

# KMG'S CREDIT RATINGS

KMG intends to maintain investment-grade credit ratings and a strong credit profile, and to support its business image as a reliable borrower. In 2022, the Company's financial stability measures, including the share buyback in KMG Kashagan B.V. from Samruk-Kazyna, helped KMG retain its credit ratings.

## Change in KMG's ratings

- On 28 January 2021, following the revision of its risk assessment for the oil and gas exploration, production and refining sector, S&P affirmed KMG's credit ratings at BB with a negative outlook.
- On 30 April 2021, S&P Global Ratings affirmed KMG's credit rating at BB with a negative outlook.
- On 12 August 2021, Moody's revised KMG's credit rating upwards from Baa3 to Baa2 due to an upgrade of Kazakhstan's sovereign rating. The rating outlook was changed from positive to stable.
- On 20 September 2021, Fitch Ratings affirmed KMG's long-term issuer default rating at BBB- (one notch below the sovereign rating) with a stable outlook.
- On 27 September 2022, Standard & Poor's upgraded the Company's rating to BB+, with a negative outlook, after the Company had

exercised a call option to buy back a stake in KMG Kashagan B.V. from Samruk-Kazyna.

- On 9 March 2023, Standard & Poor's affirmed the Company's rating at BB+, and revised outlook from negative to stable reflecting the agency's rating action on Kazakhstan (the rating being affirmed at BBB-, with outlook revised from negative to stable).

### KMG's credit ratings

Moody's	S&P	Fitch
Baa1	BBB+	BBB+
<b>Baa2 (Stable)</b>	BBB	BBB
Baa3	BBB-	<b>BBB- (Stable)</b>
Ba1	<b>BB+ (Stable)</b>	BB+
Ba2	BB	BB
Ba3	BB-	BB-

### Kazakhstan's sovereign ratings

Moody's	S&P	Fitch
<b>Baa2 (Stable)</b>	<b>BBB-</b>	<b>BBB (Stable)</b>



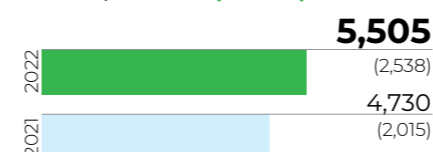
For more details, see the Shareholder and Investor Relations section

# KEY 2022 FINANCIAL RESULTS<sup>1</sup>

## Revenue in 2022, USD mln (KZT bln)



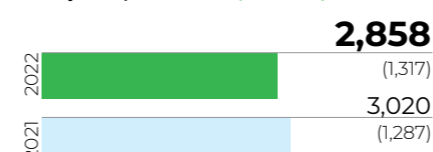
## EBITDA, USD mln (KZT bln)



## Adjusted EBITDA, USD mln (KZT bln)



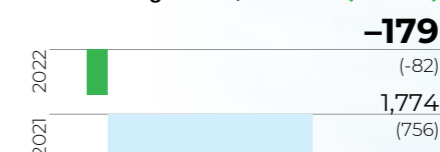
## Net profit, USD mln (KZT bln)



## Free cash flow excluding share buyback in KMG Kashagan B.V., USD mln (KZT bln)



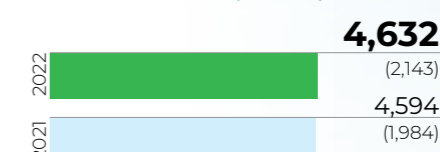
## Free cash flow including share buyback in KMG Kashagan B.V., USD mln (KZT bln)



## Total debt, USD mln (KZT bln)



## Net debt, USD mln (KZT bln)



up **34.5%**

revenue went up from KZT 6.4 bln in 2021 to KZT 8.6 bln in 2022


**45.7%**

higher share in profit of joint ventures and associates in 2022

<sup>1</sup> — For reader convenience, amounts in USD were translated at the average exchange rate for the applicable period (average exchange rates for 2022 and 2021 were 460.93 and 426.06 KZT/USD, respectively; period-end exchange rates as of 31 December 2022 and 31 December 2021 were 462.65 and 431.80 KZT/USD, respectively).

