> (5.37%) + 1.80%	<b>62,800</b>	17,415
Halyk bank	66.7 billion KZT	2032	Key Rate of National Bank of RK + 2.50%	<b>47,391</b>	29,761
Lukoil Kazakhstan Upstream	–	After the start of commercial mining	O/N SOFR + 2.85% SOFR 3M+2.612%	<b>47,363</b>	12,876
Cargill	100 million USD	2024	SOFR 3M+2.98%	<b>46,176</b>	70,165
BCP	170 million USD	2024	COF (5.75%) + 1.50%	<b>37,893</b>	–
Halyk bank	31 billion KZT	2024	17.75-18.75%	<b>31,487</b>	46,460
Credit Agricole	150 million USD	2024	COF (5.6%) + 2.00%	<b>26,936</b>	30,934
The Syndicate of banks (BCR, Raiffeisen Bank, OTP, Alpha, Garanti)	83 million EUR	2029	EURIBOR 6M + 3.00% SOFR 1M + 2.50%	<b>24,844</b>	21,411
Banca Transilvania	57.96 million EUR	2024	EURIBOR 1M + 2.50%	<b>15,710</b>	16,739
ING Bank NV	250 million USD	2024	COF (5.55%) + 2.00%	<b>13,839</b>	31,871
OTP Bank	119 million RON	2030	ROBOR 3M + 1.10%	<b>10,964</b>	11,801
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russia Federation + 2.25%	–	245,349
DBK	843.6 million USD	2023	10.99%	–	20,483
NATIXIS	250 million USD	2024	COF (5.44%) + 2.00%	–	18,165
Samruk-Kazyna Ondeu LLP	13.9 billion KZT	2023	0.1-10%	–	11,052
Other	–	–	–	<b>27,916</b>	26,155
<b>Total</b>				<b>710,816</b>	<b>872,663</b>

<sup>1</sup> 265.9 million USD with revolving credit facility;

<sup>2</sup> Cost of funding.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**28. BORROWINGS (continued)**

In 2023, KMGI received Syndicated loan (Unicredit Tiriak 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 Tiriak 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 partially repaid a loan from Cargill in the amount of 61.46 million US dollars (equivalent to 28,039 million tenge), including interest.

In 2023, KMGI partially repaid a loan from NATIXIS in the amount of 42 million US dollars (equivalent to 19,240 million tenge), including interest.

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 LLP (further 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 Development Bank of Kazakhstan in the total amount of 31,261 million tenge, including interest.

In 2023, Atyrau refinery made full repayment of a loan from Development Bank of Kazakhstan in the amount of 21,400 million tenge, including interest.

In 2023, Main Waterline LLP received a loan from Halyk Bank in the amount of 11,800 million tenge at the interest rate of the Key rate of the National Bank of the Republic of Kazakhstan +2.50% and maturing in 2032 for the reconstruction and expansion of the Astrakhan-Mangyshlak main water pipeline (1st stage).

In 2023, based on the notification of the Ministry of Energy of 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 17*).

In January 2022, Atyrau refinery made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment was used the cash reserved in November 2021.

In 2012, Atyrau refinery paid an insurance premium to China Export & Credit Insurance Corporation in the amount of 85 million USD (equivalent to 12,820 million tenge) under a loan Agreement with Eximbank. In connection with the early repayment of the loan, China Export & Credit Insurance Corporation returned the part of the insurance premium in December 2022 in the amount of 16 million USD (equivalent to 7,370 million tenge).

In 2022, KTO received a long-term loan from Halyk Bank for 29,593 million tenge with the key rate of the NB RK + 2.50% and maturity of 4 years to finance the first stage of the project "Reconstruction and expansion of the main water pipeline "Astrakhan-Mangyshlak".

In 2022, KMGI partially redeemed Syndicated loan (Unicredit Tiriak Bank, ING Bank, BCR, Raiffeisen Bank) used to finance its working capital for the total amount of 191.48 million US dollars (equivalent to 88,258 million tenge).

In 2022, KMGI received a long-term syndicated loan (BCR, Raiffeisen Bank, OTP, Alpha, Garanti) to finance the construction of the cogeneration power plant for 42 million euro (equivalent to 20,196 million tenge) at the rate of 6M Euribor + 3.00% per annum and maturity of 7 years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**28. BORROWINGS (continued)**

In 2022, KMGI received a loan from NATIXIS to finance working capital for 39 million USD (equivalent to 18,097 million tenge) at the rate of COF (4.65%) + 2.00% per annum and maturity in 2023.

In 2022, KMGI received a long-term loan from OTP Bank JSC to finance the extension and development of gas stations for 25 million USD (equivalent to 11,404 million tenge) at the rates of Robor 3M + 1.10% per annum and maturity of 8 years.

In 2022, KMGI received a long-term loan from Cargill bank to finance working capital for 25 million USD (equivalent to 23,047 million tenge) at the rates of SOFR 3M+2.98% per annum and maturity till the year 2024.

In 2022, Atyrau refinery made partial repayment of the loans from DBK for 60 million US dollars (equivalent to 27,550 million tenge), including accrued interest.

In 2022, KMGI received a loan from Credit Agricole to finance working capital for 17 million USD (equivalent to 7,833 million tenge) at the rates of COF (4.60%) + 2.00% per annum and maturity till the year 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****28. BORROWINGS (continued)**

Changes in liabilities arising from financing activities:

<i>In millions of tenge</i>	2023				2022 (restated)			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
<b>On January 1</b>	<b>173,053</b>	<b>699,611</b>	<b>3,281,722</b>	<b>4,154,386</b>	162,772	892,376	2,706,199	3,761,347
Received in cash	<b>138,787</b>	<b>176,517</b>	<b>70,000</b>	<b>385,304</b>	87,401	146,681	751,632	985,714
Return of insurance premium in cash	–	–	–	–	–	7,370	–	7,370
Repayment of principal in cash	<b>(95,296)</b>	<b>(329,830)</b>	<b>(241,106)</b>	<b>(666,232)</b>	(86,481)	(136,755)	(1,091)	(224,327)
Repayment of principal and interest by reserved cash	–	–	–	–	–	(259,459)	–	(259,459)
Interest accrued	<b>17,198</b>	<b>68,901</b>	<b>185,686</b>	<b>271,785</b>	9,861	80,772	168,536	259,169
Commission for the early redemption of the loan (Note 17)	–	–	–	–	–	4,498	–	4,498
Interest paid*	<b>(17,030)</b>	<b>(63,606)</b>	<b>(173,836)</b>	<b>(254,472)</b>	(9,779)	(65,873)	(156,377)	(232,029)
Discount (Note 27)	–	–	<b>(30,824)</b>	<b>(30,824)</b>	–	(2,896)	(380,477)	(383,373)
Foreign currency translation	<b>(2,297)</b>	<b>(2,526)</b>	<b>(46,152)</b>	<b>(50,975)</b>	8,233	7,673	187,440	203,346
Foreign exchange loss	<b>42</b>	<b>(53,380)</b>	<b>(1,520)</b>	<b>(54,858)</b>	1,046	27,842	5,863	34,751
Derecognition of loan (Note 17)	–	<b>(4,377)</b>	–	<b>(4,377)</b>	–	–	–	–
Other	–	<b>5,050</b>	<b>2,307</b>	<b>7,357</b>	–	(2,618)	(3)	(2,621)
<b>On December 31</b>	<b>214,457</b>	<b>496,360</b>	<b>3,046,277</b>	<b>3,757,094</b>	173,053	699,611	3,281,722	4,154,386
Current portion	<b>214,457</b>	<b>125,152</b>	<b>51,749</b>	<b>391,358</b>	173,053	147,355	49,081	369,489
Non-current portion	–	<b>371,208</b>	<b>2,994,528</b>	<b>3,365,736</b>	–	552,256	3,232,641	3,784,897

\* The repayment of the interest is classified in the consolidated statement of cash flows as operating cash flows.

In January 2022, Atyrau refinery made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment the cash reserved in November 2021 was used.

**Covenants**

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. As of December 31, 2023 and 2022, the Group complied with all financial and non-financial covenants.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****28. BORROWINGS (continued)****Hedge of net investment in the foreign operations**

As at December 31, 2023, 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 2023, a gain of 46,152 million tenge (2022: loss of 187,440 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, 2023 and 2022, there was no ineffective portion of the hedge.

**29. LEASE LIABILITIES**

Future minimum lease payments under leases together with the present value of the net minimum lease payments comprised the following:

<i>In millions of tenge</i>	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Within one year	<b>19,767</b>	16,629	<b>17,400</b>	15,682
Two to five years inclusive	<b>49,777</b>	23,368	<b>26,128</b>	16,770
After five years	<b>89,424</b>	61,176	<b>61,752</b>	49,102
	<b>158,968</b>	101,173	<b>105,280</b>	81,554
Less: amounts representing finance costs	<b>(53,688)</b>	(19,619)	–	–
<b>Present value of minimum lease payments</b>	<b>105,280</b>	81,554	<b>105,280</b>	81,554
Less: amounts due for settlement within 12 months	<b>(19,767)</b>	(16,629)	<b>(17,400)</b>	(15,682)
<b>Amounts due for settlement after 12 months</b>	<b>139,201</b>	84,544	<b>87,880</b>	65,872

As at December 31, 2023, interest calculation was based on effective interest rates ranging from 2.95% to 20.65% (December 31, 2022: from 2.95% to 19.00%).

Changes in lease liabilities for the year ended December 31, 2023 and 2022:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>On January 1</b>	<b>81,554</b>	74,421
Additions of leases	<b>55,740</b>	14,219
Interest accrued (Note 17)	<b>7,420</b>	4,188
Repayment of principal	<b>(26,933)</b>	(19,709)
Interest paid	<b>(1,936)</b>	(1,389)
Foreign exchange loss	<b>1,964</b>	(1,629)
Foreign currency translation	<b>(1,442)</b>	3,089
Modification	<b>3,938</b>	11,120
Early termination	<b>(15,025)</b>	(4,404)
Other	–	1,648
<b>On December 31</b>	<b>105,280</b>	81,554



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****30. PROVISIONS**

<i>In millions of tenge</i>	<b>Asset retirement obligations</b>	<b>Provision for environ- mental obligation</b>	<b>Provision for taxes</b>	<b>Other</b>	<b>Total</b>
<b>As at December 31, 2021 (restated)</b>	209,460	63,186	10,362	6,736	289,744
Foreign currency translation	9,164	3,286	238	325	13,013
Change in estimate	(117,668)	4,755	–	(408)	(113,321)
Unwinding of discount (Notes 17)	12,087	5,722	–	138	17,947
Provision for the year	15,987	9,998	1,785	43,220	70,990
Recovered	(61)	–	(1,070)	(608)	(1,739)
Use of provision	(97)	(5,594)	(392)	(1,006)	(7,089)
<b>As at December 31, 2022 (restated)</b>	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 (Note 17)	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
Recovered	(356)	–	(4,319)	(28,364)	(33,039)
Use of provision	(1,222)	(5,167)	(68)	(4,518)	(10,975)
<b>As at December 31, 2023</b>	208,705	77,061	6,974	47,055	339,795

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:

<i>In millions of tenge</i>	<b>Asset retirement obligations</b>	<b>Provision for environ- mental obligation</b>	<b>Provision for taxes</b>	<b>Other</b>	<b>Total</b>
Current portion	2,847	3,751	6,974	20,004	33,576
Long-term portion	205,858	73,310	–	27,051	306,219
<b>As at December 31, 2023</b>	208,705	77,061	6,974	47,055	339,795
Current portion	1,739	6,082	10,923	40,035	58,779
Long-term portion	127,133	75,271	–	8,361	210,765
<b>As at December 31, 2022 (restated)</b>	128,872	81,353	10,923	48,396	269,544

*Other provisions*

Asset retirement obligations and other provisions accrued for the year ended December 31, 2023, mainly include provisions disclosed in *Note 36*.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****31. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022 (restated)</b>
<b>Trade accounts payable</b>	<b>663,930</b>	<b>565,092</b>
<b>Other financial liabilities</b>		
Due to employees	<b>72,970</b>	67,073
Other trade payables	<b>42,562</b>	32,048
Derivative financial instruments	<b>114</b>	1,598
Payables to Samruk-Kazyna for exercising the Option (Notes 7 and 34)	<b>–</b>	164,937
Other	<b>49,050</b>	33,244
	<b>164,696</b>	298,900
Current portion	<b>145,953</b>	283,820
Non-current portion	<b>18,743</b>	15,080
	<b>164,696</b>	298,900
<b>Other non-financial liabilities</b>		
Contract liabilities	<b>153,962</b>	117,817
Other	<b>15,328</b>	16,950
	<b>169,290</b>	134,767
Current portion	<b>131,513</b>	93,219
Non-current portion	<b>37,777</b>	41,548
	<b>169,290</b>	134,767

As of December 31, 2023, and 2022, trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022 (restated)</b>
US dollars	<b>444,674</b>	322,797
Tenge	<b>153,016</b>	127,848
Romanian Leu	<b>51,244</b>	72,676
Euro	<b>8,157</b>	34,638
Other currency	<b>6,839</b>	7,133
<b>Total</b>	<b>663,930</b>	565,092

As at December 31, 2023 and 2022, trade accounts payable and other financial liabilities were not interest bearing.

**Derivative financial instruments**

The Group uses different commodity derivatives as a part of price risk management in trading of crude oil and petroleum products.

Statement of financial position:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Derivative financial asset (in other financial assets)	<b>–</b>	681
Derivative financial liability (in other financial liabilities)	<b>(114)</b>	(1,598)
<b>Derivative financial liability, net</b>	<b>(114)</b>	(917)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****31. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES (continued)****Derivative financial instruments (continued)**

Statement of comprehensive income:

	2023	2022
Realized losses from derivatives on petroleum products in production expenses (Note 12)	(69)	121,539

A movement in derivatives assets/(liabilities) is shown below:

	2023	2022
<b>On January 1</b>	<b>(917)</b>	<b>8,838</b>
Effective hedge in OCI	849	(11,872)
Inventory	(60)	1,524
Translation difference	14	593
<b>On December 31</b>	<b>(114)</b>	<b>(917)</b>

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

The Group has the following hedge transactions that qualify for fair value hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Commodity purchase / sell at fixed price	Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet Priced operational stock above or below BOS	Commodity price risk	Swap, Future, Purchase put / call option
Foreign exchange risk related to monetary item	Monetary item not in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Foreign exchange risk related to a firm commitment	Firm commitment not denominated in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Fair value risk related to fixed interest rates	Receivable or liability at fixed interest rate	Interest related fair value risk	Swap

The Group has the following hedge transactions that qualify for cash flow hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Forecasted commodity purchase / sell	Forecasted refinery margin basket and forecasted Dated Brent differential	Commodity price risk	Swap, Future, Purchased put / call option
EUA certificates	Forecasted EUA certificates purchase	EUA certificate price risk	Futures

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****32. OTHER TAXES PAYABLE**

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022 (restated)</b>
Rent tax on crude oil export	<b>37,557</b>	38,445
Mineral Extraction Tax	<b>30,485</b>	35,277
VAT	<b>23,233</b>	49,969
Individual income tax	<b>9,424</b>	8,002
Social tax	<b>7,620</b>	7,094
Withholding tax from non-residents	<b>1,957</b>	1,875
Excise tax	<b>1,537</b>	2,175
Other	<b>4,687</b>	5,660
	<b>116,500</b>	148,497

**33. INCOME TAX EXPENSES**

As at December 31, 2023 income taxes prepaid of 33,051 million tenge (2022: 36,167 million tenge) are mainly represented by corporate income tax. As at December 31, 2023 income taxes payable of 28,285 million tenge (2022: 66,648 million tenge) are mainly represented by corporate income tax.

Income tax expense comprised the following for the years ended December 31, 2023 and 2022:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022 (restated)</b>
<b>Current income tax</b>		
Corporate income tax	<b>117,003</b>	204,159
Withholding tax on dividends and interest income	<b>86,287</b>	49,120
<b>Excess profit tax</b>	<b>691</b>	1,673
<b>Deferred income tax</b>		
Corporate income tax	<b>110,134</b>	123,855
Excess profit tax	<b>(10,391)</b>	239
Withholding tax on dividends	<b>(33,376)</b>	113,331
<b>Income tax expenses</b>	<b>270,348</b>	492,377

In Romania by Emergency Ordinance no. 186 issued December 28, 2022, a solidarity contribution was imposed on profits in the fossil fuel sector. The solidarity contribution is payable by companies operating in the crude oil, natural gas, coal, and refinery sectors on taxable profits of 2022 and 2023 exceeding 120% of the average taxable profit of the preceding four years, 2018 to 2021, at a rate of 60%. If the average taxable profit related to the period 2018-2021 is negative, for the purpose of calculating the solidarity contribution, it is considered that the average taxable profit is equal to zero. As of December 31, 2023, KMGI recognized income tax in the amount of 31.1 million US dollars (equivalent to 14,141 million tenge) (2022: 124.9 million US dollars, equivalent to 57,584 million tenge).

A reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (20% in 2023 and 2022) to income tax expenses was as follows for the years ended December 31:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022 (restated)</b>
Profit before income tax	<b>1,194,809</b>	1,798,937
Statutory tax rate	<b>20%</b>	20%
<b>Income tax expense on accounting profit</b>	<b>238,962</b>	359,787
Share in profit of joint ventures and associates	<b>(55,703)</b>	(87,797)
Other non-deductible expenses and non-taxable income	<b>45,869</b>	112,247
Effect of different corporate income tax rates	<b>74,959</b>	92,045
Excess profit tax	<b>(9,700)</b>	1,912
Change in unrecognized deferred tax assets	<b>(24,039)</b>	14,183
<b>Income tax expenses</b>	<b>270,348</b>	492,377
Income tax expenses	<b>270,348</b>	492,377
	<b>270,348</b>	492,377

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****33. 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:

<i>In millions of tenge</i>	2023					2022 (restated)				
	Corporate income tax	Excess profit tax	Withholding tax	Total	Recognized in profit and loss	Corporate income tax	Excess profit tax	Withholding tax	Total	Recognized in profit and loss
<b>Deferred tax assets</b>										
Property, plant and equipment	23,019	–	–	23,019	(934)	23,953	–	–	23,953	1,190
Tax loss carryforward	683,285	–	–	683,285	(2,191)	685,476	–	–	685,476	3,017
Employee benefits related accruals	7,628	–	–	7,628	1,004	6,624	–	–	6,624	1,648
Impairment of financial assets	8,105	–	–	8,105	8,104	1	–	–	1	–
Environmental liability	3,031	–	–	3,031	(728)	3,759	–	–	3,759	670
Other	105,081	10,334	–	115,415	68,187	85,114	–	–	85,114	(2,231)
Less: unrecognized deferred tax assets	(551,341)	–	–	(551,341)	24,039	(575,380)	–	–	(575,380)	(14,183)
Less: deferred tax assets offset with deferred tax liabilities	(223,313)	–	–	(223,313)	(35,364)	(187,949)	–	–	(187,949)	30,581
<b>Deferred tax assets</b>	<b>55,495</b>	<b>10,334</b>	<b>–</b>	<b>65,829</b>	<b>62,117</b>	<b>41,598</b>	<b>–</b>	<b>–</b>	<b>41,598</b>	<b>20,692</b>
<b>Deferred tax liabilities</b>										
Property, plant and equipment	773,061	540	–	773,601	205,420	567,641	597	–	568,238	114,788
Undistributed earnings of joint ventures and associates	–	–	571,270	571,270	(33,376)	–	–	615,747	615,747	113,331
Other	5,209	–	–	5,209	(8,196)	2,974	–	–	2,974	(583)
Less: deferred tax assets offset with deferred tax liabilities	(223,313)	–	–	(223,313)	(35,364)	(187,949)	–	–	(187,949)	30,581
<b>Deferred tax liabilities</b>	<b>554,957</b>	<b>540</b>	<b>571,270</b>	<b>1,126,767</b>	<b>128,484</b>	<b>382,666</b>	<b>597</b>	<b>615,747</b>	<b>999,010</b>	<b>258,117</b>
<b>Net deferred tax liability</b>	<b>499,462</b>	<b>(9,794)</b>	<b>571,270</b>	<b>1,060,938</b>		<b>341,068</b>	<b>597</b>	<b>615,747</b>	<b>957,412</b>	<b>–</b>
<b>Deferred tax expense</b>					<b>66,367</b>					<b>237,425</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****33. 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 551,341 million tenge as at December 31, 2023 (2022: 575,380 million tenge).

Tax losses carry forward as at December 31, 2023 and 2022 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:

<i>In millions of tenge</i>	2023				2022 (restated)			
	Corporate income tax	Excess profit tax	Withholding tax	Total	Corporate income tax	Excess profit tax	Withholding tax	Total
<b>Net deferred tax liability as at January 1</b>	<b>341,068</b>	<b>597</b>	<b>615,747</b>	<b>957,412</b>	203,789	358	465,891	670,038
Foreign currency translation	(7,263)	–	(11,101)	(18,364)	13,308	–	36,525	49,833
Tax expense/(income) during the year recognized in profit and loss	110,134	(10,391)	(33,376)	66,367	123,855	239	113,331	237,425
Tax expense during the year recognized in other comprehensive income	327	–	–	327	116	–	–	116
Business combination (Note 6)	55,196	–	–	55,196	–	–	–	–
<b>Net deferred tax liability as at December 31</b>	<b>499,462</b>	<b>(9,794)</b>	<b>571,270</b>	<b>1,060,938</b>	341,068	597	615,747	957,412

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****34. 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 amounts owed by related parties.

**Transactions balances**

The following table provides the balances of transactions with related parties as at December 31, 2023 and 2022:

<i>In millions of tenge</i>	<b>December 31,</b>	<b>Due from related parties</b>	<b>Due to related parties</b>	<b>Cash and deposits placed with related parties</b>	<b>Borrowings payable to related parties</b>
Samruk-Kazyna entities	<b>2023</b>	<b>93,745</b>	<b>4,392</b>	<b>5,911</b>	<b>453,333</b>
	2022	38,476	168,368	–	413,691
Associates	<b>2023</b>	<b>8,681</b>	<b>2,962</b>	–	–
	2022	16,348	3,431	–	–
Other state-controlled parties	<b>2023</b>	<b>46,897</b>	<b>1,419</b>	–	<b>80,992</b>
	2022	72,003	666	–	121,177
Joint ventures	<b>2023</b>	<b>173,119</b>	<b>235,725</b>	–	–
	2022	167,284	187,172	–	–

**Due from/to related parties***Samruk-Kazyna entities*

As at December 31, 2023 due from related parties were mainly represented by the bonds receivable from the Samruk-Kazyna of 20,963 million tenge, net of expected credit losses (December 31, 2022: 19,599 million tenge) and trade receivables for crude oil by JSC "NC Kazakhstan Temir Zholy" for 30,677 million tenge.

As at December 31, 2023, the Company sold its 25% interest in Butadien LLP, a joint venture, with a carrying value of 8,621 million tenge (*Note 22*) to Samruk-Kazyna for a consideration of 8,531 million tenge. As a result, the Company lost its joint control over Butadien LLP.

As at December 31, 2023, payable due to Samruk-Kazyna for the exercised Option was fully repaid for 364 million US dollars (equivalent to 163,770 million tenge) (*Notes 7 and 31*).

As at December 31, 2022 the financial aid provided to Samruk-Kazyna has been fully repaid by setting off against the payable for the acquisition of 49.50% ownership interest in KPI for 91,175 million tenge (*Note 7*), payable for the acquisition of 49.9% ownership interest in Silleno for 816 million tenge and the part of the payable for exercising the Option for 424,587 million tenge (*Note 7*).

*Other state-controlled parties*

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.

During 2022, the Group short-term notes of NB RK in the total amount of 87,000 million tenge, out of which notes in the amount of 17,000 million tenge were redeemed.

*Joint ventures*

As at December 31, 2023 due from joint ventures were mainly represented by the loans given to PKOP of 25,975 million tenge (December 31, 2022: 53,889 million tenge), UGL of 54,980 million tenge (December 31, 2022: 63,622 million tenge) (*Note 25*).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****34. RELATED PARTY DISCLOSURES (continued)****Due from/to related parties (continued)***Joint ventures (continued)*

As at December 31, 2023 due to joint ventures were mainly represented by accounts payable for crude oil to TCO for 181,831 million tenge (December 31, 2022: 153,610 million tenge).

**Borrowings payable to related parties***Samruk-Kazyna entities*

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 transactions with Samruk-Kazyna in the consolidated statement of changes in equity (Note 27).

In September 2022, Samruk-Kazyna purchased the Company placed bonds for 751,631 million tenge. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity (Notes 27 and 28).

*Other state-controlled parties*

As at December 31, 2023 the borrowings payable to related parties are represented by loans received from DBK by Atyrau refinery and Pavlodar refinery of 80,992 million tenge (December 31, 2022: 121,177 million tenge) (Note 28).

**Transactions turnover**

The following table provides the total amount of transactions, which have been entered into with related parties during 2023 and 2022:

<i>In millions of tenge</i>		<b>Sales to related parties</b>	<b>Purchases from related parties</b>	<b>Interest earned from related parties</b>	<b>Interest incurred to related parties</b>
Samruk-Kazyna entities	<b>2023</b>	<b>158,392</b>	<b>33,705</b>	<b>4,058</b>	<b>39,795</b>
	2022	50,371	11,768	44,760	15,618
Associates	<b>2023</b>	<b>12,742</b>	<b>81,497</b>	<b>194</b>	<b>–</b>
	2021	18,705	67,615	235	–
Other state-controlled parties	<b>2023</b>	<b>346</b>	<b>31,349</b>	<b>5,421</b>	<b>12,475</b>
	2022	9,631	18,228	577	15,501
Joint ventures	<b>2023</b>	<b>439,502</b>	<b>1,709,923</b>	<b>17,540</b>	<b>–</b>
	2022	305,922	2,119,070	12,469	4

**Sales to related parties / purchases from related parties***Joint ventures*

In 2023, sales to joint ventures were mainly represented by transportation and cargo servicing provided to TCO for 22,613 million tenge (2022: 20,204 million tenge), transportation charges and oil servicing provided to MMG for 67,755 million tenge and for 137,855 million tenge, respectively (2022: 58,141 million tenge and 116,223 million tenge, respectively).

In 2023, purchases from joint ventures were mainly attributable to purchases of crude oil from TCO to perform the oil delivery customer contract for 1,602,095 million tenge (2022: 1,976,760 million tenge).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****34. RELATED PARTY DISCLOSURES (continued)****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 7,769 million tenge and 7,375 million tenge for the years ended December 31, 2023 and 2022, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

**35. 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, 2023 and 2022.

*Foreign currency risk*

As a result of significant borrowings and accounts payable denominated in the US dollars and rubles, the Group’s consolidated statement of financial position can be affected significantly by movement in the US dollar and ruble/ tenge exchange rates. The Group also has transactional currency exposures. Such exposure arises from revenues in the US dollars and rubles. The Group has a policy on managing its foreign currency risk in US dollar by matching US dollar and ruble denominated financial assets with US dollar and ruble 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.

<i>In millions of tenge</i>	<b>Increase/ (decrease) in tenge to US dollar exchange rate</b>	<b>Effect on profit before tax</b>
<b>2023</b>	<b>+14%</b> <b>(14%)</b>	<b>(224,731)</b> <b>224,731</b>
<b>2022</b>	<b>+21%</b> <b>(21%)</b>	<b>(404,338)</b> <b>404,338</b>
<i>In millions of tenge</i>	<b>Increase/ (decrease) in tenge to RUB exchange rate</b>	<b>Effect on profit before tax</b>
<b>2023</b>	<b>+29%</b> <b>(29%)</b>	<b>(38)</b> <b>38</b>
<b>2022</b>	<b>+22%</b> <b>(22%)</b>	<b>(54,044)</b> <b>54,044</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)****Market risk (continued)***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.

<i>In millions of tenge</i>	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before tax</b>
<b>2023</b>	<b>+3.97</b>	<b>(19,982)</b>
SOFR	-3.97	19,982
<b>2022</b>		
LIBOR	+2.45	(12,989)
	-2.45	12,989

**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 24*. 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, 2023 and 2022 using the Fitch credit ratings, or in their absence, using their equivalent rates in S&P and Moody's:

	<b>As at December 31</b>	
	<b>2023</b>	<b>2022</b>
AA- to A+	19%	15%
A to A-	58%	41%
BBB+ to BBB-	18%	41%
BB+ to BB-	5%	2%
B+ to B-	-	1%

**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, 2023 and 2022 based on contractual undiscounted payments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)****Liquidity risk (continued)**

<i>In millions of tenge</i>	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
<b>As at December 31, 2023</b>						
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	3,478	2,035	11,886	27,833	60,617	105,849
Other financial liabilities	71,323	24,605	69,792	25,441	414	191,575
	<b>236,003</b>	<b>368,667</b>	<b>786,515</b>	<b>1,513,584</b>	<b>4,799,809</b>	<b>7,704,578</b>
<b>As at December 31, 2022 (restated)</b>						
Borrowings*	45,216	2,028	508,484	1,868,769	4,988,819	7,413,316
Trade accounts payable	105,697	297,295	162,100	–	–	565,092
Lease liabilities	2,890	1,720	12,410	39,080	26,216	82,316
Other financial liabilities	56,278	19,598	366,088	18,544	–	460,508
	<b>210,081</b>	<b>320,641</b>	<b>1,049,082</b>	<b>1,926,393</b>	<b>5,015,035</b>	<b>8,521,232</b>

\* 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, 2023, the borrowings due to partners were 57,656 million tenge (December 31, 2022: 23,768 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 2023 and 2022 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 disclosed in Note 28 less cash (Note 26) and short-term deposits (Note 21) and equity, comprising share capital, additional paid-in capital, other reserves and retained earnings as disclosed in Note 27.

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, 2023 and 2022 (Note 28).

<i>In millions of tenge</i>	December 31, 2023	December 31, 2022 (restated)
Borrowings	3,757,094	4,154,386
less: cash, cash equivalents and short-term bank deposits	2,111,776	2,000,552
<b>Net debt</b>	<b>1,645,318</b>	<b>2,153,834</b>
Equity	10,394,397	9,867,426
<b>Capital and net debt</b>	<b>12,039,715</b>	<b>12,021,260</b>

No changes were made in the overall strategy, objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****35. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at December 31, 2023 and 2022 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	December 31, 2023					December 31, 2022 (restated)				
	Carrying amount	Fair value	Fair value by level of assessment			Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Bonds receivable from Samruk-Kazyna	20,963	16,797	–	16,797	–	19,595	20,138	–	20,138	–
NB RK notes	43,708	43,708	–	43,708	–	70,192	70,192	–	70,192	–
Loans and receivables due from related parties at fair value through profit and loss	99,901	99,901	–	–	99,901	130,690	130,690	–	–	130,690
Loans given to related parties at amortized cost, lease receivables from joint venture	48,299	48,502	–	–	48,502	29,254	29,242	–	–	29,242
Fixed interest rate borrowings	3,253,754	3,051,997	2,452,370	599,627	–	3,595,474	3,166,699	2,476,894	689,805	–
Floating interest rate borrowings	503,340	503,340	–	503,340	–	558,912	558,912	–	558,912	–

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)****35. 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,	
			2023	2022
Loans given to related parties at amortized cost, lease receivables from joint venture	Discounted cash flow method	Interest and discount rate	7.30-18.5%	6.4-18.9%
Financial guarantee issued			7.8%	–

**36. 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 cyclicity 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, 2023 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, 2023 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)**

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**36. 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 Shymkent refinery 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 Shymkent refinery did not agree with the assessment and appealed to the Ministry of Finance of RK. Shymkent refinery 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 Shymkent refinery made on November 15, 2021 by the Civil Chamber of the Shymkent City Court. Shymkent refinery continues to work to appeal the decision.

At all three refineries there are additional accruals on similar issues for VAT in the total amount of 33,709 million tenge, for corporate income tax 12,146 million tenge, including penalties on all additional accruals and a reduction in carry-forward losses for 15,040 million tenge.

**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, but no final decisions were made. On July 13, 2021, the court rejected the complaint of Faber. However, Faber appealed against this decision. Based on the results of the hearing in December 2021, the court granted the complaint and returned the case for reconsideration.

Most of Faber's lawsuits were dismissed by the Supreme Court in May and September 2022, including an appeal filed by Faber challenging Faber's corporate documents approving the bond issue and paying off historical budget debts filed after the statute of limitations, hence the first judgment in favor of Rompetrol Rafinare Constanta became final. Faber filed the same lawsuit for the third time, but now in the court of Constanta. In January 2023, hearings were held on the claims filed by Faber. Faber withdrew its claims in two cases, and the court postponed the decision. The next hearing in the Faber case is scheduled for March 2023.

The Group believes that its position regarding Faber's new application will be resolved in a similar manner to other similar proceedings resolved in favor of the Group. Accordingly, the Group did not recognize a provision in this case as of December 31, 2023.

**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 (*Note 30*)). As at December 31, 2023, the Group had not made any payments to NAMR, and the Group believes that no changes to the assessment of provision are required.

**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) (*Note 30*). 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. A hearing date has not been scheduled. As at December 31, 2023 the Group believes that no changes to the assessment of provision are required.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****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.

On September 29, 2023, KPO sent a detailed claim to the Tribunal and this claim was provided to KRG. According to the Arbitration Timetable, the KRG provides a response to the claim by December 22, 2023. Following the meeting on December 22, 2023, the KRG's response to the KPO claim was prepared and sent to Arbitration. In January, 2024, a meeting was held between the Ministry of Energy of the Republic of Kazakhstan, KPO, KMG and the KRG for the purpose of a peaceful settlement. The agreement has not been yet reached. Still, the Group believes that the risk of loss is not probable as of December 31, 2023.

**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, in June 2023, Pavlodar refinery recovered a provision accrued in 2022 in the amount of 28,187 million tenge and recognized in other operating income (*Note 30*).

**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, 2021. 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, 2023, the Group's largest oil refineries: Atyrau and Pavlodar Oil Refineries recognized a provision in the amount of 39,271 million tenge (*Note 30*), 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Environmental audits**

The Atyrau Region Department of Ecology of the Environmental Regulation and Supervision Committee at the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan (hereinafter referred to as the “Department of Ecology”) undertook an inspection of the onshore facilities of North Caspian Operating Company N.V., which is the operator under the Production Sharing Agreement for the North Caspian Sea (hereinafter referred to as the “Operator”). Based on the results of the inspection, the Operator was issued an order to rectify violations. One of the specific issues highlighted pertains to the overstocking of sulfur in the amount of 1,020 thousand tons.

The Operator did not agree with the inspection results and hence, filed an administrative lawsuit to dispute the aforementioned order. On June 14, 2023, the Specialized Inter-District Administrative Court of Astana made a ruling in favour of the Operator in relation to the disputed sulfur storage. On February 27, 2024 the SIAC of Astana considered the appeal from the Department of Ecology and ruled against the Operator. This ruling will be appealed in the Supreme Court. 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, 2023 no provisions pertaining to this inspection have been recognized by the Group.

**Cost recovery audits**

Kashagan 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 Kashagan and KMG Karachaganak LLP) have a number of disputes concerning the application of certain PSA and FPSA provisions, which are subject to arbitration and expert determination under the PSA and FPSA. The Contractors consider that they have acted in accordance with the PSA and FPSA, the RK laws and applicable standards and best practices. As of December 31, 2023, the Republic of Kazakhstan and the Contractors have appointed their arbitrators.

**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 2023, in accordance with its obligations, the Group delivered to the Kazakhstan market 7,619 thousand tons of crude oil, including its share in the joint ventures and associates in the total volume of 2,639 thousand tons (2022: 7,951 thousand tons, including its share in the joint ventures and associates of 3,044 thousand tons).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****36. CONTINGENT LIABILITIES AND COMMITMENTS (continued)****Commitments under subsoil use contracts**

As at December 31, 2023, 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:

<i>In millions of tenge</i>	<b>Capital expenditures, including joint ventures and associates</b>	<b>Capital expenditures of joint ventures and associates</b>	<b>Operational expenditures, including joint ventures and associates</b>	<b>Operational expenditures of joint ventures and associates</b>
<b>Year</b>				
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
2028-2049	340,207	7,316	41,345	13,567
<b>Total</b>	<b>1,582,538</b>	<b>57,916</b>	<b>179,176</b>	<b>119,870</b>

As at December 31, 2022 commitments (net of VAT) under subsoil use contracts included:

<i>In millions of tenge</i>	<b>Capital expenditures, including joint ventures and associates</b>	<b>Capital expenditures of joint ventures and associates</b>	<b>Operational expenditures, including joint ventures and associates</b>	<b>Operational expenditures of joint ventures and associates</b>
<b>Year</b>				
2023	314,158	15,136	80,598	76,125
2024	223,085	7,513	14,328	9,804
2025	306,900	7,930	14,803	10,206
2026	339,652	8,434	14,927	10,368
2027-2048	230,333	9,766	31,573	11,225
<b>Total</b>	<b>1,414,128</b>	<b>48,779</b>	<b>156,229</b>	<b>117,728</b>

**Oil supply commitments**

As of December 31, 2023, Kashagan had commitments under the oil supply agreements in the total amount of 3.0 million tons (December 31, 2022: 4.5 million tons). The monetary equivalent is determined based on the market prices at the moment of realization.

