



KMG’S SHAREHOLDERS

Shareholder	Ordinary shares	Ordinary shares, %	Preferred shares	Total shares	Total shares, %
Sovereign Wealth Fund Samruk-Kazyna	533,395,161	87.42	–	533,395,161	87.42
The National Bank of Kazakhstan	58,420,748	9.58	–	58,420,748	9.58
Minority shareholders	18,303,584	3.00	–	18,303,584	3.00

Securities issues¹

Type of shares	Authorised shares	Outstanding shares	Traded shares	Unissued shares
Ordinary	849,559,596	610,119,493	18,303,584	239,440,103

There were no changes in the shareholder structure in the reporting period.

The annual General Meeting of Shareholders, with its roles performed by the Management Board of the Fund according to the applicable law and KMG’s Charter, is expected to approve the following documents:

- KMG’s 2022 annual financial statements (consolidated and standalone);
- KMG’s 2022 net profit distribution procedure;
- amount of dividend per ordinary share in KMG.

KMG’S IPO

KMG’s IPO was held as part of the Comprehensive Privatisation Plan for 2021–2025 approved by the Government of the Republic of Kazakhstan.

The Company’s pre-IPO ownership structure was as follows:

- Sovereign Wealth Fund Samruk-Kazyna – 90.42%;
- The National Bank of Kazakhstan – 9.58%.

After the IPO, the free float of KMG is 3%, the Fund holds a 87.42% stake (controlling interest) and the stake of the National Bank of Kazakhstan remains unchanged (9.58%).

KMG did not receive any proceeds from the IPO, because the shares held by the Fund were sold.

Key IPO parameters

The IPO was priced at KZT 8.406 per share, implying a market capitalisation of about KZT 5.1 trln or USD 11 bln.

The shares were offered on Kazakhstan stock exchanges, namely the Astana International Exchange (AIX) and the Kazakhstan Stock Exchange (KASE).

The book building began on 9 November 2022 at 12:00 (Astana time) and ended on 2 December 2022 at 15:00 (Astana time).

Freedom Broker, Halyk Finance, SkyBridge Invest and BCC Invest acted as joint book runners.

The final IPO parameters:

- Total demand – KZT 181.5 bln
- Offering size – KZT 153.9 bln
- Number of accepted orders – 129.948
- Number of KMG’s shares offered for sale – 18.303.584
- Free float – 3.0%
- Share of retail investors by value of orders – 52.1%
- Share of retail investors by number of orders – 99.9%

Order book

Following completion of investor bidding, the order book was KZT 181.5 bln (129,9 thous. orders) or 3.5% of KMG’s total ordinary shares, with the orders split by investor category as follows:

- individuals of the Republic of Kazakhstan – approximately KZT 75 bln or 41% (128.7 thous. orders);
- legal entities of the Republic of Kazakhstan – approximately KZT 76 bln or 42% (90 orders);
- non-resident individuals – approximately KZT 6 bln or 3% (1.110 orders);
- non-resident legal entities – approximately KZT 24 bln or 13% (8 orders).

Allocation

During the shares allocation, orders submitted by retail investors who are Kazakhstan’s citizens were given priority and accepted in full. After that, the remaining orders were considered.

In order to prevent the concentration of large shareholdings in the hands of certain major investors, some of the submitted orders were accepted in part, not in full.

While allocating the shares, the book runners accepted bids worth more than KZT 153.9 bln or 3% of KMG’s total number of ordinary shares. The allocation by investor category was as follows:

- individuals of the Republic of Kazakhstan – KZT 74.6 bln (48.5%);
- legal entities of the Republic of Kazakhstan – KZT 72.7 bln (47.2%);
- foreign individuals and legal entities – KZT 6.6 bln (4.3%).

Outcome

1. KMG’s initial public offering was the largest ever IPO on Kazakhstan’s stock market.

IPO	Global			Local	
Company	Kazatomprom	Kcell	KEGOC	KazTransOil	KMG
Offering size, KZT bln	168.2	78.9	13.1	27.9	153.9
Share of pension funds / the Unified Accumulative Pension Fund (UAPF), %	33.2	18.9	26.3	20.4	0.087
Orders submitted, thous.	2.8	34.7	42	34	129.9

1 — As of 1 January 2022.

