

STRATEGY

MARKET OVERVIEW

Global trends and their impact on KMG's Development Strategy implementation

In 2024, the global oil and gas industry was affected by numerous factors significantly impacting KMG's operations.

Key trends

- 1 OPEC+ decisions
- 2 China's economic slowdown
- 3 Growth of shale oil production in the USA
- 4 Geopolitical tensions
- 5 Decarbonisation and transition to a low-carbon economy
- 6 Development of the petrochemical industry
- 7 Cyber security and digitalisation

OPEC+ decisions on oil production

In 2024, OPEC+ countries' decisions continued to shape the global oil market. Despite the overall policy of production cuts, Kazakhstan, as a member of OPEC+, committed to reducing production by 1.5% under the agreements to some 1.64 mln bbl per day (vs 1.66 mln bbl per day in 2023).

According to S&P Global, this helped keep Brent oil prices within the USD 70–85 per bbl range in 1H 2024. However, some OPEC+ members initiated a gradual increase in production in 2H 2024, thus bringing prices down to USD 75 per bbl by year-end.

Source: S&P Global Commodity Insights, 2024.

Impact on KMG

As an oil and gas subsoil user, KMG adheres to production quotas and compliance with them as stipulated by the Ministry of Energy of the Republic of Kazakhstan, the industry's governing body. Kazakhstan remains committed to the OPEC+ agreement and manages production in accordance with the Government's directives. According to the statement of the Ministry of Energy, Kazakhstan acknowledges the need to compensate for any production overruns and reaffirms its commitment to fulfilling its obligations under the OPEC+ agreement.

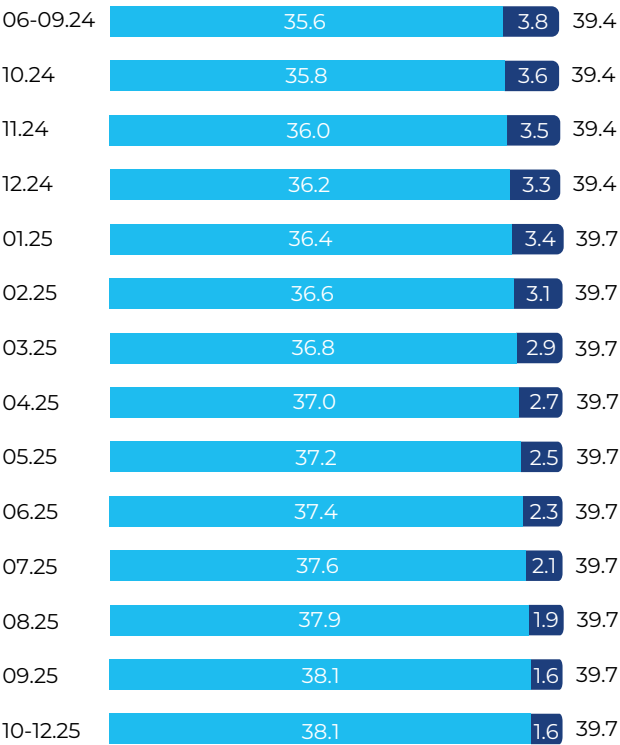
OPEC+ quotas for Kazakhstan for 2024, 2025, and 2026, mln bbl per day

01.2024 – 03.2025	1.468
04.2025 – 12.2025	1.473
01.2026 – 06.2026	1.473

Source: Kazakhstan's Ministry of Energy.



Distribution of OPEC+ total quota in 2024–2025, mln bbl per day



- OPEC+ production target
- Voluntary production cuts

Source: OPEC.

China's economic slowdown

According to China's National Bureau of Statistics, the country's economy met the government's target of 5% growth in 2024. In 4Q 2024, GDP growth spiked to 5.4% year-on-year, the highest in a year and a half, mostly driven by increased industrial production and exports. However, domestic demand remained weak: retail sales were up only 3.5% year-on-year and inflation was at 0.2%, indicating subdued consumer spending. In addition, investment in the real estate sector dropped by 10.6%, in line with the recent years' trend.

Thus, despite achieving its growth target, the Chinese economy faces domestic challenges such as weak consumer demand and a downturn in the real estate sector, which puts pressure on the earnings of China's importers.

Lower real GDP growth, construction sector challenges, and a decline in industrial activity resulted in diminished oil demand. In 2024, the increase was only 0.8% and is expected at 1.3% in 2025. This is due to the rising popularity of electric vehicles and a shift towards liquefied natural gas in cargo vehicles. Sinopec, China's largest petrochemical company, forecasts that domestic oil consumption will peak at 16 mln bbl per day by 2027, followed by a gradual decline. The rapid spread of electric vehicles in China is significantly reducing the demand for petrol and diesel fuel. By the end of 2025, petrol demand is expected to decline by 6.4% from its 2021 peak.

These trends highlight structural changes in Chinese oil demand, which could have long-term implications for the global oil market.

Sources: China National Bureau of Statistics, World Bank, wsj.com, reuters.com

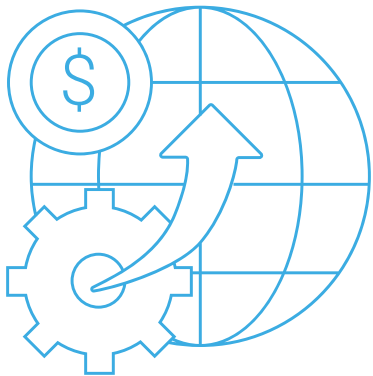
Impact on KMG

Although KMG's share of exports to China remains insignificant, the slowdown in China's economic growth has an indirect impact on the Company through lower global oil prices. Lower domestic demand in China and challenges within its construction sector contributed to depressed global oil demand, thereby placing pressure on KMG's export revenues.