**Other contractual commitments**

As at December 31, 2023, the Group, had other capital commitments related to acquisition and construction of long-lived assets of approximately 166,049 million tenge, net of VAT, including its share in joint ventures commitments of 15,465 (as at December 31, 2022: 240,794 million tenge, net of VAT, including its share in joint ventures commitments of 13,346 million tenge).

As at December 31, 2023, the Group had commitments in the total amount of 93,919 million tenge (as at December 31, 2022: 152,824 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, 2023 and 2022, 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, 2023 and 2022, 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****37. 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 9* to the consolidated financial statements.

As at December 31, 2023 and 2022 disaggregated revenue mainly represents sales and services made to the external parties by the following operating segments:

December 31, 2023						
<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
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	145,676	1,668	155,322	368,297
<b>Total</b>	<b>909,768</b>	<b>267,002</b>	<b>6,144,902</b>	<b>830,668</b>	<b>167,203</b>	<b>8,319,543</b>

December 31, 2022 (restated)						
<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	668,270	–	3,925,701	–	–	4,593,971
Sales of refined products	4,334	–	2,577,156	775,804	12,566	3,369,860
Refining of oil and oil products	–	–	204,390	–	–	204,390
Oil transportation services	–	184,042	1,493	1,810	188	187,533
Other revenue	25,318	46,324	122,484	1,451	141,750	337,327
<b>Total</b>	<b>697,922</b>	<b>230,366</b>	<b>6,831,224</b>	<b>779,065</b>	<b>154,504</b>	<b>8,693,081</b>

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 18*) are located in the following countries:

<i>In millions of tenge</i>	2023	2022 (restated)
Kazakhstan	6,627,783	6,320,568
Other countries	553,423	673,433
	<b>7,181,206</b>	<b>6,994,001</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****37. 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:

<i>In millions of tenge</i>	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	6,144,902	830,668	167,203	–	8,319,543
Revenues from sales to other segments	1,415,539	165,242	180,601	81,526	145,221	(1,988,129)	–
<b>Total revenue</b>	<b>2,325,307</b>	<b>432,244</b>	<b>6,325,503</b>	<b>912,194</b>	<b>312,424</b>	<b>(1,988,129)</b>	<b>8,319,543</b>
Cost of purchased oil, gas, petroleum products and other materials	(47,394)	(19,317)	(5,434,580)	(544,457)	(44,376)	1,468,243	(4,621,881)
Production expenses	(534,569)	(252,477)	(395,067)	(212,249)	(244,880)	419,520	(1,219,722)
Taxes other than income tax	(424,909)	(19,181)	(17,673)	(122,151)	(10,166)	–	(594,080)
Transportation and selling expenses	(191,482)	(10,514)	(99,055)	(10,505)	–	66,031	(245,525)
General and administrative expenses	(43,104)	(17,453)	(56,193)	(50,932)	(24,992)	14,882	(177,792)
Share in profit of joint ventures and associates, net	356,257	85,161	70,926	–	21,833	–	534,177
<b>EBITDA</b>	<b>1,440,106</b>	<b>198,463</b>	<b>393,861</b>	<b>(28,100)</b>	<b>9,843</b>	<b>(19,453)</b>	<b>1,994,720</b>
<b>EBITDA, %</b>	<b>72%</b>	<b>10%</b>	<b>20%</b>	<b>(1%)</b>	<b>–</b>	<b>(1%)</b>	
Depreciation, depletion and amortization	(415,759)	(39,611)	(132,971)	(3,549)	(9,314)	–	(601,204)
Finance income	16,904	10,701	38,305	120,971	16,157	(55,793)	147,245
Finance costs	(28,780)	(8,774)	(116,256)	(193,272)	(6,952)	31,961	(322,073)
Impairment of property, plant and equipment, intangible assets and exploration expenses	(130,502)	(1,658)	(100,809)	–	2,389	–	(230,580)
Income tax expenses	(154,885)	(9,307)	(36,969)	(67,780)	(1,407)	–	(270,348)
<b>Profit/(loss) for the year from continuing operations</b>	<b>218,275</b>	<b>35,510</b>	<b>79,165</b>	<b>662,071</b>	<b>(11,719)</b>	<b>(58,841)</b>	<b>924,461</b>
<b>Other segment information</b>							
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)	(50,362)	(35,150)	(10,850)	–	(118,213)
<b>Assets of the segment</b>	<b>11,568,853</b>	<b>1,475,597</b>	<b>3,093,384</b>	<b>1,863,189</b>	<b>428,372</b>	<b>(1,486,683)</b>	<b>16,942,712</b>
<b>Liabilities of the segment</b>	<b>1,627,121</b>	<b>370,240</b>	<b>1,844,841</b>	<b>4,549,994</b>	<b>136,991</b>	<b>(1,980,872)</b>	<b>6,548,315</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****37. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for 2022 and assets and liabilities as at December 31, 2022 of operating segments of the Group:

<i>In millions of tenge</i>	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*	697,922	230,366	6,831,224	779,065	154,504	–	8,693,081
Revenues from sales to other segments*	1,569,854	151,266	154,147	82,486	125,585	(2,083,338)	–
<b>Total revenue*</b>	<b>2,267,776</b>	<b>381,632</b>	<b>6,985,371</b>	<b>861,551</b>	<b>280,089</b>	<b>(2,083,338)</b>	<b>8,693,081</b>
Cost of purchased oil, gas, petroleum products and other materials*	(39,249)	(18,645)	(6,007,073)	(471,008)	(38,972)	1,614,771	(4,960,176)
Production expenses*	(470,203)	(211,538)	(433,634)	(189,323)	(218,212)	378,669	(1,144,241)
Taxes other than income tax*	(534,565)	(17,376)	(15,358)	(100,782)	(9,840)	–	(677,921)
Transportation and selling expenses*	(166,841)	(15,212)	(78,555)	(9,415)	–	64,671	(205,352)
General and administrative expenses*	(32,854)	(17,123)	(51,531)	(30,453)	(30,682)	2,164	(160,479)
Share in profit of joint ventures and associates, net*	819,011	136,499	57,587	–	(21,787)	–	991,310
<b>EBITDA*</b>	<b>1,843,075</b>	<b>238,237</b>	<b>456,807</b>	<b>60,570</b>	<b>(39,404)</b>	<b>(23,063)</b>	<b>2,536,222</b>
<b>EBITDA, %*</b>	<b>73%</b>	<b>9%</b>	<b>18%</b>	<b>3%</b>	<b>(2%)</b>	<b>(1%)</b>	
Depreciation, depletion and amortization*	(308,695)	(44,760)	(141,362)	(2,820)	(9,263)	–	(506,900)
Finance income*	556,187	4,212	19,747	137,177	16,776	(613,496)	120,603
Finance costs*	(28,673)	(6,908)	(127,869)	(717,341)	(5,972)	578,708	(308,055)
Impairment of property, plant and equipment, intangible assets and exploration expenses*	(11,653)	472	(9,682)	–	946	–	(19,917)
Income tax expenses*	(307,826)	(53,133)	(80,692)	(49,215)	(1,511)	–	(492,377)
<b>Profit/(loss) for the year from continuing operations*</b>	<b>1,474,001</b>	<b>42,027</b>	<b>30,477</b>	<b>(168,543)</b>	<b>(39,315)</b>	<b>(32,087)</b>	<b>1,306,560</b>
<b>Other segment information</b>							
Investments in joint ventures and associates	4,179,880	582,862	102,569	–	82,092	–	4,947,403
Capital expenditures*	321,014	68,276	111,714	17,678	16,283	–	534,965
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	(6,197)	(10,966)	(47,786)	(28,912)	(9,066)	–	(102,927)
<b>Assets of the segment</b>	<b>11,637,703</b>	<b>1,373,621</b>	<b>3,004,932</b>	<b>1,445,989</b>	<b>386,151</b>	<b>(1,191,506)</b>	<b>16,656,890</b>
<b>Liabilities of the segment</b>	<b>1,427,150</b>	<b>311,632</b>	<b>1,988,310</b>	<b>4,584,712</b>	<b>120,799</b>	<b>(1,643,139)</b>	<b>6,789,464</b>

\* Certain numbers shown here do not correspond to the consolidated financial statements for the year ended December 31, 2021 and reflect adjustments made, refer to Note 7.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**38. SUBSEQUENT EVENTS*****Loss of control over the subsidiary***

On February 21, 2024, KMG signed a purchase and sale agreement with PJSC Tatneft, a third party, for a sale of 50% shares of Karaton Operating Ltd., a wholly owned subsidiary of KMG, for cash consideration of 18.2 million US dollars (equivalent to 8,255 million tenge on the date of disposal of the subsidiary). As a result, the Group lost control over the subsidiary and recognized investment in joint venture.

***Dividends received***

On March 12, 2024, the Company received dividends from TCO, the joint venture, of 85 million US dollars (equivalent to 38,191 million tenge).

**“National Company “KazMunayGas” JSC**

**Separate financial statements**

*For the year ended December 31, 2023  
with independent auditor's report*

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Independent auditor’s report

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## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

<i>In millions of tenge</i>	Note	For the years ended December 31,	
		2023	2022
Revenue from contracts with customers	8	<b>898,847</b>	840,128
Cost of sales	9	<b>(855,680)</b>	(728,919)
<b>Gross profit</b>		<b>43,167</b>	111,209
General and administrative expenses	10	<b>(55,637)</b>	(34,279)
Transportation and selling expenses	11	<b>(18,914)</b>	(18,836)
Loss on impairment of investments in subsidiaries	16	<b>(40,343)</b>	(85,945)
Loss on impairment and disposal of exploration and evaluation assets	15	<b>(40,512)</b>	(3,171)
Finance income	12	<b>120,971</b>	123,618
Finance costs	12	<b>(193,272)</b>	(717,341)
Share in profit and loss of subsidiaries	13	<b>584,830</b>	1,160,486
Share in profit and loss of joint ventures and associates	14	<b>491,011</b>	888,901
Gain/(loss) on sale of subsidiaries and joint ventures	5, 16, 17	<b>186,135</b>	(1,040)
Foreign exchange gain/(loss), net		<b>28,757</b>	(139,531)
Other income		<b>5,447</b>	4,840
Other expenses		<b>(12,335)</b>	(8,650)
<b>Profit before income tax</b>		<b>1,099,305</b>	1,280,261
Income tax expense	25	<b>(34,404)</b>	(162,546)
<b>Profit for the year</b>		<b>1,064,901</b>	1,117,715

*The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.*



## SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

<i>In millions of tenge</i>	<b>Note</b>	<b>For the years ended December 31</b>	
		<b>2023</b>	<b>2022</b>
<b>Profit for the year</b>		<b>1,064,901</b>	<b>1,117,715</b>
<b>Other comprehensive income/(loss)</b>			
<i>Other comprehensive (loss)/income for the year to be reclassified to profit or loss in subsequent periods</i>			
Hedging effect of subsidiaries	16	<b>849</b>	(11,872)
Exchange differences on translation of foreign operations	16, 17	<b>(216,378)</b>	572,548
Tax effect	25	<b>11,101</b>	(36,525)
<b>Other comprehensive (loss)/income for the year to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>(204,428)</b>	<b>524,151</b>
<i>Other comprehensive (loss)/income for the year not to be reclassified to profit or loss in subsequent periods</i>			
Share in income of subsidiaries from revaluation of actuarial liabilities on defined benefit plans	16	<b>331</b>	9,367
Share in (loss)/income of subsidiary and joint venture from fair value adjustments to the carrying amount of equity instruments, classified as financial assets at fair value through other comprehensive income	16, 17	<b>(3,182)</b>	3,157
Share in actuarial gain/(loss) on defined benefit plans of subsidiaries, net of tax		<b>643</b>	(19)
Tax effect		<b>(321)</b>	(105)
<b>Net other comprehensive (loss)/income for the year not to be reclassified to profit or loss in subsequent periods, net of tax</b>		<b>(2,529)</b>	<b>12,400</b>
<b>Net other comprehensive (loss)/income for the year, net of tax</b>		<b>(206,957)</b>	<b>536,551</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>857,944</b>	<b>1,654,266</b>

Deputy Chairman of the Management Board

*D.A. Aryssova*

Chief accountant

*A.S. Yesbergenova*

*The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.*

## SEPARATE STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

In millions of tenge	Note	As at December 31	
		2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	15	12,596	25,284
Property, plant and equipment		21,875	21,336
Investment property		22,123	20,544
Intangible assets		13,866	12,885
Investments in subsidiaries	16	11,388,887	11,134,077
Investments in joint ventures and associates	17	4,342,921	4,523,406
Other non-current non-financial assets		9,126	964
Loans due from related parties	26	332,411	151,844
Other non-current financial assets	5	13,860	–
Long-term bank deposits	18	504	731
Deferred tax asset	25	18,958	–
		16,177,127	15,891,071
<b>Current assets</b>			
Inventories		24,475	21,340
Trade accounts receivables	19	92,114	87,228
VAT receivable		3,318	6,457
Income tax prepaid		740	531
Other current non-financial assets	19	17,555	24,952
Loans due from related parties	26	128,732	194,662
Dividends receivable from subsidiaries and joint ventures	26	24,202	320
Other current financial assets	19	19,061	6,454
Short-term bank deposits	18	511,126	723,669
Cash and cash equivalents	20	596,546	146,787
		1,417,869	1,212,400
<b>Total assets</b>		<b>17,594,996</b>	<b>17,103,471</b>

*The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.*

**SEPARATE STATEMENT OF FINANCIAL POSITION (continued)**

In millions of tenge	Note	As at December 31	
		2023	2022
<b>Equity</b>			
Share capital	21	916,541	916,541
Additional paid-in capital		1,136	1,136
Other capital reserves		(7,272)	(8,774)
Foreign currency translation reserve		4,397,040	4,602,317
Fair value reserve of financial assets at fair value through other comprehensive income		9,504	12,686
Retained earnings		7,156,774	6,379,096
<b>Total equity</b>		<b>12,473,723</b>	<b>11,903,002</b>
<b>Non-current liabilities</b>			
Borrowings and bonds	22	3,053,528	3,236,701
Provisions	21	17,925	–
Deferred tax liabilities	25	571,920	616,545
		<b>3,643,373</b>	<b>3,853,246</b>
<b>Current liabilities</b>			
Trade accounts payable	24	55,516	55,812
Borrowings and bonds	22	1,173,718	1,130,745
Loan commitment	26	102,204	–
Financial guarantee obligations	23	13,340	29,190
Income tax payable		751	–
Other current financial liabilities	24	111,452	111,968
Other current non-financial liabilities	24	20,919	19,508
		<b>1,477,900</b>	<b>1,347,223</b>
<b>Total equity and liabilities</b>		<b>17,594,996</b>	<b>17,103,471</b>

Deputy Chairman of the Management Board

*D.A. Aryssova*

Chief accountant

*A.S. Yesbergenova*

*The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.*

## SEPARATE STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

In millions of tenge	Note	For the years ended December 31	
		2023	2022
<b>Cash flows from operating activities</b>			
Receipts from customers		992,610	934,566
Dividend received from subsidiaries, joint ventures and associates	16, 17	708,425	423,995
Interest received on loans due from related parties		10,569	6,163
Interest received on bank deposits		48,184	13,240
Payments to suppliers of goods and services		(976,935)	(810,980)
Salary payments and other employee's costs		(8,434)	(8,776)
Interest paid	22	(172,358)	(155,074)
Income tax paid		(2,114)	(500)
Other taxes and payments to the budget		(24,555)	(24,979)
Other payments		(11,350)	(3,077)
<b>Net cash flows from operating activities</b>		<b>564,042</b>	<b>374,578</b>
<b>Cash flows from investing activities</b>			
Placement of bank deposits		(797,194)	(1,166,541)
Withdrawal of bank deposits		991,458	848,078
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(56,298)	(16,159)
Acquisition of subsidiary	6, 16	(164,349)	–
Contributions to share capital of subsidiaries and joint ventures	16, 17	(75,949)	(43,935)
Loans given to related parties		(436,544)	(124,378)
Proceeds from sale of exploration and evaluation assets		196	–
Proceeds from loans due from related parties		125,164	115,158
Proceeds from sale of investments in subsidiaries	5	94,644	–
Proceeds from return of investments in subsidiaries	16	522,403	59,500
Contribution to share capital of Cooperative KMG U.A.*	7	–	(751,631)
Acquisition of notes of the National Bank of RK	26	(265,047)	(87,000)
Redeem of notes of the National Bank of RK	26	335,047	17,000
<b>Net cash flows from/(used) in investing activities</b>		<b>273,531</b>	<b>(1,149,908)</b>

*The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.*

**SEPARATE STATEMENT OF CASH FLOWS (continued)**

<i>In millions of tenge</i>	<b>Note</b>	<b>For the years ended December 31</b>	
		<b>2023</b>	<b>2022</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings and bonds	22	<b>152,106</b>	826,357
Redemption of bonds	22	<b>(227,520)</b>	–
Dividends paid	21	<b>(300,002)</b>	(199,997)
Other operations	21	<b>(8,962)</b>	–
Other payments		<b>(109)</b>	(158)
<b>Net cash flows (used)/from financing activities</b>		<b>(384,487)</b>	626,202
Effects of exchange rate changes on cash and cash equivalents		<b>(3,318)</b>	10,880
Change in allowance for expected credit losses		<b>(9)</b>	131
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>449,759</b>	(138,117)
Cash and cash equivalents, at the beginning of the year		<b>146,787</b>	284,904
<b>Cash and cash equivalents, at the end of the year</b>		<b>596,546</b>	146,787

\* Contribution to share capital of Cooperative KMG U.A. amounted to 751,631 million tenge, which was subsequently offset by the Company against the debt of Cooperative KMG U.A. to Samruk-Kazyna (Note 7).

Deputy Chairman of the Management Board

\_\_\_\_\_  
D.A. Arysova

Chief accountant

\_\_\_\_\_  
A.S. Yesbergenova

*The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.*

## SEPARATE STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

<i>In millions of tenge</i>	Share capital	Additional paid-in capital	Other capital reserves	Currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>At January 1, 2022</b>	916,541	1,136	(6,145)	4,066,294	9,529	3,346,888	8,334,243
Net income for the year	–	–	–	–	–	1,117,715	1,117,715
Other comprehensive income	–	–	(2,629)	536,023	3,157	–	536,551
<b>Total comprehensive income</b>	–	–	(2,629)	536,023	3,157	1,117,715	1,654,266
Dividends (Note 21)	–	–	–	–	–	(199,997)	(199,997)
Transactions with Samruk-Kazyna (Note 21)	–	–	–	–	–	385,997	385,997
Distributions to Samruk-Kazyna (Note 21)	–	–	–	–	–	(10,199)	(10,199)
Acquisition of Kashagan (Note 7)	–	–	–	–	–	1,777,076	1,777,076
Acquisition of subsidiary (Note 7)	–	–	–	–	–	25,250	25,250
Acquisition of joint ventures (Note 7)	–	–	–	–	–	(63,634)	(63,634)
<b>At December 31, 2022</b>	<b>916,541</b>	<b>1,136</b>	<b>(8,774)</b>	<b>4,602,317</b>	<b>12,686</b>	<b>6,379,096</b>	<b>11,903,002</b>

The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.

**SEPARATE STATEMENT OF CHANGES IN EQUITY (continued)**

<i>In millions of tenge</i>	Share capital	Additional paid-in capital	Other capital reserves	Currency translation reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>At January 1, 2023</b>	<b>916,541</b>	<b>1,136</b>	<b>(8,774)</b>	<b>4,602,317</b>	<b>12,686</b>	<b>6,379,096</b>	<b>11,903,002</b>
Net income for the year	–	–	–	–	–	1,064,901	1,064,901
Other comprehensive loss	–	–	1,502	(205,277)	(3,182)	–	(206,957)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>1,502</b>	<b>(205,277)</b>	<b>(3,182)</b>	<b>1,064,901</b>	<b>857,944</b>
Dividends (Note 21)	–	–	–	–	–	(300,002)	(300,002)
Transactions with Samruk-Kazyna (Notes 16 and 21)	–	–	–	–	–	30,824	30,824
Distributions to Samruk-Kazyna (Note 21)	–	–	–	–	–	(18,045)	(18,045)
<b>At December 31, 2023</b>	<b>916,541</b>	<b>1,136</b>	<b>(7,272)</b>	<b>4,397,040</b>	<b>9,504</b>	<b>7,156,774</b>	<b>12,473,723</b>

Deputy Chairman of the Management Board

\_\_\_\_\_  
D.A. Arysova

Chief accountant

\_\_\_\_\_  
A.S. Yesbergenova

*The accounting policies and explanatory notes on pages 9-52 form an integral part of these separate financial statements.*

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS****For the year ended December 31, 2023**

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**1. GENERAL**

Joint stock company “National Company “KazMunayGas” (the Company or KMG) is oil and gas enterprise of the Republic of Kazakhstan (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 Republic of Kazakhstan dated February 20, 2002 and the resolution of the Government of the RK (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” (Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna.

On August 7, 2015, the National Bank of 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 and the Kazakhstan Stock Exchange (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, 2023, the Company has interest in 61 operating companies (as of December 31, 2022: 59).

The Company has its registered office in the RK, Astana, Dinmukhamed Kunayev, 8.

The principal activity of the Company 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.

These separate financial statements of the Company were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on March 26, 2024.

These separate financial statements of the Company have been issued in addition to the consolidated financial statements of the Company and its subsidiaries for the same reporting period. The consolidated financial statements of the Company were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on March 12, 2024. The consolidated financial statements can be obtained on the Company’s official website or in the Company’s office.

**2. BASIS OF PREPARATION**

These separate financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the Notes to these separate financial statements. All values in these separate financial statements are rounded to the nearest millions, except when otherwise indicated.

**Statement of compliance**

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

The preparation of the separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policy. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these separate financial statements are disclosed in *Note 4*.

In course of preparation of these separate financial statements the Company’s management considered the current international economic and geopolitical environment. The separate financial statements were prepared on a going concern basis.



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

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**2. BASIS OF PREPARATION (continued)****Going concern principle**

These separate financial statements have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future.

Negative working capital in the amount of 60,031 million tenge as of December 31, 2023 was formed mainly from loans, including loans received from related parties (December 31, 2022: 134,823 million tenge).

The amount of short-term loans as at December 31, 2023 includes loan received from “KazMunayGas” Exploration Production” JSC (KMG EP), a subsidiary of the Company, in the amount of 1,141,769 million tenge (*Note 22*). This loan is planned to be repaid in 2024 due to with the Company’s decision to voluntarily liquidate KMG EP.

The Company does not expect difficulties in meeting its debt obligations or breach of contractual obligations. Even under the worst-case scenario of loss of budgeted income and including unavoidable expenses, the Company will be able to repay debt in 2024 in accordance with the agreed payment schedule using available cash, deposits in bank accounts available to support operations, and amounts received on loans issued.

As a result, Management believes that the Company will be able to continue as a going concern in the foreseeable future.

**Foreign currency translation***Functional and presentation currency*

The separate financial statements are presented in Kazakhstan tenge, 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 prevailing 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 separate statement of comprehensive income in profit or loss.

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.

*Exchange rates*

Weighted average currency exchange rates established by KASE are used as official currency exchange rates in the RK.

The currency exchange rate of KASE as at December 31, 2023 was 454.56 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in United States dollars (US dollar) as at December 31, 2023 (2022: 462.65 tenge to 1 US dollar). The currency exchange rate of KASE as at March 26, 2024 was 450.07 tenge to 1 US dollar. For the year ended December 31, 2023, the Company had a net foreign exchange gain of 28,757 million tenge due to fluctuations in foreign exchange rates to tenge.

**3. MATERIAL ACCOUNTING POLICY INFORMATION****New and amended standards and interpretations**

The accounting policies adopted in the preparation of the separate financial statements are consistent with those followed in the preparation of the Company’s annual separate financial statements for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023.

The Company 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 2023, but do not have an impact on the separate financial statements of the Company.

The Company presented only the list of standards effective and applicable for the Company.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

##### *IFRS 17 Insurance Contracts*

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

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

The amendments had no significant impact on the Company’s separate financial statements.

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

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Company’s separate financial statements.

##### *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company’s financial statements.

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

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company’s separate financial statements.

##### *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 amendments had no impact on the Company’s separate financial statements.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

##### *Standards issued but not yet effective*

There are new pronouncements issued as at 31 December 2023:

- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements* (issued on 25 May 2023);
- Amendments to IAS 1 *Presentation of Financial Statements: classification of Liabilities as Current or Noncurrent* (issued on 23 January 2020), *deferral of effective date of classification of Liabilities as Current or Noncurrent* (issued on 15 July 2020), *non-current Liabilities with Covenants* (issued on 31 October 2022);
- Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022);
- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on 15 August 2023).

Amendments above will not have an impact on the separate financial statements of the Company.

#### Business combinations

##### *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 separate financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. Any difference between the total book value of net assets and the consideration paid is accounted for in the separate financial statements as an adjustment to equity.

##### *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 Company's share in the assets and liabilities of the joint ventures and associates transferred under common control is recorded in the separate financial statements at the carrying amounts of the transferring entity (the Predecessor) at the date of the transfer. The difference between the Company's share in the total book value of net assets and the consideration paid is accounted for in the separate financial statements as an adjustment to equity.

#### Segment reporting

Operating segments at the consolidated level are determined based on the type of the produced goods and services provided in different markets. For management purposes, the Company has three main operating segments: “Exploration and production of oil and gas”, “Oil transportation”, and “Refining and trading of crude oil and refined products”. The Management Board is the Chief Operating Decision Maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment disclosures are presented in *Note 37* to the consolidated financial statements for the year ended December 31, 2023 in accordance with IFRS 8.

#### Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in a subsidiary, a joint venture or an associate is initially recognized at cost.

The separate statement of comprehensive income reflects the Company's share of the financial results of a subsidiary, a joint venture or an associate. Changes in other comprehensive income of such investment objects are included in other comprehensive income of the Company. In addition, when there has been a change directly recognized in the equity of the subsidiary, joint venture or associate, the Company recognizes its share of any changes, when applicable, in the separate statement of changes in equity.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Investments in subsidiaries, associates and joint ventures (continued)

The financial statements of subsidiaries, joint ventures and associates are prepared for the same reporting period as the separate financial statements of the Company. If necessary, adjustments are made to bring the accounting policy of subsidiaries, joint ventures and associates in compliance with the accounting policy of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an additional impairment loss on its investment in a subsidiary, a joint venture or an associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary, joint venture or associate is impaired. If there is such evidence, the Company calculates the amount of the impairment as the difference between the recoverable amount of the subsidiary, joint venture or associate and its carrying value, and then recognizes that amount in a separate statement of comprehensive income.

In accordance with IFRS 3 and IFRS 10, upon loss of control over the subsidiary, joint control over the joint venture or significant influence over the associate, the Company measures and recognizes any retained investments at its fair value. Any difference between the carrying amount of the investment in the subsidiary, joint venture or associate upon loss of control, joint control or significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss in the period when loss of control occurs.

Donated assets to subsidiaries, joint ventures and associated, as investments, are initially recognized at fair value.

#### Oil and natural gas exploration and development expenditures

##### *The costs incurred before obtaining subsoil use right (licenses)*

Costs incurred before obtaining full subsoil use rights (licenses) are expensed in the period in which they are incurred. Costs incurred after signing preliminary agreements with the Government, are capitalised.

##### *Subsoil use rights acquisition costs*

Subsoil use rights acquisition costs are capitalised and classified as intangible assets. Each property under exploration and evaluation 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 current 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 exploration assets as development costs.

##### *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 are capitalised 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 intangible or tangible 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 field. When this is no longer the case, the assets are written off.

When proved reserves of hydrocarbons are determined and development is sanctioned, the relevant expenditure is transferred to oil and gas development assets after impairment is assessed and any resulting impairment loss is recognized.

When this is no longer the case, and the Company decides to relinquish the contract territory to the Government and terminate the subsoil use contract, the assets are written off.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Oil and natural gas exploration and development expenditures (continued)

##### *Development costs*

Costs of construction, installation or completion of infrastructure facilities such as platforms, pipelines and drilling of producing wells, including non-producing development wells or delineation wells, are capitalised within oil and gas development assets.

##### *Borrowing costs*

As the future economic benefits from exploration and evaluation assets are not probable, the Company does not capitalise borrowing costs into the cost of exploration and evaluation assets.

#### **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. Intangible assets acquired 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.

Intangible assets 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 and licenses 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.

#### **Property, plant and equipment**

Property, plant and equipment are initially recognized 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.

Depreciated on a straight-line basis over the expected remaining useful average lives as follows:

Buildings and improvements	2-100 years
Machinery and equipment	3-30 years
Other	2-20 years
Land	Not depreciated

Derecognition of previously recognized property, plant and equipment or their significant component occurs when they are disposed of or if no economic benefits are expected in the future from the use or disposal of these assets. Income or expense arising from the derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) are included in the profit and loss for the reporting year in which the asset was derecognized.

The residual value, useful life and depreciation methods for fixed assets are analysed at the end of each annual reporting period and, if necessary, adjusted on a prospective basis.

#### **Investment properties**

Investment property is initially measured at cost. Transaction costs shall be included in the initial cost.

After initial recognition, investment property is accounted for in accordance with the cost model.

The calculation of depreciation and provision for impairment of investment property is similar to the calculation as for property, plant and equipment.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Investment properties (continued)

The Company transfers a property to or from a category of investment property if and only if there is a change in the nature of its use. Examples of evidence of a change in usage patterns include the following:

- When the Company commences the use of the property previously leased out under operating leases or property held for unidentified use for its own purposes – for cases when investment property is transferred to property occupied by the owner;
- When the Company commences the redevelopment of property with a review for subsequent sale – for cases when investment property is transferred to the property inventory;
- When operating lease contract has been signed with a lessee – for cases when the assets is transferred from the property occupied by owner to the investment property category.

The transfer of assets in the categories of “investment property”, “property occupied by the owner” and “property inventory” does not lead to a change in the book value of assets.

#### Impairment of exploration and evaluation assets

Exploration and evaluation assets are tested for impairment when reclassified to development tangible or intangible oil and gas assets or whenever facts and circumstances indicate impairment of those assets.

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

- The period for which the Company has the right to explore and evaluate 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 Company 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.

#### 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 Company’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, 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 Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at 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 on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, 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 Company commits to purchase or sell the asset.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Financial assets (continued)

##### *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 Company does not have financial assets at fair value through other comprehensive income.

##### *Derecognition*

A financial asset is primarily derecognized (removed from the separate statement of financial position) when:

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

##### *Impairment of financial assets*

The Company recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). 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 expected credit losses).

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Inventories

Inventories are stated at the lower of cost and net realisable 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 realisable 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.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash on demand deposits, other short-term highly liquid investments 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 and borrowings and payables, financial guarantee contracts, or as derivatives financial instruments.

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

The Company's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

##### *Trade and other payables*

After initial recognition trade and other payables are recognized at amortized cost using the effective interest rate. Gain and losses from such financial liabilities are recognized in profit or loss on derecognition and as depreciation is charged using the effective interest rate.

##### *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 separate statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. Amortized cost is calculated by taking into account any discount or premium on initial recognition and fee or costs that are an integral part of the effective interest rate method. The effective interest rate method amortization is included in finance costs in the separate statement of comprehensive income.

##### *Financial guarantee contracts*

Financial guarantee contracts issued by the Company 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 amount initially recognized less cumulative amortization recognized in the profit or loss, and the expected credit losses provision.

##### *Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss within the separate statement of comprehensive income in profit or loss.

#### Provisions

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



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

#### Provisions (continued)

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.

#### Revenue recognition

Revenues are recognized when (or as) the Company 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 petroleum products are usually recognized when title passes. For export sales, title generally passes at the border. 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.

#### *Trade receivables*

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

#### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

#### Expense recognition

Expenses are recognized as incurred and are reported in the separate financial statements in the period to which they relate on an accrual basis.

#### *Interest and similar income and expenses*

For all financial instruments measured at amortized, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. Interest income is included in finance income and interest expense is included in finance costs in the separate statement of comprehensive income.

#### Income taxes

Income tax for the year comprises current income tax, alternative 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 statement of comprehensive income.

Alternative excess profit tax (AEPT) is treated as an income tax and forms part of income tax expense. In accordance with the applicable tax legislation, the Company accrues and pays EPT 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 AEPT is 1.25:1. AEPT rates are applied to the part of the taxable income (taxable income for AEPT and allowable adjustments) related to each subsoil use contract.

Deferred tax is calculated with respect to both CIT and AEPT. Deferred AEPT is calculated on temporary differences for assets allocated to subsoil use contracts at the expected rate of AEPT 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.

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

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**3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)****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. Information on dividends are disclosed when they are declared after the reporting date but before the separate financial statements are authorized for issue.

*Distributions to the Shareholder*

Expenditures incurred by the Company based on the respective resolution of the Government based on the RK President's charge or decision and instructions of Samruk-Kazyna are accounted for as other distributions through equity. Such expenditures include costs associated with non-core activity of the Company and incurred with the aim of creating assets or purchasing services for transferring to Samruk-Kazyna (construction of social assets or reimbursement of other expenses of Samruk-Kazyna).

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Company's separate 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.

**Taxation**

In assessing tax risks, management considers as probable obligations the known areas of non-compliance with tax legislation, which the Company cannot appeal or does not believe it could successfully appeal, if additional taxes are charged 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 in terms of taxation of Company's subsoil use contracts, the determination of expected outcomes from pending tax proceedings and the outcome of ongoing compliance audits by tax authorities.

**Deferred tax assets**

Deferred tax assets are recognized for all allowances and unused tax losses to the extent that it is probable that taxable profit will be available against which deferred tax assets may be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at December 31, 2023 unrecognized deferred tax assets amounted to 531,927 million tenge (2022: 564,444 million tenge) (*Note 25*).

**Fair value of financial instruments**

Where the fair value of financial assets and financial liabilities recorded in the separate 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 judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the fair value of financial instruments reported in the separate financial statements. Detailed information is disclosed in *Note 27*.

**Recoverability of investments in subsidiaries, joint ventures and associates**

The Company assesses, at each reporting date, whether there is an indication that investments in subsidiaries, joint ventures and associates may be impaired. 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 investment exceeds its recoverable amount, the investment is considered to be impaired and is written down to its recoverable amount.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)****Recoverability of investments in subsidiaries, joint ventures and associates (continued)**

In assessing recoverable amount 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 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

As at December 31, 2023 and 2022 the Company performed its annual impairment tests of investments in subsidiaries, joint ventures and associates due to existence of impairment indicators. As a result of the impairment analysis of the recoverable amount of investments in subsidiaries, joint ventures and associates impairment charges were recognized in the separate financial statements for the year ended December 31, 2023 and 2022 (*Notes 16 and 17*).

**Impairment of exploration and evaluation assets**

Exploration and evaluation assets are tested by the Company for impairment when reclassified to development tangible and intangible oil and gas assets or whenever facts and circumstances indicate impairment of these assets. Impairment loss is recognized at the amount by which the current amount of exploration and evaluation assets exceeds its recoverable amount. The recoverable amount is determined as the greater of: fair value of exploration and evaluation assets less selling costs and value in use.

**5. LOSS OF CONTROL****KALAMKAS-KHAZAR OPERATING LLP (“KKO”)**

On February 7, 2023, the Company created the KKO, 100% subsidiary. On February 9, 2023, the Company and Lukoil PJSC signed a purchase and sale agreement for a 50% share of KKO, 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 Company lost control over KKO.

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 Company recognized this Additional consideration as a financial asset measured at fair value through profit or loss. As at December 31, 2023, the fair value of this Additional consideration was 30 million US dollars (equivalent to 13,860 million tenge), that was recognised within other non-current financial assets.

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 at the date of loss of control is 93,258 million tenge.

<b>Carrying value of investments at the date of loss of control</b>	<b>14,445</b>
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 ( <i>Note 17</i> )	93,258
<b>Gain from disposal of subsidiary</b>	<b>186,225</b>

**6. ACQUISITION****Acquisition Dunga Operating GmbH**

On October 9, 2023 the Company 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. The base consideration comprises of 358.5 million US dollars (equivalent to 165,913 million tenge). The agreement contains certain closing conditions, which were met on October 30, 2023 and on November 20, 2023, the transaction was completed after the re-registration of shares to the Company. The Company has obtained control over Dunga Operating GmbH and recognized it as a subsidiary, increasing the KMG share in the hydrocarbon resource base and production of the crude oil and natural gas on the RK market.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****6. ACQUISITION (continued)****Acquisition Dunga Operating GmbH (continued)**

The Company 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). The initial accounting for the business combination has not been completed. As at December 31, 2023 the Company had not completed the valuation of the fair value of the net identifiable assets and liabilities of the subsidiary as recognized on the equity basis.