**Consolidated financial results according to IFRS**

Indicator	Unit	2022	2021
Dated Brent oil	USD/bbl	101.32	70.91
Average exchange rate	KZT/USD	460.93	426.06
End of period exchange rate	KZT/USD	462.65	431.80
Revenue	KZT bln	8.686	6.459
	USD mln	18.845	15.161
Share in profit of JVs and associates	KZT bln	991	680
	USD mln	2.151	1.597
Net profit	KZT bln	1.317	1.287
	USD mln	2.858	3.020
Net profit for the period attributable to the Parent Company's shareholders	KZT bln	1.289	1.305
	USD mln	2.797	3.062
EBITDA <sup>1</sup>	KZT bln	2.538	2.015
	USD mln	5.505	4.730
Adjusted EBITDA <sup>2</sup>	KZT bln	2.009	1.750
	USD mln	4.358	4.108
Free cash flow <sup>3</sup>	KZT bln	1.116	756
	USD mln	2.421	1.774
Free cash flow (according to the dividend policy) <sup>4</sup>	KZT bln	(82)	756
	USD mln	(179)	1.774
Total debt <sup>5</sup>	KZT bln	4.413	3.746
	USD mln	8.956	8.676
Net debt <sup>6</sup>	KZT bln	2.143	1.984
	USD mln	4.632	4.594

 For more details, see the Financial Statements section

- 1 — **EBITDA** = revenue plus share in profit of JVs and associates, net, minus cost of purchased oil, gas, oil products and other materials minus production expenses minus G&A expenses minus transportation and selling expenses minus taxes other than income tax.
- 2 — **Adjusted EBITDA** = revenue minus cost of purchased oil, gas, oil products and other materials minus production costs minus G&A expenses minus transportation and selling expenses minus taxes other than income tax plus dividends received from joint ventures and associates.
- 3 — **Free cash flow = cash flow from operating activities** (including dividends received from joint ventures and associates) minus acquisition of property, plant and equipment, intangible assets, investment properties, exploration and evaluation assets.
- 4 — **Free cash flow (according to the dividend policy)** means a consolidated cash flow from operations (including dividends received from joint ventures and associates but excluding net changes in working capital in respect of advances received for crude oil supplies) minus acquisition of fixed assets (including advances for fixed assets) minus acquisition of intangible assets minus acquisition of field development assets minus acquisition of evaluation and exploration assets minus acquisition of a stake in a subsidiary / joint venture plus proceeds from the sale of interests in a subsidiary / joint venture / associate (excluding proceeds from the denationalisation of the Company's assets as per the lists approved by Resolution No. 1141 dated 30 December 2015 and Resolution No. 908 dated 29 December 2020 of the Government of the Republic of Kazakhstan) based on performance in the reporting period;
- 5 — **Total debt** includes bonds and loans (short-term and long-term). Guarantees issued are not included in the calculation.
- 6 — **Net debt** = bonds plus loans minus cash and cash equivalents minus short-term and long-term bank deposits. Guarantees issued are not included in the calculation.