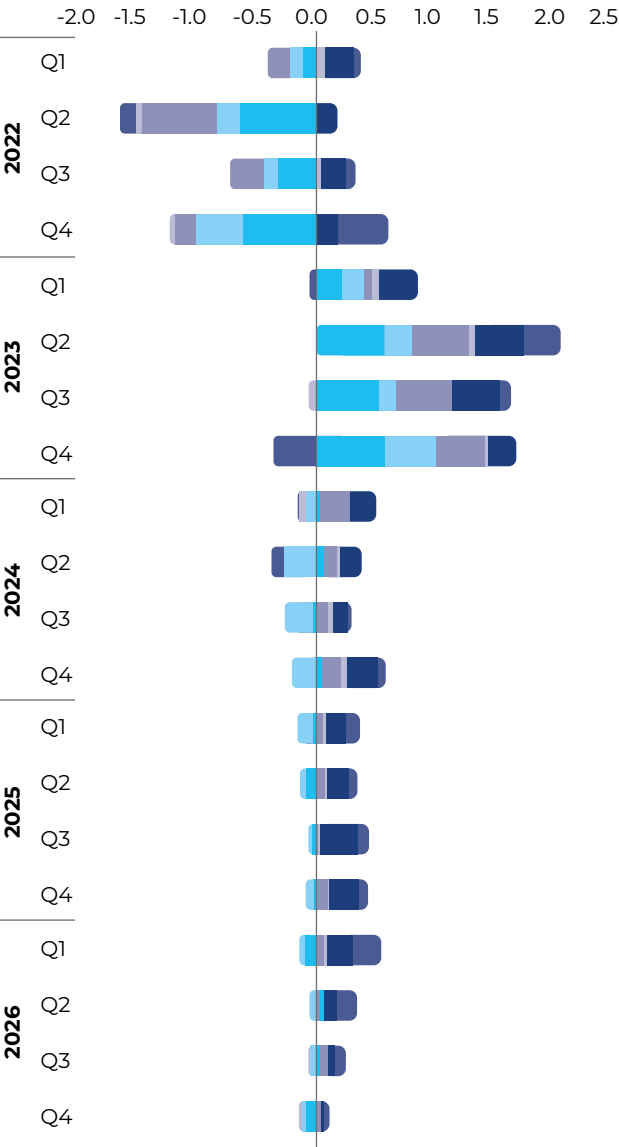
China's economic outlook

	2023	2024F	2025F	2026F
Real GDP growth (%)	5.2	4.9	4.5	4.0
Consumer price index (% change, average)	0.2	0.4	1.1	1.6
Consolidated fiscal balance (% of GDP)	1.4	1.6	0.9	0.2

Source: World Bank.



China's growth in demand for oil products, mln barrels per day



- Petrol
- Diesel fuel
- Jet fuel
- Residual fuel oil
- LPG and ethane
- Others

Geopolitical tensions and their impact on the global oil and gas industry

Geopolitical conflicts continued to significantly influence the global oil market throughout 2024. According to S&P Global, the escalation of conflict in the Middle East and the continued sanctions against Russia created temporary disruptions to oil supplies, pushing prices up to USD 89 per bbl in 3Q.

The intensification of the Middle Eastern conflict disrupted oil supplies from key regional exporters, including Iran and Iraq. Attacks on oil infrastructure, increased sanctions, and shipping disruptions through the Strait of Hormuz, a crucial route for approximately 20% of global oil shipments, further contributed to price increases.

In addition, Red Sea tensions, marked by repeated Houthi attacks on commercial vessels, forced oil traders and shipping companies to alter routes, thus increasing oil and oil products' transportation costs and exacerbating price volatility.

Prolonged and strengthened sanctions against Russia, including restrictions on oil and oil product exports, reshaped global supply patterns. Although Russia kept finding alternative markets (primarily China and India), sanctions impacted global oil logistics, increasing the demand for alternative supply sources.

Additional restrictions on Russian "shadow" tanker fleets and G7 price caps forced Russian exporters to opt for longer and more circuitous routes, further raising global logistics costs.

Consequently, the average Brent price reached USD 89 per bbl in 3Q 2024, one of the year's highest points. However, prices began to decline in the second half of the year due to increased production from OPEC+ countries and a surge in US oil supply.

Impact on KMG

Apart from the volatility in oil prices, these events highlighted the necessity for Kazakhstan and KMG to diversify their export routes. A significant step was the March 2024 agreement with SOCAR for a phased stepping up of oil transportation volumes, providing for an increase in transit of Kazakhstan's oil via the Baku–Tbilisi–Ceyhan pipeline to 2.2 mln tonnes per year. In 2024, KMG ramped up transportation via the Trans-Caspian route by 34% to 1.4 mln tonnes.

Sources: S&P Global, 2024; International Energy Agency (IEA)

Growth of shale oil production in the USA

The US oil production grew by 10% year-on-year, boosting global supply and toughening competition in international markets. According to the US Energy Information Administration (EIA), shale oil production in the US hit a record of 13.4 mln bbl per day in 2024, a 2.3% increase year-on-year.

The US liquid hydrocarbon production significantly expanded between 2005 and 2024, profoundly impacting the global oil market. Daily production rose from some 5.2 mln bbl in 2005 to a record 13.4 mln bbl in 2024. This is attributable to advancements in hydraulic fracturing and horizontal drilling technologies, enabling the efficient exploitation of shale reserves.

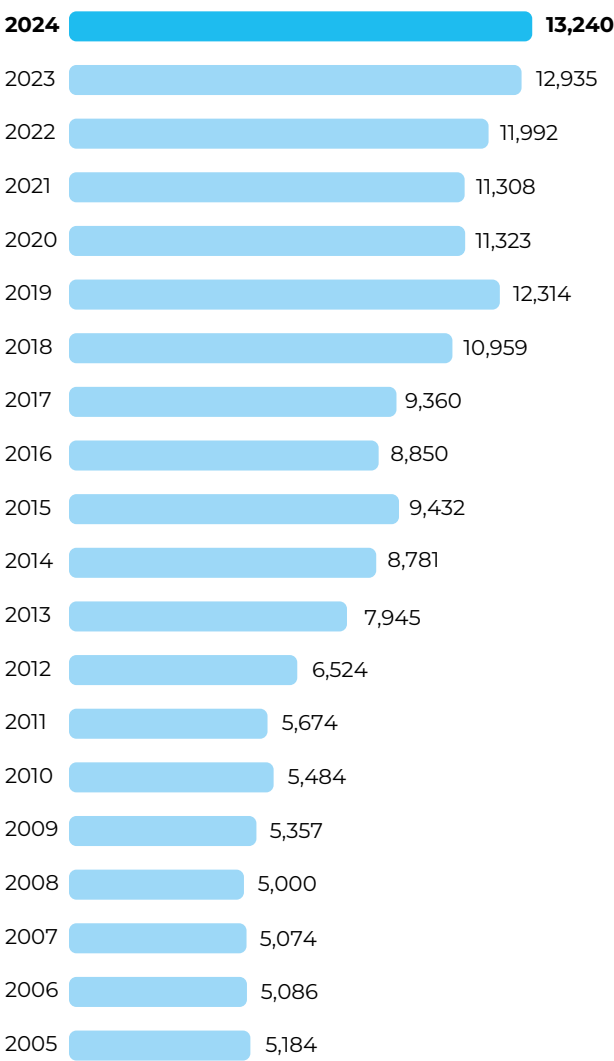
The increased US oil production led to a rise in global supply, putting downward pressure on prices and heightening competition in international markets. This resulted in significant shifts in the global oil market landscape, including realigned trade flows and altered price dynamics. Furthermore, the high price elasticity of the US shale oil production allows for rapid responses to market fluctuations, making strategic planning more difficult for other producers.