The preliminary fair values of the identifiable assets and liabilities of Dunga Operating GmbH as at the date of acquisition are as presented below:

<i>In millions of tenge</i>	<b>At the date of acquisition</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Property, plant and equipment	192,313
Intangible assets	7,005
Long-term bank deposits	5,413
<b>Current assets</b>	
Inventories	6,607
Trade accounts receivable	9,426
Income tax prepaid	2,316
Other current non-financial assets	7,792
Other current financial assets	58
Cash and cash equivalents	7,961
<b>Total assets</b>	<b>238,891</b>
<b>Non-current liabilities</b>	
Provisions	4,346
Deferred tax liabilities	55,196
<b>Current liabilities</b>	
Trade accounts payable	11,881
Other current financial liabilities	1,555
<b>Total liabilities</b>	<b>72,978</b>
<b>Total identifiable net assets at preliminary fair value</b>	<b>165,913</b>

**7. ACQUISITION UNDER COMMON CONTROL****Acquisition of subsidiaries under common control***“Polimer Production” LLP (Polimer)*

In December 2023, the Company acquired 99.9% and 0.1% interest in Polimer from Samruk-Kazyna Odeu LLP (further SKO), subsidiary of Samruk-Kazyna, and JSC UK MEZ HimPark Taraz, the third party, for consideration of 1,520 million tenge not yet paid as at December 31, 2023.

The Company has control over Polimer and recognized 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.

*KMG Kashagan B.V. (Kashagan)*

On October 16, 2015, Cooperative KMG U.A., a subsidiary of the Company, sold 50% of its shares in Kashagan to Samruk-Kazyna with a right to buy back all or part of the shares (Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022.

In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan owned by Samruk-Kazyna (Restrictions). During the Restrictions period, these shares of Kashagan cannot be sold, transferred or pledge. As of December 31, 2021, the Restrictions remained in force. On June 14, 2022 the Amsterdam Court lifted the Restrictions.

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

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**7. ACQUISITION UNDER COMMON CONTROL (continued)****Acquisition of subsidiaries under common control (continued)***KMG Kashagan B.V. (Kashagan) (continued)*

On September 14, 2022 Cooperative KMG U.A. and Samruk-Kazyna signed an Amendment to Share Option Agreement and Exercise of Option (Amendment Agreement), which set the exercise price of the Option in the amount of 3,781.7 million US dollars (equivalent to 1,777,076 million tenge).

Amendment Agreement and Agreement on Transfer of Debt and Set-Off dated 14 September 2022 between the Company, Samruk-Kazyna and Cooperative KMG U.A. determine the following way for consideration payment:

- The amount of 566.7 million US dollars to be paid by Cooperative KMG U.A. with 10 business days after the completion of the deal (paid as at December 31, 2022; equivalent to 271,032 million tenge per exchange rate at the date of payment);
- The amount of 375.1 million US dollars to be paid by Cooperative KMG U.A. by December 31, 2022 (paid as at December 31, 2022; equivalent to 175,654 million tenge per exchange rate at the date of payment) and the amount of 363.6 million US dollars to be paid by Cooperative KMG U.A. by 30 June 2023 (as at December 31, 2022: 168,239 million tenge);
- Part of the debt of Cooperative KMG U.A. for consideration payment for exercise of Option to Samruk-Kazyna in the amount of 2,476.25 million US dollars (equivalent to 1,173,520 million tenge at the exchange rate at the date of transfer) was offset against to obligation of the Company in respect to additional contribution in the share capital of Cooperative KMG U.A.
- As the result of this transaction, the debt of the Company to Samruk-Kazyna in the amount of 2,476.25 million US dollars was recognized. Subsequently, this debt was settled by offsetting against the financial aid provided to Samruk-Kazyna in the amount of 424,587 million tenge (*Note 26*) (fair value approximately equals to the carrying value at the date of payment) and by cash in the amount of 751,631 million tenge which was received by the Company as a result of the placement of the Company's bonds (*Note 22*).

On September 15, 2022 the Company and Cooperative KMG U.A. fulfilled conditions of the Amendment Agreement, completing the transaction, exercised the Option and 50% of Kashagan shares were re-registered in favor of Cooperative KMG U.A.

As a result of exercising the Option, Cooperative KMG U.A. received control over Kashagan and recognized Kashagan 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 Kashagan based on Predecessor's accounting books. The difference between the consideration and net assets of Kashagan was recognized in equity.

Detailed information on acquisition of Kashagan is presented in the Company's annual separate financial statements for the year ended December 31, 2022.

*KLPE LLP (KLPE)*

On December 1, 2022, the Company acquired 100% interest in share capital of KLPE for 2 tenge from SKO and Polimer, subsidiaries of Samruk-Kazyna. Primary activity of KLPE is the construction of the first integrated gas and chemical complex in Kazakhstan.

As a result of acquisition, the Company has control over KLPE and recognized KLPE 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 KLPE based on Predecessor's accounting books, which at the time of acquisition was 25,250 million tenge. The difference between the consideration transferred and the net assets of KLPE was recognized in equity.

Detailed information on acquisition of KLPE is presented in the Company's annual separate financial statements for the year ended December 31, 2022.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 7. ACQUISITION UNDER COMMON CONTROL (continued)

#### Acquisition of joint ventures

##### *Kazakhstan Petrochemical Industries Inc. LLP (KPI)*

On June 13, 2022, Samruk-Kazyna transferred 49.50% of the shares KPI to the Company. The cost of the acquisition was 91,175 million tenge and was paid by setting off a part of the amount against the provided financial aid from the Company to Samruk-Kazyna (Note 26). KPI is engaged in the implementation of the investment project “Construction of the first integrated gas-chemical complex in Atyrau region”.

49.50% interest in KPI was accounted for as an acquisition of the joint venture from the parties under common control and accounted for under the pooling of interest method based on its carrying value.

SKO and the Company have joint control over the KPI where decisions about the relevant activities of KPI require unanimous consent.

The difference between the consideration paid and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line “*Acquisition of joint ventures*” in separate statement of changes in equity in the amount of 74,743 million tenge.

Detailed information on acquisition of KPI is presented in the Company’s annual separate financial statements for the year ended December 31, 2022.

##### *PETROSUN LLP (PETROSUN)*

On July 1, 2022, in accordance with the minutes of the meeting of the Commission under the chairmanship of the Prime-Minister of RK for the demonopolization of the economy, namely the market of fuels and lubricants, the Company acquired 49% interest in PETROSUN, that specializes in the sale of liquefied petroleum gas and petroleum products. The acquisition price was 1 tenge. The difference between the consideration paid and the fair value of identifiable assets and liabilities of PETROSUN at the date of acquisition was recognized as a contribution from Samruk-Kazyna based on instruction in minutes above and presented in the line “*Acquisition of joint ventures*” in separate statement of changes in equity in the amount of 10,989 million tenge.

49% interest in PETROSUN is recognized as a joint venture and accounts for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. CNPC INTERNATIONAL IN KAZAKHSTAN LLP (the second owner of PETROSUN) and the Company have joint control over PETROSUN where decisions about the relevant activities of PETROSUN require the unanimous consent.

Detailed information on acquisition of PETROSUN is presented in the Company’s annual separate financial statements for the year ended December 31, 2022.

### 8. REVENUE FROM CONTRACTS WITH CUSTOMERS

<i>In millions of tenge</i>	2023	2022
Sales of refined products on domestic markets	795,043	654,200
Sales of refined products on export	103,235	185,429
Freight forwarding fee	569	499
<b>Total revenue from contracts with customers</b>	<b>898,847</b>	<b>840,128</b>
<b>Geographical markets</b>		
RK	795,612	654,698
Other countries	103,235	185,430
<b>Total revenue from contracts with customers</b>	<b>898,847</b>	<b>840,128</b>
<b>Revenue recognition</b>		
Goods are transferred at a point in time	898,278	839,629
Services are rendered over a period of time	569	499
<b>Total revenue from contracts with customers</b>	<b>898,847</b>	<b>840,128</b>

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

**8. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**

For the year ended December 31, 2023 revenue from major customers of refined products “PetroRetail” LLP, “Sinooil” LLP, “Helios” LLP, “VITOL S.A.” and “KTZ-Freight transportation” LLP (KTZ) amounted to 172,652 million tenge, 100,469 million tenge, 96,071 million tenge, 94,898 million tenge and 94,813 million tenge, respectively (2022: revenue from major customers of refined products “PetroRetail” LLP, “VITOL S.A.”, “Helios” LLP, “Sinooil” LLP and KMG-Aero amounted to 259,415 million tenge, 173,642 million tenge, 65,403 million tenge, 63,211 million tenge and 52,173 million tenge, respectively).

**9. COST OF SALES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Crude oil	<b>539,902</b>	468,849
Operational works and services	<b>198,903</b>	167,900
Excise taxes	<b>112,320</b>	90,012
Fuel additive	<b>4,555</b>	2,158
	<b>855,680</b>	728,919

**10. GENERAL AND ADMINISTRATIVE EXPENSES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Professional services	<b>10,409</b>	2,069
Payroll and other employee costs	<b>10,370</b>	9,723
Allowance for expected credit losses for trade and other current accounts receivable	<b>6,703</b>	44
Outsources and outstaffing services	<b>5,572</b>	4,388
VAT non-recoverable	<b>4,922</b>	1,563
Depreciation and amortization	<b>3,282</b>	2,476
Information and reference assistance services	<b>1,651</b>	1,611
Repair and maintenance	<b>1,643</b>	1,580
Taxes other than income tax	<b>1,423</b>	1,350
Trust management services	<b>553</b>	2,492
Other	<b>9,109</b>	6,983
	<b>55,637</b>	34,279

**11. TRANSPORTATION AND SELLING EXPENSES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Transportation	<b>9,412</b>	9,219
Export customs duty	<b>8,404</b>	9,416
Other	<b>1,098</b>	201
	<b>18,914</b>	18,836

**12. FINANCE INCOME AND FINANCE COSTS**

Finance income for the years ended December 31, 2023 and 2022 are presented below:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Interest income on loans and bonds due from related parties (Note 26)	<b>49,287</b>	83,885
Interest income on bank deposits	<b>46,181</b>	21,105
<b>Total interest income</b>	<b>95,468</b>	104,990
Amortization of financial guarantee (Note 23)	<b>19,796</b>	15,064
Reversal of expected credit losses for loans and bonds due from related parties	<b>971</b>	2,973
Other	<b>4,736</b>	591
<b>Total finance income</b>	<b>120,971</b>	123,618

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

**12. FINANCE INCOME AND FINANCE COSTS (continued)**

Finance costs for the years ended December 31, 2023 and 2022 are presented below:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Interest expenses on loans and bonds received from third parties (Note 22)	<b>152,748</b>	157,694
Interest expenses on loans and bonds received from related parties (Notes 22 and 26)	<b>37,833</b>	515,221
Interest expenses on long-term payable to related parties (Note 26)	–	38,978
Interest expenses on loans due from related parties (Note 26)	–	4,028
<b>Total interest expenses</b>	<b>190,581</b>	715,921
Accrual of expected credit losses for loans and bonds due from related parties	<b>2,341</b>	1,227
Other	<b>350</b>	193
<b>Total finance costs</b>	<b>193,272</b>	717,341

**13. SHARE IN PROFIT AND LOSS OF SUBSIDIARIES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Cooperative U.A.	<b>324,133</b>	346,874
Atyrau Refinery LLP (Atyrau Refinery)	<b>91,339</b>	(50,165)
KazTransOil JSC (KTO)	<b>62,557</b>	41,024
Pavlodar oil chemistry refinery LLP (Pavlodar Refinery)	<b>48,404</b>	2,094
KMG Karachaganak LLP (KMG Karachaganak)	<b>45,036</b>	66,598
KMG EP	<b>37,233</b>	706,281
TH KazMunaiGaz N.V. (TH N.V.)	<b>17,212</b>	20,946
Kazmortransflot LLP (KMTF)	<b>9,051</b>	12,371
KMG-Aero	<b>4,916</b>	8,383
KazakhTurkMunay LLP (KTM)	<b>3,670</b>	3,966
KMG Systems & Services LLP (KMG Systems & Services)	<b>1,792</b>	1,871
Ken-Kurylys-Service LLP (Ken-Kurylys-Service)	<b>676</b>	(1,106)
KMG International N.V. (KMGI)	<b>(51,659)</b>	22,480
KazGPZ LLP (KazGPZ)	<b>(4,048)</b>	(4,949)
TOO «KMG Green Energy» («KMG Green Energy»)	<b>(11)</b>	5,870
Urikhtau Operating LLP (Urikhtau Operating)	–	(21,726)
Others	<b>(5,471)</b>	(326)
	<b>584,830</b>	1,160,486

**14. SHARE IN PROFIT AND LOSS OF JOINT VENTURES AND ASSOCIATES**

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>Joint ventures</b>		
Tengizchevroil LLP (TCO)	<b>340,884</b>	742,660
PETROSUN	<b>46,568</b>	23,184
KazRosGas LLP (KRG)	<b>32,323</b>	554
JV KazGerMunai LLP (KGM)	<b>20,983</b>	20,530
Kazakhstan Pipeline Ventures LLC (KPV)	<b>4,503</b>	3,828
TenizService LLP (TenizService)	<b>116</b>	(6,497)
KPI	<b>(12,339)</b>	(18,227)
Kazakhoil Aktobe LLP (KOA)	<b>(1,869)</b>	12,648
Others	<b>(316)</b>	1,296
<b>Associates</b>		
Caspian Pipeline Consortium (CPC)	<b>58,930</b>	107,831
Others	<b>1,228</b>	1,094
	<b>491,011</b>	888,901



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 15. EXPLORATION AND EVALUATION ASSETS

<i>In millions of tenge</i>	<b>Total</b>
<b>Net book value at December 31, 2021</b>	12,795
Additions	15,660
Impairment	(3,171)
<b>Net book value at December 31, 2022</b>	25,284
Additions	<b>42,602</b>
Disposals	<b>(14,953)</b>
Impairment	<b>(40,337)</b>
<b>Net book value at December 31, 2023</b>	<b>12,596</b>

As at December 31, 2023 and 2022 the net book value of the exploration and evaluation assets are represented by the following projects:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Project “Abay”	<b>5,392</b>	3,512
Project “Turgai Paleozoic”	<b>3,767</b>	298
Project “Becturly Vostochny”	<b>3,437</b>	2,989
Project “Zhenis”	–	18,310
Other	–	175
	<b>12,596</b>	25,284

In 2023, the Company recognized an impairment loss in the amount of 40,244 million tenge on “Zhenis” project due to the obtained drilling results that there were no hydrocarbons in the well. The Company recognised impairment loss as part of exploration and evaluation expenses.

In 2023, the Company entered into a contract with the Ministry of Energy of the RK for the production of hydrocarbons at the Kalamkas-Sea, Khazar and Auezov subsoil blocks located in the Kazakhstani sector of the Caspian Sea (Contract), under which paid the signature bonus in the amount of 14,678 million tenge (*Note 16*). In April 2023, the Company transferred 100% of the subsoil use rights under the Contract, including the signature bonus, to KKO for 1 tenge.

In 2022, the Company recognized an impairment loss in the amount of 3,171 million tenge on “Isatay” project due to the decision of the Company and Eni Isatay B.V., the second strategic partner, about withdrawal from the project and return of a contract territory to the Government.

### 16. INVESTMENTS IN SUBSIDIARIES

As at December 31, 2023 and 2022, investments in subsidiaries are as follows:

<i>In millions of tenge</i>	<b>December 31 2023</b>	<b>December 31 2022</b>
Cooperative U.A.	<b>6,220,632</b>	6,533,705
KMG EP	<b>2,479,523</b>	2,378,879
KMG Karachaganak	<b>730,488</b>	764,908
KTO	<b>561,555</b>	479,827
Atyrau Refinery	<b>344,316</b>	111,447
Pavlodar Refinery	<b>320,617</b>	282,421
KMGI	<b>260,187</b>	326,074
Dunga Operating GmbH	<b>163,539</b>	–
TH N.V.	<b>67,444</b>	52,376
KMTF	<b>64,195</b>	48,581
KTM	<b>35,229</b>	37,559
KLPE	<b>31,572</b>	25,250
KMG Green Energy	<b>30,137</b>	16,148
KMG Engineering LLP (KMG Engineering)	<b>18,095</b>	17,959
KazGPZ	<b>12,243</b>	10,552
KMG-Aero	<b>11,799</b>	12,384
KMG Systems & Services	<b>11,621</b>	10,331
KMG Kumkol LLP (KMG Kumkol)	<b>7,454</b>	7,441
OzenMunayService LLP (OzenMunayService)	<b>5,626</b>	9,505
Ken-Kurylys-Service	<b>4,646</b>	3,707
KMG Security LLP (KMG Security)	<b>3,687</b>	2,890
UDTV LLP (UDTV)	<b>2,661</b>	2,100
Polimer	<b>1,521</b>	–
PC Karaton Operating Ltd. (Karaton Operating)	<b>100</b>	–
Zhambyl Petroleum LLP (Zhambyl Petroleum)	–	33
	<b>11,388,887</b>	11,134,077

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

**16. INVESTMENTS IN SUBSIDIARIES (continued)**

The following table demonstrates activities, country of registration or location of subsidiaries of the Company as at December 31, 2023 and 2022 as well as share of the Company in these subsidiaries:

Company	Type of activity	Country	2023	2022
OOO KazMunayTeniz LLP (KMT)	Oil and gas exploration and production	Kazakhstan	99.81%	99.80%
KMG EP	Oil and gas exploration and production	Kazakhstan	99.72%	99.72%
Urikhtau Operating	Oil and gas exploration and production	Kazakhstan	100.00%	100.00%
KMG Karachaganak	Oil and gas exploration and production	Kazakhstan	100.00%	100.00%
KTM	Oil and gas exploration and production	Kazakhstan	100.00%	100.00%
Karaton Operating	Oil and gas exploration and production	Kazakhstan	100.00%	–
Dunga Operating GmbH (Note 6)	Exploration and production of crude oil and natural gas	Germany	100.00%	–
KazGPZ	Oil and natural gas production	Kazakhstan	100.00%	100.00%
Atyrau Refinery	Refining of oil	Kazakhstan	99.53%	99.53%
Pavlodar Refinery	Refining of oil	Kazakhstan	100.00%	100.00%
KMGI	Refining and sale of refined products	Romania	100.00%	100.00%
TH N.V.	Sale of oil and oil products	Netherlands	100.00%	100.00%
KMG-Aero	Sale of aviation fuel and related refined products	Kazakhstan	100.00%	100.00%
KTO	Oil transportation	Kazakhstan	90.00%	90.00%
KMTF	Marine transportation of oil and other cargo	Kazakhstan	100.00%	100.00%
KMG Barlau LLP (KMG Barlau)	Conducting geological exploration and surveys	Kazakhstan	100.00%	100.00%
Kurmangazy Petroleum LLP	Operator on subsoil use operations	Kazakhstan	100.00%	100.00%
Zhambyl Petroleum	Operator on subsoil use operations	Kazakhstan	100.00%	100.00%
KMG Engineering	Scientific and research works	Kazakhstan	100.00%	100.00%
Cooperative KMG U.A.	Holding company	Netherlands	99.79%	99.82%
KMG Green Energy	Holding company	Kazakhstan	100.00%	100.00%
KMG Systems & Services	Leasing of Northern Caspian Environmental Response to Oil Spill Base	Kazakhstan	100.00%	100.00%
KazMunayGas-Service LLP (KMGS)	Services	Kazakhstan	93.88%	93.87%
Oil Construction Company LLP (OCC)	Oil services	Kazakhstan	100.00%	100.00%
Oil Service Company LLP (OSC)	Oil services	Kazakhstan	100.00%	100.00%
Oil Transport Corporation LLP (OTC)	Oil services	Kazakhstan	100.00%	100.00%
Mangystauenergomonai LLP	Oil services	Kazakhstan	100.00%	100.00%
Munaitelemek LLP	Oil services	Kazakhstan	100.00%	100.00%
KMG – Security	Security services	Kazakhstan	100.00%	100.00%
KMG Drilling & Services	Drilling services	Kazakhstan	99.71%	99.69%
KMG-Kumkol	Shared Services Center for information technology services	Kazakhstan	100.00%	100.00%
OzenMunayService	Maintenance and workover of wells	Kazakhstan	100.00%	100.00%
UDTV	Production and transportation of water	Kazakhstan	100.00%	100.00%
Ken-Kurylys-Service	Construction of oil and gas trunk pipelines	Kazakhstan	100.00%	100.00%
KMG EP-Catering LLP	Services	Kazakhstan	100.00%	100.00%
KMG PetroChem LLP (KMG PetroChem)	Construction of the first integrated gas chemical complex	Kazakhstan	100.00%	100.00%
Polimer (Note 7)	Production and sale of petrochemical polymer products	Kazakhstan	100.00%	–
Ak Su KMG LLP (Ak Su KMG)	Collection, treatment and distribution of water	Kazakhstan	–	100.00%

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 16. INVESTMENTS IN SUBSIDIARIES (continued)

The following table demonstrates movements of investment in subsidiaries in 2023 and 2022:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	<b>11,134,077</b>	6,797,201
Share in profits of subsidiaries, net (Note 13)	<b>584,830</b>	1,160,486
Dividends received	<b>(106,510)</b>	(73,628)
Change in dividends receivable	<b>(3,781)</b>	5,366
Acquisitions (Notes 6 and 7)	<b>167,434</b>	1,802,326
Additional contribution to share capital of Cooperative KMG U.A. (Note 7)	<b>–</b>	1,173,520
Additional contributions to share capital by cash	<b>65,529</b>	28,623
Additional contribution to share capital by property	<b>–</b>	107
Transfer of the subsoil use rights (Note 15)	<b>14,778</b>	–
Cash withdrawal from share capital	<b>(522,403)</b>	(59,500)
Guarantee issued (Note 23)	<b>1,716</b>	8,538
Disposals	<b>(14,438)</b>	(1,040)
Discount on financial aid and loans given to subsidiaries	<b>250,277</b>	80,284
Discount on financial aid received from KMG EP (Note 22)	<b>–</b>	(13,559)
Impairment, net	<b>(40,343)</b>	(85,945)
Transactions with Samruk-Kazyna	<b>–</b>	7,426
Distributions to Samruk-Kazyna (Note 21)	<b>(120)</b>	(10,199)
Share in gain of subsidiaries from revaluation of actuarial liabilities on defined benefit plans	<b>331</b>	9,367
Share in other comprehensive income/(loss) on cash flow hedge	<b>849</b>	(11,872)
Share in (loss)/gains of subsidiary from fair value adjustment to the carrying amount of equity instruments, classified as financial assets at fair value through other comprehensive income	<b>(1,594)</b>	1,581
Foreign currency translation	<b>(141,103)</b>	315,142
Other changes	<b>(642)</b>	(147)
<b>At December 31</b>	<b>11,388,887</b>	11,134,077

Accumulated unrecognized losses of subsidiaries as at December 31, 2023, amounted to 237,698 million tenge (December 31, 2022: 209,899 million tenge).

In 2023, unrecognized losses were mainly presented by losses of subsidiaries OSC, OTC, KMG Drilling & Services and OCC in the amount of 58,571 million tenge, 57,494 million tenge, 52,461 million tenge and 12,777 million tenge, respectively (2022: OTC, OSC, KMG Drilling & Services and OCC in the amount of 56,275 million tenge, 53,084 million tenge, 46,091 million tenge and 16,317 million tenge, respectively).

#### Transfer of subsoil use rights

During 2023, the Company transferred 100% of the subsoil use rights under the Kalamkas-Sea, Khazar and Auezov contract to KKO at fair value in the amount of 14,678 million tenge (Notes 5 and 15), as well as 100% of the subsoil use rights under the Karaton Podsolevoy contract to Karaton Operating at fair value in the amount of 100 million tenge.

#### Dividends

In 2023, the Company received dividends in the total amount of 106,510 million tenge, including from KMG Karachaganak, KTO, Pavlodar Refinery and KMGI for 65,323 million tenge, 13,501 million tenge, 10,000 million tenge and 8,936 million tenge, respectively (2022: in the total amount of 73,628 million tenge, including from KMG Karachaganak, Pavlodar Refinery, KTO and KTM for 31,296 million tenge, 10,589 million tenge, 9,000 million tenge and 7,800 million tenge, respectively).

As at December 31, 2023, changes in dividends receivable are mainly represented by receivable from KTM in the amount of 3,250 million tenge and positive exchange rate difference in the amount of 531 million tenge (December 31, 2022: receivable from KMGI in the amount of 6,477 million tenge and negative exchange rate difference in the amount of 1,111 million tenge).

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

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**16. INVESTMENTS IN SUBSIDIARIES (continued)****Contributions to share capital of Cooperative KMG U.A.**

In 2022, the Company and Cooperative KMG U.A. entered into Agreement on equity contribution and debt settlement with respect to Cooperative KMG U.A., according to which the Company made contribution to the share capital of Cooperative KMG U.A., which was offset against the amount of debt formed by Cooperative KMG U.A. to Samruk-Kazyna as a result of the Amendment to Share Option Agreement and Exercise of Option (*Note 7*), in the amount of 1,173,520 million tenge.

**Contributions to share capital of subsidiaries by cash**

In 2023, the Company made additional contributions in cash to the share capital of subsidiaries in the total amount of 65,529 million tenge, including KMG Barlau, KMG Green Energy, OSC, KMTF, KMG PetroChem and KazGPZ for 15,954 million tenge, 14,000 million tenge, 7,911 million tenge, 7,050 million tenge, 6,740 million tenge and 4,591 million tenge, respectively.

In 2022, the Company made additional contributions in cash to the share capital of subsidiaries in the total amount of 28,623 million tenge, including PSA, OSC and KazGPZ for 11,984 million tenge, 3,642 million tenge and 3,369 million tenge, respectively.

**Withdrawals from share capital**

In 2023, Cooperative KMG U.A. and TH B.V. returned the share capital in cash without change in ownership in the amount of 1,137 million US dollars (equivalent to 520,351 million tenge) and 4.6 million US dollars (equivalent to 2,052 million tenge), respectively.

In 2022, KMG Karachaganak returned the share capital in cash in the amount of 59,000 million tenge.

**Guarantees issued**

In 2023, the Company has increased investments in KTO by recognizing the fair value of the issued guarantee in the amount of 1,273 million tenge to ensure obligations of Main Waterline LLP (MW), a 100% subsidiary of KTO (2022: 2,911 million tenge).

In 2023, the Company has increased investments in Atyrau Refinery by recognizing the fair value of the issued guarantee in the amount of 443 million tenge to ensure financing obligations for Tazalyk project.

In 2022, the Company has increased investments in Cooperative KMG U.A. by recognizing the fair value of the issued guarantee in the amount of 5,464 million tenge to ensure obligations to repay the debt of Cooperative KMG U.A. to Samruk-Kazyna for exercising the Option in the amount of 363.6 million US dollars.

**Discount of financial aid and loans given**

In 2023, the Company purchased coupon bonds of MW in the amount of 70,000 million tenge, maturing in 2033 at a rate of 0.50% per annum (*Note 26*). At the same time, a discount in the total amount of 30,824 million tenge, calculated as the difference between the fair value of the bonds and their nominal value, was recognized as increase in the investment in KTO (*Notes 21, 22 and 26*).

In 2023, the Company provided loans to Atyrau Refinery, Ozenmunaygas LLP (OMG), subsidiary of KMG EP, Urikhtau Operating, KMG Drilling & Services, OSC, KMT and OTC with the interest rate lower than the market rate. Discount in the total amount of 128,323 million tenge was calculated as the difference between the fair value of loans given and their nominal value and recognized as increase in investments in these subsidiaries.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

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### 16. INVESTMENTS IN SUBSIDIARIES (continued)

#### Discount of financial aid and loans given (continued)

As at December 31, 2023, the total amount of unused credit limit on loans within the terms of loan agreements concluded with OMG, Atyrau Refinery, Urikhtau Operating and OTC amounted to 252,325 million tenge (2022: nil). Unused funds under the credit lines can be used up to the maturity date of the loans. Loan commitments were recognized at a discount of 91,130 million tenge, calculated as the difference between the fair value of these loans and their nominal value, and recognized as increase in investment in these subsidiaries.

In 2022, the Company provided loans to Atyrau Refinery, KMT, Urikhtau Operating, OSC and OTC with the interest rate lower than the market rate. At the same time, the discount for the total amount of 11,610 million tenge, calculated as the difference between the fair value of these loans and their nominal value, was recognized as increase in investments in these subsidiaries.

In 2022, the Company extended the term of the loan provided to Urikhtau Operating at the interest rate lower than the market rate for 5 years. The discount in the amount of 68,674 million tenge was calculated as the difference between the fair value of this loan and its nominal value and recognized as increase in investment in this subsidiary.

#### Impairment

In 2023, the Company recognized impairment loss of investments in subsidiaries for the total amount of 40,343 million tenge, including KMG Barlau, OSC, Urikhtau Operating, KMG Drilling & Services and OTC in the amount of 15,954 million tenge, 9,190 million tenge, 8,336 million tenge, 4,068 million tenge and 3,615 million tenge, respectively.

In 2022, the Company recognized impairment loss of investments in subsidiaries for the total amount of 85,945 million tenge, including Urikhtau Operating, PSA, OSC, KMG Drilling & Services and OTC in the amount of 59,677 million tenge, 11,984 million tenge, 4,149 million tenge, 3,202 million tenge и 2,640 million tenge, respectively.

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

**17. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

In millions of tenge	Type of activity	Place of business	December 31			
			2023		2022	
			Carrying value	Percentage ownership*	Carrying value	Percentage ownership*
Joint ventures						
TCO	Oil and gas exploration and production	Kazakhstan	3,598,510	20.00%	3,825,053	20.00%
KKO	Oil and gas development and production	Kazakhstan	93,258	50.00%	–	–
KRG	Processing and sale of natural gas and processed products	Kazakhstan	69,479	50.00%	58,812	50.00%
KPV	Oil transportation	Netherlands	44,062	49.90%	44,010	49.90%
KGM	Oil and gas exploration and production	Kazakhstan	36,506	50.00%	32,070	50.00%
PETROSUN	Sale of liquefied gas and oil products	Kazakhstan	31,740	49.00%	24,373	49.00%
KOA	Crude oil production and sale	Kazakhstan	18,042	50.00%	26,911	50.00%
Silleno LLP (Silleno)	Production of polyethylene	Kazakhstan	14,597	49.90%	951	49.90%
TenizService	Design, construction, facilities and offshore oil operations support	Kazakhstan	8,210	48.99%	10,396	48.99%
Butadiene LLP (Butadiene)	Production of butadiene rubbers	Kazakhstan	–	–	8,539	25%
Other			5,853		6,786	
Associates						
CPC	Transportation of liquid hydrocarbons	Kazakhstan/ Russia	413,799	19.00%	477,868	19.00%
Other			8,865		7,637	
			4,342,921		4,523,406	

\* Under the terms of an agreement providing for joint control the Company may own less than 50% of shares in joint ventures. In this case, all decisions are made unanimously by all parties exercising joint control. Under the terms of an agreement providing for a significant influence, the Company may own less than a 20% interest in associates.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 17. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

The following table summarises the movements in the investments in joint ventures and associates in 2023 and 2022:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>As at January 1</b>	<b>4,523,406</b>	3,718,552
Share in profits, net ( <i>Note 14</i> )	<b>491,011</b>	888,901
Dividends received	<b>(601,915)</b>	(350,367)
Acquisitions ( <i>Note 5</i> )	<b>93,258</b>	28,357
Change in dividends receivable	<b>(104,761)</b>	(38,125)
Share in (loss)/gains of joint venture from fair value adjustment to the carrying amount of equity instruments, classified as financial assets at fair value through other comprehensive income	<b>(1,588)</b>	1,576
Additional contributions by cash without change in ownership	<b>10,420</b>	15,312
Discount of financial aid provided to joint venture	<b>14,756</b>	1,794
Guarantees given ( <i>Note 23</i> )	<b>2,230</b>	–
Disposal	<b>(8,621)</b>	–
Foreign currency translation	<b>(75,275)</b>	257,406
<b>As at December 31</b>	<b>4,342,921</b>	4,523,406

#### Dividends

In 2023, the Company received dividends in the total amount of 601,915 million tenge, including from TCO, CPC and PETROSUN of 426,893 million tenge, 104,901 million tenge and 39,200 million tenge, respectively.

In 2022, the Company received dividends in the total amount of 350,367 million tenge, including from TCO, CPC and KGM of 207,892 million tenge, 91,088 million tenge and 22,826 million tenge, respectively.

#### Contributions in cash without change in ownership

In 2023, the Company made additional contribution in cash to the share capital of Silleno in the amount of 10,420 million tenge.

In 2022, the Company made additional contributions in cash to the share capital of joint ventures in the total amount of 15,312 million tenge, including Butadiene and Caspian Oil and Gas Company LLC for 8,518 million tenge and 6,775 million tenge, respectively.

#### Discount of loans given

In 2023, the Company provided loans to KPI and Silleno with the interest rate lower than the market rate. Discount in the total amount of 3,682 million tenge was calculated as the difference between the fair value of loans given and their nominal value and recognized as increase in investments in these joint ventures.

As at December 31, 2023, the total amount of unused credit limit on loans within the terms of loan agreements concluded with KPI and Silleno amounted to 45,255 million tenge. Unused funds under the credit lines can be used up to the maturity date of the loans. Loan commitments were recognized as increase in investment in these joint ventures in the amount of a discount of 11,074 million tenge, calculated as the difference between the fair value of these loans and their nominal value.