**Consolidated statement of profit and loss**

Indicator	Unit	2022	2021	Change	%
<b>Revenue and other income</b>					
Revenue from contracts with customers	KZT mln	8.686.384	6.459.335	2.227.049	34.5
Share in profit from joint ventures and associates, net	KZT mln	991.310	680.292	311.018	45.7
Finance income	KZT mln	120.587	85.226	35.361	41.5
Gain on sale of joint ventures	KZT mln	0	19.835	(19.835)	(100.0)
Other operating income	KZT mln	22.283	30.779	(8.496)	(27.6)
<b>Total revenue and other income</b>	<b>KZT mln</b>	<b>9.820.564</b>	<b>7.275.467</b>	<b>2.545.097</b>	<b>35.0</b>
<b>Costs and expenses</b>					
Cost of purchased oil, gas, oil products and other materials	KZT mln	(4.954.384)	(3.607.202)	(1.347.182)	37.3
Production expenses	KZT mln	(1.142.388)	(721.057)	(421.331)	58.4
Taxes other than income tax	KZT mln	(677.805)	(461.244)	(216.561)	47.0
Depreciation, depletion and amortisation	KZT mln	(506.585)	(523.044)	16.459	(3.1)
Transportation and selling expenses	KZT mln	(205.340)	(183.439)	(21.901)	11.9
General and administrative expenses	KZT mln	(160.168)	(151.392)	(8.776)	5.8
Impairment of property, plant and equipment, intangible assets and assets classified as held for sale	KZT mln	(708)	(20.724)	20.016	(96.6)
Exploration expenses	KZT mln	(12.113)	(79.083)	66.970	(84.7)
Finance costs	KZT mln	(306.846)	(262.823)	(44.023)	16.8
Net foreign exchange gain	KZT mln	40.925	17.565	23.360	133.0
Other expenses	KZT mln	(84.586)	(27.714)	(56.872)	205.2
<b>Total costs and expenses</b>	<b>KZT mln</b>	<b>(8.009.998)</b>	<b>(6.020.157)</b>	<b>(1.989.841)</b>	<b>33.1</b>
<b>Profit before income tax</b>	<b>KZT mln</b>	<b>1.810.566</b>	<b>1.255.310</b>	<b>555.256</b>	<b>44.2</b>
Income tax expenses	KZT mln	(493.247)	(321.248)	(171.999)	53.5
<b>Profit for the year from continuing operations</b>	<b>KZT mln</b>	<b>1.317.319</b>	<b>934.062</b>	<b>383.257</b>	<b>41.0</b>
<b>Discontinued operations</b>					
Profit after income tax for the year from discontinued operations	KZT mln	0	352.478	(352.478)	(100)
Net profit for the year	KZT mln	1.317.319	1.286.540	30.779	2.4
<b>Net profit/(loss) for the year attributable to:</b>					
the Parent Company's shareholders	KZT mln	1.289.118	1.304.761	(15.643)	(1.2)
the non-controlling interest	KZT mln	28.201	(18.221)	46.422	(254.8)
	<b>KZT mln</b>	<b>1.317.319</b>	<b>1.286.540</b>	<b>30.779</b>	<b>2.4</b>

## Revenue

Revenue for 2022 was KZT 8.686 bln (USD 18.845 mln), up 34.5% year-on-year. The upward trend was mainly attributable to the growth of Brent crude price by 42.9% year-on-year, tenge's depreciation against US dollar by 8.2% year-on-year.

## Share in profit of joint ventures and associates

The share in profit of joint ventures and associates in 2022 increased by 45.7% year-on-year to KZT 991 bln (USD 2.151 mln) mainly due to rising profit of Tengizchevroil by KZT 301 bln (USD 575 mln).

## Costs

The cost of purchased oil, gas, oil products and other materials in the reporting period amounted to KZT 4.954 bln (USD 10.749 mln), up 37.3% year-on-year. This was largely due to an increase in crude oil and oil products prices.

## Other expenses

Production costs in 2022 increased by 58.4% year-on-year to KZT 1.142 bln (USD 2,478 mln), driven, among other things, by growing payroll expenses across KMG's footprint.

Transportation and selling expenses totalled KZT 205 bln (USD 445 mln), up 11.9% year-on-year.

General and administrative expenses increased by 5.8% to KZT 160 bln (USD 347 mln) due to growing payroll expenses across KMG's footprint.

Taxes other than income tax went up by 47.0% to KZT 678 bln (USD 1.471 mln) mainly as a result of increased expenses on rent tax owing to higher oil prices and excise tax expenses.

Payroll expenses in 2022 amounted to KZT 528 bln (USD 1.145 mln), showing a 33.0% increase year-on-year, and were reflected in production expenses, transportation and selling expenses, and general and administrative expenses in the consolidated statement of comprehensive income.

Finance costs in 2022 amounted to KZT 307 bln (USD 666 mln), an increase of 16.8% year-on-year, mainly due to growing interest expense on loans and bonds amid weaker tenge and marginally higher interest rates.

## Impairment of assets

According to the assessment of 2022, the loss on impairment of assets amounted to KZT 0.7 bln (USD 1.5 mln), down 96.6% year-on-year (from KZT 21 bln or USD 49 mln).

The amount of loss on impairment includes a KZT 1.8 bln (USD 3.9 mln) impairment recorded for Barys, Berkut, Beket Ata and Turkestan vessels, and an impairment of minus KZT 1.1 bln (minus USD 2.4 mln) for other assets. The loss on impairment of assets was significantly lower in 2022 as KMG International recognised loss on impairment of property, plant and equipment based on the results of the audit of property, plant and equipment and undertook an impact assessment of the fire incident at the Petromidia Refinery (a subsidiary of KMG International) and recorded the loss on impairment of Petromedia's property, plant and equipment.