Impact on KMG

For KMG, the rise in the US shale oil production translates to intensified competition in export markets and downward pressure on export prices. While increased US oil exports in 2024 tilted the global market balance, this was partially offset by slower Chinese economic growth and heightened geopolitical tensions in key regions. These countervailing factors contributed to relatively stable average oil prices.

Consequently, the ongoing growth in the US shale oil production necessitates strategic adaptation and enhanced efficiency for KMG to maintain its market position, focusing on operational efficiency improvements and cost structure optimisation.

Average production, thous. bbl per day, by year



Source: The US Energy Information Administration (EIA)



Decarbonisation and transition to a low-carbon economy

The global energy transition is gathering momentum, progressively encompassing more economic sectors and reshaping the demand landscape for traditional hydrocarbons. In 2024, global investment in the energy transition reached a record USD 2 tln, an 11% increase year-on-year.

- Key areas included:
- electrified transport, with investment up 14% to USD 720 bln;
 - renewable energy, attracting USD 680 bln in investment (up 9%);
 - carbon capture, utilisation, and storage technologies¹ and hydrogen energy, attracting greater interest due to tightening climate policies.

- China, the EU, and the US remain transition leaders:
- China invested USD 750 bln (37% of global investment);
 - the European Union contributed USD 420 bln, which was significantly driven by the REPowerEU² plan aimed at phasing out carbon-intensive energy sources;
 - the US invested USD 310 bln primarily in electric vehicle infrastructure and carbon capture, utilisation, and storage technologies.

On 1 January 2024, the EU implemented the first phase of the Carbon Border Adjustment Mechanism³, designed to combat climate change and reduce greenhouse gas emissions. This will extend to oil products and other energy-intensive goods by 2026. Similar measures are under development in the UK and Canada, while China is introducing a new CO₂ emissions trading system. In August 2024, the EU adopted a regulation to reduce methane emissions in the energy sector (crude oil, gas, and coal).

In addition, G7 nations agreed to further restrict funding for carbon-intensive projects, limiting capital access for traditional oil and gas assets. Institutional investors, including major sovereign wealth funds and development banks, are increasingly restricting investments in high-carbon companies.

Impact on KMG

1. EU carbon regulation

The introduction of the Carbon Border Adjustment Mechanism means that from 2026, oil products exported to the EU will be subject to carbon pricing. Preliminary estimates suggest additional carbon levies could reach USD 20–30 per tonne of oil and oil products, increasing KMG's export costs and eroding its competitive edge in the European market.

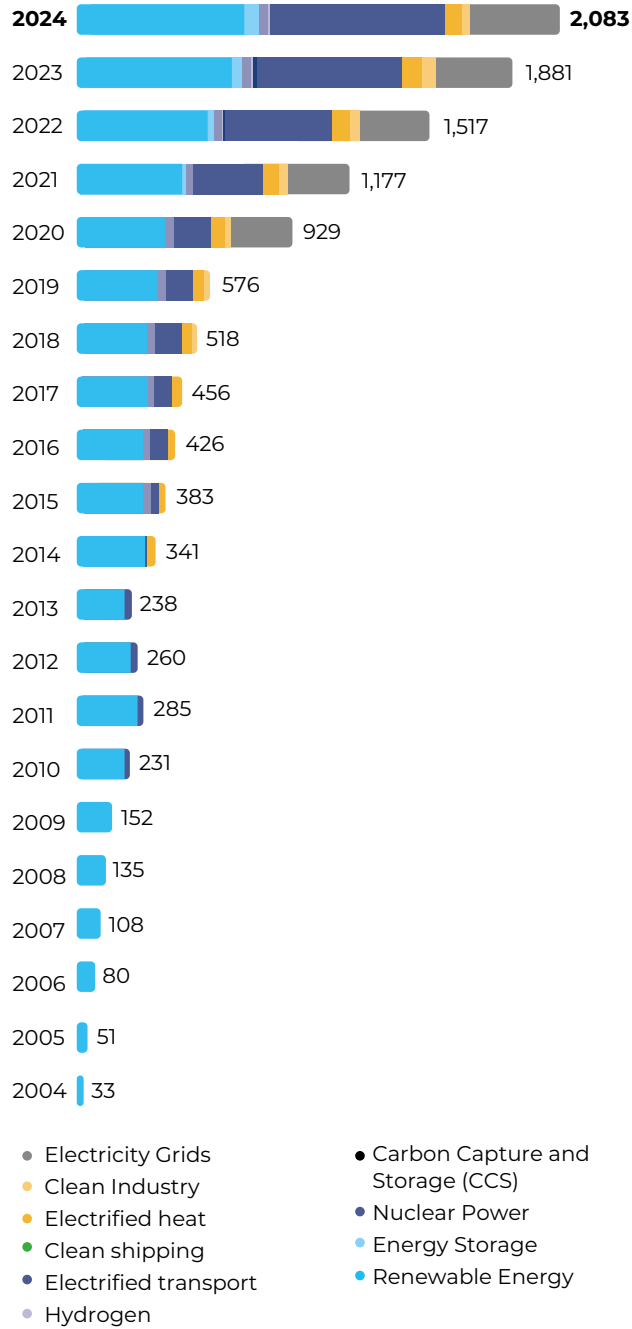
- In response, KMG focuses on:
- exploring export diversification opportunities in Asia and Central Asia;
 - negotiating with European partners on potential mechanisms for carbon offsets;
 - optimising the carbon footprint of its refineries to reduce carbon levies;
 - implementing its newly approved Low-Carbon Development Programme (LCDP) 2060, which includes:
 - adopting carbon capture, utilisation, and storage technologies across production facilities;
 - upgrading refineries to reduce CO₂ emissions;
 - developing renewable energy projects and decarbonising production assets' energy supply.

