

**Joint Stock Company “National Company “KazMunayGas”**

Interim condensed consolidated financial statements (unaudited)

*For the three and nine months ended September 30, 2023*

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Report on review of interim condensed consolidated financial statements

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«Эрнст энд Янг» ЖШС  
Әл-Фараби д-лы, 77/7  
«Есентай Тауэр» ғимараты  
Алматы қ., 050060  
Қазақстан Республикасы  
Тел.: +7 727 258 59 60  
Факс: +7 727 258 59 61  
www.ey.com

ТОО «Эрнст энд Янг»  
пр. Аль-Фараби, д. 77/7  
здание «Есентай Тауэр»  
г. Алматы, 050060  
Республика Казахстан  
Тел.: +7 727 258 59 60  
Факс: +7 727 258 59 61  
www.ey.com

Ernst & Young LLP  
Al-Farabi ave., 77/7  
Esentai Tower  
Almaty, 050060  
Republic of Kazakhstan  
Tel.: +7 727 258 59 60  
Fax: +7 727 258 59 61  
www.ey.com

## Report on Review of Interim Financial Information

To the Shareholders, Board of Directors and Management of JSC “National Company  
“KazMunayGas”

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of JSC “National Company “KazMunayGas” and its subsidiaries, which comprise the interim consolidated statement of financial position as at 30 September 2023, the related interim consolidated statement of comprehensive income for the three- and nine-month periods then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes (interim financial information). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this interim financial information based on our review.



### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information of JSC "National Company "KazMunayGas" and its subsidiaries is not prepared, in all material respects, in accordance with IAS 34, *Interim Financial Reporting*.

*Ernst & Young LLP*





Kairat Medetbayev  
Auditor

Auditor Qualification Certificate  
No. МФ-0000137 dated 8 February 2013

050060, Republic of Kazakhstan, Almaty  
Al-Farabi ave., 77/7, Esentai Tower

17 November 2023



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Rustamzhan Sattarov  
General Director  
Ernst and Young LLP

State Audit License for audit activities on  
the territory of the Republic of Kazakhstan:  
series МФЮ-2, № 0000003, issued by the  
Ministry of Finance of the Republic of  
Kazakhstan on 15 July 2005

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the three and nine months ended September 30, 2023

<i>In millions of tenge</i>	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2023 (unaudited)	2022 (unaudited) (restated)*	2023 (unaudited)	2022 (unaudited) (restated)*
<b>Revenue and other income</b>					
Revenue from contracts with customers	7	2,144,737	2,133,670	6,087,389	6,775,524
Share in profit of joint ventures and associates, net	8	165,440	232,263	565,159	778,508
Gain from disposal of subsidiary	4	186,225	–	186,225	–
Finance income	15	37,916	37,747	112,964	92,035
Other operating income	24	8,304	4,253	47,822	14,303
<b>Total revenue and other income</b>		<b>2,542,622</b>	<b>2,407,933</b>	<b>6,999,559</b>	<b>7,660,370</b>
<b>Costs and expenses</b>					
Cost of purchased oil, gas, petroleum products and other materials	9	(1,219,692)	(1,132,804)	(3,381,954)	(3,950,762)
Production expenses	10	(275,090)	(336,630)	(865,376)	(826,384)
Taxes other than income tax	11	(150,337)	(189,675)	(432,608)	(508,309)
Depreciation, depletion and amortization		(145,423)	(111,324)	(441,317)	(374,882)
Transportation and selling expenses	12	(56,940)	(46,816)	(176,463)	(144,630)
General and administrative expenses	13	(44,516)	(36,380)	(116,603)	(104,311)
Impairment of property, plant and equipment, intangible assets and exploration expenses	14	(61,503)	(401)	(200,778)	229
Finance costs	15	(77,190)	(71,522)	(233,690)	(227,621)
Foreign exchange gain/(loss), net	2	44,203	38,781	67,992	(1,568)
Other expenses	24	(4,432)	(43,427)	(18,321)	(57,532)
<b>Total costs and expenses</b>		<b>(1,990,920)</b>	<b>(1,930,198)</b>	<b>(5,799,118)</b>	<b>(6,195,770)</b>
<b>Profit before income tax</b>		<b>551,702</b>	<b>477,735</b>	<b>1,200,441</b>	<b>1,464,600</b>
Income tax expenses	16	(94,253)	(91,593)	(251,448)	(303,264)
<b>Net profit for the period</b>		<b>457,449</b>	<b>386,142</b>	<b>948,993</b>	<b>1,161,336</b>