- KMG's initial public offering was the largest ever IPO on Kazakhstan's stock market in terms of the number of submitted bids (129.9 thous.), the offering size (KZT 153.9 bln) and allocations to retail investors (52.1%).
- KMG's initial public offering was the largest ever IPO of a national company without meaningful participation of pension funds (0.1%).
 - KMG's initial public offering was the first digital IPO. The book building was held using various digital platforms (applications) offered by market participants (banks, brokers). About 99% of orders were submitted through digital platforms.
 - KMG's IPO contributes to higher liquidity of shares and higher trading volumes on the stock exchanges. On the first trading day, 8 December 2022, the price of KMG shares rose from KZT 8,406 to KZT 8,890. On the same day, the highest trading volume of approximately KZT 4.0 bln was recorded.

Dividends

The new dividend policy of KMG was approved by resolution of the Management Board of Samruk-Kazyna dated 27 October 2022 (Minutes No. 59/22).

- It is aimed at balancing the interests of shareholders, creditors and the Company, as well as ensuring transparency in determining the amount of dividend payments to its shareholders.
- Resolutions on dividend payments are passed by KMG's General Meeting of Shareholders.
 - Resolutions on dividend payments take into account the price of crude oil, the structure of KMG's debt, its capital expenditures and other material circumstances.

Free cash flow 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;

Net debt means total debt minus cash and cash equivalents minus short-term and long-term bank deposits.

EBITDA means revenue plus dividends received from joint ventures and associates minus cost of purchased oil, gas, oil products and other materials (excluding depreciation and amortisation) minus production costs minus G&A expenses (excluding depreciation and amortisation) minus transportation and selling expenses (excluding depreciation and amortisation) minus taxes other than income tax.

KMG's dividend policy sets an established procedure for determining the minimum amount of dividends in the range from 30% to 50% of the free cash flow.

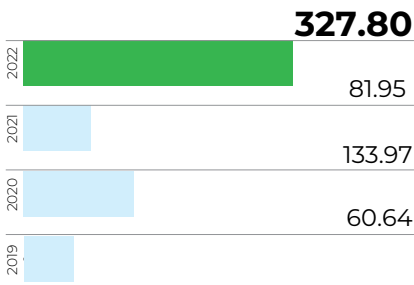
- KMG will make every effort to ensure that the following dividends are paid:
- at least 50% of the Free Cash Flow if the Net Debt / EBITDA ratio is less than or equal to 1.0x;

- at least 40% of the Free Cash Flow if the Net Debt / EBITDA ratio is more than 1.0x, but less than or equal to 1.5x;
- at least 30% of the Free Cash Flow if the Net Debt / EBITDA ratio is more than 1.5x, but less than or equal to 2.0x;
- as determined by resolution of the General Meeting of Shareholders if the Net Debt / EBITDA ratio is more than 2.0.

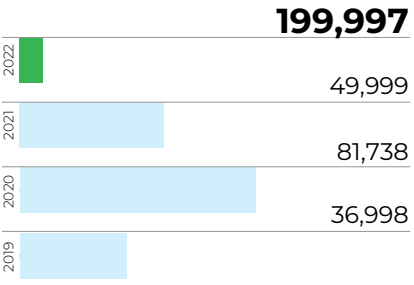
- Key terms for paying out dividends:
- positive equity;
 - consolidated net income for the reporting period or retained earnings at the end of the reporting period;
 - positive free cash flow;

Annual dividends of not less than KZT 200–250 bln for three years after the IPO provided that the average annual Brent crude oil price will not be less than USD 70 per barrel.

Dividend per share, KZT



Total dividends paid, KZT mln



For more details, see the Financial Statements section

KMG'S CREDIT RATINGS

Credit ratings assigned by international rating agencies serve as reliable and independent tools for the Group's credit assessment. KMG aims at aligning its key financial metrics with target investment-grade long-term ratings and exceeding them. The Company provides rating agencies with access to all information necessary for a comprehensive and reliable evaluation of the Group's creditworthiness. Rating agencies and KMG's Management Board hold regular review meetings, and KMG maintains the contacts.

In addition to the Company's operating and financial results and market environment, KMG's credit ratings are linked to Kazakhstan's sovereign credit profile as its change may impact credit ratings of Kazakhstani companies, including KMG.