#### Disposal

In 2023, the Company sold its 25% interest in Butadien with a carrying value of 8,621 million tenge to Samruk-Kazyna for a consideration of 8,531 million tenge. As a result, the Company lost its joint control over Butadien (*Note 19*).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 17. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

#### Disposal (continued)

The following tables illustrate summarised financial information of material joint ventures, based on financial statements of these entities for 2023:

<i>In millions of tenge</i>	<b>TCO</b>	<b>KKO</b>	<b>KRG</b>	<b>KPV</b>	<b>KGM</b>	<b>PETROSUN</b>	<b>KOA</b>	<b>KPI</b>
Non-current assets	24,831,196	9,192	33,032	74,785	64,031	17	41,969	1,008,345
Current assets, including	1,863,832	1,232	148,932	5,503	52,764	137,202	23,956	55,898
Cash and cash equivalents	696,871	112	65,122	1,302	44,840	6,440	10,794	42,279
Non-current liabilities, including	(7,434,076)	(10,376)	(238)	–	(14,966)	–	(18,608)	(920,981)
Non-current financial liabilities	(4,091,040)	–	–	–	–	–	–	–
Current liabilities, including	(1,268,404)	(324)	(42,769)	–	(28,817)	(72,443)	(11,234)	(145,571)
Current financial liabilities	–	–	–	–	–	–	–	–
<b>Equity</b>	<b>17,992,548</b>	<b>(276)</b>	<b>138,957</b>	<b>80,288</b>	<b>73,012</b>	<b>64,776</b>	<b>36,083</b>	<b>(2,309)</b>
Share of ownership	20%	50%	50%	49.90%	50%	49%	50%	49.50%
Recognition of investment	–	93,258	–	–	–	–	–	–
Accumulated unrealized share of losses	–	138	–	–	–	–	–	1,143
Adjustments	–	–	–	3,999	–	–	–	–
<b>Carrying amount of the investments as at December 31, 2023</b>	<b>3,598,510</b>	<b>93,258</b>	<b>69,479</b>	<b>44,062</b>	<b>36,506</b>	<b>31,740</b>	<b>18,042</b>	<b>–</b>
Revenue	8,796,634	–	260,125	–	145,728	1,336,888	80,064	–
Depreciation and amortization	(2,426,361)	–	(295)	–	(20,007)	(14)	(10,365)	(1,295)
Finance income	86,023	2	2,243	100	1,292	3,258	851	188
Finance costs	(283,225)	(118)	–	(1,587)	(1,667)	(1,006)	(375)	(59,460)
Income tax expense	(730,465)	–	(13,996)	–	(27,450)	(23,812)	(11,617)	–
<b>Profit/(loss) for the year from continuing operations</b>	<b>1,704,419</b>	<b>(44)</b>	<b>64,648</b>	<b>9,025</b>	<b>41,965</b>	<b>95,034</b>	<b>(3,737)</b>	<b>(24,927)</b>
Other comprehensive loss	(325,499)	–	(305)	–	(1,729)	–	–	–
<b>Total comprehensive income/(loss)</b>	<b>1,378,920</b>	<b>(44)</b>	<b>64,343</b>	<b>9,025</b>	<b>40,236</b>	<b>95,034</b>	<b>(3,737)</b>	<b>(24,927)</b>
Dividends received	426,893	–	553	3,842	15,793	39,200	7,000	–



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 17. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

#### Disposal (continued)

The following tables illustrate summarised financial information of material joint ventures, based on financial statements of these entities for 2022:

<i>In millions of tenge</i>	<b>TCO</b>	<b>KRG</b>	<b>KPV</b>	<b>KGM</b>	<b>PETROSUN</b>	<b>KOA</b>	<b>KPI</b>
Non-current assets	25,713,747	40,100	76,116	71,787	28	51,962	993,030
Current assets, including	3,046,293	99,637	4,071	53,303	123,612	17,357	100,937
Cash and cash equivalents	1,905,924	59,000	4,059	46,729	14,662	1,186	80,619
Non-current liabilities, including	(7,808,607)	(269)	–	(21,559)	–	(4,101)	(918,226)
Non-current financial liabilities	(4,163,850)	–	–	–	–	–	–
Current liabilities, including	(1,826,167)	(21,844)	(5)	(39,391)	(73,899)	(11,396)	(210,830)
Current financial liabilities	–	–	(5)	–	–	–	–
<b>Equity</b>	<b>19,125,266</b>	<b>117,624</b>	<b>80,182</b>	<b>64,140</b>	<b>49,741</b>	<b>53,822</b>	<b>(35,089)</b>
Share of ownership	20%	50%	49.90%	50%	49%	50%	49.50%
Accumulated unrecognized share of losses	–	–	–	–	–	–	17,369
Adjustments	–	–	3,999	–	–	–	–
<b>Carrying amount of the investments as at December 31, 2022</b>	<b>3,825,053</b>	<b>58,812</b>	<b>44,010</b>	<b>32,070</b>	<b>24,373</b>	<b>26,911</b>	<b>–</b>
Revenue	10,949,194	192,427	–	150,039	676,932	90,330	(6,410)
Depreciation and amortization	(1,129,895)	(323)	–	(22,550)	(22)	(111)	(1,005)
Finance income	36,076	2,765	32	791	870	933	1,317
Finance costs	(99,857)	–	(1,370)	(994)	(812)	(261)	(3,345)
Income tax expense	(1,591,414)	(4,040)	–	(39,783)	(12,722)	(10,266)	–
<b>Profit/(loss) for the year from continuing operations</b>	<b>3,713,299</b>	<b>1,107</b>	<b>7,672</b>	<b>41,061</b>	<b>47,315</b>	<b>25,296</b>	<b>(71,910)</b>
Other comprehensive income	1,114,004	7,884	–	4,115	–	–	–
<b>Total comprehensive income/(loss)</b>	<b>4,827,303</b>	<b>8,991</b>	<b>7,672</b>	<b>45,176</b>	<b>47,315</b>	<b>25,296</b>	<b>(71,910)</b>
Dividends received	207,892	–	4,022	22,826	9,800	14,000	–

The following tables illustrate summarised financial information of material associate, based on its financial statements for 2023 and 2022:

	<b>2023</b>	<b>2022</b>
<i>In millions of tenge</i>	<b>CPC</b>	<b>CPC</b>
Non-current assets	<b>1,969,703</b>	2,240,723
Current assets	<b>295,663</b>	292,198
Non-current liabilities	<b>(18,722)</b>	(35,730)
Current liabilities	<b>(279,064)</b>	(196,152)
<b>Equity</b>	<b>1,967,580</b>	2,301,039
Share of ownership	<b>19%</b>	19%
Adjustments	<b>39,959</b>	40,670
<b>Carrying amount of the investment as at December 31</b>	<b>413,799</b>	477,867
Revenue	<b>1,039,509</b>	976,076
Depreciation and amortization	<b>(245,423)</b>	(216,492)
Finance income	<b>14,080</b>	8,120
Finance costs	<b>(1,519)</b>	–
Income tax expense	<b>(118,490)</b>	(122,394)
<b>Profit for the year</b>	<b>310,160</b>	567,533
Other comprehensive (loss)/income	<b>(42,915)</b>	185,893
<b>Total comprehensive income</b>	<b>267,245</b>	753,426
Dividends received	<b>104,901</b>	91,088

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 18. BANK DEPOSITS

As at December 31, 2023 and 2022 bank deposits are presented as follows:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022
Bank deposits in US dollars	<b>511,049</b>	723,610
Bank deposits in tenge	<b>600</b>	831
Less: allowance for expected credit losses	<b>(19)</b>	(41)
	<b>511,630</b>	724,400
Less: current portion	<b>(511,126)</b>	(723,669)
<b>Non-current portion</b>	<b>504</b>	731

As at December 31, 2023, the weighted-average interest rate for long-term bank deposits was 0.42% in tenge (2022: 0.65% in tenge).

As at December 31, 2023, the weighted-average interest rate for short-term bank deposits was 5.71% in US dollars and 2.38% in tenge (2022: 4.30% in US dollars and 2.24% in tenge).

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022
Maturities under 1 year	<b>511,126</b>	723,669
Maturities between 1 and 2 years	<b>56</b>	94
Maturities over 2 years	<b>448</b>	637
	<b>511,630</b>	724,400

### 19. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

<i>In millions of tenge</i>	<b>December 31, 2023</b>	December 31, 2022
Trade accounts receivable due from third parties	<b>56,105</b>	85,667
Trade accounts receivable due from related parties	<b>40,696</b>	1,956
Less: allowance for expected credit losses	<b>(4,687)</b>	(395)
<b>Trade accounts receivable</b>	<b>92,114</b>	87,228
<b>Other current financial assets</b>		
Other receivables due from third parties	<b>26,092</b>	22,250
Other receivables due from related parties	<b>6,787</b>	4,460
Receivable from assets sale	<b>14,804</b>	6,385
Less: allowance for expected credit losses	<b>(28,622)</b>	(26,641)
	<b>19,061</b>	6,454
<b>Other current non-financial assets</b>		
Advances provided to related parties	<b>13,116</b>	15,092
Advances provided to third parties	<b>1,198</b>	6,520
Other taxes prepaid	<b>2,408</b>	3,323
Other	<b>833</b>	17
	<b>17,555</b>	24,952
<b>Total other current financial and non-financial assets</b>	<b>36,616</b>	31,406

The significant changes in trade accounts receivable due from related parties and advances provided to related parties are disclosed in the Note 26.

As at December 31, 2023 receivable from assets sale is mainly represented by receivable from Samruk-Kazyna for sale of 25% interest in Butadiene in the amount of 8,531 million tenge (Note 17). The Company accrued allowance for expected credit losses on this receivable for the amount of 1,931 million tenge.

As at December 31, 2023 other taxes prepaid are mainly represented by export custom duty prepayment on oil products in the amount of 2,259 million tenge (2022: 3,163 million tenge).

As at December 31, 2023 and 2022 trade accounts receivable are denominated in tenge.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 19. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS (continued)

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix:

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
<b>December 31, 2023</b>						
Expected credit loss rate	0.49%	0.61%	1.48%	2.19%	22.66%	
Trade accounts receivable	69,874	1,808	245	6,381	18,493	96,801
Allowance for expected credit losses	(342)	(11)	(4)	(140)	(4,190)	(4,687)

<i>In millions of tenge</i>	Days past due					Total
	Current	<30 days	30-60 days	61-90 days	>91 days	
<b>December 31, 2022</b>						
Expected credit loss rate	0.26%	0.92%	2.50%	–	–	
Trade accounts receivable	67,533	17,862	2,207	21	–	87,623
Allowance for expected credit losses	(176)	(164)	(55)	–	–	(395)

### 20. CASH AND CASH EQUIVALENTS

As at December 31, 2023 and 2022 cash and cash equivalents are presented as follows:

<i>In millions of tenge</i>	December 31, 2023	December 31, 2022
Time deposits with foreign banks – US dollars	483,149	30,142
Time deposits with Kazakhstani banks – tenge	8,860	49,183
Time deposits with Kazakhstani banks – US dollars	4,524	–
Current accounts with foreign banks – US dollars	9,798	45
Current accounts with Kazakhstan banks – tenge	193	787
Current accounts with Kazakhstan banks – US dollars	32	39,132
The contracts of reverse repo with original maturities of three months or less	90,000	27,499
Less: allowance for expected credit losses	(10)	(1)
	<b>596,546</b>	<b>146,787</b>

As at December 31, 2023, the weighted average rates for time deposits in US dollars and in tenge equaled to 5.64% and 15.47% (2022: for time deposits in US dollars and in tenge equaled to 4.52% and 16.25%).

As at December 31, 2023, the interest rates for current accounts varied from 0.00% to 13.00% in tenge (2022: from 7.90% to 11.50%) and from 0.00% to 5.45% in US dollars (2022: from 0.50% to 4.44%).

As at December 31, 2023 and 2022, no cash is pledged as collateral.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****21. EQUITY****Share capital**

The total number of outstanding, issued and paid shares includes:

	<b>December 31, 2023 and 2022</b>
<b>Number of shares issued and paid, including</b>	<b>610,119,493</b>
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
<b>Share capital (in thousands of tenge)</b>	<b>916,540,545</b>

As at December 31, 2023 and 2022, the Company had only one class of issued shares. As at December 31, 2023 and 2022, common shares in the number of 239,440,103 were authorised, but not issued. In 2023, there was no issuance of any ordinary share.

**Dividends**

In 2023, based on the decision of the general meeting of shareholders, the Company declared and paid-off dividends for 2022 of 491.71 tenge per common share in the total of 300,002 million tenge (2022: declared and paid-off dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge).

**Transactions with Samruk-Kazyna**

In 2023, the Company issued coupon bonds in the amount of 50,000 million tenge and 20,000 million tenge, maturing in 2033 at a rate of 0.50% per annum. Samruk-Kazyna purchased these bonds. The difference between the fair value and nominal value of the bonds of 22,145 million tenge and 8,679 million tenge, respectively, was recognized as transactions with Samruk-Kazyna in the separate statement of changes in equity (*Notes 16 and 22*).

In 2022, the Company placed bonds for 751,631 million tenge at a coupon interest rate of 3.00% per annum and due in 2035. The coupon rate is below market rate. Samruk-Kazyna purchased the bonds. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as a transaction with Samruk-Kazyna in the separate statement of changes in equity (*Note 22*).

**Distributions to Samruk-Kazyna***Financing of the construction of social facilities*

In 2023, OMG 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 Company accrued liabilities and paid for 120 million tenge and recognized as distribution to Samruk-Kazyna in equity (2022: 10,199 million tenge and 2,398 million tenge, respectively).

**Other operations**

In 2023, in accordance with the Order of the President of the RK on the construction of the Sport Complex as a result of his working visit to the West Kazakhstan region dated March 9, 2023, the Company recognized an obligation for the construction of the Sport Complex for the total amount of 17,925 million tenge and recognized it as distribution to Samruk-Kazyna in the separate statement of changes in equity. The Company made an advance payment in the amount of 8,962 million tenge.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 22. BORROWINGS AND BONDS

<i>In millions of tenge</i>	December 31, 2023	December 31, 2022
Fixed interest rate borrowings and bonds	4,169,590	4,343,678
Weighted average interest rates	3.62%	3.78%
Floating interest rate borrowings and bonds	57,656	23,768
Weighted average interest rates	7.11%	3.95%
	<b>4,227,246</b>	<b>4,367,446</b>

As at December 31, 2023 and December 31, 2022, all borrowings and bonds are denominated in the following currencies:

<i>In millions of tenge</i>	December 31, 2023	December 31, 2022
US Dollar	2,650,600	2,891,800
Tenge	1,576,646	1,475,646
	<b>4,227,246</b>	<b>4,367,446</b>

<i>In millions of tenge</i>	December 31, 2023	December 31, 2022
Current portion	1,173,718	1,130,745
Due from 1 to 2 years	5,494	–
Due from 2 to 5 years	464,095	686,801
Due over 5 years	2,526,283	2,526,132
<b>Long-term portion</b>	<b>2,995,872</b>	<b>3,212,933</b>
Borrowings under subsoil use projects	57,656	23,768
	<b>4,227,246</b>	<b>4,367,446</b>

As at December 31, 2023 and 2022, the bonds issued comprised the following:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Effective interest rate	December 31, 2023	December 31, 2022
Bonds LSE 2017	1 billion USD	April 2027	4.75%	454,060	460,655
Bonds LSE 2017	1.25 billion USD	April 2047	5.75%	552,309	561,160
Bonds LSE 2018	0.5 billion USD	April 2025	4.75%	–	232,586
Bonds LSE 2018	1.25 billion USD	April 2030	5.375%	569,892	579,391
Bonds LSE 2018	1.5 billion USD	October 2048	6.375%	673,677	685,181
Bonds LSE 2020	0.75 billion USD	April 2033	3.50%	343,005	349,059
			14.50%		
Bonds KASE 2022 (Notes 21 and 26)	751.6 billion tenge	October 2035	(3.00% nominal interest rate)	392,158	379,306
			11.74%		
Bonds KASE 2023 (Notes 21 and 26)	50 billion tenge	April 2033	(0.50% nominal interest rate)	29,927	–
			11.74%		
Bonds KASE 2023 (Notes 21 and 26)	20 billion tenge	November 2033	(0.50% nominal interest rate)	11,448	–
				<b>3,026,476</b>	<b>3,247,338</b>

In April 2023, the Company made an early repayment of bonds placed at the London Stock Exchange (LSE) maturing in 2025 with nominal value of 0.5 billion US dollars in the amount of 500.9 million US dollars (equivalent to 227,941 million tenge), including coupon payment and consent fee of 0.9 million US dollars (equivalent to 421 million tenge).

The decrease in carrying value of bonds in 2023 also is due to the effect of the foreign currency exchange rate on bonds placed at the LSE and denominated in US dollars for 47,289 million tenge.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 22. BORROWINGS AND BONDS

As at December 31, 2023 and 2022, the borrowings other than bonds issued comprised the following:

<i>In millions of tenge</i>					
<b>Creditors</b>	<b>Issuance amount</b>	<b>Redemption date</b>	<b>Effective interest rate</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
KMG EP	2 trillion tenge	2027	0.01%	<b>1,141,769</b>	1,096,340
Lukoil Kazakhstan Upstream LLP	Financing for share of KMG costs in execution of subsoil use contract on project “Zhenis”	From beginning of commercial exploration	SOFR + 2.85%	<b>47,363</b>	12,876
Eni Isatay B.V.	Financing for share of KMG costs in execution of subsoil use contracts on project “Isatay” and “Abay”	From beginning of commercial exploration	CME TERM SOFR + 3.00%	<b>5,751</b>	7,051
KokelMunay LLP	Financing for share of KMG costs in execution of subsoil use contraction project “Becturly”	From beginning of commercial exploration	SOFR + 2.85%	<b>4,542</b>	3,841
KMGS	1.85 billion tenge	2025	0.01%	<b>1,345</b>	
				<b>1,200,770</b>	1,120,108

On November 22, 2022, the Company decided to voluntarily liquidate KMG EP, which is planned for 2024, and therefore loan received from KMG EP was brought to nominal value, amortization of the discount in the amount of 504,542 million tenge was recognized as finance costs in separate statement of comprehensive income (*Notes 12 and 26*).

In 2023, the Company received additional tranche of loan from KMG EP for the total amount of 45,317 million tenge. The fair value of these tranches is equal to their book value.

In 2022, the Company received additional tranche of loan from KMG EP for the total amount of 65,015 million tenge. The difference between fair value of loan and its nominal value of 13,559 million tenge and was recognized as decrease in investment in KMG EP (*Note 16*).

#### Changes in borrowings and bonds

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>As at January 1</b>	<b>4,367,446</b>	3,225,668
Received in cash	<b>152,106</b>	826,357
Principal paid	<b>(227,520)</b>	–
Interest paid	<b>(172,358)</b>	(155,074)
Interest accrued ( <i>Note 12</i> )	<b>190,581</b>	672,915
Discount recognition ( <i>Notes 16 and 21</i> )	<b>(31,343)</b>	(394,036)
Foreign exchange (loss)/gain	<b>(47,289)</b>	191,616
Derecognition of loan	<b>(4,377)</b>	–
<b>As at December 31</b>	<b>4,227,246</b>	4,367,446
Current portion	<b>1,173,718</b>	1,130,745
Non-current portion	<b>3,053,528</b>	3,236,701

In 2023, the Company recognized write-off of the loan payable to partners Eni Isatay B.V. on “Isatay” project in the amount of 4,377 million tenge, including interest. The write-off of the loan is related to the planned withdrawal of the Company from “Isatay” project and return of a contract territory to the Government.

#### Covenants

The Company is required to ensure the execution of the financial and non-financial covenants under the terms of the loan agreements. As of December 31, 2023, and 2022, the Company complies with all financial and non-financial covenants.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 23. FINANCIAL GUARANTEE OBLIGATIONS

The changes in financial guarantee obligations in 2023 and 2022 comprised the following:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>As at January 1</b>	<b>29,190</b>	<b>35,716</b>
Guarantees issued in respect of subsidiaries during the year ( <i>Notes 16 and 17</i> )	<b>3,946</b>	<b>8,538</b>
Amortization of financial guarantee obligations ( <i>Note 12</i> )	<b>(19,796)</b>	<b>(15,064)</b>
<b>As at December 31</b>	<b>13,340</b>	<b>29,190</b>

### 24. TRADE ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

As at December 31, 2022 and 2021, trade accounts payable and other current liabilities are presented by the following:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Trade accounts payable to related parties	<b>55,507</b>	<b>55,793</b>
Trade accounts payable to third parties	<b>9</b>	<b>19</b>
<b>Trade accounts payable</b>	<b>55,516</b>	<b>55,812</b>
<b>Other current financial liabilities</b>		
Payable for the acquisition of a subsidiary and joint venture	<b>90,524</b>	<b>89,004</b>
Other payables to related parties	<b>10,426</b>	<b>10,011</b>
Other payables to third parties	<b>8,381</b>	<b>11,076</b>
Due to employees	<b>2,121</b>	<b>1,877</b>
	<b>111,452</b>	<b>111,968</b>
<b>Other current non-financial liabilities</b>		
Contract liabilities	<b>20,357</b>	<b>18,434</b>
Other	<b>562</b>	<b>1,074</b>
	<b>20,919</b>	<b>19,508</b>
<b>Total other current financial and non-financial liabilities</b>	<b>132,371</b>	<b>131,476</b>

As at December 31, 2023 and 2022 trade payables and other current liabilities are non-interest bearing.

As at December 31, 2023 and 2022 trade accounts payable denominated in tenge.

As of December 31, 2022, payable for the acquisition of a subsidiary and joint venture is mainly represented by the Company's debt to KMG EP in the amount of 89,004 million tenge for the acquisition of 100% interest in the share capital of a subsidiary and 50% share in a joint venture (*Note 26*).

Contract liabilities movement:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>At January 1</b>	<b>18,434</b>	<b>11,058</b>
Deferred during the year	<b>352,768</b>	<b>379,458</b>
Recognized as revenue during the year	<b>(350,845)</b>	<b>(372,082)</b>
<b>At December 31</b>	<b>20,357</b>	<b>18,434</b>
Current portion	<b>20,357</b>	<b>18,434</b>
Non-current portion	<b>–</b>	<b>–</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 25. INCOME TAX EXPENSE

The major components of income tax expense for the years ended December 31, 2023 and 2022 are as follows:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>Income tax</b>		
Current withholding tax on dividends and interest received	<b>86,137</b>	49,121
Current corporate income tax expense	<b>336</b>	–
Current alternative excess profit tax	<b>413</b>	–
	<b>86,886</b>	49,121
Income tax (benefit)/expense of write-off of deferred assets	<b>(34)</b>	40,176
Deferred income tax (benefit)/expense	<b>(42,057)</b>	73,011
Deferred excess profit tax (benefit)/expense	<b>(10,391)</b>	238
	<b>(52,482)</b>	113,425
<b>Income tax expense</b>	<b>34,404</b>	162,546

Reconciliation of income tax expenses applicable to profit before income tax at the statutory income tax rate (20% in 2023 and 2022) to income tax expenses was as follows for the years ended December 31:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Profit before income tax from continuing operations	<b>1,099,305</b>	1,280,261
Statutory tax rate	<b>20%</b>	20%
<b>Income tax expense on accounting profit</b>	<b>219,861</b>	256,052
Change in unrecognized deferred tax assets	<b>(36)</b>	40,176
Share in profit of subsidiaries and joint ventures	<b>(164,036)</b>	(250,911)
Discounting and unwinding of discount on financial assets and liabilities	<b>(7,035)</b>	92,736
Impairment of investments in subsidiaries	<b>9,737</b>	16,832
Deferred alternative excess profit tax	<b>(10,391)</b>	239
Non-deductible interest	<b>68</b>	(165)
Effect of the application of the requirements of the legislation on transfer pricing and on income received in countries with preferential taxation	<b>(396)</b>	2,837
Gain from disposal of subsidiary (Note 5)	<b>(21,482)</b>	–
Disposal of investments	<b>–</b>	2,873
Other	<b>8,114</b>	1,877
<b>Income tax expense</b>	<b>34,404</b>	162,546

In accordance with the requirements of the Tax Code regarding the transfer pricing and taxation of income received in countries with preferential taxation, income from financial aid provided to Samruk-Kazyna, as well as income received in countries with preferential taxation are included in the taxable profit.



## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 25. INCOME TAX EXPENSE (continued)

Deferred income tax balances, calculated by applying the statutory tax rates in effect at the dates of respective statements of financial position to the temporary differences between the tax base of assets and liabilities and the amounts reported in the separate financial statements, are comprised of the following as at December 31:

<i>In millions of tenge</i>	2023			2022				
	Corporate income tax	Withholding tax	Total	Recognized in profit or loss for 2023	Corporate income tax	Withholding tax	Total	Recognized in profit or loss for 2022
<b>Deferred tax assets</b>								
Tax loss carryforward	530,559	–	530,559	(30,440)	560,999	–	560,999	7,829
Exploration and evaluation assets - project “Zhenis”	18,958	–	18,958	18,958	–	–	–	–
Allowance for expected credit losses on accounts receivable	2,179	–	2,179	201	1,978	–	1,978	163
Property, plant and equipment	1,684	–	1,684	559	1,125	–	1,125	517
Provision for accrued liabilities to employees	277	–	277	(71)	348	–	348	(141)
Less: unrecognized deferred tax assets	(531,927)	–	(531,927)	32,517	(564,444)	–	(564,444)	(8,368)
<b>Deferred tax assets</b>	<b>21,730</b>	<b>–</b>	<b>21,730</b>	<b>21,724</b>	<b>6</b>	<b>–</b>	<b>6</b>	<b>–</b>
<b>Deferred tax liabilities</b>								
Undistributed earnings of joint venture	–	(571,269)	(571,269)	33,376	–	(615,746)	(615,746)	(113,330)
Exploration and evaluation assets	(651)	–	(651)	148	(799)	–	(799)	(95)
Other non-current financial assets	(2,772)	–	(2,772)	(2,772)	–	–	–	–
Other	–	–	–	6	(6)	–	(6)	–
<b>Deferred tax liabilities</b>	<b>(3,423)</b>	<b>(571,269)</b>	<b>(574,692)</b>	<b>30,758</b>	<b>(805)</b>	<b>(615,746)</b>	<b>(616,551)</b>	<b>(113,425)</b>
<b>Net deferred tax liabilities</b>	<b>18,307</b>	<b>(571,269)</b>	<b>(552,962)</b>		<b>(799)</b>	<b>(615,746)</b>	<b>(616,545)</b>	
<b>Deferred tax expenses</b>				<b>52,482</b>				<b>(113,425)</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 25. INCOME TAX EXPENSE (continued)

The movements in the deferred tax liability were as follows:

<i>In millions of tenge</i>	2023			2022		
	Corporate income tax	Withholding tax	Total	Corporate income tax	Withholding tax	Total
<b>Net deferred tax liability as at January 1</b>	<b>799</b>	<b>615,746</b>	<b>616,545</b>	704	465,891	466,595
Recognized in profit or loss	(19,106)	(33,376)	(52,482)	95	113,330	113,425
Recognized in other comprehensive income	–	(11,101)	(11,101)	–	36,525	36,525
<b>Net deferred tax liability as at December 31</b>	<b>(18,307)</b>	<b>571,269</b>	<b>552,962</b>	799	615,746	616,545
<b>Represented in the separate statement of financial position as:</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>				
Deferred tax asset	18,958	–				
Deferred tax liabilities	(571,920)	(616,545)				
Net deferred tax liabilities	(552,962)	(616,545)				

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 utilised.

As at December 31, 2023, the Company recognized deferred tax asset in the amount of 18,958 million tenge as a result of a temporary difference associated with the exploration and evaluation asset, project “Zhenis”, for which the Company recognized an impairment loss in the reporting period (*Note 15*). The Company expects to have taxable income in 2024 for which uses this deductible temporary difference.

As at December 31, 2023, the Company did not recognize deferred tax assets in the amount of 528,754 million tenge (2022: 561,495 million tenge) and 3,173 million tenge (2022: 2,949 million tenge) related to non-contract and contract activities, respectively, that could be offset against future taxable profit in future periods. Tax losses carried forward could be offset against taxable profit during the next 10 (ten) consecutive years. These deferred tax assets have not been recognized in respect of these losses as they may not be used to offset taxable profit from the Company’s other activities. The Company performed an analysis and concluded that the recoverability of these assets is remote. The Company has neither taxable temporary differences, nor any tax planning opportunities available that could partly support the recognition of deferred tax assets.

Due to the expiration of the period of possible offset and the absence of taxable profit, the Company wrote off the unused loss for 2013 of 30,666 million tenge. Furthermore, according to the results of final submission of income tax return the Company adjusted deferred tax assets decreasing by 1,906 million tenge.

**NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)****26. RELATED PARTY TRANSACTIONS**

The following table provides the total amount of transactions, which have been entered into with related parties during 2023 and 2022 and the related balances as at December 31, 2023 and 2022, respectively:

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
<b>Revenue from contract with customers</b>	<b>174,458</b>	90,589
Subsidiaries	<b>75,385</b>	64,439
Joint ventures	<b>3,016</b>	2,866
Associates	<b>409</b>	295
Entities under common control of Samruk-Kazyna	<b>95,648</b>	22,989
<b>Acquisition of goods and services</b>	<b>709,031</b>	620,351
Subsidiaries	<b>678,194</b>	590,235
Joint ventures	<b>26,670</b>	26,619
Associates	<b>1,975</b>	2,013
Entities under common control of Samruk-Kazyna	<b>2,192</b>	1,484
<b>Interest accrued on financial assets</b>	<b>49,287</b>	83,885
Subsidiaries	<b>35,371</b>	33,061
Joint ventures	<b>6,977</b>	5,671
Samruk-Kazyna	<b>1,911</b>	43,391
Entities under common control of Samruk-Kazyna	<b>917</b>	1,368
Other related parties	<b>4,111</b>	394
<b>Interest accrued on financial liabilities</b>	<b>37,833</b>	558,227
Subsidiaries	<b>126</b>	548,196
Samruk-Kazyna	<b>37,707</b>	10,031

**Revenue from contract with customers**

In 2023, the sale of oil products to subsidiaries consisted mainly from sale of oil products to KMG-Aero, Atyrau Refinery, OMG and Pavlodar Refinery in the amount of 60,644 million tenge, 4,441 million tenge, 4,348 million tenge and 3,327 million tenge, respectively (2022: KMG-Aero, Atyrau Refinery, OMG and Pavlodar Refinery in the amount of 52,173 million tenge, 3,830 million tenge, 3,183 million tenge and 3,071 million tenge, respectively).

In 2023, the sale of oil products to Entities under common control of Samruk-Kazyna consisted mainly from sale of diesel fuel to KTZ in the amount of 94,813 million tenge (2022: 22,151 million tenge).

**Acquisition of goods and services**

Acquisition of goods and services are mainly related to the Company's refining process of crude oil.

In 2023, the Company acquired crude oil from subsidiaries of KMG EP, OMG and EmbaMunayGas JSC (EMG), KTM and Urikhtau Operating in the amount of 330,304 million tenge, 137,980 million tenge, 12,138 million tenge and 1,749 million tenge, respectively (in 2022: KMG EP, OMG and EMG, KTM and Urikhtau Operating in the amount of 273,548 million tenge, 126,798 million tenge, 11,248 million tenge and 3,843 million tenge, respectively).

In 2023, the Company acquired services for the processing of crude oil from the Atyrau Refinery and Pavlodar Refinery in the amount of 131,757 million tenge and 42,355 million tenge, respectively (in 2022: Atyrau Refinery and Pavlodar Refinery 100,130 million tenge and 46,145 million tenge, respectively).

In 2023, the Company acquired services for the processing of crude oil from joint venture Petro Kazakhstan Oil Products LLP (PKOP) in the amount of 24,568 million tenge (in 2022: 21,626 million tenge).

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

**26. RELATED PARTY TRANSACTIONS (continued)**

**Interest accrued on financial liabilities**

In 2023, interest accrued on financial liabilities of Samruk-Kazyna is represented by interest expense accrued on bonds issued by Samruk-Kazyna in the amount of 751,631 million tenge in 2022, and issued in 2023 in the amount of 50,000 million tenge and 20,000 million tenge (*Note 22*).

In 2022, interest accrued on financial liabilities to subsidiaries is mainly represented by the amortization of the discount recognized in finance costs in the separate statement of comprehensive income in respect of loan from KMG EP and payables for the acquisition from KMG EP of 100% interest in share capital of a subsidiary and 50% share in a joint venture for the total amount of 543,520 million tenge (*Notes 22 and 24*).

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
<b>Assets</b>		
<b>Loans due from related parties</b>	<b>461,143</b>	<b>346,506</b>
<i>Loans due from related parties at amortized cost</i>	<b>428,984</b>	<b>292,617</b>
Subsidiaries	<b>342,943</b>	<b>175,085</b>
Joint ventures	<b>18,698</b>	<b>13,529</b>
Associates	<b>1,086</b>	<b>1,086</b>
Entities under common control of Samruk-Kazyna	<b>8,018</b>	<b>15,847</b>
Bonds receivable from MW	<b>41,375</b>	<b>–</b>
Bonds receivable from Samruk – Kazyna	<b>21,021</b>	<b>19,665</b>
Notes of National Bank of RK	<b>–</b>	<b>70,192</b>
Less: allowance for expected credit losses	<b>(4,157)</b>	<b>(2,787)</b>
<i>Loans due from related parties at fair value through profit or loss</i>	<b>32,159</b>	<b>53,889</b>
Subsidiary (Ak Su KMG)	<b>966</b>	<b>–</b>
Joint venture (PKOP, KKO)	<b>31,193</b>	<b>53,889</b>
<b>Trade accounts receivable and other current assets</b>	<b>62,477</b>	<b>21,484</b>
Subsidiaries	<b>15,006</b>	<b>17,184</b>
Joint ventures	<b>7,164</b>	<b>1,472</b>
Associates	<b>81</b>	<b>1,505</b>
Entities under common control of Samruk-Kazyna	<b>46,860</b>	<b>1,347</b>
Less: allowance for expected credit losses	<b>(6,634)</b>	<b>(24)</b>
<b>Dividends receivable from subsidiaries and joint ventures</b>	<b>24,202</b>	<b>320</b>
<b>Liabilities</b>		
<b>Trade accounts payable and other liabilities</b>	<b>156,999</b>	<b>154,996</b>
Subsidiaries	<b>153,429</b>	<b>149,152</b>
Joint ventures	<b>260</b>	<b>3,983</b>
Associates	<b>638</b>	<b>1,535</b>
Entities under common control of Samruk-Kazyna	<b>2,672</b>	<b>326</b>
<b>Financial guarantee obligations (<i>Note 23</i>)</b>	<b>13,340</b>	<b>29,190</b>
Subsidiaries and their subsidiaries and joint ventures	<b>11,454</b>	<b>29,190</b>
Joint ventures	<b>1,886</b>	<b>–</b>
<b>Loan commitment (<i>Notes 16 and 17</i>)</b>	<b>102,204</b>	<b>–</b>
Subsidiaries	<b>91,130</b>	<b>–</b>
Joint ventures	<b>11,074</b>	<b>–</b>
<b>Borrowings and bonds (<i>Note 22</i>)</b>	<b>1,576,646</b>	<b>1,475,646</b>
Subsidiaries	<b>1,143,113</b>	<b>1,096,340</b>
Bonds of the Company, acquired by Samruk-Kazyna	<b>433,533</b>	<b>379,306</b>

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 26. RELATED PARTY TRANSACTIONS (continued)

#### Loans due from related parties

As of December 31, 2023, and 2022, loans due from related parties are as follows:

<i>In millions of tenge</i>	<b>Maturity</b>	<b>Interest rate, per annum</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Atyrau Refinery	2027-2032	0.00%-3.50%	<b>191,878</b>	51,234
Urikhtau Operating	2027	7.00%	<b>98,197</b>	74,637
Bonds receivable from MW	2033	0.50%	<b>41,375</b>	–
KMG Drilling & Services	2024-2029	2.00%-5.75%	<b>28,630</b>	29,893
		90 DAYS		
PKOP	2024	AVERAGE SOFR + 3.50%	<b>25,975</b>	53,889
OMG	2025	0.01%	<b>24,110</b>	–
Bonds receivable from Samruk – Kazyna	2044	0.50%	<b>21,021</b>	19,665
KPI	2024	0.00%	<b>13,873</b>	13,529
NC QazaqGaz JSC	2024	0.01%	<b>8,018</b>	15,847
KKO	2033	SOFR + 2.8%	<b>5,218</b>	–
Silleno	2024	0.01%	<b>4,825</b>	–
CPC	2020	6.00%	<b>1,086</b>	1,086
Notes of National Bank of RK			–	70,192
Subsidiaries of Kazmortransflot			–	11,930
Other			<b>1,094</b>	7,391
Less: allowance for expected credit losses			<b>(4,157)</b>	(2,787)
			<b>461,143</b>	346,506
Less: current portion			<b>(128,732)</b>	(194,662)
<b>Non-current portion</b>			<b>332,411</b>	151,844

As at December 31, 2023 and 2022, all loans due from related parties are denominated in the following currencies:

<i>In millions of tenge</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Tenge	<b>421,944</b>	265,009
US dollar	<b>39,199</b>	81,497
	<b>461,143</b>	346,506

In 2023, the Company purchased short-term notes of National Bank of RK in the total amount of 265,047 million tenge, as well as short-term notes of National Bank of RK acquired in 2023 and 2022 in the amount of 335,047 million tenge were redeemed.

In 2022, the Company purchased short-term notes of the National Bank of RK in the total amount of 87,000 million tenge, of which notes in the amount of 17,000 million tenge were redeemed by the issuer.

#### Trade accounts receivable and other current assets

As at December 31, 2023, trade accounts receivable and other assets are represented mainly by trade accounts receivable of KTZ for the purchase of refined products in the amount of 30,677 million tenge and receivable from Samruk-Kazyna for acquisition of 25% interest in share capital of Butadiene in the amount of 8,531 million tenge (2022: nil).

#### Trade accounts payable and other liabilities

As at December 31, 2023, trade payables and other liabilities include the Company’s payables to KMG EP for the acquisition of subsidiary and a joint venture in the total amount of 89,004 million tenge, as well as trade payables to OMG and EMG in the amount of 41,316 million tenge and 18,910 million tenge, respectively (2022: Company’s payables to KMG EP for the acquisition of subsidiary and a joint venture in the total amount of 89,004 million tenge, as well as trade payables to OMG and EMG in the amount of 37,653 million tenge and 15,099 million tenge, respectively).

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 26. RELATED PARTY TRANSACTIONS (continued)

#### Dividends receivable from subsidiaries and joint ventures

As at December 31, 2023, dividends receivable from subsidiaries and joint ventures are mainly presented by dividends receivable from KRG and KTM in the amount of 20,952 million tenge and 3,250 million tenge, respectively (2022: KMG Automation LLP in the amount of 320 million tenge).

#### Compensation to the key management personnel

Key management personnel comprise members of the Management Board and the Board of Directors of the Company, totalling 17 persons as at December 31, 2023 (2022: 15 persons). Total compensation to the key management personnel included in general and administrative expenses in these separate financial statements amounted to 1,008 million tenge and 861 million tenge for 2023 and 2022, respectively. Compensation to key management personnel consists of contractual salary and performance bonus based on operating results of the Company.

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, financial guarantee obligations, trade accounts payable, payable on purchase of interest in subsidiary. The main purpose of these financial liabilities is to raise finance for the Company's investing activities. The Company's financial assets comprise long-term and short-term bank deposits, cash and cash equivalents, loans from related parties that arise directly from its operations.

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

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term loans with floating interest rates (*Note 22*).

The Company's policy is to manage its interest rate risk using a mix of fixed and variable rates on borrowings.

The following table demonstrates the sensitivity of the Company's profit before income tax (through the impact on floating rate borrowings and bonds) to a reasonably possible change in interest rates, with all other variables held constant. There is no direct impact on the Company's equity.

