

FINANCIAL OVERVIEW

Statement from the Deputy Chairman of the Management Board

In the reporting year, the Company delivered sustainable production and financial results, continuing to focus on balanced growth and proper fulfilment of its obligations.

Brent crude traded at an average of USD 82.6 per bbl, down 18.4% year-on-year, when the average oil price was at USD 101.32 per bbl, while KEBCO discount to Brent declined to USD 0.6 per bbl by the year-end.

2023 financial results

Despite the decrease in oil prices compared to 2022, KMG's financial and operational results ensured sufficient stability for the Company in 2023.

Upon the whole, the decrease in the oil prices had a moderate impact on KMG's financial results.

Its EBITDA went down by 20.5% to USD 4.4 bln. At the same time, KMG's adjusted EBITDA, which includes dividends received from joint ventures and associated companies instead of equity share in their profits, amounted to \$4.6 billion USD, increasing by 4.7%.

Dividends received from joint ventures and associated companies increased by 35.5% compared to the same period and amounted to \$1.4 billion USD.

Capital expenditures on an accrual basis was at USD 1.8 bln and on a cash basis at USD 1.5 bln, showing a year-on-year increase of 51.8% and 52.9%, respectively.

Free cash flow went down 10.9% year-on-year and was at USD 2.2 bln. The reduction is due to the decline in the oil prices and increase in capital expenditures.

Comfortable debt load

KMG maintains a comfortable leverage level. Total debt as at the end of the reporting year was at KZT 3.8 tln or USD 8.3 bln, having decreased year-on-year by 9.6% and by 8%, respectively. The Company's net debt was at USD 3.6 bln, which is a 22.3% drop year-on-year.

In April 2023, KMG made a complete early repayment of eurobonds maturing in 2025, amounting to \$500 million USD. It is worth noting that the next major repayment of eurobonds according to the schedule is not expected until 2027.

In December of the reporting year, Atyrau Refinery, a KMG subsidiary, took advantage of favorable currency exchange rates and fully repaid a loan to VTB Bank in the amount of 42.4 billion rubles, equivalent to 213.7 billion tenge. The Company is committed to financial discipline and consistently fulfils all of its financial obligations, and so the investment community sees it as a borrower with a robust credit history.

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

Confirming the Company's financial stability, international rating agencies have assigned more positive assessments to the Company. In March 2023, Standard & Poor's reaffirmed the Company's rating at BB+, revising the outlook to "stable". In June of the reporting year, Fitch Ratings upgraded KMG's rating from BBB- to BBB, with a "stable" outlook. At the end of 2023, Moody's reaffirmed the Company's rating, revising the outlook to "positive".

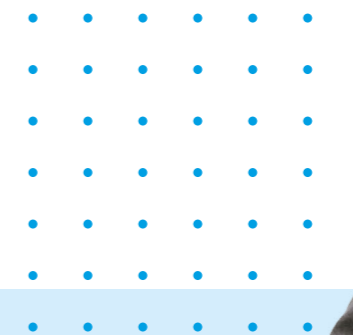
Dividends to shareholders and the growth in share value

As a public company, KMG strives to ensure maximum benefits for its shareholders. In June 2023, KMG paid its shareholders a record-high dividend in the amount of KZT 300 bln or USD 667 mln. Analysis of dividend dynamics over the past years shows that the dividend amount in the reporting year increased more than fivefold compared to 2017. Additionally, we observe a significant growth in the value of KMG's shares, which increased by 37.3% since the listing date by the end of 2023. Considering the dividends paid, the yield for KMG shareholders from the listing date to the end of the reporting year was 43.1%. Furthermore, KMG's market capitalization reached \$15.5 billion USD, or over 7 trillion tenge.

Taxes and other social payments

Annually, the Company makes a significant contribution to the national economy through taxes and social obligations. In 2023, the Company paid KZT 1,162 bln as taxes and other mandatory contributions to the country's budget. In addition to implementing social projects in its regions of operation, KMG made social investments under its subsoil use contracts for an amount of KZT 5.6 bln. KMG's balanced approach to ensuring positive financial results and fulfilling its commitments (including social ones) is key for the Company's long-term development.

Summarising the year 2023, we can say that the Company maintains quite a sufficiently stable financial position.



DIANA ARYSOVA

Deputy Chairman of the Management Board of JSC NC «KazMunayGas»