## Net profit

Net profit for the period was KZT 1.317 bln (USD 2.858 mln) compared to KZT 1.287 bln (USD 3.020 mln) in 2021.

Net profit for the period attributable to the Parent Company's shareholders was KZT 1.289 bln (USD 2.797 mln).

## CAPEX

In 2022, CAPEX on an accrual basis in the Company's segment reporting was KZT 535 bln (USD 1.161 mln), representing a 13.4% increase year-on-year – mostly in Oil and Gas Exploration and Production.

## EBITDA

Consolidated EBITDA increased by 25.9% year-on-year to KZT 2.537 bln (USD 5.505 mln) compared to KZT 2.015 bln (USD 4.730 mln) in 2021.

Adjusted EBITDA increased by 14.8% to KZT 2.009 bln (USD 4.358 mln) compared to KZT 1.750 bln (USD 4.108 mln) in 2021.

Given the vertically integrated operations of KMG, we analyse EBITDA broken down by the segments below. We analyse and report segmented information according to IFRS. Segment performance is evaluated based

on revenues and net profit. The operating segments of KMG Group are structured and managed in a manner corresponding to the relevant types of products and services and encompass the strategic lines of business for different products and markets. The Company's operations comprise four main operating segments: oil and gas exploration and production, oil transportation, refining and sales of crude oil and oil products, KMG's Corporate Centre, etc. (oilfield service companies and other insignificant companies). KMG presents the Corporate Centre's

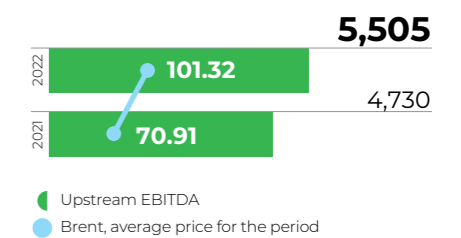
activities separately, since KMG not only performs the functions of the parent company, but is also involved in operations (processing of crude oil at Atyrau and Pavlodar refineries, and further sale of oil products to both domestic and export markets).

The improvement in EBITDA by segment in 2022 was largely driven by an EBITDA increase of KZT 394 bln (USD 597 mln) in Oil and Gas Exploration and Production, and of KZT 169 bln (USD 315 mln) in Refining and Sales of Crude Oil and Oil Products amid higher crude oil and oil product prices.

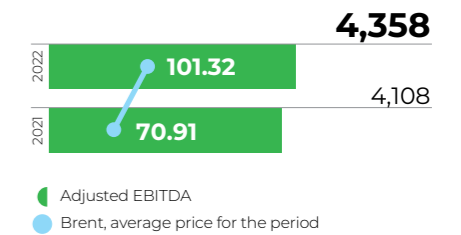
### EBITDA by segment for 2021 and 2022

Segment	Unit	2022	2021	Δ
Oil and gas exploration and production	KZT mln	1,843,075	1,449,088	393,987
	USD mln	3,999	3,401	597
	%	73	73	0 p.p.
Oil transportation	KZT mln	238,237	211,356	26,881
	USD mln	517	496	21
	%	9	10	(1 p.p.)
Refining and sales of crude oil and oil products	KZT mln	458,194	289,422	168,772
	USD mln	994	679	315
	%	18	14	4 p.p.
Corporate Centre	KZT mln	60,570	71,449	(10,879)
	USD mln	131	168	(36)
	%	3	3	0 p.p.
Other	KZT mln	(39,404)	12,400	(51,804)
	USD mln	(85)	29	(115)
	%	(2)	1	(3 p.p.)
Elimination	KZT mln	(23,063)	(18,422)	(4,641)
	USD mln	(50)	(43)	(7)
	%	(1)	(1)	0 p.p.
<b>EBITDA</b>	<b>KZT mln</b>	<b>2,537,609</b>	<b>2,015,293</b>	<b>522,316</b>
	<b>USD mln</b>	<b>5,505</b>	<b>4,730</b>	<b>775</b>