<i>In millions of tenge</i>	<b>Increase/ decrease in basis points</b>	<b>Effect on profit before income tax</b>
<b>2023</b>	<b>+3.82</b>	<b>(1,011)</b>
SOFR	-3.82	1,011
<b>2022</b>	<b>+2.45</b>	<b>739</b>
Libor	-2.45	(739)

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

It is the Company's policy to enter into financial instrument transactions with creditworthy counterparties. Maximum credit risk exposure equals to the carrying amount of each financial asset. The Company believes that the maximum risk amount is represented by loans from the related parties (*Note 26*), long and short-term bank deposits (*Note 18*), trade accounts receivable (*Note 19*), cash and cash equivalents (*Note 20*), net of expected credit losses, recorded at the reporting date.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit risk (continued)

The table below shows the risk profile of Company’s cash and cash equivalents, short-term and long-term deposits held in banks as at December 31, 2023 and 2022 using the Fitch credit ratings, or in their absence, using their equivalent rates in S&P and Moody’s:

%	At December 31	
	2023	2022
A+	32%	25%
A to A-	59%	61%
BBB to BBB-	9%	13%
BB+ to BB-	0%	0%
B+ to B-	0%	0%

#### Liquidity risk

Liquidity risk is the risk that the Company 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 a price 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 tables below summarise the maturity profile of the Company’s financial liabilities at December 31, 2023 and 2022, based on contractual undiscounted payments.

<i>In millions of tenge</i>	Less than 1 month	From 1 to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At December 31, 2023</b>						
Borrowings and bonds	–	–	163,087	1,103,611	4,658,259	5,924,957
Financial guaranties*	–	18,700	56,150	189,598	26,768	291,216
Loan commitment	297,580	–	–	–	–	297,580
Trade payables	55,516	–	–	–	–	55,516
Other financial liabilities	11,132	9,870	1,446	–	–	22,448
	<b>364,228</b>	<b>28,570</b>	<b>220,683</b>	<b>1,293,209</b>	<b>4,685,027</b>	<b>6,591,717</b>

<i>In millions of tenge</i>	Less than 1 month	From 1 to 3 months	3 months to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At December 31, 2022</b>						
Borrowings and bonds	–	–	176,236	1,354,019	4,828,833	6,359,088
Financial guaranties*	–	33,555	228,400	431,408	20,058	713,421
Trade payables	50,252	5,560	–	–	–	55,812
Other financial liabilities	16,866	3,681	2,418	–	–	22,965
	<b>67,118</b>	<b>42,796</b>	<b>407,054</b>	<b>1,785,427</b>	<b>4,848,891</b>	<b>7,151,286</b>

\* A financial guarantee is a contract by which the issuer is required to make specified payments to reimburse the holder of the instrument for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or revised terms of a debt instrument. Under IFRS 7.B11C(c), under financial guarantee agreements issued by the Company, the maximum amount of the guarantee relates to the very first period in which the guarantee can be called. In the liquidity table above, the financial guarantee is represented by the maximum amount by maturity of the underlying debt instrument. Under financial guarantee agreements, in the event of a default or improper performance by the debtor, the Company unconditionally undertakes to pay the entire amount of principal and unpaid interest on demand of debtor. In 2023 and 2022, there were no cases of using financial guarantees.

#### Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company’s operations are carried out primarily in Kazakhstan. Nevertheless, the Company’s vast majority of cash inflows and outflows are denominated in US dollars.

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Currency risk (continued)

The following table demonstrates the sensitivity of the Company’s profit before income tax to a reasonably possible change in the US dollar exchange rate, with all other variables held constant. There is no direct impact on the Company’s equity.

<i>In millions of tenge</i>	<b>Increase/ decrease in US dollar rate</b>	<b>Effect on profit before income tax</b>
<b>2023</b>	<b>14.15%</b> <b>-14.15%</b>	<b>(224,752)</b> <b>224,752</b>
<b>2022</b>	21.00% -21.00%	(420,177) 420,177

#### Capital management

The primary objective of the Company’s capital management is to maximise the shareholder value. The Company manages its capital to ensure that Company 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 cyclicalities while also enabling the pursuit of investment opportunities. The Company has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt incurrence.

The capital of the Company consists of debt, which includes borrowings (*Note 22*) less cash and cash equivalents, short-term deposits and equity, comprising share capital, additional paid-in capital, other reserves and retained earnings (*Note 21*).

The Company’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 Company’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, 2023 and 2022 (*Note 22*).

<i>In millions of tenge</i>	<b>2023</b>	<b>2022</b>
Borrowings, bonds and loan commitment	<b>4,329,450</b>	4,367,446
Less: cash and short-term bank deposits	<b>(1,107,672)</b>	(870,456)
<b>Net debt</b>	<b>3,221,778</b>	3,496,990
Equity	<b>12,473,723</b>	11,903,002
<b>Capital and net debt</b>	<b>15,695,501</b>	15,399,992

No changes were made in the overall strategy, objectives, policies or processes for managing capital during the years ended December 31, 2023 and 2022.



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

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Fair value**

The current value of financial instruments and investment property of the Company as at December 31, 2022 and 2021 is the reasonable approximation of their fair values except for the following financial instruments disclosed below:

<i>In millions of tenge</i>	<b>December 31, 2023</b>				
	<b>Current value</b>	<b>Fair value</b>	<b>Fair value by level of assessment</b>		
			<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at amortized cost</b>					
Bonds receivable from Samruk – Kazyna	20,963	16,797	–	16,797	–
Bonds receivable from MW	41,232	41,128	–	–	41,128
Loans due from related parties	366,789	369,789	–	–	369,789
<b>Financial assets at fair value through profit or loss</b>					
Loans due from related parties	32,159	32,159	–	–	32,159
Other non-current financial assets	13,860	13,860	–	–	13,860
<b>Financial liabilities at amortized cost</b>					
Fixed interest rate borrowings	4,169,590	3,976,180	2,452,370	1,522,480	1,330
<b>Loan commitment</b>					
Loan commitment	102,204	102,204	–	–	102,204
<b>Financial guarantees</b>					
Financial guarantees	13,340	10,933	–	–	10,933

<i>In millions of tenge</i>	<b>December 31, 2022</b>				
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Fair value by level of assessment</b>		
			<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets at amortized cost</b>					
Bonds receivable from Samruk – Kazyna	19,599	20,138	–	20,138	–
Notes of National Bank of RK	70,188	70,188	–	70,188	–
Loans due from related parties	202,830	203,693	–	–	203,693
<b>Financial assets at fair value through profit or loss</b>					
Loans due from related parties	53,889	53,889	–	–	53,889
<b>Financial liabilities at amortized cost</b>					
Fixed interest rate borrowings	4,343,678	3,933,248	2,476,894	1,456,354	–
<b>Financial guarantees</b>					
Financial guarantees	29,190	27,865	–	–	27,865

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS (continued)

### 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Fair value (continued)

The table below provides a breakdown by expected credit losses level of financial assets:

<i>In millions of tenge</i>	December 31, 2023			December 31, 2022		
	Gross carrying amount	Allowance for expected credit losses	Expected credit losses coverage	Gross carrying amount	Allowance for expected credit losses	Expected credit losses coverage
Level 1	479,160	(4,157)	0.87%	349,293	(2,787)	0.80%
Level 2	–	–	–	–	–	–
Level 3	–	–	–	–	–	–
	479,160	(4,157)	0.87%	349,293	(2,787)	0.80%

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 categorised 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no changes in the Company’s valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the year.

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant unobservable inputs	Range as of December 31,	
			2023	2022
Loans due from related parties at amortized cost	DCF method	Discount and interest rate	7.3%-19.5%	6.3%-19.8%
Financial guarantees			7.8%-19.5%	6.3%-19.8%
			SOFR + 2.8%-90 DAYS	
Loans due from related parties at fair value through profit or loss	DCF method	Discount and interest rate	AVERAGE SOFR + 3.5%	12M Libor + 3.5%
Other non-current financial assets	DCF method	Discount and interest rate	9.2%	–

### 28. FINANCIAL COMMITMENTS AND CONTINGENCIES

#### 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.

#### Legal proceedings

In the opinion of management, there are no current legal proceedings or other claims outstanding, which could have a material negative effect on the separate financial results or financial position of the Company and which have not been accrued or disclosed in these separate financial statements.

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

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**28. FINANCIAL COMMITMENTS AND CONTINGENCIES (continued)****Taxation**

Kazakhstan’s tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions with respect to IFRS treatment of revenues, expenses and other items in the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan’s tax laws are severe. Due to uncertainties associated with Kazakhstan’s tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at December 31, 2023. As at December 31, 2023, Management believes that its interpretation of the relevant legislation is appropriate and that it is probable that the Company’s tax positions will be sustained, except as provided for or otherwise disclosed in these separate 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 (Law) 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 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 Company’s position, which could result in additional taxes, fines and interest. As at December 31, 2023 management believes that its interpretation of the transfer pricing legislation is appropriate and that it is probable that the Company’s positions with regard to transfer pricing will be sustained.

**Commitments under subsoil use contract**

According to the terms of subsurface use contracts signed by the Company with the Government of the Republic of Kazakhstan, the Company has certain commitments on fulfilment of minimal work programs related to its oil and gas projects.

As at December 31, 2023, the Company failed to comply with work programs under some of its subsurface use contracts in full. Management believes that the outstanding amounts can be transferred to subsequent years and that such transfer will not result in termination of subsoil use contracts.

**29. SUBSEQUENT EVENTS****Additional contribution to share capital**

In January 2024, the Company made contribution in cash to the share capital of OSC, a subsidiary, with three tranches in the total amount of 6,862 million tenge.

**Loans given**

In January 2024, the Company provided Atyrau Refinery, a subsidiary, with five additional tranches under long-term loan agreement in the total amount of 9,247 million tenge, maturing in 2028 at a rate of 0.1%.

On February 16, 2024, the Company provided Silleno, a joint venture, with additional tranche under loan agreement in the amount of 4,240 million tenge, maturing in 2024 at a rate of 0.01%.

**Disposal of subsidiary**

On February 21, 2024, the Company entered into a sales contract with a third party PJSC Tatneft for the sale of 50% of shares of Karaton Operating, a subsidiary, for a cash consideration of 18.2 million dollars (equivalent to 8,255 million tenge at the date of disposal of a subsidiary) and lost control over 50% of Karaton Operating shares.

**Dividends received**

On March 12, 2024, the Company received dividends from TCO, the joint venture, in the amount of 85 million US dollars (equivalent to 38,191 million tenge).

**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours (Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024 on the second issue of the agenda “ **On the procedure for distributing the net income of JSC NC KazMunayGas for 2023 and the amount of dividend in the calculation per one common share of JSC NC "KazMunayGas "** ”

**in accordance with paragraph 1 of Article 23, subparagraph 2) of paragraph 2 of Article 35, subparagraph 8) of paragraph 1 of Article 36 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraphs 47, 48 of Article 9, subparagraph 13 ) paragraph 98 of article 12 of the Charter of the joint stock company “National Company “KazMunayGas”, approved by the decision of the annual General Meeting of Shareholders of JSC NC “KazMunayGas” dated May 30, 2023 (minutes No. 2\2023, issue No. 5), clauses 5.1, 5.8 of Chapter 5 of the Dividend Policy of JSC NC “KazMunayGas”, approved by the decision of the person owning all voting shares of JSC NC KazMunayGas, dated October 27, 2022 (minutes of the meeting of the Board of JSC Samruk -Kazyna No. 59/22, issue No. 7), subparagraph 14) of paragraph 32 of Chapter 7 of the Regulations on the General Meeting of Shareholders of the joint stock company of the National Company KazMunayGas company, approved by the decision of the person owning all voting shares of NC KazMunayGas JSC dated December 2, 2022 (minutes of the meeting of the Board of Samruk-Kazyna JSC No. 66/22, issue No. 5), having considered the presented materials, The General Meeting of Shareholders of JSC NC KazMunayGas DECIDED:**

1. Approve:

1) the following procedure for the distribution of the consolidated net income of JSC NC KazMunayGas (located at the address: Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, BIN 020240000555, IIC KZ356010111000002033 in Halyk Bank of Kazakhstan JSC, SWIFT (BIC): HSBKKZKX) for the reporting financial year 2023, in the amount of 960,483,000,000 (nine hundred sixty billion four hundred eighty three million) tenge:

the amount of 300,001,855,903.03 (three hundred billion one million eight hundred fifty-five thousand nine hundred three) tenge 3 (three) tiyns should be allocated for the payment of dividends to the shareholders of JSC NC KazMunayGas;

the remaining amount in the amount of 660,481,144,096.97 (six hundred sixty billion four hundred eighty-one million one hundred forty-four thousand ninety-six) tenge 97 (ninety-seven) tiyns shall be left at the disposal of JSC NC KazMunayGas;

2) the amount of dividend for 2023 per one common share of NC KazMunayGas JSC – 491.71 (four hundred ninety-one) tenge 71 (seventy-one) tiyn.

2. To fix the list of shareholders of JSC NC KazMunayGas who have the right to receive dividends based on the results of 2023, as of 00:00 on May 29, 2024.

3. Determine the start date of payment of dividends on common shares of JSC NC KazMunayGas for 2023 - June 24, 2024.

4. Payment of dividends on common shares of JSC NC KazMunayGas based on the results of 2023 should be made in cash, by transferring them in the prescribed manner to the accounts of shareholders of JSC NC KazMunayGas independently and through a paying agent, represented by JSC Central Securities Depository, not later than 90 (ninety) calendar days from the date of this decision.

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “National Company "KazMunayGas", approved by the decision of the annual General Meeting of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), requires a simple majority of votes from the total number of voting shares of JSC NC "KazMunayGas" participating in voting. The decision is made by open voting on the principle of “one share – one vote”.

Based on the voting results, **the DECISION WAS MADE unanimously** .

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**

**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours (Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024 on the third issue of the agenda “ **On shareholder appeals on the actions of JSC NC KazMunayGas and its officials in 2023 and the results of their consideration** ”

**in accordance with subparagraph 3) of paragraph 2 of Article 35, subparagraph 18) of paragraph 1 of Article 36 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415 -II “On Joint Stock Companies”, subparagraph 27) of paragraph 98 of Article 12 of the Charter of the joint stock company “National Company KazMunayGas” ", approved by the decision of the annual General meeting of shareholders of JSC NC KazMunayGas dated May 30, 2023 (minutes No. 2\2023, issue No. 5), subparagraph 3) of paragraph 16 of Chapter 5, subparagraph 36) of paragraph 32 of Chapter 7 of the Regulations on the General Meeting of Shareholders of the National Company KazMunayGas Joint Stock Company, approved by the decision of the person owning all voting shares of JSC NC KazMunayGas dated December 2, 2022 (minutes of the meeting The Board of Directors of Samruk-Kazyna JSC No. 66/22, issue No. 5), having considered the presented materials, the General Meeting of Shareholders of NC KazMunayGas JSC DECIDED:**

take into account the information on shareholders' appeals to the actions of JSC NC KazMunayGas and its officials in 2023 and the results of their consideration, according to the appendix to this decision .

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “ National Company "KazMunayGas", approved by the decision of the annual General Meeting of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), requires a simple majority of votes from the total number of voting shares of JSC NC "KazMunayGas" participating in voting. The decision is made by open voting on the principle of “one share – one vote”.

Based on the voting results, **the DECISION WAS MADE unanimously** .

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**

Annex to the resolution  
on issue No. 3 of the agenda  
annual general meeting  
shareholders of  
NC "KazMunayGas" JSC  
dated May 28, 2024  
(Minutes No.\_\_\_\_)

**Information on the number of shareholder appeals regarding the actions of JSC NC KazMunayGas and its officials  
in 2023**

In 2023, NC KazMunayGas JSC received 1,112 letters of various subjects from Samruk-Kazyna JSC and the National Bank of the Republic of Kazakhstan , of which 1,101 letters were from the Fund (including 33 appeals from the Fund regarding the actions of the Company and its officials) and 11 letters – from the National Bank.

There were no complaints from the National Bank or other shareholders of the Company regarding the actions of the Company and its officials.

<b>No.</b>	<b>Name shareholder</b>	<b>Number of letters from specified recipients in 2023</b>	<b>Number of requests on the actions of KMG and officials in 2023</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
1.	JSC "Samruk-Kazyna"	1101	33
2.	RGU "National Bank of the Republic of Kazakhstan"	eleven	0
3.	State Institution "Ministry of Finance of the Republic of Kazakhstan"	0	0
4.	Minority shareholders	0	0
	<b>Total:</b>	<b>1112</b>	<b>33</b>

Thus, the total number of requests from KMG shareholders regarding the actions of the Company and its officials received during 2023 is 33.



All of these requests were reviewed by KMG and responses were provided in accordance with the established procedure, or the provision of information on a systematic basis is under the control of the Company. This information is presented in more detail in the table below.

**Appeals to actions of KMG and officials in 2023**

<b>No.</b>	<b>Number and date of application</b>	<b>Brief content of the appeal</b>	<b>Reply number and date</b>	<b>Summary of the answer</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	No. 21.2-07-21.2/66 from 01/06/2023  In. No. 223 from 01/06/2023	On providing, until January 10, 2023, explanations on the issue of bringing officials to disciplinary liability within the framework of the issue of amending the Law of the Republic of Kazakhstan “On procurement of certain entities of the quasi-public sector.”	No. 25/112 from 01/09/2023	The Fund was provided with information that there are no grounds for bringing KMG employees to disciplinary liability.
2	No. 07-04-07/306 from 01/20/2023  In. No. 1046.2 from 01/20/2023	On the need to consider the request and provide a response to the letter of the Ministry of Economics of the Republic of Kazakhstan No. 07-14/358-I dated 01/19/2023 on the provision of inspection results, based on the letter of Nur Oil Treid LLP No. 49/01-23 dated 01/12/2023 regarding oil supplies at Pavlodar Petrochemical Plant LLP.	No. 46/971 from 02.02.2023	Detailed explanations have been provided to the Foundation.
3	No. 19-21-05.4/476 from 01/30/2023  In x. No. 1469.2 from 01/31/2023	About consideration of the Submission DER for the Atyrau region AFM on eliminating the circumstances, contributed to violation of the law (in accordance with Article 200 of the Code of Criminal Procedure of the Republic of Kazakhstan), in criminal case No. 222300121000009 against the former general director of Atyrau Oil Refinery LLP Danbai Sh.A. and director of Atyrau Oil Refinery LLP	No. 16/1619 from 02/24/2023	Detailed explanations have been provided to the Foundation.

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
		Seidualiev K.D. and providing information on measures taken within a month .		
4	No. 22-43-05.5/493 from 01/31/2023  In. No. 1673 from 01/31/2023	On the need to bring a manager at the CEO-1 level, who oversees human resource management issues, to disciplinary liability for failure to fulfill the instructions to implement a grading system in the corporate center within the established time limit.	No. 06/2678 from 04/03/2023	The Fund was provided with information that a disciplinary sanction was applied to the manager in the form of a warning for failure to complete the task of implementing a grading system in the corporate center on time.
5	No. 08-08-08/758 from 02/10/2023  In. No. 2374 from 02/10/2023	On the need to conduct official inspections at the construction site of a protective dam at the Severny Nurzhanovo field and at the project for replacing the Astrakhan -Mangyshlak water pipeline.	No. 22/3598 from 05/04/2023	The Fund has been provided with information that: 1) for the construction of a protective dam at the Severny Nurzhanovo field, no signs of criminal offenses have been established; 2) for the project to replace the Astrakhan-Mangyshlak water pipeline, it is recommended to conduct an additional construction and economic examination.
6	No. 21.1-14-21/1268 from 04/03/2023  In. No. 3902 from 03/07/2023	Notification of late submission of an application to the List of Unreliable (Potential) Suppliers.	No. 10/234 from 03/20/2023	To the Fund and JV Caspi LLP Bitum » sent a response with an attached order to bring the culprit to disciplinary liability.

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
7	No. 08-08-08/1571 from 03/27/2023  In. No. 4797 from 03/27/2023	On the need to assign an employee of the KMG Corporate Security Department with practical experience in identifying financial/economic offenses to participate in the inspection as part of an official investigations regarding information about illegal actions of the management of Kazakhturkmunai LLP.	The answer has been sent in due course.	The Fund, in accordance with the request, was provided with information about the candidacy of an employee of the KMG Corporate Security Department to participate in the inspection.
8	No. 21.1-14-21/1646 from 05/15/2023  In. No. 4984 from 03/29/2023	About the need to conduct an inspection to conduct an inspection at the JSC "Karazhanbasmunai" for the purpose of establishing violations of the norms of current legislation, initiated by the DER for the Mangistau region AFM.	No. 22/3837 from 05/12/2023	The Fund was provided with information that KMG conducted an appropriate internal investigation and prepared a conclusion, which will be sent to the Department of Economic Development for the Mangystau Region of the AFM.
9	No. 08-08-08/1876 from 04/10/2023  In. №5694 from 04/10/2023	On the need to provide information on criminal offenses and official / corruption offenses (monthly).	1) No. 22/2997 from 04/13/2023, 2) No. 22/3758 from 10.05.2023, 3) information is regularly sent to the Fund on a routine basis.	The Fund is provided with information about pre-trial investigations By criminal affairs, carried out law enforcement authorities V respect groups companies KMG.
10	No. 21.1-14-21/1906 from 04/10/2023  In. №5788	Oil LLP Services Company " taking measures to completely eliminate identified violations and informing the Fund about this.	No. 03/1293 from 05/03/2023	Oil Services Company LLP sent a response letter to the Fund about the measures taken and the imposition of disciplinary

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
	from 04/11/2023 (The main addressee of the letter is Oil LLP Services Company ", KMG is the addressee to whom a copy of this letter is sent)			sanctions on persons involved in the procurement process for which violations were identified.
eleven	No. 07-03-07/2015 from 04/15/2023  In. No. 6214 from 04/17/2023	On the need to consider the appeal of Koshkarov Zh.S. and providing a response to the letter of the Department of the Anti-Corruption Agency of the Republic of Kazakhstan (Anti-Corruption Service) for the city of Astana No. 11-3-3-5/1461 dated 04/14/2023 regarding the consideration of the liability of KMG officials for the lack of departmental control over the activities of the Internal Audit Service KMG.	No. 12/3647 from 05/05/2023	The Fund and Koshkarov Zh.S., who applied to the Anti-Corruption Service with an appeal, were provided with information that There are no grounds for holding KMG officials accountable for the lack of departmental control over the activities of the KMG Internal Audit Service.
12	No. 21.1-15-21/2170 from 04/21/2023  In. No. 6562 from 04/21/2023	On providing clarifications and providing materials until 04/27/2023 within the framework of the appeal of Sarsenbayeva Z.N. regarding unlawful actions of individual KMG subsidiaries and affiliates.	No. 25/3403 from 04/27/2023	The Fund was provided with information that during the corresponding inspection of JV Caspi Bitum LLP conducted by KMG, the arguments presented in Z.N. Sarsenbaeva's appeal were not confirmed and no additional internal investigation is required.

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
13	No. 13.4-08-05.5/2755 dated 05/22/2023  In. No. 8403 from 05/22/2023	On provision of the results of the audit of the industrial safety status of PetroKazakhstan Oil Products LLP by May 26, 2023.	No. 25/4266 from 05/26/2023	The Fund was provided with information about the measures taken, being taken and planned to be taken to eliminate inconsistencies identified during the PKOP audit.
14	No. 22-43-05.5/2843 from 05/26/2023  In. No. 8677 from 05/26/2023	On the need to ensure compliance with the principles of meritocracy, transparency and objectivity, as well as coordination with the Fund, when hiring (transfers) / appointment to positions at the CEO level, CEO -1.	-	No formal response is required. Accepted for accounting at work.
15	No. 13.4-08-05.5/3145 dated 06/07/2023  In. No. 9411 from 06/07/2023	On consideration of the issue of imposing disciplinary sanctions on responsible persons for identified inconsistencies and improper control during the operation of technological equipment, failure to implement the "Process Safety Action Plan of Samruk -Kazyna JSC for 2023" and the formal submission of reports on its implementation to the Fund, as well as for violations of requirements industrial safety in PetroKazakhstan Oil Products LLP, and providing information on performance.	No. 25/4998 from 06/19/2023	The Fund was provided with information that the issue of imposing a disciplinary sanction on the managers of KMG and PKOP will be considered. As a result of consideration On the issue of imposing disciplinary sanctions on the managers of KMG and PKOP, it was established that there are no grounds for holding KMG and PKOP employees accountable.
16	No. 22.1-08-05.5/3843 dated 07/05/2023  In. No. 10955	On the direction for consideration and making an opinion on the letter of the DER for the Mangistau region AFM No. 14-4/ZhT-A-168 dated 07/04/2023, in connection with what was received from Aldiyarov S.A. statements about	No. 06/5950 from 07/21/2023	A response letter was provided to the Foundation representative office of KMG in the city of Aktau No. ZhT -2023 -01146534 dated 07/14/2023, sent to

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
	from 07/10/2023	violations of competitive procedures for selecting candidates for vacant positions at Ozenmunaigas JSC.		Aldiyarov S.A., according to which, based on the results of an audit carried out in connection with what was received from Aldiyarov S.A. appeal, no facts of violation of the requirements of the Labor Code of the Republic of Kazakhstan were revealed, management Ozenmunaigas JSC is recommended to follow the procedure for recruiting, selecting and adapting personnel.
17	No. 21.1-15-21/3860 from 07/10/2023  In. No. 11004 from 07/10/2023	On providing, by July 15, 2023, an explanation on the substance of the issue specified in the appeal received to Fund from the association of legal individuals and individual entrepreneurs "Association of Entrepreneurs of the City of Zhanaozen", regarding issues of procurement from a single source.	No. 34/5746 from 07/14/2023	The Foundation was provided with a detailed response to each point of the appeal.
18	No. 21.1-12-21.1/4729 dated 08/22/2023  In. No. 13527 from 08/22/2023	On the need to conduct an audit based on the arguments set out in the appeal of ORDA Production Company LLP in relation to the former Deputy General Director of Ozenmunaigas JSC Karamurzaev E.B. in terms of lobbying the interests of TES Service	No. 44/7232 from 09/06/2023	The Fund was provided with information that during the relevant inspections carried out by the KMG Compliance Service and the KMG Corporate Security Department, no signs of contractual participation in

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
		Company LLP and SAAT Group LLP, and providing the results of this audit to the Fund.		procurement were established and the arguments presented in the appeal of ORDA Production Company LLP were recognized as unfounded.
19	No. 10-01-10/4775 from 08/24/2023  In. No. 13680 from 08/24/2023	On the need to provide information requested according to the letter of the General Prosecutor's Office of the Republic of Kazakhstan No. 2-01-23-67758 dated 08/23/2023, in connection with the appeal of M.K. Turysbekov, regarding the sale of KMG's non-core assets.	No. 12/6910 from 08/24/2023	The Fund has been provided with detailed information on each item of appeal.
20	No. 07-1-43-07/5176 from 12.09.2023  In. No. 14711 from 12.09.2023	On the need to consider and provide an explanation before September 14, 2023 on the facts set out in the appeal received by the Fund from a former employee of Kazakhturkmunai LLP Erbolekov Zh.A., in connection with his illegal dismissal.	No. 06/7508 from 09/14/2023	The Fund was provided with information about the work carried out by KMG to study the details of the dismissal of Erbolekov Zh.A., as well as the fact that KMG addressed Erbolekov Zh.A. a letter was sent explaining to him the right to apply to the conciliation commission on individual labor disputes of Kazturkmunai LLP.
21	No. 03-1-03-03-1/5270 dated 09/15/2023  In. No. 14930	On the need to provide a response to the letter of the DER for the Mangistau region AFM No. 14-5/2568-I dated 01.09.2023 upon the appeal of M.K. Turysbekov regarding the sale of non-core assets of KMG.	No. 12/7666 from 09/21/2023	The Fund was provided with a letter from KMG No. 12/6910 dated 08/24/2023, which was sent to the General Prosecutor's Office of the Republic of

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
	from 09/15/2023			Kazakhstan and the Fund following a similar appeal from M.K. Turysbekov, with relevant materials attached to it.
22	No. 06-3.2-11-06-3/5368 dated 09/19/2023  In. No. 15145 from 09/20/2023 (The main addressee of the letter is Pavlodar Petrochemical Plant, KMG – indicated by the addressee to whom a copy of this letter was sent)	On the need to consider the appeal of the independent ecologist E.I. Orazalinov. and providing him with an answer regarding the legality of the results of the tender for waste acceptance held by Pavlodar Petrochemical Plant LLP , of which Avangard LLP was declared the winner.	No. 03-06-03/5762 from 09/26/2023	PNHZ sent a response letter to the Fund stating that Orazalinov E.I.'s appeal. reviewed and responded to No. 03 -06-03/5747 dated 09/25/2023.
23	No. 02-2-08-02-2/5373 dated 09/20/2023  In. No. 6705.2 from 09/20/2023	On sending materials regarding Zhenis Operating LLP by September 22, 2023.	No. 33/7820 from 09/27/2023	Provided to the Foundation materials checks, relating to conditions agreement on provision of services By providing coastal bases support » between Zhenis LLP Operating » And consortium Compass LLP Marine " and Aktauskiy LLP Nautical Northern Terminal ".



No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
24	No. 03-1-03-03-1/5488 dated 09.26.2023  In. No. 15495 from 09/26/2023	On the need to consider, conduct an internal investigation, prepare a response to the letter of the DER for the Atyrau region AFM No. (09-04, 0, 2)/1758 dated 09.25.2023, at the request of M.K. Turysbekov. in relation to the management of KazMunayGas -Service LLP.	No. 12/GP-168/GO/1 from 10/16/2023	The Foundation has been provided with detailed information on the application.
25	No. 06-3.2-13-06-3/5508 dated 09/27/2023  In. No. 15544 from 09/27/2023	On the consideration and conduct of an internal audit, in connection with the appeal of Turkpenbaev Zh.Zh., regarding actions Antarium Group LLP and KazTransOil JSC, and informing about the results by 10/04/2023.	No. 23/8073 from 04.10.2023	The Fund was provided with a response from KazTransOil JSC on the results of the internal audit.
26	No. 01-4-08-01-4/5551 dated 09.29.2023  In. No. 15669 from 09/29/2023	On the need to conduct an internal audit and provide information in the DER for the Mangystau region, AFM and the Fund on the facts stated in the letter in relation to officials of O zenmunaigas JSC .	No. 47/8763 from 10/31/2023	The Fund was provided with information that, according to the letter of the DER for the Mangistau region AFM No. 14-4/3163-I dated October 27, 2023, received by KMG, a procedural decision was made to begin a pre-trial investigation and leaving the request without consideration.
27	No. 03-1-03-03-1/5585 dated 10/02/2023  In. No. 14930.3 from 02.10.2023	On the need to consider and prepare a response to the letter of the DER for the Atyrau region AFM No. (09-04, 0, 2)/ZhT-T-257 dated 09.28.2023 at the request of M.K. Turysbekov. regarding the sale of KMG's non-core assets.	No. 12/GP-168/GO/1 from 10/16/2023	The Foundation has been provided with detailed information on the application.

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
28	No. 02-2-08-02-2/6567 dated November 20, 2023  In. No. 18437 from 11/20/2023	On the need to verify the arguments presented in the appeal of the former employee of Kazturkmunai LLP Erbolekov Zh.A., and informing the DER in the Aktobe region of the AFM and the Fund about the measures taken.	No. 22/9677 from 11/28/2023	The Fund was provided with information that Erbolekov Zh.A., being who disagreed with the employer's act of terminating the employment contract with him, exercised his right to file a corresponding statement of claim in court.
29	No. 11-r chipboard from 03/13/2023  In. No. 164-chipboard from 03/13/2023	On the need to consolidate control over the execution of instructions from the Chairman of the Board of the Fund regarding the return of LLP "Liquefied Petroleum Gas Storage Park" and bringing KMG officials to disciplinary liability.	No. 16/209 Chipboard from 03/15/2023	The Fund has been provided with the relevant information.
thirty	No. 08-08/324 Chipboard from 06/22/2023  In. No. 347-chipboard from 06/22/2023	On the need to conduct an internal audit on the issue of the origin and quantity of M.O. Zhylkaidarov used in the casino. Money.	No. 22/541 Chipboard from 07/18/2023	The Fund was provided with information on the results of the relevant audit regarding the Deputy General Director of Embamunaigas JSC Zhylkaidarov M.O.
31	No. 10.1-09/361 Chipboard from 07/14/2023 In. No. 391-chipboard from 07/18/2023	On the need to take action regarding Director of the Department of Transportation and Logistics of KMG Ormanov M.K.	No. 06/546 Chipboard from 07/21/2023	The Fund was provided with information about the termination of the employment contract with M.K. Ormanov. from 07/18/2023.

No.	Number and date of application	Brief content of the appeal	Reply number and date	Summary of the answer
1	2	3	4	5
32	No. 02-2-08/432 Chipboard from 09/04/2023  In. No. 491-chipboard from 09/05/2023	On the need to organize verification activities in relation to the former General Director of Kazakhturkmunai LLP Isaeva T.M. on the fact of theft Money.	No. 22/949 Chipboard from 12/19/2023	The Fund was provided with information on the results of the relevant audit regarding the former General Director of KTM Isaeva T.M.
33	No. 06-2-13/445 Chipboard dated 09/08/2023  In. No. 503-chipboard from 09/08/2023	On the need to conduct an unscheduled inspection of KazTransOil JSC .	No. 12/769 Chipboard from 10/11/2023	The Fund was provided with information on the results of the relevant audit of KazTransOil JSC.

Abbreviations:

**JSC NC "KazMunayGas", Society, KMG** – Joint Stock Company National Company KazMunayGas;

**Fund, Samruk-Kazyna JSC** – joint stock company “National Welfare Fund “Samruk-Kazyna”;

**NB** – republican state institution “National Bank of the Republic of Kazakhstan”;

**RSU** is a republican state institution;

**AFM** – Agency of the Republic of Kazakhstan for Financial Monitoring;

**DER** – Department of Economic Investigations;

**Code of Criminal Procedure** – Criminal Procedure Code of the Republic of Kazakhstan dated July 4, 2014 No. 231-V ZRK;

**ME RK** – Ministry of Energy of the Republic of Kazakhstan;

**SDCs** – subsidiaries and dependent organizations;

**PKOP** – limited liability partnership “PetroKazakhstan Oil Products”;

**PNHZ** – limited liability partnership “Pavlodar Petrochemical Plant”;

**KTM** – limited liability partnership “Kazakhturkmunai”;

**Chipboard** – for official use;

**CEO** ( Chief Executive Officer ) – the first head of the company;

**CEO-1** ( Chief Executive Officer -1) is a top manager who is responsible for a separate function in the company.

**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours (Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024 on the fourth issue of the agenda “ **On approval of the Corporate Governance Code of the joint stock company “National Company KazMunayGas” in the new edition** ”

in accordance with subparagraph 1-1) paragraph 1 of Article 36 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint-Stock Companies”, paragraph 4 of Chapter 1 of the Corporate Governance Code of the joint-stock company “National Welfare Fund “ Samruk -Kazyna ”, approved by the resolution Government of the Republic of Kazakhstan dated November 5, 2012 No. 1403 “On approval of the corporate governance code of the joint stock company “National Welfare Fund “ Samruk-Kazyna ”” and set out in a new edition, in accordance with the annex to the Decree of the Government of the Republic of Kazakhstan dated July 14, 2023 No. 590 “On amendments to the Decree of the Government of the Republic of Kazakhstan dated November 5, 2012 No. 1403 “On approval of the corporate governance code of the joint stock company “National Welfare Fund “ Samruk -Kazyna ””, subparagraph 2) of paragraph 98 of Article 12 of the Charter of the joint stock company “National Company “KazMunayGas”, approved by the decision of the annual General Meeting of Shareholders of NC KazMunayGas JSC dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), subparagraph 2) of paragraph 32 of Chapter 7 of the Regulations on the General Meeting of Shareholders of the National Company KazMunayGas Joint Stock Company, approved by the decision the person owning all voting shares of JSC NC KazMunayGas dated December 2, 2022 (minutes of the meeting of the Board of JSC Samruk-Kazyna No. 66/22, issue No. 5), having considered the presented materials, the General Meeting of Shareholders of JSC NC KazMunayGas **DECIDED:**

1. Approve the Corporate Governance Code of the joint stock company “National Company “KazMunayGas” in a new edition, in accordance with the annex to this decision.

2. The Code of Corporate Governance of the joint stock company National Company KazMunayGas, approved by the decision of the Board of the joint stock

company National Welfare Fund Samruk-Kazyna dated May 27, 2015, is declared invalid (minutes No. 22/15, issue No. 11).

3. The Chairman of the Board of JSC NC KazMunayGas, in accordance with the established procedure, take the necessary measures arising from this decision .

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “ National Company "KazMunayGas", approved by the decision of the annual General Meeting of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), requires a qualified majority of votes from the total number of voting shares of JSC NC "KazMunayGas" participating in voting. The decision is made by open voting on the principle of “one share – one vote”.

Based on the voting results, **the DECISION WAS MADE unanimously** .