*The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.*



**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)**

<i>In millions of tenge</i>	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2023 (unaudited)	2022 (unaudited) (restated)*	2023 (unaudited)	2022 (unaudited) (restated)*
<b>Other comprehensive (loss)/income</b>					
<i>Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods</i>					
Hedging effect	25	(68)	3,572	920	(33,548)
Exchange differences on translation of foreign operations		372,294	80,878	208,777	723,576
Tax effect		(28,861)	(7,343)	(16,045)	(51,036)
<b>Net other comprehensive income to be reclassified to profit or loss in the subsequent periods, net of tax</b>		<b>343,365</b>	<b>77,107</b>	<b>193,652</b>	<b>638,992</b>
<i>Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain on defined benefit plans, net of tax		-	-	237	1,642
Actuarial gain/(loss) on defined benefit plans of the joint ventures, net of tax		237	(17)	621	99
<b>Net other comprehensive income/(loss) not to be reclassified to profit or loss in the subsequent periods, net of tax</b>		<b>237</b>	<b>(17)</b>	<b>858</b>	<b>1,741</b>
<b>Net other comprehensive income for the period, net of tax</b>		<b>343,602</b>	<b>77,090</b>	<b>194,510</b>	<b>640,733</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>801,051</b>	<b>463,232</b>	<b>1,143,503</b>	<b>1,802,069</b>
<b>Net profit/(loss) for the period attributable to:</b>					
Equity holders of the Parent Company		445,795	368,228	971,210	1,122,624
Non-controlling interests		11,654	17,914	(22,217)	38,712
		<b>457,449</b>	<b>386,142</b>	<b>948,993</b>	<b>1,161,336</b>
<b>Total comprehensive income/(loss) attributable to:</b>					
Equity holders of the Parent Company		789,397	445,034	1,165,678	1,762,669
Non-controlling interests		11,654	18,198	(22,175)	39,400
		<b>801,051</b>	<b>463,232</b>	<b>1,143,503</b>	<b>1,802,069</b>
<b>Earnings per share** – tenge thousands</b>					
Basic and diluted		<b>0.73</b>	<b>0.60</b>	<b>1.59</b>	<b>1.84</b>

\* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 and reflect adjustments made, refer to Note 5

\*\* The number of ordinary shares as of September 30, 2023 and December 31, 2022 equaled to 610,119,493.

Deputy Chairman of the Management Board



*D.A. Aryssova*  
D.A. Aryssova

Chief accountant

*A.S. Yesbergenova*  
A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2023

<i>In millions of tenge</i>	Note	September 30, 2023 (unaudited)	December 31, 2022 (audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets		184,823	251,280
Property, plant and equipment	17	7,045,053	6,989,837
Investment property		17,238	17,304
Intangible assets		893,077	918,253
Right-of-use assets		115,505	76,567
Investments in joint ventures and associates	19	5,513,494	4,947,403
VAT receivable		25,050	16,760
Advances for non-current assets		42,356	52,982
Other non-current non-financial assets		5,059	3,713
Loans and receivables due from related parties	27	140,812	129,857
Other non-current financial assets		23,830	10,672
Long-term bank deposits	18	61,505	59,229
Deferred income tax assets		44,062	41,598
		<b>14,111,864</b>	<b>13,515,455</b>
<b>Current assets</b>			
Inventories		391,057	309,425
Trade accounts receivable	20	731,426	519,537
VAT receivable		57,261	42,697
Income tax prepaid		31,879	36,167
Other current non-financial assets	20	147,574	109,137
Loans and receivables due from related parties	27	86,478	119,874
Other current financial assets	20	73,812	57,057
Short-term bank deposits	18	702,278	1,178,138
Cash and cash equivalents	21	1,266,462	762,817
		<b>3,488,227</b>	<b>3,134,849</b>
Assets classified as held for sale		373	459
		<b>3,488,600</b>	<b>3,135,308</b>
<b>Total assets</b>		<b>17,600,464</b>	<b>16,650,763</b>

*The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

<i>In millions of tenge</i>	Note	September 30, 2023 (unaudited)	December 31, 2022 (audited)
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		916,541	916,541
Additional paid-in capital		1,142	1,142
Other equity		(839)	(1,759)
Currency translation reserve		4,402,302	4,209,612
Retained earnings		5,480,777	4,809,455
<b>Attributable to equity holders of the Parent Company</b>		<b>10,799,923</b>	<b>9,934,991</b>
Non-controlling interests		(85,216)	(61,541)
<b>Total equity</b>		<b>10,714,707</b>	<b>9,873,450</b>
<b>Non-current liabilities</b>			
Borrowings and bonds	22	3,647,106	3,775,891
Lease liabilities	23	101,583	65,872
Other non-current financial liabilities	25	16,489	15,080
Provisions	24	235,522	210,722
Employee benefit liabilities		67,101	66,096
Other non-current non-financial liabilities	25	38,507	41,548
Deferred income tax liabilities		1,174,022	999,010
		<b>5,280,330</b>	<b>5,174,219</b>
<b>Current liabilities</b>			
Trade accounts payable	25	703,303	564,906
Borrowings and bonds	22	466,803	367,443
Lease liabilities	23	17,435	15,682
Other current financial liabilities	25	114,725	283,717
Provisions	24	28,136	58,107
Employee benefit liabilities		4,814	4,969
Income tax payable		25,166	66,648
Other taxes payable	26	124,495	148,477
Other current non-financial liabilities	25	120,550	93,145
		<b>1,605,427</b>	<b>1,603,094</b>
<b>Total liabilities</b>		<b>6,885,757</b>	<b>6,777,313</b>
<b>Total equity and liabilities</b>		<b>17,600,464</b>	<b>16,650,763</b>
<b>Book value per ordinary share* – tenge thousands</b>		<b>16.098</b>	<b>14.678</b>

