

FINANCIAL REVIEW



STATEMENT FROM THE DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD FOR ECONOMICS AND FINANCE

Dear Investors, Shareholders, Colleagues and Partners,

On the back of combined external factors, the Company gradually restored its financial performance to the pre-pandemic level in 2021. Recovering global oil demand and oil market management efforts by OPEC+ were the key drivers that pushed oil prices up. The average annual price of Brent crude oil was USD 71 per bbl, up 70% year-on-year.

Maintaining the financial stability of the Company was one of the key objectives of KMG's crisis response strategy for 2020 and 2021. The results for the year showed that we were able to significantly mitigate the impact of the economic crisis on the Company's operational activity, maintain our financial stability, and ensure sufficient conditions for our development in the long term.

Special attention was given to the measures strengthening the financial positioning of the Company, which created a range of practices in case of possible macroeconomic shocks. Due to timely crisis response during the pandemic, the financial performance of the Company exceeded our expectations.

As at the end of 2021, our total debt stood at USD 8.7 bln, which reflects a decrease by KZT 1 bln. KTG spin-off

reduced the Company's debt by USD 1.1 bln. As a result of debt management during the last three years, the schedule of large repayments on the Company's Eurobonds was revised and redirected to the current needs and strategic decisions of the Company, with the next large lump-sum repayment scheduled for as far in the future as 2027. Since 2017, our total debt has decreased from USD 16 bln in 2017 to USD 8.7 bln.

Optimisation of planned CAPEX and OPEX resulted in free cash flow of USD 1.6 bln. In 2021, we ensured that our subsidiaries operated without cash gaps.

In confirmation of our financial stability, we were able to maintain our credit ratings from Moody's, Fitch, and S&P this year. We will continue our crisis response efforts in 2022 while staying committed to the Company's strategic priorities, taking into account external social and economic factors and global management practices, keeping in mind the importance of enhancing the role of ESG across the Company.

Despite macroeconomic uncertainty, the Company still adheres to the principles of timeliness, completeness, and availability of disclosures to the investment community.

Dauren Karabayev,

Deputy Chairman
of the Management Board –
Chief Financial Officer
of JSC NC KazMunayGas