2. Financial challenges and access to capital

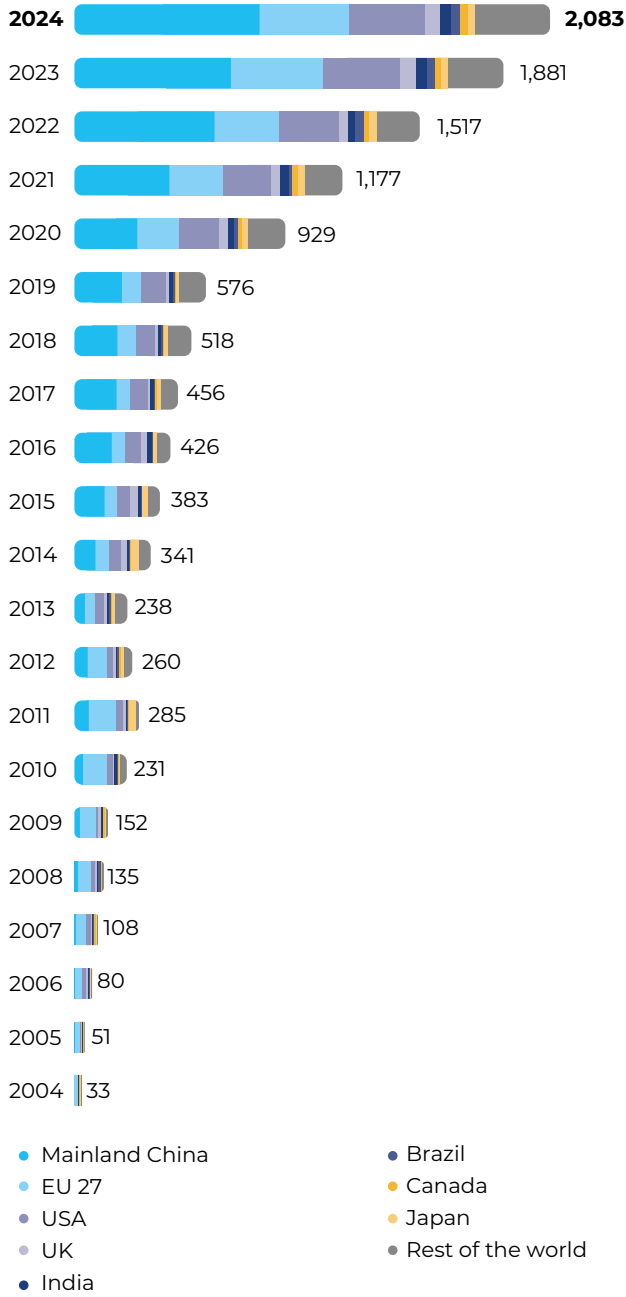
The global trend of divestment from carbon-intensive projects hinders KMG's access to green financing.

- In response, KMG focuses on:
- actively engaging ESG investors to support low-carbon projects;
 - exploring the possibility of issuing green bonds through joint ventures;
 - participating in the OGMP 2.0 global initiative to reduce methane emissions, thus enhancing the Company's investment case;
 - implementing a major renewable energy project, 1 GW Mirny wind power plant in the Zhambyl Region, with the first phase to be completed in 2027:
 - the project incorporates battery energy storage systems;
 - generation of over 3.2 bln kWh of electricity annually;
 - emissions reduction by 2 mln tonnes of CO₂ per year.

Global investment in energy transition by sector, USD bln



Global investment in energy transition by economy/bloc, USD bln



Sources: BloombergNEF, Energy Transition Investment Trends 2024; European Commission

¹ Carbon capture, utilization and storage (CCUS) — emission reduction technologies that can be applied throughout the energy system.
² The European Commission's plan to eliminate reliance on Russian fossil fuels by 2030, focusing on energy efficiency measures, energy source diversification, and widespread adoption of renewable energy.
³ Carbon Border Adjustment Mechanism (CBAM) — the mechanism of carbon adjustment of imports.

Development of the global oil and gas market

The global oil and gas market continues to expand despite the economic slowdown.

According to Research Nester, the global polymer market exceeded USD 760.36 bln in 2024 and is expected to reach USD 1.51 tln by 2037, with a CAGR of 5.4% between 2025 and 2037.

The IEA reports that demand for polymers such as polyethylene and polypropylene rose by 3.8% year-on-year, reaching 335 mln tonnes. China and India are key contributors to this growth, accounting for over 50% of global consumption. Mordor Intelligence projects the propylene market growth to come in at 121.81 mln tonnes by 2029, with a CAGR of 5.78% between 2024 and 2029.

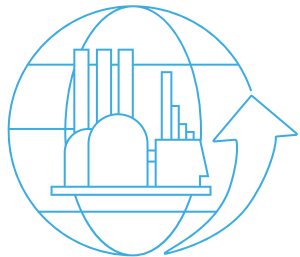
Key drivers of increased polyethylene and polypropylene demand:

- packaging: the growth of e-commerce and a shift in consumer preferences towards convenient and flexible packaging are stimulating demand;
- cars: the drive to reduce vehicle weight for improved fuel efficiency leads to increased use of plastics, including polyethylene and polypropylene, in automotive components;
- construction: higher construction activity, particularly in emerging markets, is fuelling the use of the above polymers in construction materials and products.