In 2022, despite material external economic risks, Fitch affirmed its previous KMG's rating, while S&P upgraded its rating by one notch from BB to BB+ with a negative outlook. Currently, the Company has investment-grade credit ratings from Moody's and Fitch and is one notch below the sovereign rating according to S&P.

- 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 rating at BB with a negative outlook.
- On 30 April 2021, S&P affirmed KMG's credit rating at BB with a negative outlook.
- On 12 August 2021, Moody's upgraded KMG's credit rating from Baa3 to Baa2 due to an upgrade of Kazakhstan's sovereign rating. The rating outlook was changed from positive to stable.

KMG's credit ratings

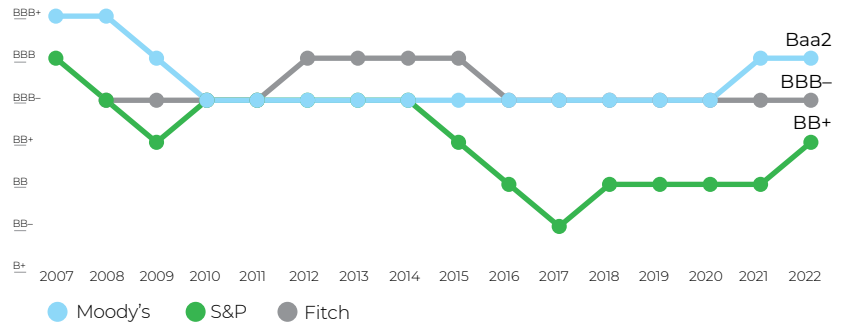
Rating agency	Date	Rating	Outlook
Moody's Investors Service	23.12.2021	Baa2	Stable
S&P	09.03.2023	BB+	Negative
Fitch Ratings	19.09.2022	BBB–	Stable

Kazakhstan's credit ratings

Rating agency	Date	Rating	Outlook
Moody's Investors Service	11.08.2021	Baa2	Stable
S&P	03.03.2023	BBB–	Stable
Fitch Ratings	02.12.2022	BBB	Stable

Change in KMG's ratings

Change in KMG's credit ratings



- 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 26 November 2021, S&P affirmed KMG's credit rating at BB, after the transfer of KazTransGas directly to Samruk-Kazyna, with a negative outlook.
- On 23 December 2021, Moody's affirmed KMG's credit rating at Baa2 with a stable outlook.
- On 19 September 2022, Fitch Ratings affirmed KMG's long-term issuer default rating at BBB– with a stable outlook
- On 27 September 2022, S&P upgraded KMG's credit rating from BB to BB+ with a negative outlook.
- 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).

BOND ISSUES

As of 31 December 2022, KMG’s consolidated debt (expressed in USD) was USD 8,956 mln, including USD 6,250 mln in KMG’s Eurobonds and USD 1,625 mln (KZT 752 bln) in KMG’s bonds issued to Samruk-Kazyna to buy out the share in Kashagan.

KMG Group’s projects are largely financed through its own net cash flows. At the same time, KMG and its subsidiaries and associates may enter the bonds market, if the conditions are favourable, in order to finance individual strategic projects or to maintain financial stability as per the Company’s financial strategy.

KMG borrows both on the national and global capital markets in line with its flexible and balanced debt management policy. The Company’s bonds are among the most liquid instruments among those offered by Kazakhstan’s issuers. KMG’s FX-denominated bonds have been historically attractive to a wide range of investors. KMG bonds’ investor base includes thousands of institutional and retail investors, mostly based in the USA, Europe and Asia. The Company’s Eurobonds are traded in the London Stock Exchange, the Kazakhstan Stock Exchange and the Astana International Exchange.

For more details, see the Financial Review section.

As of 31 December 2022, KMG had six outstanding Eurobond issues at the Corporate Centre level for a total amount of USD 6.25 bln on par value.