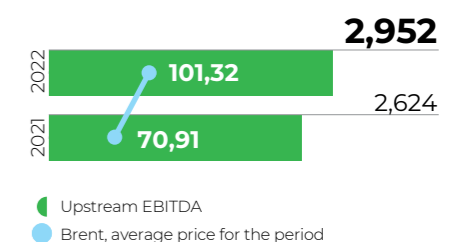
### EBITDA in 2021 and 2022, USD mln



### Adjusted EBITDA in 2021 and 2022, USD mln



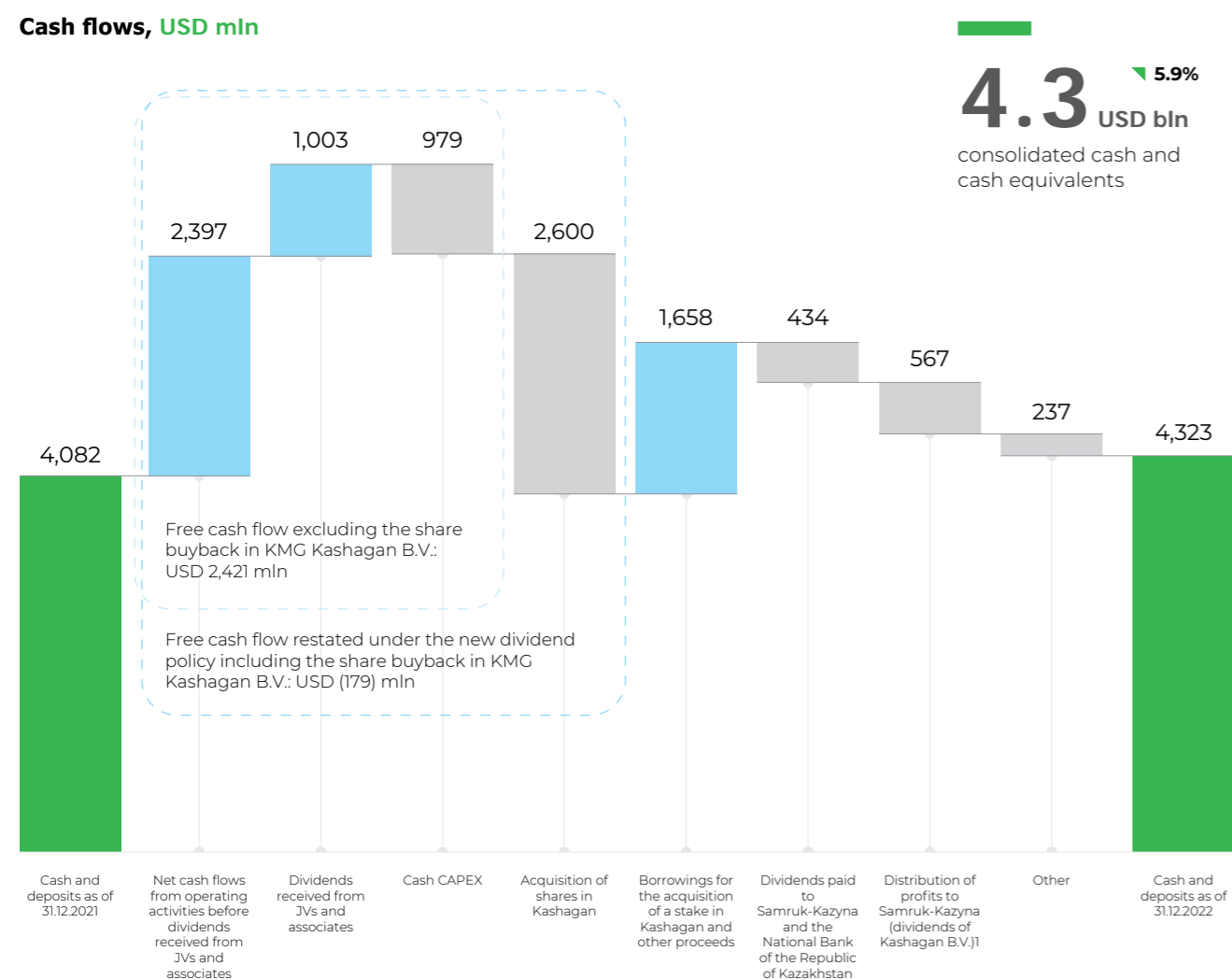
### Adjusted EBITDA of the Oil and Gas Exploration and Production segment for 2021 and 2022, USD mln