Impact on KMG

As part of the state oil and gas development programme, KMG increased polypropylene production by 12% to 249 thous. tonnes at its KPI plant commissioned in late 2022. Construction of a large-scale polyethylene plant (1.25 mln tonnes per year capacity) commenced in 2024, strengthening Kazakhstan's position as a key player in Central Asia. These major petrochemical projects are primarily geared towards the expanding export markets, while also aiming to fully meet domestic demand for polypropylene and polyethylene, providing additional economic incentives for related industries in Kazakhstan.

Sources: IEA; BloombergNEF, 2024; Research Nester; Mordor Intelligence



Cyber security and digitalisation

Deloitte reports a 37% year-on-year increase in cyber attacks targeting the oil and gas industry in 2024. Attacks on critical infrastructure, including pipelines and automation systems, pose a major challenge: if successful, they could lead to data breaches, industrial espionage, damage to expensive equipment, and disruption of operational processes. The average cost of a data breach in the industry is estimated at USD 3.86 mln per company.

This problem is exacerbated by a shortage of cyber security experts. Only 13% of companies actively implement modern technologies or have in place a digital transformation strategy, with a mere 3.5% of their employees fully meeting current requirements. The global gap of cyber security skills stands at approximately 4.07 mln people.

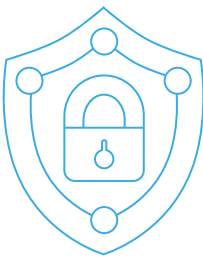
Digital transformation has become a key development focus for leading players in the oil and gas market. The adoption of digital technologies such as artificial intelligence, machine learning, big data, and digital twins helps enhance productivity, improve safety, and bring down costs. For instance, engineering simulators enable real-time modelling of production processes, facilitating prompt adjustments to plans and the prediction of potential equipment failures.

Impact on KMG

KMG recognises the importance of cyber security and digitalisation in today's world. The Company actively implements advanced digital solutions to enhance operational efficiency and security. KMG also executes a comprehensive cyber security programme to protect its critical infrastructure and data, including regular software updates, the deployment of state-of-the-art security tools, and staff training.

KMG aims to align with global trends, ensuring the reliability and resilience of its production processes in the face of digital transformation and escalating cyber threats.

Sources: Deloitte, Oil & Gas Cybersecurity Report 2024; Innostage Cyber Roadshow 2024



Oil price dynamics

The global oil market in 2024 was highly volatile due to a number of economic, geopolitical, and technological factors.

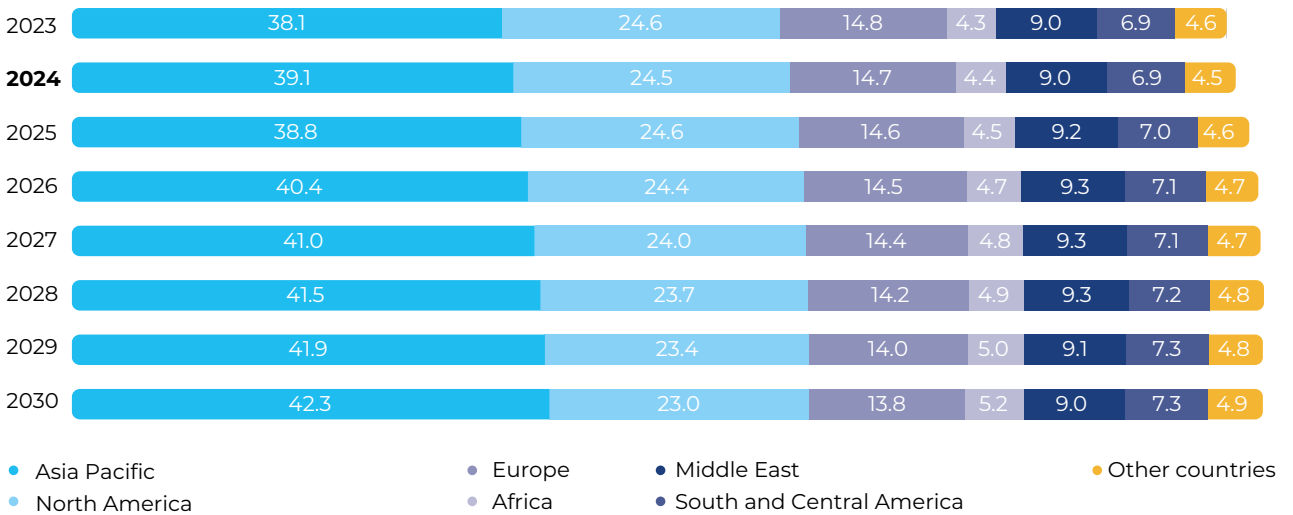
Brent oil prices fluctuated between USD 70 and USD 85 per bbl throughout the year. 1H 2024 saw prices rise, peaking at USD 86 per bbl in 3Q, which was driven

by seasonal demand growth and reduced oil inventories in OECD countries¹. By year-end, prices fell to USD 75 per bbl due to increased supply and weakening demand.

Analyst forecasts

- 1 J.P. Morgan² forecasts an average Brent oil price of USD 73 per bbl in 2025, potentially falling below USD 70 by year-end, as it expects a supply surplus of 1.3 mln bbl per day.
- 2 Bank of America Global Research⁴ lowered its Brent oil price forecast for 2025 from USD 80 to USD 75 per bbl, citing waning global demand, particularly from China, and rising global oil inventories.
- 3 Morgan Stanley³ revised its forecast upward, predicting a Brent price of USD 70 per bbl in the second half of 2025, due to OPEC+ decision to postpone and slow down planned production increases.
- 4 Goldman Sachs³ believes prices could reach USD 93 per bbl due to potential supply cuts resulting from sanctions and geopolitical tensions; however, its base case forecast remained at an average of USD 78 per barrel in 2025.