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**

Annex to the decision  
on item No. 4 of the agenda  
of the Annual General Meeting of  
Shareholders of NC KazMunayGas JSC  
dated "28" May 2024  
(Minutes #1/2024)

**Approved  
by the minutes of the annual  
General Meeting of Shareholders  
NC KazMunayGas JSC  
dated "28" May 2024 #1/2024**

## **Corporate Governance Code of "National Company "KazMunayGas" Joint Stock Company**

### **Contents**

- Chapter 1. General provisions
- Chapter 2. Government as the Shareholder of the fund
- Chapter 3. Interaction between the fund and organizations. The role of the fund as a national holding company
- Chapter 4. Shareholders' (participants') rights and fair treatment of all shareholders (participants)
- Chapter 5. Effectiveness of the Board of Directors and executive body
- Chapter 6. Risk management, internal control, audit, compliance, and Ombudsman
- Chapter 7. Transparency of the fund's activities

### **Chapter 1. General provisions**

1. This Corporate Governance Code of Joint-Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" (hereinafter referred to as the Code) has been developed in accordance with laws of the Republic of Kazakhstan, internal documents of Joint-Stock Company "Sovereign Wealth Fund "Samruk-Kazyna" (hereinafter referred to as the fund), taking into account the corporate governance practices developing in Kazakhstan and worldwide. The provisions of this Code shall be applied subject to the specifics stipulated by the legislation of the Republic of Kazakhstan.

2. The objectives of this Code are improvement of corporate governance in the fund and organizations, ensuring the transparency of governance, confirmation of the commitment of the fund and organizations to follow the standards of good corporate governance.

3. The following basic terms are used in this Code:

- 1) "shareholder (participant)" means a person/entity who/which owns a share;

2) “General Meeting of Shareholders (Participants)” means the supreme body of the organization;

3) “Companies” mean national development institutions, national companies, and other legal entities, more than fifty percent of voting shares (participatory interests) of which are owned by the fund on the right of ownership or trust management;

4) “corporate conflict” means disagreement or dispute between: shareholders and the bodies of the fund or organization; bodies of the fund or organization; members of the Board of Directors and the executive body, Head of the Internal Audit Service, Corporate Secretary, Head of the Compliance Service, and Ombudsman;

5) “corporate events” mean events that have a significant impact on the issuer’s activities, affecting the interests of the security holders and investors of the issuer, as defined by Article 102 of the Law of the Republic of Kazakhstan “On the Securities Market” (hereinafter referred to as the Law on the Securities Market);

6) “fund” means the national management holding company;

7) “key performance indicators” (hereinafter referred to as KPIs) mean indicators characterizing the level of performance of the fund or organization that make it possible to assess the effectiveness of their activities as a whole, as well as of the executives of the fund or organization (KPIs have a quantitative value approved as part of the action plan of the fund or organization and corresponding to the results of their activities for the planned and reporting periods);

8) “an official of the fund, organization” means a member of the Board of Directors, or executive body, or a person solely performing the functions of the executive body;

9) “stakeholders” mean individuals, legal entities, groups of individuals or legal entities that influence or are influenced by the activities of the fund and/or organization, their products or services and related actions by virtue of legislation, concluded agreements (contracts) or indirectly (indirectly); this definition does not apply to all those who are familiar with the fund and organization or express an opinion about them; the main representatives of stakeholders are shareholders, employees, customers, suppliers, government agencies, subsidiaries, bondholders, creditors, investors, public organizations, population of the regions in which the fund or organizations operate;

10) “Ombudsman” means a person appointed by the Board of Directors of the fund, whose role is to advise employees of the fund and organizations who have applied to him/ her, assist in resolving labor disputes, conflicts, problematic issues of social and labor nature, as well as compliance with the principles of business ethics by employees of the fund and organizations;

11) “sustainable development” means development in which the fund and organizations manage the impact of their activities on the environment, economy, society and make decisions in a way that respects the interests of stakeholders;

12) “Independent Director” means a member of the Board of Directors who is not an affiliate of the joint stock company and has not been an affiliate of the joint stock company for three years preceding his/her election to the Board of Directors (except for the case of his/her tenure as an Independent Director of the joint stock company); is not affiliated with any affiliates of this joint stock company; is not related by

subordination to officials of this joint stock company or organizations - affiliated persons of this joint stock company and has not been related by subordination to these persons during three years preceding his election to the Board of Directors; is not a civil servant; is not a shareholder's representative at meetings of the Company's bodies and has not been such a representative for three years preceding his/her election to the Board of Directors; does not participate in the audit of this joint stock company as an auditor working as part of an audit organization, and has not participated in such audit within three years preceding his election to the Board of Directors, and meets other requirements established by the laws of the Republic of Kazakhstan;

13) "organizations" mean legal entities, more than fifty percent of voting shares (participatory interests) of which are owned directly or indirectly by the fund on the right of ownership or trust management;

14) "holding company" means a company that directly or indirectly owns shares (participatory interests) in other organizations and has the ability to influence decisions made by these organizations;

15) "action plan" means a document defining the main activities and key performance indicators of the fund or organization for a five-year period, approved by the Board of Directors.

4. The scope of this Code applies to the fund and organizations within the fund's group. For organizations with other shareholders (participants), the Code is recommended for approval at the General Meeting of Shareholders (participants). Holding companies shall ensure that this Code is implemented in their group.

5. Organizations shall follow the provisions of this Code to the extent not contradicting the laws of the Republic of Kazakhstan "On Limited and Additional Liability Partnerships" (hereinafter referred to as the Law on Partnerships), "On Joint Stock Companies" (hereinafter referred to as the Law on Joint Stock Companies), "On the Sovereign Welfare Fund" (hereinafter referred to as the Law on the Fund), and other laws of the Republic of Kazakhstan.

6. The Fund and Organizations comply with the provisions of this Code and, in case of non-compliance, provide explanations on the reasons for non-compliance with each of the provisions in the annual report. If the noncompliance with the Code provisions has a duration of more than six months, the organization notifies the fund and provides an appropriate explanation of the reasons. Control over implementation of this Code by the fund and organizations is vested in the boards of directors of the fund and the organizations, respectively. The Corporate Secretaries monitor and advise the boards of directors and the executive body of the fund and organizations on the proper compliance with this Code and prepare a report on compliance/non-compliance with its principles and provisions on an annual basis. Subsequently, this report is submitted to the appropriate committees of the Board of Directors, approved by the Board of Directors and included in the annual report of the fund or organization.

7. Documents and processes of the Fund and Organizations must be updated in accordance with the provisions of this Code.



8. Cases of non-compliance with the provisions of this Code are thoroughly considered at meetings of the relevant committees and boards of directors with appropriate decisions aimed at further improvement of corporate governance in the fund and organizations.

9. The norms of this Code are subject to revision taking into account changes in the legislation of the Republic of Kazakhstan, Kazakhstan and international corporate governance practice and standards.

## **Chapter 2. Government as the Shareholder of the fund**

10. The Government of the Republic of Kazakhstan being the sole shareholder of the Fund (hereinafter referred to as the Government) distinguishes between its authority as the sole shareholder of the fund and its authority related to government regulation.

The Government is involved in the management of the fund and organizations exclusively by exercising the powers of the sole shareholder of the fund, as provided for in the Law on the Fund and the Charter of the fund, and by representation on the Board of Directors of the fund. The main principles and issues of interaction between the Government and the fund are regulated in the Interaction Agreement. With regard to the Government as a shareholder, the principles of Chapter 3. “Shareholders’ (participants’) rights and fair treatment of all shareholders (participants)” of this Code shall apply in the part that does not contradict the Law on the Fund.

11. Relationships (interaction) between the Government and the fund, organizations are carried out through the Board of Directors of the fund in accordance with the principles of good corporate governance.

12. The Management Board of the fund, the Chairman of the Management Board of the fund, and the bodies of the organizations are fully independent and autonomous when making decisions and taking any actions within their competence.

In case of interference by state bodies in the operational (current) activities of the organizations, not provided for by the laws of the Republic of Kazakhstan, the organizations immediately inform the fund about such a circumstance

The fund periodically brings such information to the attention of the Board of Directors, which, if necessary, submits proposals to the Government, as the sole shareholder, to prevent such cases from occurring.

13. In case of setting in the drafts of state program documents, action plans and normative legal acts of target indicators, measures and / or other provisions that affect the activities of the fund and / or organizations, then such drafts are forwarded by the state body-developer to receive, within the timeframe provided by the Regulations of the Government of the Republic of Kazakhstan, a written position of the fund, which is attached to the draft when it is submitted to the Government.

14. When the Government (Prime Minister) or state bodies establish consultative and advisory bodies or working groups to consider issues related to the activities of the fund and/or organizations, representatives of the fund and/or organizations shall be included in the working group by agreement with the fund.

15. The fund discloses to the Government as a shareholder and to the Board of Directors of the fund all necessary information on the fund's activities in accordance with the legislative acts of the Republic of Kazakhstan, the Charter of the fund, the Interaction Agreement, and ensures transparency of activities of the fund and organizations.

Depending on the issue, the Government shall hear organizations on their activities exclusively by inviting their representatives to the Board of Directors of the fund.

At least once a quarter, the fund's Management Board reports by submitting for consideration by the Board of Directors the consolidated results of activities of the fund with organizations, more than fifty percent of voting shares (participatory interests) of which are owned by the fund on the right of ownership or trust management. The list of information submitted to the fund's Board of Directors is governed by the Interaction Agreement, the Regulations on the fund's Board of Directors, the fund's internal documents, and resolutions of the fund's Board of Directors.

The fund provides reporting to state authorities in case it is directly provided for by the laws of the Republic of Kazakhstan, decrees of the President of the Republic of Kazakhstan or the Government, and/or the Rules for posting reports required by state authorities on the fund's Internet resource, as well as the list, forms and frequency of posting reports approved by the central authorized body for state planning.

16. Investment activities of the fund or organization are carried out based on market principles in accordance with the development plan of the fund or organization and are aimed at increasing the value and optimal structure of assets

17. Distribution of net income to the Government as the sole shareholder is made in the form of dividends based on a formalized and transparent dividend policy.

18. Cases of implementation of low-profit and socially significant projects by the fund or organization should be disclosed in the annual report of the fund or organization with indication of the sources of financing of such projects.

19. By resolution of the sole shareholder and in the procedure determined by it, the fund annually allocates funds to the non-profit organization represented by the "Kazakhstan Khalkyna" public fund in the amount of not less than seven percent of the net income of the fund

### **Chapter 3. Interaction between the fund and organizations.**

#### **The role of the fund as a national holding company**

20. The fund as a national management holding fulfills the role of a strategic holding in relation to its companies. Corporate governance is based on efficiency, responsiveness and transparency

21. The fund and companies should have an optimal asset structure. The fund and companies should strive to simplify the structure of their assets and their organizational and legal forms as much as possible.

Organizations carry out their activities within the framework of their main (core) activities. Implementation of new types of activities is allowed provided that there is no competition in this market, or participation of the fund and organizations will contribute to the development of small and medium-sized businesses

22. The corporate governance system of the fund and organizations is a set of processes that ensure management and control over the activities of the fund and organizations, as well as a system of relationships between the executive body, the Board of Directors, shareholders and stakeholders, and is aimed at the growth of long-term value and sustainable development. The Board of Directors periodically considers issues of improving efficiency of the above system of relationships. The competence of the bodies and the decision-making procedure are clearly defined and enshrined in the Charter.

The corporate governance system provides for relationships between:

- 1) shareholders (participants);
- 2) the Board of Directors (Supervisory Board);
- 3) executive body;
- 4) stakeholders;
- 5) other bodies determined in accordance with the Charter.

The corporate governance system should ensure, inter alia, the following:

- 1) adherence to the hierarchy of issues and decision-making procedures;
- 2) clear delineation of authority and responsibility between bodies, officials and employees;
- 3) timely and quality decision-making by the bodies of the fund and organizations;
- 4) efficiency of processes in the activities of the fund and organizations;
- 5) compliance with legislation, this Code and internal documents of the fund and organizations.

23. The fund and the organizations have approved regulations on the bodies and structural units, as well as job descriptions for the respective positions. Compliance with the provisions of these documents ensures systematic and consistent corporate governance processes.

24. The fund participates in the management of the companies by exercising the functions of a shareholder (participant), as well as through the Board of Directors in the manner prescribed by the charters of the companies and this Code.

Boards of Directors of companies have full autonomy in decision-making within their competence established by the Charter of the companies.

The fund's position on certain issues is communicated through the fund's representatives on the company's Board of Directors.

25. The fund, in accordance with the Law on the Fund, forms a unified policy for companies and approves methodological recommendations and corporate standards for organizations. Such areas include management of human resources, information technologies, investments, innovations, risk management, corporate governance, planning, economics and finance, and others. Holding companies may adopt a single policy for their group for areas not covered by the fund's corporate standards or supplementing/detailing the fund's policies and corporate standards.

The decision to apply the corporate standards approved by the Fund in the field of internal audit and internal control system in the organization is made by the Board of Directors of the organization, considering the compliance of these standards with the specifics of the organization's activities.

26. The executive bodies of the fund and the companies interact in a spirit of cooperation to ensure that the development plans of the companies sent to the boards of directors of the companies for approval are sufficiently ambitious and realistic, and that they are consistent with the development plan and action plan of the fund.

The executive body of the fund maintains an ongoing dialog with the company's executive body on issues of strategy and sustainable development. At the same time, the fund does not allow interference in the operational (current) activities of the company, for which the executive body of the company is responsible, unless there are circumstances that entail non-fulfillment of the KPIs established in the development plan.

27. It is recommended to ensure an optimal asset structure for the fund organizations. In a holding company, the parent company may be established in the form of a joint stock company. It is preferably recommended to establish other organizations in the organizational-legal form of a limited liability partnership. In organizations already established in the form of a joint stock company, it is recommended to consider the possibility of reorganization in the form of a limited liability partnership, taking into account economic, legal and other aspects and ensuring the interests of the fund group.

Establishment of new organizations in the form of a joint stock company is allowed in exceptional cases, such as the planned further sale of the organization's shares on the stock market.

When establishing an organization in the form of a limited liability partnership, the participants independently decide on the necessity of establishing supervisory boards and the expediency of electing independent members to it, depending on the scale and specifics of the activities of the organization to be established.

Asset portfolio management, including the determination of the shareholding when acquiring new assets and/or selling shares of organizations, is carried out in accordance with the strategic objectives established in the fund's development plan and the fund's investment policy approved by the Board of Directors of the fund.

28. Distribution of net profit and payment of dividends by companies, more than fifty percent of shares (participatory interests) of which are owned by the fund on the right of ownership or trust management is carried out in compliance with the dividend policy of the fund.

In order to effectively distribute the profits received, the organization has established a clear and transparent mechanism for determining the amount and payment of dividends.

29. Management of organizations is carried out by the bodies of organizations in accordance with the competence and procedure determined by the Charter of the organization. This principle also applies to organizations with several shareholders (participants).

30. Management of the asset portfolio and the package of shares (participatory interests) in the fund organizations is determined within the framework of the fund development plan

Issues related to the development and implementation of the development plan are considered at intervals determined by the Board of Directors, but at least once a year, exclusively at in-person meetings of the Board of Directors. The Board of Directors implements a system of early identification and timely response to changes in domestic and external market conditions, force majeure situations

Bodies, officials and employees of the fund and organizations act and make decisions in accordance with the development plan and the charter. The development plan is a long-term document defining the vision, mission, goals, objectives, strategic directions and key performance indicators for a ten-year period.

31. The development plan of a holding company should contain goals, objectives and directions of development of the organizations included in its group. Holding group organizations whose shares are already listed on stock exchanges, as well as holding group organizations established in the form of joint ventures, adopt individual development plans. In the above organizations, the provisions of the organizations' charters and consultations with other shareholders (participants) should be used to develop a development plan.

As part of the development plan, the Board of Directors determines long-term goals that must meet the following criteria: specific, measurable, achievable, relevant, and with a set timeframe for achievement. The assessment of achievement of the strategic objectives is determined through long-term KPIs. It is recommended that individual areas of activity (e.g. investment, innovation, information technology, human resource management) be included in the development plan.

32. In the process of development and monitoring of the development plan implementation, the Board of Directors and the executive body hold strategic sessions during which the main activities, tasks, problematic issues, risks, and corrective measures are discussed.

Key stakeholders, such as major shareholders, key business partners, and interested government agencies are consulted in the development of the development plan.

The development plan provides goals, objectives and indicators in terms of sustainable development.

33. The fund, organizations and their officials are responsible for the growth of long-term value and sustainable development of the fund and organizations, respectively, and decisions made and actions/inactions taken in accordance with the procedure established by the legislation of the Republic of Kazakhstan and internal documents.

The main element in assessing the performance of the fund and organizations, and the executive body is the KPI system. The fund, through its representatives in the Board of Directors, sends its KPI expectations to the companies. The list and target values of the company's KPIs are approved by the Board of Directors of the company.

In order to achieve KPIs, companies develop appropriate development plans.

34. The achievement of KPIs of the fund and organizations against the approved development plan is assessed on an annual basis. This assessment affects the remuneration of the CEO and members of the executive bodies, is considered in their re-election, and is also the basis for their early dismissal.

In order to assess the achievement of the goals and objectives set out in the development plan, companies are set KPIs through the following processes:

1) the fund sends its expectations of the companies' target KPIs for the planning period to its representatives on the Boards of Directors, which they submit for consideration to the companies' Boards of Directors;

2) based on the results of review and discussion, the Board of Directors of a company approves the list and target values of KPIs, which are communicated to the executive body of the company to develop appropriate development plans;

3) in order to achieve the approved KPIs, the company develops a development plan for a five-year period in accordance with the procedure determined by the relevant documents of the fund;

4) the company's draft development plan, after receiving the approval of the company's executive body, is entered into the fund's information system for planning, monitoring and evaluation of activities and is sent to the company's Board of Directors for review and approval;

5) the company's development plan is approved by the company's Board of Directors and then the approved version of the development plan is also entered into the fund's information system for planning, monitoring and evaluation of activities.

Adjustment of company development plans after their initial approval is allowed in accordance with the procedure determined by the relevant documents of the fund. A draft company development plan and a draft adjustment to an approved company development plan shall not be coordinated by the fund.

35. The executive body of a company monitors the implementation of the development plan and the company's KPIs; the monitoring results and reports on implementation of the development plan are entered into the fund's information system for planning, monitoring and performance evaluation in accordance with the procedure determined by the relevant documents of the fund.

36. The Board of Directors of a holding company ensures management efficiency, long-term value growth and sustainability in all legal entities within its group. The results of effective management in the holding company group are improved operational efficiency, better reporting, improved standards of corporate culture and ethics, greater openness and transparency, risk mitigation, and a proper internal control system.

Holding companies implement, maintain and continuously improve management systems within their group.

The Board of Directors of the holding company is the body responsible to the shareholders for the effective management and functioning of the entire group and makes decisions related to the management of the group.

37. The corporate governance system in the holding company should ensure the following:

- 1) clear management system in the group, delineated authority and decision-making, no duplication of functions and processes;
- 2) unified standards, policies and processes, including in terms of defining unified approaches to planning, monitoring and control, performance evaluation and application of corrective actions;
- 3) access to quality information regarding the group's activities;
- 4) proper management of the group risks;
- 5) ensuring compliance with the requirements established by the legislation of the Republic of Kazakhstan and documents of the fund and the holding company;
- 6) coordination of stakeholder engagement.

38. Other possible mechanisms for managing the holding company group include centralization of certain functions (planning, treasury, accounting, information technology, legal support, internal audit, etc.).

The holding company should ensure a balance between the management exercised by the holding company in the group and the granting of autonomy in operational decision-making to organizations to carry out their activities.

#### **Chapter 4. Shareholders' (participants') rights and fair treatment of all shareholders (participants)**

39. Respect for the rights of shareholders (participants) is a key condition for attracting investments in the fund and organizations. The organization should ensure that the rights of shareholders (participants) are realized.

40. The rights, obligations and competence of shareholders (participants) are determined in accordance with the current legislation, constituent documents and are fixed in them. The rights of shareholders (participants) include, but are not limited to, timely receipt of information sufficient for decision-making in accordance with the procedure established by the legislation of the Republic of Kazakhstan, the Charter and internal documents of the organization in the field of information disclosure; participation at the General Meeting of Shareholders (Participants) and voting on issues within its competence; participation in determining the number of members, term of office of the Board of Directors (Supervisory Board and executive body), election of its members and termination of their powers, as well as determining the amount and terms of remuneration payment; and receiving dividends in the amounts and within the terms determined by the decision of the General Meeting of Shareholders (Participants) on the basis of a clear and transparent dividend policy.

41. A shareholder (participant) has an opportunity to obtain information about the organization necessary for making a relevant decision, with account of the requirements of confidentiality and disclosure of information of the organization

Disclosure of information about the organization's activities should facilitate the adoption of an informed decision on participation in the charter capital of the organization by investors or withdrawal from the structure of shareholders (participants) of the organization.

42. The organization brings to the attention of its shareholders (participants) information on its activities affecting the interests of shareholders (participants) in the manner prescribed by the legislation of the Republic of Kazakhstan, the Charter, as well as other internal documents of the organization. The procedure and channels of information disclosure to shareholders (participants) are defined in the Information Policy or other document regulating the issues of information disclosure about the organization. Organizations whose shares are listed on a stock exchange additionally disclose information in accordance with the listing rules.

The organization should disclose to shareholders (participants) and investors information on any forms and terms of cooperation, agreements, partnership with the Government and state bodies.

43. Shareholders (participants) exercise their rights to participate in the management of the organization by attending General Meetings of Shareholders (Participants). General Meetings of Shareholders (Participants) are divided into annual and extraordinary meetings.

Organizations with a single shareholder (participant) do not hold a General Meeting of Shareholders (Participants). Decisions on issues referred by the legislation of the Republic of Kazakhstan and the Charter of the organization to the competence of the General Meeting of Shareholders shall be made by such shareholder alone and shall be executed in writing.

44. A shareholder (participant) holds meetings with the Board of Directors and executive body (Supervisory Board and/or executive body) (hereinafter referred to as Hearing of the Board of Directors) to summarize the results of the year's activities and make decisions on issues within its competence. A shareholder (participant) also holds regular meetings with the Chairman of the Board of Directors (Supervisory Board and/or executive body) throughout the year to discuss the organization's activities within its competence.

The date and time of the General Meeting of Shareholders (Participants) shall be set in such a way that the largest number of persons entitled to participate in the meeting, or all persons in respect of issues requiring unanimous decision-making, can participate in the meeting.

45. Information and materials provided to shareholders (participants) prior to the General Meeting of Shareholders (Participants)/Hearing of the Board of Directors, as well as the procedure for its provision, ensure the fullest possible understanding of the essence of the issues under discussion with an exhaustive list of precisely formulated issues to be discussed, the risks associated with the adoption (non-adoption) of a decision, getting answers to the questions of interest and the possibility of making informed decisions on the agenda items.

Agenda items are as clear as possible and exclude the possibility of different interpretations. Items with the wording "miscellaneous", "other", "others", etc. are excluded from the agenda. At the General Meeting of Shareholders (Participants), the organization should propose a separate resolution on each separate issue. The rights of shareholders to make proposals to the agenda of the General Meeting of Shareholders (Participants) in accordance with the established procedure, as well as



to demand convening an extraordinary General Meeting of Shareholders (Participants) are easily exercised if they are clearly justified.

46. During the period of preparation for the General Meeting of Shareholders (Participants)/Hearing of the Board of Directors, the organization should create the necessary organizational and technical conditions to enable shareholders (participants) to ask questions on the agenda and materials. The organization establishes the powers of officers, the Corporate Secretary or a person performing his/ her functions, and employees of the organization to interact with shareholders (participants) and investors, as well as the procedure for providing responses to their requests.

47. The Corporate Secretary or a person performing his/her functions shall monitor incoming questions from shareholders (participants) and provide answers regarding the procedure of holding the General Meeting of Shareholders (Participants), explain the provisions of the legislation of the Republic of Kazakhstan and documents of the organization regarding the procedure of participation and voting at the General Meeting of Shareholders (Participants), as well as on other issues, if such is defined in the internal documents of the organization.

48. In organizations whose shares are listed on a stock exchange, it is recommended to create special investor relations departments to maintain communication with investors and ensure timely and high-quality answers to shareholders' questions.

49. In order to simultaneously provide information to all shareholders (participants) about the organization's activities to ensure equal treatment, shareholders (participants) publish information on the Internet resource of the financial statements depository

Disclosure requirements should not impose unnecessary administrative burdens or unreasonable costs on the organization.

50. It is recommended that the relevant materials on the agenda of the General Meeting of Shareholders (Participants), taking into account the protection of confidential information, be posted on the organization's Internet resource with the contact information of the persons responsible for interaction with shareholders (participants) and investors (phone number, e-mail address).

The voting process at the General Meeting of Shareholders (Participants) is as simple and convenient as possible for a shareholder (participant) using all possible voting methods, with account of the provisions of the organization's Charter.

51. The procedure for holding the General Meeting of Shareholders (Participants) ensures that all shareholders (participants) have an equal opportunity to exercise their rights to participate in the General Meeting of Shareholders (Participants). A shareholder (participant) may vote at the General Meeting of Shareholders (Participants) held in person in personal presence or without personal presence (by proxy issued by the shareholder (participant) to its representative).

A power of attorney for participation in the General Meeting of Shareholders (Participants) and voting on the issues under consideration is not required for a person who has the right to act without a power of attorney on behalf of a shareholder

or represent its interests in accordance with the laws of the Republic of Kazakhstan or a contract.

52. The organization develops rules of procedure for the General Meeting of Shareholders (Participants), which defines the procedure for holding the General Meeting of Shareholders (Participants), providing for proper discussion of agenda items and decision-making, speeches of officials and other issues

Significance of the General Meeting of Shareholders (Participants) of the organization implies mandatory participation (in case of invitation) of all officials involved in the management of the organization.

The registration time should be sufficient for all shareholders (their representatives) to register, and shareholders who have not been registered shall not be taken into account in determining the quorum and may not take part in voting.

The procedure for collecting and counting votes is as simple and transparent as possible, and shareholders should be confident that there is no possibility of any distortion of the voting results. The organization should ensure that votes are cast and recorded properly.

53. The Chairman of the General Meeting of Shareholders (Participants) shall endeavor to ensure that the shareholders (participants) receive answers to the questions directly during the meeting. If the complexity of the questions does not allow answering them immediately, the person(s) to whom they are asked shall provide written answers to the questions as soon as possible after the conclusion of the General Meeting of Shareholders (Participants).

54. Where institutional investors acquire shares (participatory interests) in organizations, in order to ensure the stability and sustainability of the organizations, institutional investors acting as a fiduciary should disclose their corporate governance policies and regulations for their investment activities, including the current decision-making procedures of the investor company.

Institutional investors acting in a fiduciary capacity should disclose how they address material conflicts of interest that could affect ownership rights with respect to investments they have made.

Institutional investor means a legal entity that attracts funds for the purpose of investment in accordance with the legislation of the Republic of Kazakhstan, for example, large financial organizations that accumulate free funds of the population, companies or enterprises for subsequent investment in various financial instruments (insurance and pension funds, investment companies).

55. The organizations have a transparent procedure for election and remuneration of the Board of Directors (Supervisory Board and/or executive body) approved by the General Meeting of Shareholders (sole shareholder)/Participants (sole participant).

56. Shareholders (participants) have access to information on the terms and procedure of dividend payment, and are provided with reliable information on the financial position of the organization when paying dividends. To this end, the General Meeting of Shareholders (sole shareholder)/Participants (sole participant) approves a dividend policy with access for all shareholders/participants. A holding company develops a unified dividend policy for the group, taking into account the specifics of the presence of organizations with several shareholders/participants in the

group structure. Organizations with several shareholders (participants) adopt a different dividend policy, which is approved by the General Meeting of Shareholders (Participants).

57. If the organization has several shareholders (participants), including minority shareholders (participants), the corporate governance system should ensure fair treatment of all shareholders (participants) and implementation of their rights, which should be enshrined in the organization's Charter.

Ensuring equal and fair treatment of all shareholders (participants) affects the reputation of the organization, its investment attractiveness and contributes to the growth of the organization's value

The order and procedures for holding General Meetings of Shareholders (Participants) should ensure equal treatment of all shareholders (participants). Corporate procedures should not unreasonably complicate or burden the voting procedure with costs.

If the organization has a shareholder (participant) who owns fifty or more percent of voting shares (participatory interests) or who has the right to determine decisions by virtue of agreements concluded with the organization and/or other shareholders (participants), redistribution of financial resources in favor of such shareholder (participant) should be carried out through dividend payments. If there are other mechanisms for redistribution of the organization's funds in favor of a shareholder (participant) who owns fifty or more percent of voting shares (participatory interests), they are fixed in the organization's documents and disclosed to all shareholders.

## **Chapter 5. Effectiveness of the Board of Directors and executive body**

58. The Board of Directors is a management body reporting to the General Meeting of Shareholders, providing strategic direction of the organization and control over the activities of the executive body, as well as implementation of all provisions of this Code.

The executive body reports to the Board of Directors, manages the daily operations of the organization and ensures its compliance with the development plan, action plan and decisions made by the General Meeting of Shareholders and the Board of Directors.

The Board of Directors and the executive body interact in a spirit of cooperation, act in the best interests of the organization and make decisions based on the principles of sustainable development and fair treatment of all shareholders.

The Board of Directors and the executive body ensure the growth of long-term value and sustainable development of the fund or organization.

59. The Board of Directors is vested with powers sufficient to manage the organization and control the activities of the executive body, performs its functions in accordance with the Charter and pays special attention to the following issues:

- 1) defining the development plan and integration of ESG objectives (directions and results);
- 2) setting and monitoring of key performance indicators of the action plan;

3) organization and supervision over the effective functioning of the risk management and internal control system;

4) approving and monitoring the effective implementation of major investment projects and other key strategic projects within the competence of the Board of Directors;

5) election, remuneration, succession planning and oversight of the CEO and members of the executive body;

6) corporate governance and ethics;

7) compliance of the organization with the provisions of this Code and corporate standards of the fund.

60. Members of the Board of Directors duly perform their duties and ensure the growth of long-term value and sustainable development of the organization. The Board of Directors of the organization is accountable to the shareholders. This accountability is realized through the mechanism of the General Meeting of Shareholders.

Members of the Board of Directors perform their functional duties and adhere to the following principles in their activities:

1) act within the limits of their authority - members of the Board of Directors make decisions and act within the limits of their authority set forth in the Charter;

2) devote sufficient time to attend and prepare for meetings of the Board of Directors, its committees - it is not allowed for a member of the Board of Directors to simultaneously hold the position of a member of the Board of Directors in more than four legal entities, simultaneous holding of the position of the Chairman of the Board of Directors is allowed only in two legal entities (holding of positions in other legal entities by a member of the Board of Directors is allowed after obtaining the approval of the Board of Directors);

3) contribute to the growth of long-term value and sustainable development of the organization - members of the Board of Directors act in the best interests of the organization, taking into account fair treatment of all shareholders and the principles of sustainable development; the impact of decisions and actions of members of the Board of Directors can be determined through the following questions: what are the consequences of the decision/action in the long-term period; what is the impact of the organization's activities on society and the environment; whether all shareholders will be treated fairly; impact on the organization's reputation and high standards of business ethics; impact on stakeholder interests (this list of issues is the minimum necessary, but not exhaustive);

4) maintain high standards of business ethics - members of the Board of Directors in their actions, decisions and conduct comply with high standards of business ethics and are an example (model) for employees of the fund and the organization;

5) prevent conflicts of interest - a member of the Board of Directors does not allow situations in which his/her personal interest may affect the proper performance of his/her duties as a member of the Board of Directors.; in case of situations with conflicts of interest that affect or will potentially affect impartial decision-making, members of the Board of Directors shall notify the Chairman of the Board of Directors in advance and shall not participate in the discussion and adoption of such

decisions; this requirement also applies to other actions of a member of the Board of Directors that directly or indirectly affect the proper performance of the duties of a member of the Board of Directors (e.g., participation of a member of the Board of Directors in the activities of other legal entities, acquisition of shares/participation interests and other property from partners and competitors, access to information and opportunities);

6) act with due reasonableness, skill and prudence - members of the Board of Directors are recommended to continuously improve their knowledge of the competencies of the Board of Directors and the performance of their duties in the Board of Directors and committees including areas such as legislation, corporate governance, risk management, finance and audit, sustainability, industry and organization-specific knowledge; in order to understand current issues of the organization's activities, members of the Board of Directors regularly visit the organization's key facilities and hold meetings with employees.

61. Members of the Board of Directors are personally responsible for the fulfillment of their duties as a member of the Board of Directors, including fiduciary duties to the shareholder (shareholders) and decisions made, effectiveness of their activities, action and/or inaction. If there are different opinions, the Chairman of the Board of Directors ensures that all acceptable options and suggestions made by individual members of the Board of Directors are considered in order to make a decision that is in the best interests of the organization.

62. The Board of Directors is accountable to the shareholders for the performance of the organization. At the Annual General Meeting of Shareholders (Hearing), the Chairman of the Board of Directors provides the shareholders (participants) with a report of the Board of Directors, which reflects the results of the activities of the Board of Directors and its Committees for the reporting period, measures taken by the Board of Directors to increase long-term value and sustainable development of the organization, major risk factors, significant events, issues considered, number of meetings, form of meetings, attendance, as well as other important information - the report of the Board of Directors is included in the annual report of the organization.

The Board of Directors shall report annually to shareholders on compliance with the provisions of this Code.

Additionally, major shareholders (the sole shareholder) hold meetings with the Chairman and members of the Board of Directors to discuss the development plan, election of the head of the executive body and other aspects that affect the growth of long-term value and sustainable development of the organization. Such meetings are planned in advance and held in accordance with the approved procedures.

63. The Board of Directors and its committees have a balance of skills, experience and knowledge to ensure that independent, objective and effective decisions are made in the best interests of the organization and that all shareholders are treated fairly.

64. In the Board of Directors, it is recommended to ensure sufficient diversity in terms of personal characteristics, age and gender to enhance long-term value in line with ESG principles.

The recommended number of women on the Board of Directors of organizations is at least thirty percent of the total number of members of the Board of Directors.

65. The Board of Directors consists of independent directors in sufficient number to ensure independence of decision-making and fair treatment of all shareholders. The recommended number of independent directors in the company's Board of Directors is up to fifty percent of the total number of members of the Board of Directors.

66. 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 supporting him in communicating the goals he defines;
- 2) evaluation of the performance of the Chairman of the Board of Directors;
- 3) succession planning for the Chairman of the Board of Directors;
- 4) in case 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.

67. The General Meeting of Shareholders elects members of the Board of Directors based on clear and transparent procedures, taking into account the competencies, skills, achievements, business reputation and professional experience of the candidates. When re-electing individual members of the Board of Directors or its entire membership for a new term, their contribution to the effectiveness of the Board of Directors of the organization is taken into account.

68. In companies where all voting shares are owned by the fund, the following specifics exist with respect to the process for electing members of the Board of Directors:

- 1) the Chairman of the Board of Directors is elected by the resolution of the sole shareholder;
- 2) the process of searching for and selecting candidates to the Board of Directors is carried out by the fund jointly with the Chairman of the Board of Directors and the Chairman of the Nominations and Remuneration Committee of the company's Board of Directors.

69. The term of office of members of the Board of Directors coincides with the term of office of the entire Board of Directors and expires when the General Meeting of Shareholders decides to elect a new Board of Directors.

Members of the Board of Directors are elected for a term of up to three years, and may be re-elected for a further term of up to three years, subject to satisfactory performance.

Any term of election to the Board of Directors for more than six consecutive years (e.g., two three-year terms) is subject to special consideration, taking into account the need to qualitatively renew the Board of Directors.

An Independent Director may not be elected to the Board of Directors for more than nine consecutive years. In exceptional cases, election for a period of up to nine years is allowed. The election of an Independent Director to the Board of Directors should take place annually, with a detailed explanation of the need to elect this member of the Board of Directors and the impact of this factor on the independence of decision making.

No person shall participate in making decisions relating to his or her own appointment, election or re-election.

70. The Board of Directors should include individuals with the knowledge, skills and experience necessary for the Board of Directors to perform its functions and ensure the growth of long-term value and sustainable development of the organization, as well as with an impeccable business and personal reputation.

71. When selecting candidates to the Board of Directors, the following shall be taken into account:

- 1) management experience;
- 2) experience as a member of the Board of Directors;
- 3) years of service;
- 4) education, specialty, including international certificates;
- 5) availability of competencies in areas and industries (industries may vary depending on the asset portfolio);
- 6) business reputation;
- 7) a direct or potential conflict of interest in case of election to the Board of Directors of the organization.

72. The size of the Board of Directors is set individually, considering the scale of operations, business needs, current tasks, development plan and financial capabilities. The number of members of the Board of Directors should allow for the creation of the necessary number of committees. In companies, the number of members of the Board of Directors ranges from 7 to 11 people.