## Cash flows

Indicator	Unit	2022	2021	Change
Net cash flows from operating activities	KZT mln	1.567.307	1.209.475	357.832
Net cash flows used in investing activities	KZT mln	(2.302.309)	(1.084.028)	(1.218.281)
Net cash flows used in financing activities	KZT mln	287.753	(273.989)	(561.742)
Effects of exchange rate changes	KZT mln	65.759	26.482	39.277
Change in allowance for expected credit losses	KZT mln	114	(136)	250
<b>Net change in cash and cash equivalents</b>	<b>KZT mln</b>	<b>(381.376)</b>	<b>(122.196)</b>	<b>(259.180)</b>
<b>Net change in cash and cash equivalents</b>	<b>USD mln</b>	<b>(827)</b>	<b>(287)</b>	<b>(541)</b>

### Cash flows, USD mln



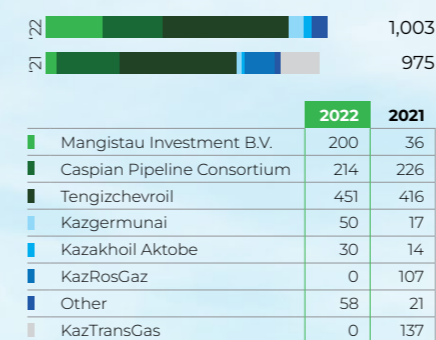
## Cash and cash equivalents

Consolidated cash and cash equivalents, including deposits, increased by 13.5% year-on-year to KZT 2.000 bln (USD 4.323 mln) as of 31 December 2022. The increase in cash and cash equivalents is mainly due to a positive net cash flow from operating activities in the amount of KZT 1.567 bln (USD 3.400 mln), which was partially offset by an outflow of cash attributable to the acquisition of KMG Kashagan B.V.'s shares and payment of dividends to the shareholders. US dollar-denominated consolidated cash and cash equivalents increased by 5.9% to USD 4.323 mln compared to USD 4.082 mln as of 31 December 2021.

## Dividends received

The Company is a parent company of the Group and receives dividends from its subsidiaries and associates, JVs and associated companies. The Company received dividends in the amount of KZT 462 bln (USD 1.003 mln) and KZT 415 bln (USD 975 mln) in 2022 and 2021, respectively. In 2022, dividends from Tengizchevroil amounted to KZT 208 bln (USD 451 mln), from Caspian Pipeline Consortium – KZT 99 bln (USD 214 mln), and from Mangistau Investment B.V. – KZT 92 bln (USD 200 mln).

### Dividends received, USD mln



## Dividends paid

In accordance with Samruk-Kazyna's resolution dated 20 June 2022, KMG paid dividends in the amount of KZT 202 bln (USD 438 mln), including KZT 200 bln (USD 434 mln) of dividends paid to Samruk-Kazyna and the National Bank of the Republic of Kazakhstan.

## Statement of financial position

Item	Unit	2022	2021	Change
<b>Assets</b>				
Property, plant and equipment	KZT mln	6,989.837	6,725.910	263.927
Long-term bank deposits	KZT mln	59.229	56.058	3.171
Investments in joint ventures and associates	KZT mln	4,947.403	4,145.646	801.757
Other non-current assets	KZT mln	1,518.986	1,462.758	56.228
Short-term bank deposits	KZT mln	1,178.138	562.352	615.786
Cash and cash equivalents	KZT mln	762.817	1,144.193	(381.376)
Other current assets	KZT mln	1,193.894	1,759.740	(565.846)
Assets classified as held for sale	KZT mln	459	795	(336)
<b>Total assets</b>	<b>KZT mln</b>	<b>16.650.763</b>	<b>15.857.452</b>	<b>793.311</b>
<b>Total assets</b>	<b>USD mln</b>	<b>35.990</b>	<b>36.724</b>	<b>(734)</b>
<b>Equity and liabilities</b>				
<b>Total equity</b>	<b>KZT mln</b>	<b>9.873.450</b>	<b>10.016.906</b>	<b>(143.456)</b>
<b>Total equity</b>	<b>USD mln</b>	<b>21.341</b>	<b>23.198</b>	<b>(1.857)</b>
<b>Liabilities</b>				
Long-term loans	KZT mln	3,775.891	3,261.347	514.544
Other long-term liabilities	KZT mln	1,398.328	1,145.634	252.694
Short-term loans	KZT mln	367.443	484.980	(117.537)
Other short-term liabilities	KZT mln	1,235.651	948.585	287.066
<b>Total liabilities</b>	<b>KZT mln</b>	<b>6.777.313</b>	<b>5.840.546</b>	<b>936.767</b>
<b>Total liabilities</b>	<b>USD mln</b>	<b>14.649</b>	<b>13.526</b>	<b>1.123</b>
<b>Total equity and liabilities</b>	<b>KZT mln</b>	<b>16.650.763</b>	<b>15.857.452</b>	<b>793.311</b>
<b>Total equity and liabilities</b>	<b>USD mln</b>	<b>35.990</b>	<b>36.724</b>	<b>(734)</b>