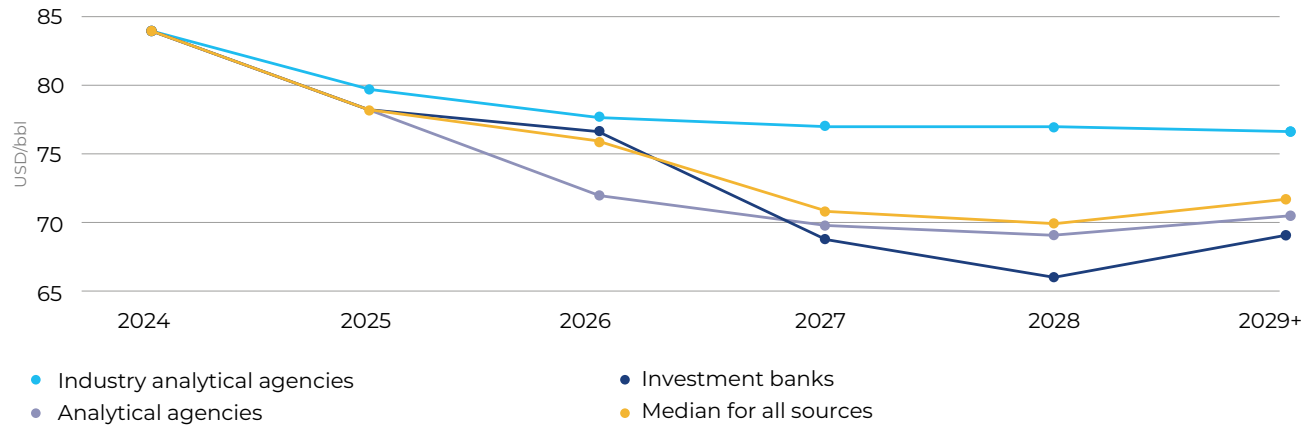
Global oil demand by region in 2023–2030, mln bbl per day



Source: IEA

¹ Organisation for Economic Cooperation and Development
² November 2024 forecast
³ December 2024 forecast
⁴ September 2024 forecast

Brent oil price forecast in real terms (2024 prices), USD/bbl



Sources: data from oil companies, analytical agencies, and investment banks

Internal drivers and their impact on Strategy¹ implementation

Kazakhstan’s oil and gas industry in 2024

The oil and gas industry, including related sectors such as transportation, construction of production facilities, and geology, remains a cornerstone of Kazakhstan's economy, contributing around 17% to the GDP.

Upstream

87.7 mln tonnes
Oil production in 2024

Oil production in 2024 totalled 87.7 mln tonnes, a 2.5% decrease vs 89.9 mln tonnes in 2023. This is attributable to temporary repair shutdowns at major fields, including Tengiz, Karachaganak, and Kashagan.

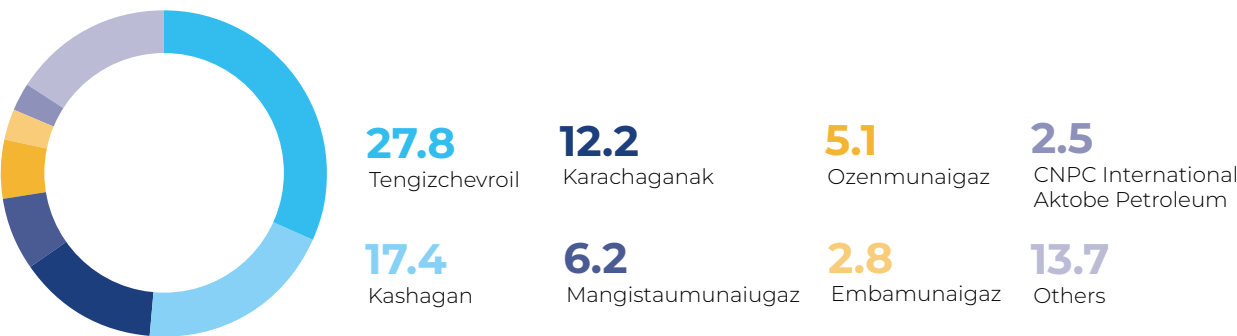
Oil and gas condensate exports in 2024 came in at 68.6 mln tonnes, 2.8% down year-on-year (70.5 mln tonnes) due to a decrease in production volumes.

As production expanded over the past decades, Kazakhstan has significantly strengthened its position in the global hydrocarbon market. According to the U.S. Energy Information Administration (EIA), Kazakhstan has 30 bln bbl of proved oil reserves, ranking 12th globally. The International Energy Agency (IEA) similarly places Kazakhstan 15th worldwide in natural gas reserves (2.4 tln m³), with production reaching 58.9 bln m³ in 2024.

KMG’s position

KMG holds a leading position in Kazakhstan's oil and condensate production. In 2024, the share of KMG in the nation's oil and condensate production was 27%, while its share in gas production came in at 16%.

Oil and condensate output in Kazakhstan in 2024, mln tonnes



¹ Development Strategy (hereinafter referred to as the “Strategy”).

Oil transportation

Kazakhstan boasts modern oil transportation infrastructure, ensuring stable hydrocarbon supplies to global markets. Key export routes utilise KazTransOil and the Caspian Pipeline Consortium (CPC) pipeline systems, with Kazmortransflot handling Caspian Sea transportation.

In 2024, 68.6 mln tonnes of oil were exported via these systems, including 55.7 mln tonnes through Caspian Pipeline Consortium, which accounted for 81% of total exports².

KMG’s position

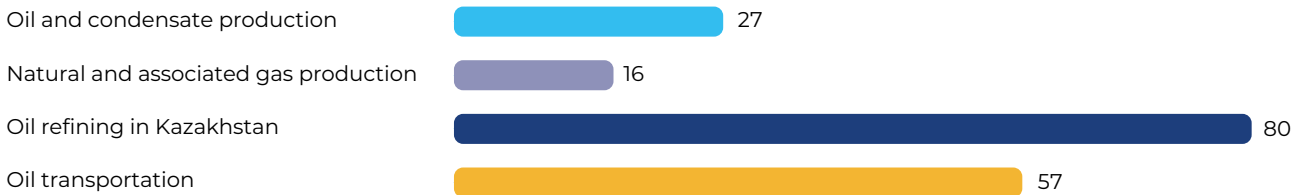
KMG manages a diversified oil transportation infrastructure with significant transit and export capacity. In 2024, the Company controlled 57% of the oil transportation sector, encompassing both trunk pipeline and marine transportation.

Oil refining

According to the Information and Analytical Centre of Oil and Gas of the Ministry of Energy, the throughput at Kazakhstan refineries in 2024 was 17.6 mln tonnes, down 0.7% year-on-year. This reduction stemmed from lower refining volumes at Caspi Bitum and Condensate plants.