73. The composition of the Board of Directors is balanced, which means a combination of members of the Board of Directors (representatives of shareholders, Independent Directors, and the head of the executive body), ensuring that decisions are made in the best interests of the organization and with due regard to fair treatment of shareholders.

A transparent process for selecting members of the Board of Directors is ensured, involving the fund's Board of Directors (in relation to company Boards of Directors) and the organization. The search for and election of candidates is carried out based on objective criteria and with account of the need for diversity in the composition of the Board of Directors.

The search and selection process are conducted prior to the expiration of the full term of office of the entire Board of Directors and the terms of office of individual members

74. The issue of election of the entire Board of Directors or individual members may be initiated in accordance with the established procedure by a major shareholder (participant) or the Nominations and Remuneration Committee through the Board of Directors of the organization.

Example of competencies of the Board of Directors' members by areas and industries

Criterion	Necessary knowledge	Director X	Director Y
Competency	Strategy		
	Risks and audit		

	Law		
	Corporate Governance		
	Investments		
	Economics and finance		
	Human Resource Management		
	Innovations		
Industry	Telecommunications		
	Oil and gas		
	Energy sector		
	Transportation		
	Mining metallurgy		
	Mechanical engineering		
	Property		

75. In companies where the fund owns 100% shares, there is the following process for the search and election of a member of the Board of Directors:

1) the fund, together with the Chairman of the Company's Board of Directors and the Chairman of the Nominations and Remuneration Committee of the Company's Board of Directors, prepares and plans - it analyzes and defines the set of required competencies and skills in the Board of Directors, taking into account the Company's objectives;

2) determines the candidate search channel - independently or with the involvement of a recruiting organization;

3) carries out candidate search;

4) selects candidates: assessment, interviews and preparation of candidate proposals (candidates to the Board of Directors of companies are discussed with at least one member of the Nominations and Remuneration Committee of the Fund's Board of Directors);

5) decision making by the sole shareholder;

6) publication of information on the company's website, press release.

Holding companies use a similar process within their group.

In organizations with several shareholders, the process of electing members of the Board of Directors and the Chairman of the Board of Directors is carried out in accordance with the procedure determined by the Law on Joint-Stock Companies and the Charter of the organization.

It is recommended that organizations establish the Nominations and Remuneration Committee of the Board of Directors of the organization to determine the composition, required skills and competencies of the Board of Directors and candidates to the Board of Directors.



76. Independent Directors are elected to the Board of Directors. An Independent Director is a person who has sufficient professionalism and autonomy to make independent and objective decisions free from the influence of individual shareholders, the executive body and other stakeholders

77. It is recommended to consider the following circumstances that may prejudice the independence of an Independent Director:

- 1) is or has been an employee of the company or its group for the last three years;
- 2) has, or has had within the last three years, material business relationship with the company directly or as a partner, shareholder, director or general manager of the body, or maintains such a relationship with the company;
- 3) has received or is receiving additional remuneration from the company over and above director's remuneration, is participating in a company share option or performance-related payment scheme, or is a member of a company pension scheme;
- 4) holds membership on Boards of Directors or has connections with other directors through participation in other companies or bodies;
- 5) represents a major shareholder;
- 6) has served on the Board of Directors for more than nine years since their initial appointment.

If these or other relevant circumstances apply, and if the Board of Directors believes that the Independent Director is independent, a clear explanation is provided.

78. Independent Directors should actively participate in the discussion of issues where a conflict of interest may arise (preparation of financial and non-financial reports, conclusion of related-party transactions, nomination of candidates to the executive body, setting remuneration for members of the executive body). Independent Directors are elected to chair key committees of the Board of Directors - audit, nominations and remuneration committees.

The Independent Director shall monitor possible loss of independence status and notify the Chairman of the Board of Directors in advance in case of such situations. If there are circumstances affecting the independence of a member of the Board of Directors, the Chairman of the Board of Directors shall immediately bring this information to the attention of the shareholders for making an appropriate decision.

The fund and organizations need to ensure that succession plans are in place for members of the Board of Directors to maintain continuity and progressive refreshment of membership of the Board of Directors.

79. The Board of Directors approves an induction program for newly elected members of the Board of Directors and a professional development program for each member of the Board of Directors. The Corporate Secretary ensures the implementation of this program.

During the induction process, members of the Board of Directors are familiarized with their rights and duties, key aspects of the activities and documents of the fund and the organization, including those associated with the greatest risks.

80. The Chairman of the Board of Directors is responsible for the overall management of the Board of Directors, ensuring full and effective implementation by the Board of Directors of its main functions and building a constructive dialog

between members of the Board of Directors, major shareholders and the executive body.

The Chairman of the Board of Directors strives to create a unified team of professionals committed to the growth of long-term value and sustainable development of the organization, able to respond to internal and external challenges in a timely and professional manner.

In addition to professional qualifications and experience, the role of the Chairman of the Board of Directors requires special skills such as leadership, ability to motivate, understanding of different views and approaches, and conflict resolution skills.

81. The roles and functions of the Chairman of the Board of Directors and the head of the executive body of the organization are clearly separated and set out in the Charter. The head of the executive body is not elected as the Chairman of the Board of Directors.

The key functions of the Chairman of the Board of Directors include:

- 1) planning meetings of the Board of Directors and setting the agenda;
- 2) ensuring that members of the Board of Directors receive complete and up-to-date information for decision-making in a timely manner;
- 3) ensuring that the Board of Directors focuses on strategic issues and minimizes the issues of current (operational) nature to be considered by the Board of Directors;
- 4) ensuring maximum efficiency of meetings of the Board of Directors by allocating sufficient time for discussions, comprehensive and in-depth consideration of agenda items, encouraging open discussions, and reaching agreed solutions;
- 5) building proper communication and interaction with shareholders, including organization of consultations with major shareholders when making key strategic decisions;
- 6) ensuring monitoring and oversight of proper execution of resolutions adopted by the Board of Directors and the General Meeting of Shareholders (the sole shareholder);
- 7) in case of corporate conflicts, taking measures to resolve them and minimize their negative impact on the organization's activities and timely informing major shareholders (the sole shareholder) in case it is impossible to resolve such situations by own efforts.

82. The Chairman of the Board of Directors may not simultaneously be the Chairman of the fund's Management Board

The Board of Directors considers issues in relation to the fund and organizations within its competence according to the fund's Charter, and preliminarily considers all issues of competence of the Government as the sole shareholder

The Boards of Directors of the organizations are elected by the General Meeting of Shareholders (the sole shareholder) of the organizations.

83. The level of remuneration of members of the Board of Directors is sufficient to attract, retain and motivate each member of the Board of Directors to the level required to successfully manage the organization. The expected positive effect for the organization from the person's participation in the Board of Directors is taken into account. The Nominations and Remuneration Committee of the Board of Directors of

the organization makes proposals on the amount of remuneration for candidates to Independent Directors.

Remuneration to a member of the organization's Board of Directors is set in accordance with the methodology developed by the fund.

The expected positive effect for the organization from the person's participation in the Board of Directors is taken into account. In organizations with several shareholders, the relevant rules for remuneration of members of the Board of Directors are developed on the basis of the fund's methodology and approved by the General Meeting of Shareholders. The Nominations and Remuneration Committee of the Board of Directors of the organization makes proposals on the amount of remuneration for candidates to Independent Directors.

The remuneration levels for the Chairman and all members of the Board of Directors include the time commitment and responsibilities of the position.

No person shall participate in making decisions in relation to his or her own remuneration.

Remuneration should fairly reflect the expected contribution of the member of the Board of Directors to the effectiveness of the entire Board of Directors and the organization. When setting the amount of remuneration, the responsibilities of members of the Board of Directors are taken into account, the scale of the organization's activities, long-term goals and objectives determined by the development plan, the complexity of issues considered by the Board of Directors, and the level of remuneration in similar companies (benchmarking, review of remuneration).

84. Members of the Board of Directors are generally paid a fixed annual remuneration, as well as additional remuneration for chairing the Board of Directors and participating in and chairing committees of the Board of Directors. The remuneration of a member of the Board of Directors should not include options or other elements linked to the performance of the organization.

The General Meeting of Shareholders (sole shareholder) of the organization determines the amount and terms of remuneration and reimbursement of expenses to the member(s) of the Board of Directors of the organization.

Members of the fund's Board of Directors who are government employees do not receive separate compensation for membership on the Board of Directors and its committees

85. For a more in-depth and qualitative study of issues, the Board of Directors of the fund establishes standing committees: Audit, Nominations and Remuneration, Strategy, and Specialized Committee. Other committees may be established at the discretion of the fund's Board of Directors. The Strategy Committee considers issues of strategic planning and is headed by the first head of the central authorized body for state planning.

The activity of the committees of the Board of Directors of the fund contributes to deep and thorough consideration of issues within the competence of the Board of Directors and improvement of the quality of decisions made, especially in such areas as audit, risk management, proper and effective application of procurement procedures by the fund and organizations, appointment and remuneration of members

of the Board of Directors and the executive body, sustainable development, including occupational safety and environmental protection. The existence of committees does not exempt members of the Board of Directors from responsibility for decisions made within the competence of the Board of Directors.

Committees are established for detailed analysis and development of recommendations on the most important issues prior to their consideration at a meeting of the Board of Directors. The final decision on issues considered by the committees is made by the Board of Directors.

The Board of Directors decides on the establishment of committees, determines their personal and numerical composition, chairpersons, term of office, as well as their functions and operating procedures.

86. The committees are composed of members of the fund's Board of Directors and experts with the necessary professional knowledge to serve on a particular committee.

87. The Specialized Committee of the fund carries out a comprehensive and objective analysis of the impact of the activities of organizations of the fund's group on the development of the economy or a particular sector of the economy in accordance with the Law on the Fund. A permanent member of the Specialized Committee – the expert with the right to vote is a representative of the Supreme Audit Chamber of the Republic of Kazakhstan.

Control over the use by the fund and organizations of the allocated funds of the republican budget, the National Fund of the Republic of Kazakhstan for compliance with the financial and economic justification, evaluation of the effectiveness of budget investments fall within the competence of the Supreme Audit Chamber of the Republic of Kazakhstan.

Independent Directors make up the majority of the other committees of the fund's Board of Directors.

88. Committees are composed of members of the Board of Directors who have the necessary professional knowledge, competencies and skills to serve on the committee. The presence of potential conflicts of interest should be taken into account when forming the composition of committees. Along with professional competencies, committee chairpersons possess organizational and leadership skills, good communication skills for effective organization of committee activities.

The Boards of Directors establish committees to consider audit, risk management, nomination and remuneration matters.

89. Organizations, the operations of which are associated with the risk of accidents and technological disasters (e.g., industrial companies, air and railway transportation) establish industrial safety committees. In order to improve the efficiency of investment decision-making, it is recommended to include in the competence of one of the committees under the Board of Directors issues related to the organization's investment activities, the consideration of which falls within the competence of the Board of Directors. Depending on the composition, size and current tasks of the Board of Directors, other activities of the strategy, investment and other committees are envisaged. A committee consists of at least 3 persons.

90. The Audit Committee consists of Independent Directors. If the Committee engages a qualified expert, that person shall have no voting rights. The decision to engage an expert shall be made by the Audit Committee and such engagement shall be reviewed annually in terms of performance efficiency and independence

The members of the Audit Committee must have in-depth knowledge and practical experience in accounting and audit, risk management and internal control. The basic functions of the Audit Committee include internal and external audit, financial reporting, internal control and risk management, compliance with the laws of the Republic of Kazakhstan, internal documents and other matters as instructed by the Board of Directors.

91. The Nominations and Remuneration Committee includes a majority of Independent Directors in order to develop objective and independent decisions and prevent interested parties (representatives of shareholders, the head of the executive body, employees and other persons) from influencing the judgments of the Committee members.

Members of this Committee must have in-depth knowledge and practical experience in human resources management and performance appraisal, as well as in the area of corporate governance.

The Committee is chaired by the Chairman of the Board of Directors.

The basic functions of the committee include appointment, setting motivational KPIs, performance evaluation, remuneration and succession planning for the head and members of the executive body, appointment and remuneration of the corporate secretary, as well as participation in the consideration of these issues in relation to the composition of the Board of Directors itself, in cases where such authority is granted by the General Meeting of Shareholders (the sole shareholder).

In this case, the members of the Nominations and Remuneration Committee shall not allow a conflict of interest situation to arise and shall not participate in the consideration of their own appointment and/or remuneration issues.

The Nominations and Remuneration Committee reviews the staff remuneration policy and related policies and aligns incentives and remuneration arrangements, taking them into account when determining the executive director's remuneration policy.

92. Only committee members shall attend committee meetings. The presence of other persons is allowed only upon invitation of the committee. If necessary, the committees shall engage experts and consultants.

93. The functions, powers, composition and process of organizing the activities of the committees are regulated in the respective regulations and approved by the Board of Directors. The committees approve their work plan (recommended before the beginning of the calendar year), which is coordinated with the work plan of the Board of Directors, indicating the list of issues to be considered and dates of meetings.

94. The frequency of committee meetings shall be at least 4 meetings per year. Meetings of the committees shall be held in person with minutes being taken. In order to create favorable conditions and reduce the cost of committee meetings, committee members may participate by means of technical means of communication.

95. Committee Chairmen prepare a report on committee activities and report to the Board of Directors on the results of their activities for the year at a separate meeting. The Chairman of the Board of Directors has the right to request the committees to provide information on their activities during the year.

96. Preparation and holding of meetings of the Board of Directors contribute to maximizing the efficiency of its activities. In order to fulfill their duties, members of the Board of Directors have access to complete, relevant and timely information.

97. The Board of Directors shall hold regular meetings for the effective performance of its functions. Meetings of the Board of Directors and its committees shall be held through in-person or absentee voting, and the number of meetings with absentee voting shall be minimized. Consideration and decision-making on issues of an important and strategic nature shall be carried out only at meetings of the Board of Directors with in-person voting.

98. Meetings of the Board of Directors and its committees shall be duly minuted by the corporate secretary, indicating in full the results of discussions and resolutions adopted.

Meetings of the Board of Directors are held in accordance with the work plan approved before the beginning of a calendar year, including a list of issues to be considered and a schedule of meetings with the dates indicated.

99. The recommended frequency of meetings of the Board of Directors is from 8 to 12 meetings per year. It is recommended to evenly distribute the number of issues scheduled for consideration during the year to ensure thorough and full discussion and making timely and high-quality decisions.

The Board of Directors shall comply with the procedures established by the organization's documents for preparing and holding meetings of the Board of Directors.

100. Materials for the meetings of the Board of Directors are sent in advance - at least 7 calendar days in advance, and for more important issues, which are determined by the Charter of the organization - at least 15 working days in advance, unless other terms are established by the Charter. The list of important issues includes, but is not limited to, the development plan, action plan, motivational KPIs for the head and members of the executive body, annual report and participation in the establishment of other legal entities.

The agenda of the meeting of the Board of Directors shall not include the issues, materials for which were provided in violation of the deadlines. In case of inclusion of items on the agenda with a delay, the Chairman of the Board of Directors shall be provided with a comprehensive justification of such necessity.

101. The Board of Directors makes decisions based on complete, reliable and quality information. In order for the Board of Directors to make effective and timely decisions, the following factors should be ensured:

1) high quality of materials, information, documents submitted to the Board of Directors, including translation into English, if necessary;

2) obtaining expert (internal and external) opinions, if necessary (it should be taken into account that the involvement of experts does not relieve the Board of Directors of responsibility for the decision made);

- 3) time devoted to discussions at meetings of the Board of Directors, especially for important and complex issues;
- 4) timely consideration of issues;
- 5) decisions set out a plan for further action, timeframes and responsible persons.

The following factors have a negative impact on the quality of decisions of the Board of Directors:

- 1) dominance of one or more directors at a meeting, which restricts full participation of other directors in the discussions;
- 2) formal attitude to risks;
- 3) pursuit of personal interests and low ethical standards;
- 4) formal decision-making at a meeting of the Board of Directors, without real and active discussions;
- 5) a position of uncompromising (lack of flexibility) or lack of desire for development (contentment with the current situation).;
- 6) weak organizational culture;
- 7) lack of information and/or analysis.

Members of the Board of Directors may request additional information on agenda items necessary for decision making.

102. Meetings of the Board of Directors and its committees shall be held by means of in-person or absentee voting (with justification of the reasons for choosing an absentee voting form); the number of meetings with absentee voting should be minimized. Consideration and decision-making on strategic business issues shall be carried out only at meetings of the Board of Directors with in-person voting.

In special cases, it is possible to combine both forms of meetings of the Board of Directors and its committees. This applies to the situation when one or more members of the Board of Directors are unable to attend a meeting of the Board of Directors in person.

103. The quorum for holding a meeting of the Board of Directors shall be at least half of its members and shall be determined taking into account the members of the Board of Directors who participate in the discussion and voting on the issues under consideration using technical means of communication (videoconference, telephone conference call, etc.), or if their votes are expressed in writing.

A member of the Board of Directors who has an interest in a matter submitted for consideration by the Board of Directors shall not participate in the discussion and voting on this matter, and a corresponding entry shall be made in the minutes of the meeting of the Board of Directors.

104. The statute of limitations for non-disclosure of internal (official) information of the organization by former members of the Board of Directors after termination of their activity as members of the Board of Directors is at least 5 years.

It is recommended that the Board of Directors conduct an audit of previously adopted decisions. Both the decision itself and the process of its adoption should be analyzed. It is recommended that the Board of Directors audit earlier decisions when it evaluates its performance.

105. The Board of Directors, committees and members of the Board of Directors are evaluated on an annual basis through a structured process approved by the

organization's Board of Directors. This process is consistent with the fund's methodology. At least once every three years, the evaluation is carried out with the involvement of an independent professional organization.

The methods of evaluation are self-assessment or engagement of an independent consultant to improve the quality of evaluation. Upon agreement with the General Meeting of Shareholders (the sole shareholder) or the Chairman of the Board of Directors/Supervisory Board, the evaluation may be carried out with the involvement of an independent professional organization once every three years.

The assessment should make it possible to determine the contribution of the Board of Directors and each of its members to the growth of long-term value and sustainable development of the organization, as well as to identify areas and recommend measures for improvement. The results of the evaluation shall be taken into account when re-electing members of the Board of Directors or terminating the powers of members of the Board of Directors ahead of schedule.

106. Evaluation is one of the main tools for improving professionalism of the Board of Directors and its individual members. Evaluation is mandatory for both Independent Directors and shareholder representatives.

The conduct of the evaluation should meet criteria such as regularity, comprehensiveness, continuity, realism, confidentiality.

The process, timing and procedure for evaluating the performance of the Board of Directors, its committees and members of the Board of Directors are clearly regulated in the internal documents of the organization. The Chairman and members of the Board of Directors are trained to conduct evaluation.

107. The evaluation includes, but is not limited to, consideration of the following issues:

1) optimality of the composition of the Board of Directors (balance of skills, experience, diversity, objectivity) in the context of the tasks facing the organization;

2) clarity of understanding of the organization's vision, strategy, key objectives, challenges and values;

3) succession and development plans;

4) functioning of the Board of Directors as a single body, the roles of the Board of Directors and the head of the executive body;

5) effectiveness of interaction in the Board of Directors, the Board of Directors with the bodies and officials of the organization;

6) effectiveness of each member of the Board of Directors;

7) effectiveness of committees of the board of Directors and their interaction with the Board of Directors and members of the executive body;

8) quality of information and documents provided to the Board of Directors;

9) quality of discussions at the Board of Directors, in committees;

10) efficiency of the corporate secretary's performance;

11) clarity of understanding of processes and competencies;

12) risk identification and assessment process;

13) interaction with shareholders and other stakeholders.

108. The evaluation is carried out by the Board of Directors mandatorily on an annual basis. The methods of evaluation are self-assessment or engagement of an



independent consultant to improve the quality of evaluation. An independent external consultant is engaged at least once every three years.

The evaluation of the Board of Directors, its committees and members of the Board of Directors, providing feedback to the members of the Board of Directors and developing follow-up measures for improvement are carried out under the guidance of the Chairman of the Board of Directors. The results of the evaluation are discussed at a separate meeting of the Board of Directors, which results in a development program for the Board of Directors as a whole and individually for each of its members.

109. The Chairman of the Board of Directors is responsible for the entire evaluation process and for taking action on its results.

The key roles in the evaluation process are organized as follows:

1) the Chairman of the Board of Directors leads the evaluation process, provides feedback to the entire Board of Directors and each of its members, informs the sole shareholder (major shareholders) of the evaluation results and discusses improvement measures, and monitors the implementation of the action plan based on the evaluation results;

2) the Chairman of the Nominations and Remuneration Committee ensures the process of evaluation of the Chairman of the Board of Directors;

3) Committee chairpersons ensure a process for evaluating effectiveness of the work of the committees they chair;

4) an independent consultant (if engaged) acts as a moderator and methodologist, organizes and coordinates the evaluation process;

5) members of the Board of Directors ensure active participation, openness, honesty and engagement.

The results of the evaluation form a basis for re-election of the entire Board of Directors or an individual member thereof, revision of the composition of the Board of Directors and the amount of remuneration to the members of the Board of Directors. If there are serious shortcomings in the performance of individual members of the Board of Directors, the Chairman of the Board of Directors shall consult with major shareholders (sole shareholder).

In the annual report, the Board of Directors reflects how the evaluation of the Board of Directors was carried out and the measures taken on the evaluation results. If an independent consultant has been engaged, it should be indicated whether the consultant has provided other consulting services to the fund and organizations during the last three years.

The sole shareholder may conduct its own evaluation of the Board of Directors independently or with the involvement of an independent consultant. The results of the evaluation conducted independently by the Board of Directors, the results of the organization's activity and other factors are taken into account.

110. For the purpose of efficient organization of activities of the Board of Directors and interaction between the Board of Directors, the executive body and shareholders, the Board of Directors appoints a Corporate Secretary.

The Board of Directors decides on appointment of the Corporate Secretary and early termination of his/her powers, determines the term of office of the Corporate

Secretary, the requirements for the Corporate Secretary, functions and procedures of the Corporate Secretary's performance, the amount of his/her salary and terms of remuneration, and decides on the establishment of the Corporate Secretary Service (secretariat). The Corporate Secretary reports to the Board of Directors of the fund and is independent of the executive body of the fund. The main duties of the Corporate Secretary include assisting in timely and quality corporate decision-making by the Board of Directors, the sole shareholder, acting as an advisor to the members of the Board of Directors on all matters of their activities and application of the provisions of this Code, as well as monitoring the implementation of this Code and participating in the improvement of corporate governance in the fund and organizations. The Corporate Secretary also prepares a report on compliance with the principles and provisions of this Code, which is included in the fund's annual report. This report contains a list of the principles and provisions of the Code that are not complied with, with relevant explanations provided.

The Corporate Secretary shall be appointed in companies as well as organizations whose shares are traded on the securities market. The appointment of the Corporate Secretary is within the exclusive competence of the Board of Directors. The decision to appoint a Corporate Secretary in organizations established in the form of a limited liability partnership is made at the discretion of the Supervisory Board.

111. The main duty of the Corporate Secretary is to ensure timely and quality corporate decision-making on the part of the Board of Directors and the General Meeting of Shareholders (the sole shareholder), to ensure effective interaction between the Board of Directors, the executive body and the shareholders (the sole shareholder). In addition, the functions of the Corporate Secretary include oversight of good corporate governance practices

The main functions of the corporate secretary include, but are not limited to, the following.

In terms of ensuring the activities of the Board of Directors:

- 1) assisting the Chairman of the Board of Directors in developing the work plan and agendas for meetings;
- 2) organization of meetings of the Board of Directors and its committees;
- 3) ensuring that members of the Board of Directors receive relevant and timely information required to make decisions on agenda items and within the competence of the Board of Directors;
- 4) taking minutes of the meetings of the Board of Directors and committees, storage of minutes, transcripts, audio-video recordings, materials of the meetings of the Board of Directors and committees;
- 5) advising the members of the Board of Directors on the legislation of the Republic of Kazakhstan, the Charter, this Code, internal documents, monitoring changes and informing the members of the Board of Directors in a timely manner;
- 6) organization of induction of newly elected members of the Board of Directors;
- 7) organizing training for members of the Board of Directors and engaging experts;
- 8) organization of interaction between members of the Board of Directors and shareholders and the executive body.

In terms of ensuring interaction with shareholders (the sole shareholder):

- 1) organization of general meetings of shareholders;
- 2) timely forwarding of materials on issues submitted for consideration by the General Meeting of Shareholders/sole shareholder for adoption of relevant resolutions;
- 3) taking minutes of the General Meeting of Shareholders, storage of minutes, transcripts, materials of the General Meetings of Shareholders (resolutions of the sole shareholder);
- 4) ensuring proper interaction of the organization with shareholders, including control over provision of information to shareholders' requests on a timely basis.

In terms of implementation of good corporate governance practices:

- 1) monitoring the implementation of and compliance with the principles and provisions of this Code;
- 2) preparing a report on compliance with the principles and provisions of this Code;
- 3) detection of violations of corporate governance norms set forth by the legislation, the Charter and other documents of the organization within the framework of the performance of his/ her functions;
- 4) advising shareholders, officers, employees of the organization on corporate governance issues of the organization;
- 5) monitoring the best international practices in the field of corporate governance and making proposals to improve corporate governance practices in the organization.

Assignment of other duties to the Corporate Secretary should be based on the current workload of the Corporate Secretary. Assignment of new duties should not contribute to poor performance of the functions set out in this Code. New functions should not duplicate the functions of other structural units and officials. In case of duplication, the performer of such functions should be reconsidered.

112. To perform his/her duties professionally, the Corporate Secretary has knowledge, experience and qualifications, impeccable business reputation and enjoys the confidence of the Board of Directors and shareholders. Depending on the size of the organization and the scale of its activities, a Corporate Secretary Service is established.

113. A person with higher legal or economic education, with at least 5 years of work experience, and practical knowledge in the field of corporate governance and corporate law shall be appointed to the position of Corporate Secretary.

114. In order to improve the efficiency of preparing and holding meetings of the Board of Directors, it is recommended to periodically discuss the completeness and usefulness of the materials provided to the members of the Board of Directors. The results of these discussions serve as a basis for assessing the effectiveness of the Corporate Secretary's performance.

115. The organization develops an induction and succession planning program for the Corporate Secretary. The search for and appointment of the Corporate Secretary is based on open and transparent procedures set out in the internal documents of the organization.

116. The Corporate Secretary carries out his/her activities on the basis of a regulation approved by the Board of Directors, which specifies functions, rights and duties, the procedure for interaction with the organization's bodies, qualification requirements and other information.

In order to ensure effective interaction and information flow between the bodies of the organization, the Corporate Secretary shall be able to build fruitful relationships and has skills to resolve conflict situations. In case of conflict of interest situations, the Corporate Secretary brings this information to the attention of the Chairman of the Board of Directors.

117. To perform his/ her functions, the Corporate Secretary is vested with the following powers:

1) to request and receive from bodies, officials and employees of the organization documents and information necessary for decision-making at meetings of the Board of Directors and General Meetings of Shareholders (the sole shareholder);

2) to take measures to organize meetings of the Board of Directors and the General Meeting of Shareholders, to inform the officials of the organizations about the decisions taken, as well as to subsequently control of their implementation;

3) to interact directly with the Chairman and members of the Board of Directors, the head and members of the executive body, employees of the organization, and shareholders.

The executive body of the organization shall cooperate fully with the Corporate Secretary in the exercise of his or her powers.

118. The organization's budget includes items of expenditure to support the activities of the Board of Directors and the Corporate Secretary, including expenses related to travel to meetings, accommodation and other travel in the performance of assigned duties. It is recommended that funds be provided for the training and development of members of the Board of Directors and the engagement of external consultants and experts by the Board of Directors and its committees. The Corporate Secretary forms the budget of expenses to support the activities of the Board of Directors and the Corporate Secretary and sends it to the appropriate structural unit of the organization.

Corporate Secretaries of the fund and organizations provide clarification of the provisions of this Code and their application.

119. A collegial executive body is established in companies; in other organizations, as well as in the case of a joint venture company, it may be collegial or sole at the discretion of the shareholders (participants). The head and members of the executive body must have high professional and personal characteristics, as well as an impeccable business reputation and must adhere to high ethical standards.

The executive body reports to the Board of Directors and manages the daily operations of the organization, is responsible for the implementation of the development plan, action plan and resolutions adopted by the Board of Directors and the General Meeting of Shareholders.

120. The Board of Directors elects the head and members of the executive body, determines the terms of office, the amount of their salaries, and the terms of their remuneration. The Nominations and Remuneration Committee of the Board of

Directors plays a key role in the process of searching for and selecting candidates to the executive body and determining their remuneration.

The recommended number of women in collegial executive bodies of the fund and organizations is at least thirty percent of the total number of members of collegial executive bodies.

121. Proposals on candidates for election to the collegial executive body are submitted by the head of the executive body to the Nominations and Remuneration Committee of the Board of Directors. If the Board of Directors rejects a candidate proposed by the head of the executive body for the same vacant position in the executive body for the second time, the right to propose a candidate for the vacant position is transferred to the Board of Directors.

122. In companies in which 100% of shares (participatory interests) are owned by the fund, the candidacy for the position of the head of the executive body is pre-approved by the fund's Management Board.

The Board of Directors may terminate the powers of the head and members of the executive body at any time.

It is recommended to elect the head and members of the executive body of the organization for a term of up to three years. The terms of office of the head and members of the executive body coincide with the term of office of the executive body as a whole.

123. The candidacy for the position of the first head of the company is submitted (recommended) for appointment (election) by the Prime Minister of the Republic of Kazakhstan, agreed by the Head of Administration in accordance with the procedure established by the Decree of the President of the Republic of Kazakhstan.

The procedure for searching for and electing the head of the executive body is carried out in accordance with the internal documents of the fund.

124. The head and members of the executive body are evaluated by the Board of Directors. The main evaluation criterion is the achievement of the set KPIs.

Motivational KPIs of the head and members of the executive body are approved by the Board of Directors.

Proposals regarding the motivational KPIs of the members of the executive body are submitted to the Board of Directors by the head of the executive body.

The evaluation results affect the amount of remuneration, incentives, re-election (appointment) or early termination of powers.

125. The executive body holds in-person meetings and discusses the implementation of the development plan, resolutions of the General Meeting of Shareholders (the sole shareholder), the Board of Directors and operational activities. Particular attention is paid to occupational safety issues. It is recommended to hold meetings of the executive body on a regular basis. The cases of holding meetings in absentia should be limited and defined in the documents of the organization.

126. The executive body shall formulate a work plan for the coming year with a list of issues before the beginning of a calendar year. Members of the executive body should receive materials for consideration well in advance and of appropriate quality. When considering important and complex issues, such as strategy and development plans, investment projects, risk management, several meetings may be held. In order

to thoroughly prepare such issues, considering the scale and specificity of the organization's activities, it is recommended to establish special committees, project and/or working groups working on specific tasks. The rights, duties, competence and responsibilities of these bodies are set out in the internal documents of the organization.

127. For each question, a separate discussion is devoted to the risks associated with making/not making the decision and their impact on the value and sustainability of the organization.

All issues submitted at the initiative of the executive body for consideration by the Board of Directors and the General Meeting of Shareholders (the sole shareholder) are preliminarily considered and approved by the executive body.

128. The head and members of the executive body meet with the labor collective, if there are branches and organizations of the Group in other regions, visit such facilities, hold meetings, videoconferences at least once a year.

The head and members of the executive body show high standards of ethical behavior and set an example for the employees of the organization.

The head and members of the executive body shall not allow a conflict of interest situation to arise. If a conflict of interest arises, they shall notify the Board of Directors or the head of the executive body in advance, and record it in writing and shall not participate in decision-making on the issue.

129. A member of the executive body may work in other organizations only with the approval of the Board of Directors. The head of the executive body or a person solely exercising the functions of the executive body shall not have grounds to hold the position of the head of the executive body or a person solely exercising the functions of the executive body of another legal entity.

130. The organization should ensure succession planning for the executive body. The mechanism and timing of re-election of members of the executive body should motivate them to achieve long-term results, providing for the possibility of early dismissal in case of failure to achieve key performance indicators.

In the event of a change of the head and/or composition of the executive body, it is recommended to ensure the principle of continuity in the composition of the executive body, with account of the results of their activities in the areas under their supervision when considering the re-election of individual members of the executive body. In case of a change of the Chairman of the Board of Directors, it is recommended to ensure continuity in the composition of the Board of Directors.

131. The executive body ensures that an optimal organizational structure is in place.

The organizational structure is aimed at:

- 1) decision-making efficiency;
- 2) productivity improvement;
- 3) rapid decision-making;
- 4) organizational flexibility.

Candidates for vacant positions in the organizations are selected on the basis of open and transparent competitive procedures. The organizations have a pool of employees in the personnel reserve, from which appointments to senior and middle

management positions can be made in the future. Employees are evaluated on an annual basis.

132. Cases of violations of the Code of Business Ethics by members of the executive body shall be brought to the attention of the Board of Directors by the head of the executive body.

A member of the executive body who has committed a violation of the Code of Business Ethics may not be a member of the executive body of any other organization.

133. In case of corporate conflicts, participants seek ways to resolve them through negotiations in order to ensure effective protection of interests of the organization and stakeholders.

The effectiveness of work on prevention and settlement of corporate conflicts implies, first of all, the fullest and earliest possible identification of such conflicts and clear coordination of actions of all bodies of the organization.

Corporate conflicts with the assistance of the Corporate Secretary are reviewed by the Chairman of the Board of Directors of the organization. If the Chairman of the Board of Directors is involved in a corporate conflict, such cases are reviewed by the Nominations and Remuneration Committee.

## **Chapter 6. Risk management, internal control, audit, compliance, and Ombudsman**

134. The fund and the organizations should have in place an effectively functioning risk management and internal control system designed to provide reasonable assurance that the fund and the organizations will achieve their strategic and operational objectives; the risk management and internal control system is a set of organizational policies, procedures, norms of behavior and actions, management methods and mechanisms established by the Board of Directors and the executive body of the fund and the organizations to ensure:

- 1) an optimal balance between growth of the organization's value, profitability and the accompanying risks;
- 2) efficiency of financial and economic activities and achievement of the company's financial stability;
- 3) preservation of assets and efficient use of the company's resources;
- 4) completeness, reliability and accuracy of financial and management reporting;
- 5) compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents;
- 6) adequate internal controls to prevent fraud and ensure effective support of core and supporting business processes and performance analysis.

The Board of Directors and the executive body shall ensure that a culture of good risk management is embedded in the fund and the organizations. The fund and the organizations should have a clear regulatory framework based on best practices for the implementation and operation of the risk management and internal control system.

135. The Board of Directors of the fund and organizations determines the principles and approaches to the organization of the risk management and internal control system, based on the objectives of this system and with account of the best practices and methodology of the fund in the field of risk management and internal control.

The Board of Directors approves internal documents that define principles and approaches to the organization of an effective risk management and internal control system, demonstrating the Company's commitment to the best practices in the field of risk management and internal control (COSO's integrated concept of building an internal control system, "Organizational Risk Management. Integrated Model" Concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), International Standard ISO 31000 "Risk Management. Principles and Guidelines", International Standard ISO 31010 "Risk Management. Risk assessment techniques", etc).

136. The organization of an effective risk management and internal control system in the fund and organizations is aimed at building a management system capable of ensuring an accurate understanding of the reasonableness and acceptability of the level of risks by employees, management, company bodies when making decisions, responding quickly to risks, exercising control over basic and auxiliary business processes and daily operations, and immediately informing the appropriate level of management of any material weaknesses and areas for improvement.

Principles and approaches to the organization of an effective risk management and internal control system provide for:

- 1) defining the purpose and objectives of the risk management and internal control system;
- 2) the organizational structure of the risk management and internal control framework, covering all levels of decision-making and considering the role of the appropriate level in the design, approval, application and evaluation of the risk management and internal control system;
- 3) basic requirements to the organization of the risk management process (approaches to risk appetite determination, risk identification and assessment procedure, determination of response methods and monitoring);
- 4) requirements for the organization of the internal control system and control procedures (characterization of key areas and main components of the internal control system, procedure for assessing the effectiveness and reporting on internal control).

The internal documents of the fund and organizations should formalize the role and tasks, responsibilities of the company's bodies, audit commission, internal audit division and other departments of the company, as well as the procedure for their interaction within the framework of the organization and functioning of the risk management and internal control system.

When approving internal documents in the field of risk management and internal control, the Boards of Directors of the organizations are guided by the regulatory documents adopted by the fund that regulate the issues of risk management and internal control.



The internal regulatory documents of the fund and holding companies should stipulate the responsibility of Boards of Directors and executive bodies to organize and ensure the effective functioning of the risk management and internal control system on a consolidated basis

137. The executive bodies of the fund and organizations ensure that an effective risk management and internal control system is established and maintained. The risk management process is integrated with the processes of planning (development plan and action plans, annual budget) and evaluation of the organization's performance (management reporting).