KMG’s outstanding Eurobonds¹

Issue date / maturity date	Issue size, USD mln	Outstanding bonds, USD mln	Coupon rate, % p.a.	ISIN: RegS / 144A
19.04.2017/19.04.2027	1,000	1,000	4.75	XS1595713782/ US48667QAN51
19.04.2017/19.04.2047	1,250	1,250	5.75	XS1595714087/ US48667QAP00
24.04.2018/24.04.2025	500	500	4.75	XS1807299174/ US48667QAR65
24.04.2018/24.04.2030	1,250	1,250	5,375	XS1807300105/ US48667QAQ82
24.04.2018/24.04.2048	1,500	1,500	6,375	XS1807299331/ US48667QAS49
14.10.2020/14.04.2033	750	750	3.50	XS2242422397/ US48126PAA03

As of 31 December 2022, KMG had one outstanding local bond issue at the Corporate Centre level for a total amount of KZT 751,631.4 mln on par value.

KMG bonds to buy out Samruk-Kazyna’s stake in Kashagan

Currency	KZT
Issue date / maturity date	16.09.2022/ 16.10.2035
Issue size	KZT 751,631.4 mln
Outstanding bonds	KZT 751,631.4 mln
Coupon rate, % p.a.	3.0
ISIN: RegS / 144A	KZ2C00008969

INVESTOR COMMUNICATIONS

KMG continues to successfully implement its investor relations programme to ensure stability of financing and reduce its cost of capital. Communications with investors involve the Chairman of the Board of Directors, Chairman of the Management Board, members of the Management Board and heads of KMG’s strategic, financial, and operating units, Health, Safety and Environment Department and the Investor Relations function.

KMG holds quarterly conference calls for investors to discuss financial and operating results with the Deputy Chairman and members of the Management Board, as well as heads of departments. In addition to the quarterly calls, the Company holds special one-on-one calls with investors and rating agencies, and also takes part in online conferences on the global sustainable development trends and situation in the emerging markets.

The Company adheres to the principles of timeliness, completeness and availability of disclosures for the investment community. Each quarter, KMG publishes quarterly results presentations, financial results, trading updates, IFRS financial statements and analyst databooks. In 2021, the Company continued its practice to promptly inform investors and analysts on KMG’s financial and operating performance upon their request.

Guided by sustainability principles, in 2021 the Company considerably enhanced the transparency of its ESG disclosures. In particular, KMG published its comprehensive 2021 Sustainability Report in 2022. In December 2022, Sustainalytics updated KMG’s ESG risk rating to 28.4. The Company was also ranked in the top 20 among the 270 global oil and gas companies researched by Sustainalytics, while maintaining its stable rating.

The materials and publications as well as contacts of the Investor Relations are available in the Investors section on the Company’s website.

KMG understands the importance of further enhancing its two-way dialogue with the investment community and regularly conducts investor perception surveys on the Company, with the results reviewed by the Board of Directors.

2022 Investor Calendar

1Q 2022	<ul style="list-style-type: none">Investor conference call on full-year 2021 financial and operating results2021 quarterly results presentation2021 financial results and trading updateIFRS consolidated financial statements for 20212021 trading update2021 financial results
2Q 2022	<ul style="list-style-type: none">Investor conference call on 1Q 2022 financial and operating results1Q 2022 quarterly results presentationQ1 2022 financial results and trading updateInterim condensed consolidated IFRS financial statements for 3M 2022 ended 31 March 2022Publication of 2021 Annual ReportQ1 2022 trading updateQ1 2022 financial results
3Q 2022	<ul style="list-style-type: none">Investor conference call on Q2 2022 financial and operating results2Q 2022 quarterly results presentation2Q 2022 financial results and trading updateInterim condensed consolidated IFRS financial statements for 6M 2022 ended 30 June 2022Publication of 2021 Sustainability Report1H 2022 trading update1H 2022 financial results
4Q 2022	<ul style="list-style-type: none">Investor conference call on 3Q 2022 financial and operating results3Q 2022 quarterly results presentation3Q 2022 financial results and trading updateInterim condensed consolidated IFRS financial statements for 9M 2022 ended 30 September 20229M 2022 financial results9M 2022 trading updateNon-deal roadshow in September and October 2022 including a series of meetings with residents of Kazakhstan’s regions involving Deputy Chairman of the Management Board for Economics and FinanceRoadshow on the Eurobond issue, including a series of conference calls with current and potential investors, involving the Deputy Chairman of the Management Board for Economics and Finance and Chairman of the Board of Directors

¹ — Senior unsecured, as of 31 December 2021 at the Corporate Centre level.