- Conversely, the production of all grades of petrol grew to 5.5 mln tonnes, up 2.5% year-on-year.
- Jet fuel production rose by 16.9% to 746 thous. tonnes.
- Diesel fuel production increased by 4.3% to 5.4 mln tonnes.

KMG’s market share in Kazakhstan by segment in 2024, %



KMG’s position

KMG controls four of Kazakhstan's largest refineries, holding an 80% market share in oil refining. In 2024, the Company proceeded with its upgrade programme for three key refineries, which will increase future diesel production at Pavlodar Refinery and enhance oil product quality at Atyrau Refinery. These measures seek to fully meet domestic demand for oil products and expand export capacity to regional markets.

Strategic direction

KMG focuses closely on further development of the nation's oil and gas industry, while also helping the Government to address the challenges of social and economic development in Kazakhstan. The Company acts on behalf of the Government in the oil and gas industry and demonstrates strong social responsibility. Successful and sustainable business development is inextricably linked to the nation's economic competitiveness, social welfare, conservation, and efficient use of natural resources. KMG sees its mission in the effective and sustainable use of natural resources to ensure energy security, development and prosperity of Kazakhstan, while caring about future generations. In line with the KMG mission, we have set out four strategic goals:

1. resource base sufficient to support the Company's growth;
2. improved efficiency across the Company's value chain;
3. business diversification and product portfolio expansion;
4. sustainable development and gradual reduction in carbon intensity of production.

² According to the data of Situational and Analytical Centre of the Fuel and Energy Sector of the Republic of Kazakhstan.

Development of Kazakhstan's petrochemical industry in 2024

Kazakhstan pursues a policy of vigorous expansion in the petrochemical sector, which is vital for diversifying the nation's economy. Recent years have witnessed significant growth in petrochemical production, driven by the commissioning of new facilities and the modernisation of existing ones.

Main industry players include:

- Kazakhstan Petrochemical Industries Inc. (polypropylene production);
- Atyrau Refinery (production of aromatic hydrocarbons such as benzene and paraxylene);
- Kompaniya Neftekhim (polypropylene production);
- HILL Corporation and LUKOIL Lubricants Central Asia (lubricants);
- Shymkent Chemical Company (petrol additives, e.g. MTBE).

Key industry projects are being implemented within the National Industrial Petrochemical Technopark (NIPT) special economic zone in the Atyrau Region. It offers tax and customs benefits, along with ready-made infrastructure, including access roads, railway stations, power lines, and water supply.

In 2024, early construction work commenced at a 1.25 mtpa polyethylene plant in the NIPT special economic zone, set to significantly enhance Kazakhstan's export potential. The commissioning is slated for 2029.

Strategic direction

KMG is actively involved in developing Kazakhstani petrochemical sector. In 2024, KMG:

- continued with its investment projects, such as the construction of the polyethylene plant. Polyethylene, a synthetic polymer, is one of the world's most widely used plastics, employed in packaging, pipes, films, containers, and across various sectors, including construction and medicine, due to its strength, flexibility, and chemical resistance;
- collaborated with the Government to extend the NIPT until 2048 (Resolution No. 595 of the Government of the Republic of Kazakhstan No. 595 dated 24 July 2024), extending tax benefits and other incentives for projects within the zone;
- signed addendum No. 3 to the 2008 raw material supply agreement and a sales contract for dry gas between KMG PetroChem and TCO, securing raw material supply for the Polyethylene project;
- supported initiatives applying global technologies, including digital innovations to enhance production efficiency.

KMG views the development of the petrochemical industry as a crucial driver of national economic growth, generating a multiplier effect for related sectors.

Kazakhstan's Environmental Code

In 2021, Kazakhstan enforced an Environmental Code based on the "polluter pays and remedies" principle. The Code mandates the adoption of Best Available Techniques (BAT) by large facilities and strengthens environmental monitoring. The Government of Kazakhstan is also developing a new Water Code to tighten water resource management and secure water availability for the nation.

Strategic direction

In 2024, KMG proceeded with adapting its processes to the Code's requirements:

- the Company strengthened operational and production monitoring of emissions at its facilities. In 2024, Mangistaumunaigaz, Kazakhoil Aktobe, Atyrau Refinery, Pavlodar Refinery and PetroKazakhstan Oil Products secured data streaming from the automated monitoring system to the Ministry of Ecology, Geology, and Natural Resources in real time via the infrastructure of National Information Technologies. Construction and installation work at KPI Inc. was completed, with commissioning underway;
- investments in automated emission monitoring systems at the Company's refineries were increased.

The Unified Environmental Portal launched by the Ministry of Ecology, Geology, and Natural Resources became a key tool for automating reporting and permitting processes. These measures contribute to improved environmental efficiency and sustainable development.

KMG's environmental policy was updated in line with the new Environmental Code. In 2024, the Company:

- implemented projects to reduce its carbon footprint and promote the sustainable use of natural resources;
- introduced biodiversity conservation measures at its sites;
- developed a draft water resources management programme with measurable targets and deadlines to curtail water use;
- approved a waste management standard for KMG Group;
- updated the corporate environmental impact assessment standard;
- undertook annual remediation activities for oil-contaminated land.

These actions aim to minimise the Company's environmental impact and strengthen KMG's position as an environmentally responsible market player.

Kazakhstan's Strategy for Carbon Neutrality by 2060

February 2023 saw the approval of Kazakhstan's Strategy for Carbon Neutrality 2060 that provides a key framework for the long-term development of the national economy. This document is based on scenario analysis and comprehensive modelling, assessing the investment needs for the transition to a low-carbon model.

Key elements of the Strategy

- 1 Transition from a linear development model to a cyclical one (circular economy)
- 2 Integration of environmental principles into tax and budgetary policies, and business processes
- 3 Development of a waste management system as an integral part of the production process
- 4 Utilisation of woodlands as economic assets with a carbon capturing potential
- 5 Introduction of government support mechanisms for low-carbon businesses
- 6 Subsidies for the agricultural sector, factoring in ESG considerations and excluding harmful fertilisers
- 7 Creation of environmentally friendly production facilities and investment in innovative technologies

Strategic direction

KMG recognises its impact on the economy, society, and the environment and is committed to integrating sustainable principles into its core business processes.