Each official of the fund or organization shall ensure that risks are properly considered in decision making

The executive body of the fund or organization ensures the implementation of risk management procedures by employees with appropriate qualifications and experience.

The executive body:

1) ensures development and implementation of internal documents in the field of risk management and internal control approved by the Board of Directors;

2) ensures the establishment and effective functioning of the risk management and internal control system through practical implementation and continuous implementation of the risk management and internal control principles and procedures assigned to it;

3) is responsible for implementing the resolutions of the Board of Directors and recommendations of the Audit Committee in the area of organizing the risk management and internal control system;

4) monitors the risk management and internal control system in accordance with the requirements of internal documents;

5) ensures improvement of risk management and internal control processes and procedures with account of changes in the external and internal business environment.

138. In order to implement the principles of internal control and ensure the effectiveness of the risk management and internal control system, the executive body allocates powers, duties and responsibility for specific risk management and internal control procedures among the following level managers and/or heads of structural units/business process owners.

Heads of structural divisions/business process owners, in accordance with their functional responsibilities, are responsible for the design, documentation, implementation, monitoring and development of the risk management and internal control system in the functional areas of the company entrusted to them.

The organizational structure of the risk management and internal control system in the fund and organizations (depending on the scale and specifics of activities) should provide for a structural unit (structural units) responsible for the functioning of the risk management and internal control system, whose tasks include the following:

1) overall coordination of risk management and internal control processes;

2) development of methodological documents in the field of risk management and internal control and provision of methodological support to business process owners and employees in the process of identification, documentation of risks, implementation, monitoring and improvement of control procedures, formation of action plans to respond to risks;

3) organization of employee training in the field of risk management and internal control;

4) preparation of consolidated risk reporting, informing the Board of Directors and the executive body on issues stipulated by internal documents in the field of risk management and internal control;

5) taking measures to improve the risk management and internal control system.

139. It is recommended that the manager supervising the risk management and internal control function should not be the owner of the risk, which ensures his/ her independence and objectivity. It is prohibited to combine risk management and internal control functions with functions related to economic planning, corporate finance, treasury, investment activities, and internal audit. Combination with other functions is allowed if there is no significant conflict of interest.

The risk management and internal control system of the fund and organizations is based on a high culture of risk management conducted by the executive body, which provides for mandatory procedures for identification, assessment and monitoring of all significant risks, as well as taking timely and adequate measures to reduce the level of risks that may adversely affect the achievement of strategic goals, the implementation of operational objectives and the company's reputation.

140. Risk management procedures are required to ensure that new risks are responded to quickly, clearly identified, and risk owners are identified. In the event of any unforeseen changes in the competitive or economic environment of the fund and organizations, the risk map is urgently reassessed and aligned with the risk appetite of the fund and organizations.

141. For a holistic and clear understanding of the inherent risks of the fund and organizations, risks are identified and assessed on a regular basis and reflected in the risk register/map, risk response action plan (process improvement, minimization strategies) approved by the Board of Directors

The implemented risk assessment results in measurable indicators, which allow to evaluate the compliance of risks with the approved risk appetite and the impact of risks on the implementation of the development plan of the fund and the organization.

142. Employees of the fund and organizations work with risks on a daily basis, manage them and monitor their potential impact within the scope of their functional responsibilities.

143. Risk information should be an integral part of management reporting. The Board of Directors and the executive body should regularly receive information on key risks and their analysis in terms of their impact on the company's strategy and business plans.

Approval of quarterly consolidated risk reports is assigned to the Board of Directors.

144. In the fund and organizations, sustainable development should be integrated into:

- 1) the management system (the sustainable development management system clearly defines and establishes the roles, competencies, responsibilities of each body and all employees for the implementation of principles, standards and relevant policies and plans in the field of sustainable development);
- 2) the development plan by integrating Environmental, Social, and Corporate Governance (hereinafter referred to as ESG) objectives;
- 3) the risk management system (the fund and organizations improve practices to manage environmental and climate change risks related to climate change);
- 4) investment decision-making process (the practice of analyzing material ESG factors and ESG risk assessment should be integrated to identify investment risks and opportunities that are likely to affect fund performance and investment efficiency);
- 5) reward system for senior management and governance bodies (the fund and organizations develop and publicly disclose ESG targets. The ESG targets are used to assess the performance of managers);
- 6) key processes, including planning (long-term, medium-term (5-year plan) and short-term (annual budget) periods), reporting, human resources management, operations and others, as well as in decision-making processes at all levels of management;
- 7) a system of regular stakeholder engagement, which implies providing relevant and reliable information, ensuring the possibility of bilateral dialog, awareness of environmental hazards and risks associated with the activities of portfolio companies, developing a flexible grievance mechanism.

Holding companies have a consolidated stakeholder map for their group and develop an appropriate engagement plan with such parties.

The Board of Directors and the executive body of the fund and organizations ensure the formation of an appropriate system in the field of sustainable development and its implementation.

The fund and organizations develop action plans in the field of sustainable development with account of international standards and best practices.

The Board of Directors provides strategic guidance and control over the implementation of the sustainable development system. The executive body forms the relevant plan and submits it to the Board of Directors for consideration.

145. In order to thoroughly prepare sustainability issues, the creation of a committee or delegation of ESG issues to the terms of reference of one of the existing committees under the Board of Directors of the fund and the organization is recommended.

The Audit Committee of the Board of Directors monitors sustainability risks, quality of non-financial information and reporting.

All employees and officials at all levels contribute to sustainable development, implement sustainable development principles and activities through personal behavior and compliance with relevant policies and standards.

The fund and organizations should take measures to adopt and comply with the principles of sustainable development in their relationships with partners.

146. The fund and the organizations develop, approve, formalize and document control procedures in three key areas: operating activities, preparation of financial statements and compliance with the requirements of the legislation of the Republic of Kazakhstan and internal documents.

Control procedures are a documented system of measures and actions to ensure effective internal control over the fulfillment of the company's goals, objectives and plans, identification and execution of non-standard operations, as well as prevention, limitation and avoidance of risks and possible misconduct on the part of the company's executives and employees.

Control procedures should be implemented at all levels of management and be subject to compliance by all employees and bodies of the fund and organizations.

Control procedures cover three key areas: operating activities, preparation of financial statements, compliance with the requirements of the legislation of the Republic of Kazakhstan, internal documents and are aimed at:

- 1) reducing the probability of possible risks;
- 2) preventing errors from occurring and/or identifying errors after they have occurred;
- 3) identification and elimination of duplicative and redundant operations;
- 4) identifying gaps and areas for improvement;
- 5) further improvement of the internal control system.

147. The Board of Directors of the fund and organizations should take appropriate measures to ensure that the current risk management and internal control system complies with the principles and approaches to its organization determined by the Board of Directors and functions effectively. Risk reports should be submitted to meetings of the Board of Directors at least quarterly and should be discussed properly in full.

148. The Board of Directors together with the Audit Committee is responsible for assessing the effectiveness of the risk management and internal control system, forms its own opinion on its effectiveness after proper and thorough analysis of information and assurances communicated to it by the internal audit department or an external expert, the Audit Committee and the executive body.

149. The Board of Directors should regularly review the organization, operation and efficiency of the risk management and internal control system and, if necessary, make recommendations for its improvement.

Implementation of control procedures includes development/updating of business process flowcharts with indication of process-level risks and control procedures, development/updating of a matrix of risks and controls for business processes, testing of control procedures and assessment of their effectiveness, formation of an action plan for further improvement of the internal control system.

Responsibility for approving control procedures is assigned depending on the nature and materiality of the risk in relation to which the relevant control procedures are established.

150. The fund and organizations should establish an Internal Audit Service (hereinafter referred to as the IAS) to provide the Board of Directors with

independent and objective assurance and advice aimed at improving risk management, internal control and corporate governance systems.

The Board of Directors of the fund determines the quantitative composition, term of office of the IAS, appoints its head, and terminates his/her powers ahead of schedule, and determines the procedure of its work, the amount and terms of remuneration and bonuses for the employees of the IAS.

The IAS reports directly to the fund's Board of Directors and is independent of the fund's executive body.

The key responsibilities of the IAS include assessing the quality of the fund's internal control and risk management system and reporting to the Board of Directors on the adequacy and effectiveness of this system. The main objective of the IAS is to contribute to the improvement of the fund's performance.

151. The fund establishes a collegial executive body in the form of a Management Board. The Management Board is accountable to the Board of Directors and performs its activities within the competencies defined in the charter of the fund. The fund's Board of Directors monitors the effectiveness of the fund's Management Board, including the implementation of resolutions of the sole shareholder and the fund's Board of Directors.

The Government, as a shareholder, appoints and dismisses the Chairman of the fund's Management Board. Members of the fund's Management Board are elected by the fund's Board of Directors. Proposals on candidates for election to the fund's Management Board are submitted by the Chairman of the fund's Management Board for consideration by the fund's Board of Directors.

152. Internal audit in the fund and organizations is carried out through the establishment of a separate structural unit – the IAS (in organizations in the form of limited liability partnerships, internal audit functions are assigned to the audit commission/auditor, functionally accountable to the supervisory board; in this case, the goals, functions and tasks of the audit commission/auditor, the procedure for its interaction with the bodies of the organization should be established taking into account the principles set out in this Code, as applied to the IAS).

The Company's internal document - the Regulations on the IAS, defines its objectives, powers, responsibilities, and sets out:

1) adherence to the principles, code of ethics and standards of internal auditors established by international institutions in the field of internal audit;

2) status, goals, objectives and responsibilities of the company's internal audit function;

3) conditions to ensure independence, objectivity and professionalism of the IAS to achieve the goals and objectives of the internal audit and effective performance by the IAS of its functions and responsibilities;

4) qualification requirements for the head and employees of the IAS, including requirements in terms of professional knowledge and skills, work experience, supervisory experience (for managers), as well as requirements in terms of additional specialized training confirmed by international certificates (internal auditors are recommended to demonstrate their professionalism by obtaining relevant professional certificates and qualifications);

- 5) scope and content of internal audit activities;
- 6) the right of access to documentation, employees and tangible assets in the performance of relevant assignments;
- 7) the procedure for interaction of the IAS with the Board of Directors and the executive body and reporting to the Audit Committee and the Board of Directors.

153. To ensure the independence and objectivity of internal audit, the IAS should be organizationally subordinate and functionally accountable to the Board of Directors, which makes decisions on approving the IAS plans and strategy, determines the quantitative composition, amount and terms of remuneration and bonuses for IAS employees.

Organizational subordination and functional accountability of the IAS to the Board of Directors means:

- 1) approval by the Board of Directors (after preliminary review by the Audit Committee) of the regulations and other internal audit policies governing the goals, objectives, functions and procedures of the IAS activities;
- 2) approval by the Board of Directors (after preliminary review by the Audit Committee) of the risk-oriented annual audit plan;
- 3) submission to the Board of Directors (after preliminary review by the Audit Committee) of quarterly and annual reports on the fulfillment of the annual audit plan and other information on internal audit activities;
- 4) approval by the Board of Directors (after preliminary review by the Audit Committee) of decisions on appointment, dismissal, remuneration of the head and employees of the internal audit division;
- 5) consideration by the Board of Directors (the Audit Committee) of material limitations on the IAS's authority or other restrictions that may adversely affect the internal audit function.

154. The IAS operates on the basis of a risk-oriented annual audit plan approved by the Board of Directors. The results of audit reports and key findings, monitoring the implementation of audit recommendations are presented to the Board of Directors on a quarterly basis

The Board of Directors ensures timely review of the IAS reports and control over timely implementation of audit recommendations.

155. The head of the IAS shall develop and maintain the quality assurance and improvement program covering all internal audit activities and providing for mandatory internal and external evaluation of the IAS activities.

The head of the IAS in organizations should develop internal documents regulating the activities of the unit based on the fund's corporate standards in the field of internal audit and ensure their review and approval by the Audit Committee and the Board of Directors.

The Board of Directors evaluates the performance of the IAS, its head and employees based on the review of the IAS reports, compliance with the deadlines for the annual audit plan and reporting, and assessment of the compliance of the reports with the requirements of the IAS standards and internal regulatory documents.

The quality assurance and improvement program is developed and implemented to assess the compliance of IAS activities with international internal audit standards.

This program provides for periodic internal and external assessments (for compliance with the standards, code of ethics of internal auditors), as well as assessment of the efficiency and effectiveness of internal audit and identification of opportunities for improvement.

156. In accordance with the legislation of the Republic of Kazakhstan, the fund and all companies in the fund's group have a Compliance Service, the task of which is to build an effective compliance system that provides reasonable assurance that the company's significant compliance and corruption risks are properly managed.

The Compliance Service is designed to ensure compliance with the anti-corruption legislation of the Republic of Kazakhstan, adoption of compliance policies, as well as the formation of an internal corporate culture based on the principles of transparency and trustworthiness in accordance with the legislation and best international practices.

The activity of the Compliance Service is regulated by the company's internal documents.

The Compliance Service should be independent in the company's management system. In the Company, the Compliance Service is directly subordinate to the Board of Directors of the Company. To operate effectively, the Compliance Service should have sufficient authority and resources, and should regularly interact with the company's governing body and report to it on a periodic basis. The executive body supports the independence of the Compliance Service and does not interfere with the fulfillment of its responsibilities.

The head of Compliance Service has relevant experience and is a senior manager. It is necessary to exclude conflicts of interest while combining another position in the company.

157. The fund develops standards of business ethics and activities of the ombudsman, and an effective system of notification of alleged violations. The Boards of Directors of the fund and organizations ensure implementation of these standards and compliance with them.

158. An ombudsman is appointed to ensure compliance with the principles of business ethics and optimal regulation of social and labor disputes arising in the fund and organizations.

A candidate for the position of ombudsman must have an impeccable business reputation, high authority and be able to make impartial decisions.

The ombudsman is appointed by resolution of the Board of Directors of the fund and is re-elected every two years. The role of the ombudsman is to advise employees, participants of labor disputes or conflicts, who have applied to him, and assist them in developing a mutually acceptable, constructive and feasible solution, taking into account compliance with the legislation of the Republic of Kazakhstan (including confidentiality, if necessary), to assist in resolving problematic social and labor issues of both employees and the fund and the organization, as well as compliance with the principles of business ethics by employees of the fund and organizations.

The ombudsman submits for consideration by the relevant bodies and officials of the fund and/or organizations the problematic issues identified by the ombudsman,

which are of a systemic nature and require appropriate solutions (comprehensive measures), and puts forward constructive proposals for their resolution.

At least once a year, the ombudsman submits a report on the results of his/ her work to the Nominations and Remuneration Committee and the Audit Committee of the fund's Board of Directors, which evaluate the results of his/ her activities.

The Board of Directors of the fund evaluates the performance of the ombudsman and re-elects the ombudsman by deciding to extend the term of office of the acting ombudsman or to terminate the incumbent's term of office and elect a new ombudsman.

The place of work, working conditions of the ombudsman are determined by the resolution of the Management Board of the fund, except for the issues of labor remuneration and bonus payment conditions. The issues of labor remuneration and bonus payment conditions are determined by an internal regulatory document approved by the resolution of the Board of Directors of the fund.

The fund and the organizations must adhere to high ethical standards and implement the necessary procedures to ensure that these standards are applied at all times by all employees and partners of the fund and the organizations.

Notifications of alleged violations should be sent directly to the IAS or the Board of Directors of the fund or organization. The executive body and all of its structural units, including the security service, should not prevent the transmission of notifications of alleged violations to the IAS or the Board of Directors.

## **Chapter 7. Transparency of the fund's activities**

159. In order to respect the interests of stakeholders, the fund and organizations disclose information about all important aspects of their operations, including financial condition, performance, ownership and governance structure, in a timely and accurate manner.

160. The fund and organizations timely disclose information provided for by the legislation of the Republic of Kazakhstan and internal documents. To ensure systematic disclosure of information, the fund and organizations should approve internal documents that define the list of information disclosed to stakeholders, terms, procedure, method, form of information disclosure, responsible officials and employees with indication of their functions and duties, as well as other provisions regulating the information disclosure processes. The fund and organizations determine the procedure for categorizing information into access categories, the conditions for storing and using information, including the circle of persons entitled to free access to information constituting commercial and official secrets, and take measures to protect its confidentiality.

The fund and organizations timely disclose information on their activities to the stakeholders in accordance with the legislation of the Republic of Kazakhstan, this Code and internal documents.

161. The list of information disclosed to shareholders (participants) is given in Article 102 of the Law on Securities Market, laws on economic partnerships,



partnerships, constituent documents and internal documents of a legal entity and the “Transparency” section of this Code

Shareholders (participants) and investors receive information about the organization’s activities through:

1) annual report, including, inter alia, the report of the Board of Directors and audited annual financial statements (the norms of this paragraph with regard to audited statements shall apply if the audit of annual financial statements is stipulated by the legislation of the Republic of Kazakhstan and/or internal documents of the organization);

2) the organization’s Internet resource, containing a section for shareholders (participants) and investors, reflecting up-to-date information on the activities of the organization;

3) Internet resource of the depository of financial statements, stock exchange, containing information stipulated by clause 102 of the Law on Securities Market;

4) the possibility of obtaining information and documents through sending requests to the organization in accordance with the procedure established by the legislation of the Republic of Kazakhstan, constituent and internal documents of the organization;

5) press releases and other information materials distributed by the organization;

6) briefings by the organization;

7) other ways in accordance with the internal documents of the organization.

162. At the request of a shareholder (participant), the organization shall provide copies of documents stipulated by the legislation of the Republic of Kazakhstan, subject to restrictions on disclosure of official, commercial or other legally protected secrets/information defined in the legislation of the Republic of Kazakhstan and internal documents of the organization. The fee charged by the organization for providing copies of documents shall be established by the organization and may not exceed the cost of expenses for their production and, if necessary, delivery to the shareholder (participant).

163. A shareholder (participant) may address the organization with written inquiries about its activities and receive reasoned answers within 30 (thirty) calendar days from the date of receipt of the inquiry by the organization or other term stipulated by the Charter, internal documents of the organization.

At the request of a shareholder (participant), the organization shall provide copies of documents in accordance with the procedure stipulated by Article 80 of the Law on Joint-Stock Companies.

In order to protect information constituting commercial and official secrets, the fund and organizations in accordance with the legislation of the Republic of Kazakhstan and the Charter determine the procedure for attributing information to categories of access, conditions of storage and use of information. The fund and organizations determine the range of persons entitled to free access to information constituting commercial and official secrets and take measures to protect its confidentiality. Persons who illegally obtained, disclosed or used information constituting commercial and official secrets are obliged to compensate for the

damage caused and bear responsibility in accordance with the laws of the Republic of Kazakhstan.

164. In organizations whose shares are listed on a stock exchange, it is recommended to create a structural unit (or assign functions to a structural unit) for shareholder and investor relations, whose competence will include collection, analysis and preparation of information that will be posted on the Internet resource of the organization. It is recommended to appoint a person with practical experience in the financial sphere and a good understanding of the specifics of the industry in which the organization operates as the head of this unit.

Organizations listed on a stock exchange are required to notify both shareholders and issuers when acquiring or disposing of major shareholdings of more than 3% (notifiable interests include direct and indirect holdings of shares and financial instruments of similar economic effect).

165. The selection of the external auditor is based on a competitive bidding process. The Audit Committee of the Board of Directors plays an important role in the selection process. The external auditor engaged does not provide consulting services to the fund and the organization that may threaten the independence of the external auditor, and there is no practice of hiring former members of the audit team for management positions earlier than two years after their dismissal from the audit organization. The fund and the organizations disclose detailed information about the external auditor engaged. The fund and the organizations regulate the issues of selection of and interaction with the external auditor.

The fund and the organizations approve documents regulating relations with the external auditor, including the process of selecting an external auditor, the powers and functions of the tender commission, issues related to the provision by the audit organization of consulting services not related to the audit of financial statements and other information, issues related to the rotation of audit organizations and senior personnel of the audit organization, issues related to the hiring of former employees of the audit organization.

There should be a rotation of partners and senior staff responsible for the audit of financial statements at least once every five years if the audit firm has been providing audit services to the fund and the organization for more than 5 consecutive years.

It should not be practiced to include former members of the audit organization in the Board of Directors, executive body, the IAS, and to hire former members of the audit organization to the positions of chief accountant and financial director earlier than two years after their dismissal from the audit organization.

To assess the risks of independence of the audit organization and to evaluate the potential quality of the audit of financial statements and other information, the information on the remuneration paid to the audit organization, including separately for audit services and services unrelated to the audit of financial statements and other information, should be disclosed. In order to facilitate the search for information, it should be disclosed on the organization's website and in the annual report of the organization.

The Audit Committee of the Board of Directors of the organization meets with the external auditor regularly (at least three times before the audit report is issued) as part of the audit process.

The external auditor has access to the Audit Committee to discuss audit matters. In the absence of the Audit Committee, the external auditor interacts directly with the Board of Directors and its Chairman.

The external auditor provides the Audit Committee with information on the progress and results of the audit; confirms the maintenance of independence, absence of financial interests in the organization, absence of significant impact on the financial dependence of the external auditor of the total amount of remuneration.

166. The fund, companies and organizations whose shares are traded on the stock exchange should prepare an annual report in accordance with the provisions of this Code and best practices of information disclosure.

The annual report is approved by the Board of Directors.

The annual report, which is well structured and visually appealing, and published in the Kazakh, Russian and English languages, is one of the key sources of information for stakeholders.

The annual report is prepared and posted on the Internet resource prior to the Annual General Meeting of Shareholders (Participants). The annual report is approved by the Board of Directors (Supervisory Board).

The minimum requirements to the content of the annual report imply availability of the following information:

- 1) address of the Chairman of the Board of Directors (Supervisory Board);
- 2) address by the head of the executive body;
- 3) information on the fund or organization: general information; information on the structure of the authorized capital, including the following information: number and nominal value of issued shares (participatory interests), description of rights granted by shares, number and nominal value of authorized but unissued shares, composition of shareholders (participants) and number and proportion of common shares (participatory interests) owned by them, procedure for disposition of ownership rights; mission; development plan, results of its implementation; market overview and market position;
- 4) financial and operating results for the reporting year: review and analysis of performance against objectives; operational and financial performance indicators; key significant events and achievements; information on significant transactions; any financial support, including guarantees received/received from the government and any commitments to the government and society made by the fund or organization (if not disclosed in accordance with the IFRS);
- 5) asset structure, including subsidiaries/dependent organizations of all levels, overview, main results of their financial and production activities;
- 6) goals and plans for future periods;
- 7) main risk factors and risk management system;
- 8) corporate governance: corporate governance structure; composition of shareholders (participants) and ownership structure; composition of the Board of Directors (Supervisory Board), including qualifications, selection process, including

independent directors, with indication of criteria for determining their independence; report on the activities of the Board of Directors (Supervisory Board) and its committees; information on compliance of corporate governance practices with the principles of this Code, and in case of non-compliance, explanations on the reasons for non-compliance with each of the principles; composition of the executive body; report on the activities of the executive body; remuneration policy for officers;

9) sustainable development (if a separate sustainability report is prepared, a reference to this report may be provided);

10) auditor's report and financial statements with notes;

11) analytical indicators and data included in the annual report that reflect comparative analysis and progress (regression) achieved in relation to the previous period (comparison with the values of similar indicators indicated in the previous annual report) (in order to compare indicators with international companies operating in a similar industry, it is recommended to publish performance indicators that will allow for industry benchmarking analysis);

12) information in accordance with the requirements of leading stock exchanges.

A holding company organization may choose to prepare an annual report on a consolidated basis for the entire group. The organization of a holding company may decide to prepare an individual annual report.

167. The fund and the companies annually publish sustainable development reporting prepared in accordance with internationally recognized standards in order to ensure clarity and transparency of their activities for stakeholders, taking into account the protection of information constituting official, commercial and other legally protected secrets. Sustainability reporting is approved by the Board of Directors

Methods of information disclosure to stakeholders may include meetings with stakeholders, use of mass media (publications, interviews), Internet resource, providing feedback through communication tools, advisory committees and boards, providing responses to inquiries, and others.

Public reporting should ensure timeliness, completeness, regularity, consistency, comparability, reliability of information, as well as allow assessing the effectiveness of risk mitigation and utilization of opportunities based on data for at least the last 4 years. The fund companies should develop reporting practices for leading climate programs. In organizations listed on the stock exchange and participating in ESG ratings, reporting indicators are independently certified (verified) by a 3rd party.

The fund and the organizations control the disclosure of information in the field of sustainable development to stakeholders and keeping it up to date on the Internet resource.

168. The Internet resource is well-structured, easy to navigate and contains information necessary for stakeholders to understand the activities of the fund and organizations.

The fund and organizations regularly monitor the completeness and relevance of information posted on the Internet resource, as well as the compliance of this information with the state, Russian and English versions of the Internet resource. For this purpose, responsible persons (structural subdivision) responsible for the completeness and relevance of the information on the Internet resource are appointed.

The Internet resource minimally contains the following information:

- 1) general information about the fund or organization, including information on mission, main objectives, goals and activities, amount of equity, amount of assets, net income and number of personnel;
- 2) information on the development plan (at least strategic objectives); priority areas of activity;
- 3) the Charter and internal documents regulating the activities of bodies, committees, and Corporate Secretary;
- 4) information on ethical principles;
- 5) information about risk management;
- 6) dividend policy;
- 7) information on members of the Board of Directors, including the following information: photograph (upon agreement with a member of the Board of Directors), surname, first name, patronymic, date of birth, citizenship, status of a member of the Board of Directors (independent director, shareholder representative), indication of functions of a member of the Board of Directors, including membership in committees of the Board of Directors or acting as the Chairman of the Board of Directors, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained), work experience for the last five years, main place of work and other positions currently held, professional qualifications, date of first election to the Board of Directors and date of election to the current Board of Directors, number of shares and shareholding in affiliated companies, criteria of independent directors;
- 8) information on members of the Management Board, including the following information: photograph, surname, first name, patronymic, date of birth, citizenship, position and functions performed, education, including basic and additional education (name of educational institution, year of graduation, qualification, degree obtained), work experience for the last five years, professional qualification, positions held on a part-time basis, number of shares and shareholding in affiliated companies;
- 9) financial statements;
- 10) annual reports;
- 11) information on the external auditor;
- 12) information on procurement activities, including procurement rules, announcements and procurement results;
- 13) information on the structure of the authorized capital, including the following information: number and par value of issued shares (participatory interests), description of rights granted by the shares, number and par value of authorized but unplaced shares, composition of shareholders (participants), number and share of common stock (participatory interests) owned by them, procedure for disposition of ownership rights;
- 14) information on the structure of assets, including information on affiliated companies of all levels with a brief indication of the scope of their activities;
- 15) annual calendar of corporate events;

16) information on interested-party transactions, including information on the parties to the transaction, material terms of the transaction (subject of the transaction, transaction price), the body that made the decision to approve the transaction;

17) information on major transactions, including information on the parties to the transaction, material terms of the transaction (subject of the transaction, transaction price), the body that took the decision to approve the transaction;

18) information on sustainable development activities;

19) information on the amount of approved dividends;

20) news and press releases.

A holding company may have one Internet resource for all organizations of its group. An organization of a holding company may decide to have its own Internet resource.

**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours (Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024 on the fifth issue of the agenda “ **On identifying an audit organization to audit the financial statements of JSC NC KazMunayGas for 2025 - 2029 years** ”

**in accordance with subparagraph 6) paragraph 1 of Article 36 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, subparagraph 9) of paragraph 98 of Article 12 of the Charter of the joint stock company “National Company KazMunayGas”, approved by the decision of the annual General Meeting shareholders of JSC NC KazMunayGas dated May 30, 2023 (minutes No. 2\2023, issue No. 5), subparagraph 12) of paragraph 32 of Chapter 7 of the Regulations on the General Meeting of Shareholders of the joint stock company National Company KazMunayGas, approved by the decision of the person who owns all voting shares of NC KazMunayGas JSC dated December 2, 2022 (minutes of the meeting of the Board of Samruk-Kazyna JSC No. 66/22, issue No. 5), having considered the presented materials, the General Meeting of Shareholders of NC KazMunayGas JSC DECIDED:**

1. Designate PricewaterhouseCoopers LLP as an auditing organization to audit the financial statements of JSC NC KazMunayGas for 2025–2029.

2. The Chairman of the Board of JSC NC KazMunayGas, in accordance with the established procedure, take the necessary measures arising from this decision.

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “ National Company "KazMunayGas", approved by the decision of the annual General Meeting of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), requires a simple majority of votes from the total number of voting shares of JSC NC "KazMunayGas" participating in voting. The decision is made by open voting on the principle of “one share – one vote”.

Based on the voting results, **the DECISION WAS MADE unanimously** .

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**



**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours (Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024 on the sixth issue of the agenda “ **On introducing changes to the composition of the counting commission of the General Meeting of Shareholders of JSC NC KazMunayGas** ”

**in accordance with subparagraph 4) paragraph 1 of Article 36, paragraph 1 of Article 46 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, subparagraph 5) of paragraph 98 of Article 12 of the Charter of the joint stock company “National Company KazMunayGas”, approved by the decision of the annual General meeting of shareholders of JSC NC KazMunayGas dated May 30, 2023 (minutes No. 2\2023, issue No. 5), subparagraph 8) of paragraph 32 of Chapter 7 of the Regulations on the General meeting of shareholders of the joint stock company National Company KazMunayGas, approved by the decision of the person owning all voting shares of JSC NC KazMunayGas dated December 2, 2022 (minutes of the meeting of the Board of JSC Samruk-Kazyna No. 66/22, issue No. 5), having considered the presented materials, the General Meeting of Shareholders of JSC NC KazMunayGas DECIDED :**

1. Early terminate the powers of the following members of the counting commission of the General Meeting of Shareholders of JSC NC KazMunayGas from May 27, 2024:

- 1) Nurysha Nurdaulet ;
- 2) Togizbayeva Zhansai Galymzhanovna .

2. Elect from May 28, 2024 to the counting commission of the General Meeting of Shareholders of JSC NC KazMunayGas, as its members, for the period until the expiration of its term of office as a whole, the following persons:

- 1) Karymsakova Torejana Manarbekovich ;
- 2) Nechaeva Oksana Nikolaevna.

3. To the Secretary of the General Meeting of Shareholders of JSC NC KazMunayGas Sharipov D.V. in accordance with the established procedure, take the necessary measures arising from this decision .

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “ National Company "KazMunayGas", approved by the decision of the annual General Meeting of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), requires a simple majority of votes from the total number of voting shares of JSC NC "KazMunayGas" participating in voting. The decision is made by open voting on the principle of “one share – one vote”.

Based on the voting results, **the DECISION WAS MADE unanimously** .

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**

**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours (Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024, on the seventh issue of the agenda **“On some issues of JSC NC KazMunayGas”**

**in accordance with subparagraphs 5) and 18) of paragraph 1 of Article 36 and paragraph 3 of Article 55 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint-Stock Companies”, subparagraphs 10) and 11) of paragraph 98 of Article 12 of the Charter of the joint-stock company “National Company "KazMunayGas", approved by the decision of the annual General Meeting of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), subparagraphs 9) and 29) of paragraph 32 of Chapter 7 of the Regulations on the General Meeting of Shareholders of the joint stock company of the National Company KazMunayGas company, approved by the decision of the person owning all voting shares of NC KazMunayGas JSC dated December 2, 2022 (minutes of the meeting of the Board of Samruk-Kazyna JSC No. 66/22, issue No. 5), having considered the presented materials, The General Meeting of Shareholders of JSC NC KazMunayGas DECIDED:**

1. Early terminate the powers of the Chairman of the Board of JSC NC KazMunayGas Mirzagaliyev Magzum Maratovich from May 15, 2024 at the initiative of the employee on the basis of an application submitted by him.

of Mirzagaliyev , a member of the Board of Directors of JSC NC KazMunayGas Magzum Maratovich since May 15, 2024.

3. Appoint (elect) Khasenov Askhata Galimovich to the position of Chairman of the Board of JSC NC KazMunayGas from May 28, 2024.

4. Elect Khasenov Askhata Galimovich a member of the Board of Directors of JSC NC KazMunayGas from May 28, 2024 for the term of office of the Board of Directors of JSC NC KazMunayGas as a whole.

5. To the Chairman of the Board of Directors of JSC NC “KazMunayGas” Berdigulov E.K. in accordance with the established procedure, take the necessary measures arising from this decision.

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “ National Company "KazMunayGas", approved by the decision of the annual General Meeting of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), requires a simple majority of votes from the total number of voting shares of JSC NC "KazMunayGas" participating in voting. The decision is made by open voting on the principle of “one share – one vote”.

Based on the voting results, **the DECISION was ADOPTED unanimously.**

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**

Annex  
to the resolution on item No. 8  
of the agenda of the annual  
General Meeting of Shareholders  
NC “KazMunayGas” JSC  
(Minutes No. 1/2024  
dated May 28, 2024)

**Amendments and additions  
to the Charter of “National Company ‘KazMunayGas’” Joint Stock Company,  
approved by the decision of the Annual General Meeting of Shareholders of  
NC ‘KazMunayGas’ JSC dated May 30, 2023 (Minutes No. 2\2023, item No. 5)**

Paragraph 8 should be worded as follows:

“8. The Location of KMG (its Board): Republic of Kazakhstan, **Z05H9E8**,  
Astana city, Yesil district, Dinmuhamed Konaev Street, building 8, **n.p. 1.**”.

Subparagraph 11) of paragraph 98 should be **deleted**.

Subparagraph 10) of paragraph 106 should be worded as follows:

“10) determination of the quantitative composition, term of office of the Board of  
KMG, **appointment (election) and early termination of powers of the Chairman  
of the Board of KMG**, election of members of the Management Board, as well as early  
termination of their powers;”.

Paragraph 129 should be worded as follows:

“129. **The terms of office of the Board and the Chairman of KMG's Board  
shall be determined by Board of Directors of KMG.**”.

**EXTRACT**  
**from the minutes of the annual General Meeting of Shareholders**  
**Joint Stock Company "National Company "KazMunayGas"**  
**No. 1/2024 dated May 28, 2024**

**Legal address of JSC NC "KazMunayGas":** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Location of the executive body of JSC NC KazMunayGas:** Republic of Kazakhstan, 010000, Astana city, Yesil district, Dinmukhamed street Konaev , building 8.

**Date, place and time:** May 28, 2024, 15:00 hours (Astana time), Republic of Kazakhstan, Z05H9E8, Astana city, Yesil district, Dinmukhamed street Konaev , building 8 , n.p. 1, 2nd floor, conference room .

**Mode of delivery:** full-time.

We hereby confirm that in accordance with the minutes of the annual General Meeting of Shareholders of JSC NC KazMunayGas No. 1/2024 dated May 28, 2024 on the eighth issue of the agenda “ **On introducing amendments and additions to the Charter of the joint stock company “National Company KazMunayGas”, approved by the decision General meeting of shareholders of NC KazMunayGas JSC dated May 30, 2023 (minutes No. 2\2023, issue No. 5) »**

**in accordance with subparagraph 1) paragraph 1 of Article 36 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, subparagraph 1) paragraph 98 of Article 12 of the Charter of the joint stock company “National Company “KazMunayGas”, approved by the decision of the annual General Meeting shareholders of JSC NC KazMunayGas dated May 30, 2023 (minutes No. 2\2023, issue No. 5), subparagraph 22) of paragraph 32 of Chapter 7 of the Regulations on the General Meeting of Shareholders of the joint stock company National Company KazMunayGas, approved by the decision of the person who owns all voting shares of NC KazMunayGas JSC dated December 2, 2022 (minutes of the meeting of the Board of Samruk -Kazyna JSC No. 66/22, issue No. 5), having considered the presented materials, the General Meeting of Shareholders of NC KazMunayGas JSC DECIDED:**

1. Make changes and additions to the Charter of the joint stock company “National Company “KazMunayGas”, approved by the decision of the annual General meeting of shareholders of JSC NC “KazMunayGas” dated May 30, 2023 (minutes No. 2\2023, issue No. 5), in accordance with the appendix to this decision .

2. Chairman of the Board of JSC NC KazMunayGas Khasenov A.G. in accordance with the established procedure, take the necessary measures arising from this decision.

To make a decision on this issue, in accordance with paragraph 2 of Article 36 and paragraph 1 of Article 50 of the Law of the Republic of Kazakhstan dated May 13, 2003 No. 415-II “On Joint Stock Companies”, paragraph 91 of Article 11 and paragraph 99 of Article 12 of the Charter of the Joint Stock Company “ National Company "KazMunayGas", approved by the decision of the annual General Meeting

of Shareholders of JSC NC "KazMunayGas" dated May 30, 2023 (Minutes No. 2\2023, issue No. 5), requires a simple majority of votes from the total number of voting shares of JSC NC "KazMunayGas" participating in voting. The decision is made by open voting on the principle of "one share – one vote".

Based on the voting results, **the DECISION WAS MADE unanimously** .

**Corporate Secretary**  
**JSC NC "KazMunayGas"**

**D.V. Sharipov**