

# STATEMENT FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS, INVESTORS, COLLEAGUES, AND PARTNERS,

Despite the high global uncertainty, the reporting year marked quite a number of achievements for KMG. We delivered strong results in the key areas of business while also maintaining a healthy balance of effective production and commercial operations, social responsibility and environmental protection.

A long-awaited historic event is KMG's IPO on local stock exchanges and the status of a public company. President of the Republic of Kazakhstan Kassym-Jomart Tokayev has repeatedly stressed the need for selling state assets to private owners and for national companies to go public. For Kazakhstan's stock market, the transaction was unprecedented in terms of size, number of participants and other important parameters. The offering was worth KZT 154 bln, or 3% of the Company's equity, with the share of retail investors exceeding 52%. This is also the first ever digital IPO which saw about 99% of orders placed online via mobile apps of commercial banks.

KMG delivered positive growth of its operating indicators across all business lines, from exploration and production to transportation and refining of hydrocarbons. We are very happy to announce that KMG contributed 14.3 mln tonnes to the total volume of oil processed by Kazakhstani refineries, which is an all-time high in the history of independent Kazakhstan.

Our strong operational performance in 2022, along with an increase in global oil prices, had a positive impact on our financials, with revenue and EBITDA up by 24.3% and 16.4% year-on-year to USD 18.8 bln and USD 5.5 bln, respectively. In June 2022, we paid our shareholders a record KZT 200 bln in dividends for 2021.

The Company completed a strategic acquisition of a 50% stake in KMG Kashagan B.V. from Samruk-Kazyna for USD 3.8 bln, increasing its stake in the Kashagan megaproject from 8.44% to 16.88% and strengthening its position as a major oil producer, with the Company's 2P reserves up by 9.8% to 707 mln toe (5.5 bln boe). Noteworthy is also the upgrade of our Standard & Poor's rating to BB+ immediately after the deal.

A strategic milestone for us was the launch of a large-scale integrated gas chemical complex of Kazakhstan Petrochemical Industries Inc. with a design capacity of 500 thous. tonnes of finished products per year, which uses Tengiz propane free of harmful impurities as feedstock to minimise the environmental impact. The project cost USD 2.6 bln. In late 2022, the new facility exported the first batch of its products.

We are taking strong effort to duly fulfil our social commitments given our status as a major taxpayer and employer across the regions where we operate. In 2022, we paid a record KZT 1,176 bln in taxes and other statutory contributions. This year, our subsidiaries plan to build more than 40 social infrastructure facilities and overhaul 115 such facilities to improve employee working and recreation conditions.

As regards environmental protection, we are on track with our well-defined action plan to become more eco-friendly and minimise our carbon footprint. One of our steps towards this goal is the construction of a 1 GW wind power plant with an energy storage system in the Zhambyl Region jointly with Total Eren S.A. The feasibility study is now ongoing. The new plant alone will account for a half of energy generated by all the country's renewable energy facilities.

Our 2022 results prove that we manage to pursue our ambitious strategic goals while staying sufficiently resilient and stable. As the Company's management, we are doing our best to ensure sustainable growth of our business in the long run, increase shareholder value and honour our commitments to all stakeholders.

**Magzum Myrzagaliyev**  
Chairman of the Management Board



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