In 2024, the Company:

- approved an updated Low-Carbon Development Programme (LCDP) 2060;
- continued with carbon footprint reduction projects, including those associated with renewable energy;
- developed strategies to enhance environmental standards in its production processes;
- strengthened its engagement with international environmental initiatives, such as the Paris Agreement.

Competition analysis

KMG holds a key position in Kazakhstan's oil and gas sector and successfully competes in the global market thanks to a number of strategic advantages:

- 1 Resource base and asset control: KMG is Kazakhstan's largest oil and gas producer (market share: 27% of oil, 16% of gas production), participating in the development of major fields such as Tengiz, Karachaganak, and Kashagan.
- 2 Integrated value added chain: the Company operates assets all the way from exploration and production to refining, transportation, and marketing. This reduces costs and minimises price risks.
- 3 Export infrastructure: KMG controls key export routes: CPC (81% of exports), Atyrau–Samara, Atasu–Alashankou, and sea transportation via the Port of Aktau.
- 4 Government support: as the national operator, KMG participates in strategic projects and enjoys preferential rights to obtain subsoil use permits through direct negotiations.
- 5 Financial stability: high liquidity, cost control, and access to international capital markets (LSE, AIX, KASE).

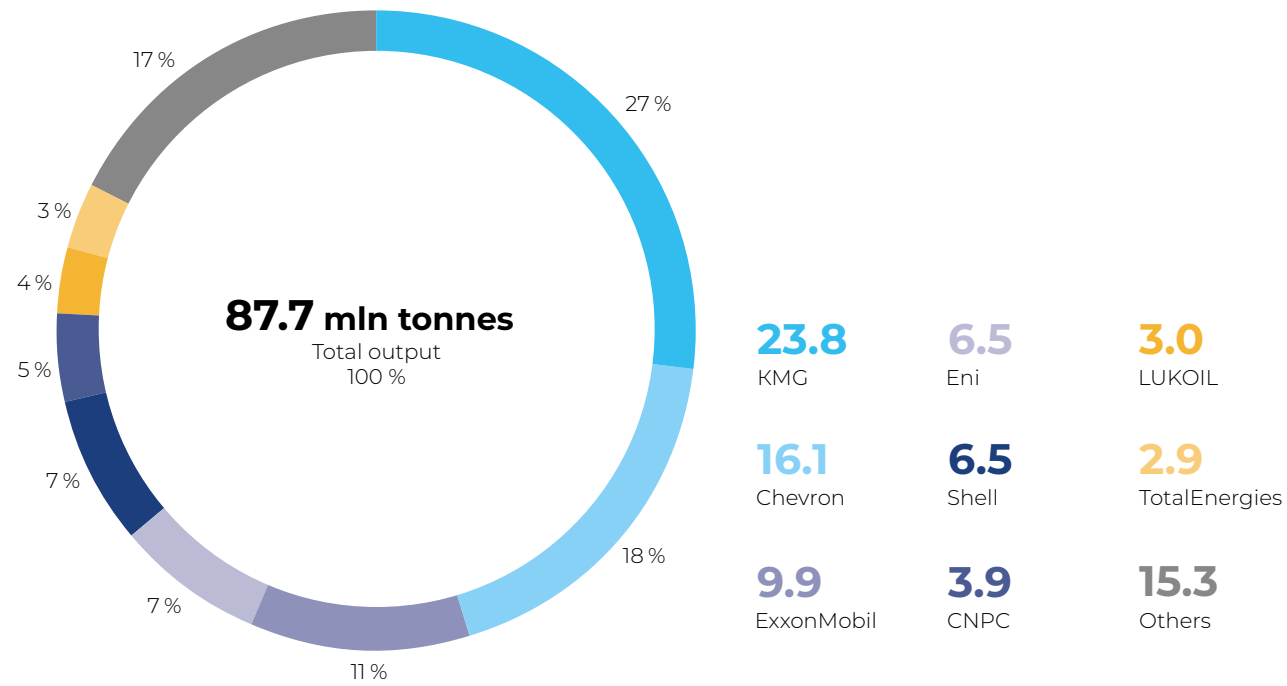
1P oil and condensate reserves life in 2024¹, years

Company	1P oil and condensate reserves life in 2024, years
KMG	15 (2024)
BP plc	9
TotalEnergies SE	10
Exxon Mobil Corporation	13
Eni S.p.A.	11
Chevron Corporation	9
Petrobras	11
Shell plc	9
Equinor ASA	7

Source: company data.

At year-end 2024, proved (1P) oil and condensate reserves life was 15 years, far exceeding the average of about 11 years for the global oil majors. KMG's proved and probable (2P) reserves life is 25 years, underpinning its long-term sustainability.

Oil and condensate output in Kazakhstan in 2024



Sources: Company estimates, Situational and Analytical Centre of the Fuel and Energy Sector of the Republic of Kazakhstan

KMG DEVELOPMENT STRATEGY

In 2024, the oil and gas industry remained susceptible to global economic and geopolitical headwinds, with the instability seen in previous years amidst constrained investment and volatile prices.

The global oil market was under pressure from decelerating global economic growth, lower interest rates, reduced demand from China, and the increasing adoption of renewable energy sources, all contributing to price volatility. Geopolitical instability, sanctions against Russia, and OPEC+ production controls further heightened uncertainty.

KMG's priorities in 2024 were ensuring energy security, improving exploration, diversifying export routes, developing the petrochemical industry, and advancing renewable energy projects. KMG balances investments across oil, petrochemical, and green initiatives. The Company's long-term strategy is geared towards increasing hydrocarbon reserves, enhancing operational efficiency, creating a state-of-the-art petrochemical complex, and integrating environmentally friendly technologies to foster sustainable growth.

VISION

Vertically integrated national oil and gas company that meets the highest standards of safety, is committed to sustainability principles, and seeks to maximise its financial performance.

MISSION

We are effective and sustainable in our use of natural resources to ensure energy security, development, and prosperity of Kazakhstan while also caring about future generations.

KMG's 2022–2031 Development Strategy was approved by the Board of Directors in November 2021.

¹ KMG reserves are assessed as of 2024, other companies as of 2023