## Debt management

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

### Total debt

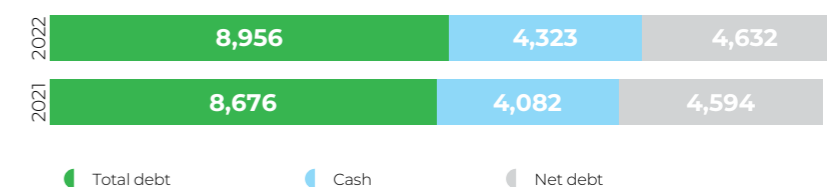
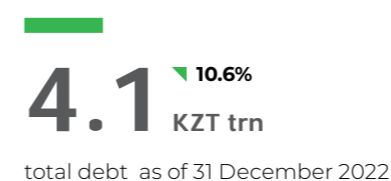
Total debt<sup>1</sup> as of 31 December 2022 was KZT 4.143 bln (USD 8.956 mln), up 10.6% year-on-year in tenge terms (up 3.2% in US dollars) as a result of a KZT 751.6 bln bond placement to finance part of the share buyback in KMG Kashagan B.V.

To reduce the impact of FX risk on the Company's leverage, we entered into a deal to refinance a loan.

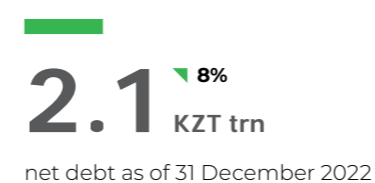
In January 2022, Atyrau Refinery made a full early repayment of a USD 604 mln (KZT 259 bln) loan from Eximbank, including interest. The loan was repaid using cash reserves created in November 2021.

In September 2022, the Company placed KZT 751.6 bln of bonds with a coupon of 3.0% per year and a maturity date in 2035. The bonds were purchased by Samruk-Kazyna as part of the deal to buy shares in KMG Kashagan B.V.

As of 31 December 2022, debt owed to Samruk-Kazyna was primarily attributable to the exercise of the Option totalling KZT 165 bln. The Company's total debt, including the above outstanding amount owed to Samruk-Kazyna in connection with the exercise of the Call Option to buy back a stake in Kashagan, stood at KZT 4.308 bln (USD 9.312 mln).

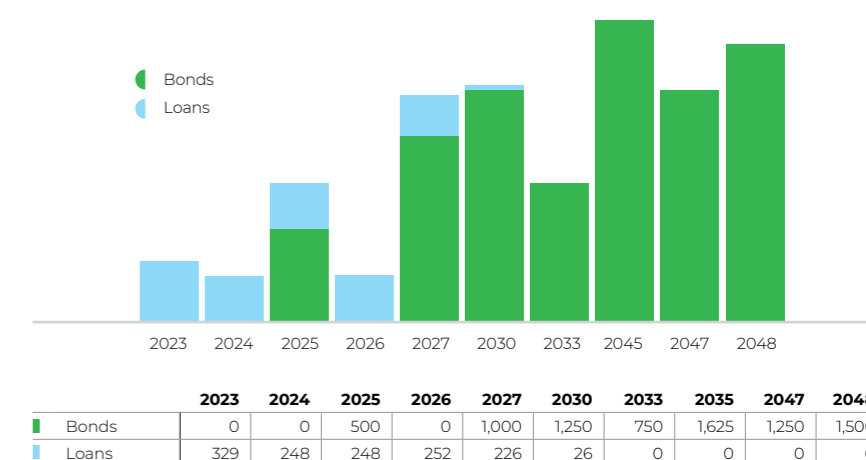


### Net debt



Net debt as of 31 December 2022 was KZT 2.143 bln (USD 4.632 mln), up 8% year-on-year in tenge terms.

Debt repayment schedule at par value, USD mln



<sup>1</sup> — Excluding guarantees.