\* The number of ordinary shares as of September 30, 2023 and December 31, 2022 equaled to 610,119,493. Presentation of Book value per ordinary share is a non-IFRS measure required by KASE.

Deputy Chairman of the Management Board



*[Signature]*  
D.A. Aryssova

Chief accountant

*[Signature]*

A.S. Yesbergenova

The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine months ended September 30, 2023

<i>In millions of tenge</i>	Note	For the nine months ended September 30,	
		2023 (unaudited)	2022 (unaudited) (restated)*
<b>Cash flows from operating activities</b>			
Profit before income tax		1,200,441	1,464,600
<b>Adjustments:</b>			
Depreciation, depletion and amortization		441,317	374,882
Impairment/(reversal of impairment) of property, plant and equipment, intangible assets and exploration expenses	14	200,778	(229)
Realized (gains)/losses from derivatives on petroleum products	10	(451)	100,246
Finance income	15	(112,964)	(92,035)
Finance costs	15	233,690	227,621
Share in profit of joint ventures and associates, net	8	(565,159)	(778,508)
Movements in provisions		(10,335)	63,937
Net foreign exchange (gain)/loss		(65,781)	8,396
Gain on disposal of subsidiary	4	(186,225)	-
Write off of inventories to net realizable value		912	10,705
(Gain)/loss on disposal of property, plant and equipment, intangible assets, investment property and assets held for sale, net		(536)	1,387
Other adjustments		8,884	7,984
<b>Operating profit before working capital changes</b>		<b>1,144,571</b>	<b>1,388,986</b>
Change in VAT receivable		(22,638)	7,484
Change in inventory		(75,000)	(104,690)
Change in trade accounts receivable and other current assets		(205,077)	(103,647)
Change in trade and other payables and contract liabilities		131,118	17,993
Change in other taxes payable		(56,450)	14,915
<b>Cash generated from operating activities</b>		<b>916,524</b>	<b>1,221,041</b>
Dividends received from joint ventures and associates	19	215,798	250,381
Income taxes paid		(114,055)	(84,192)
Interest received		84,311	33,722
Interest paid	22, 23	(145,806)	(132,154)
<b>Net cash flow from operating activities</b>		<b>956,772</b>	<b>1,288,798</b>

*The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.*

**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**

<i>In millions of tenge</i>	Note	For the nine months ended September 30,	
		2023 (unaudited)	2022 (unaudited) (restated)*
<b>Cash flows from investing activities</b>			
Placement of bank deposits		(1,018,100)	(961,876)
Withdrawal of bank deposits		1,503,410	908,555
Purchase of property, plant and equipment, intangible assets and exploration and evaluation assets		(498,042)	(292,923)
Proceeds from sale of property, plant and equipment, exploration and evaluation assets and assets held for sale		3,009	1,816
Additional contributions to joint ventures without changes in ownership	19	(19,617)	(67)
Acquisition of subsidiary	5, 27	(163,770)	(1,022,663)
Proceeds from disposal of subsidiaries, net of cash disposed	4	94,624	-
Loans given to related parties		(29,950)	(39,402)
Repayment of loans due from related parties		13,600	12,958
Proceeds from sale of notes of the National Bank of RK	27	375,240	-
Acquisition of notes of the National Bank of RK	27	(327,692)	(7,000)
Other		975	(749)
<b>Net cash flows used in investing activities</b>		<b>(66,313)</b>	<b>(1,401,351)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	22	288,560	877,566
Repayment of borrowings	22	(375,931)	(153,220)
Dividends paid to shareholders	27	(300,002)	(199,997)
Dividends paid to non-controlling interests		(1,566)	(1,020)
Distributions to Samruk-Kazyna	27	(183)	(265,833)
Contribution from the related party		-	3,742
Other operations	27	(8,962)	-
Repayment of principal portion of lease liabilities	23	(18,233)	(16,075)
<b>Net cash flows (used in)/from financing activities</b>		<b>(416,317)</b>	<b>245,163</b>
Effects of exchange rate changes on cash and cash equivalents		29,511	98,601
Change in allowance for expected credit losses		(8)	111
<b>Net change in cash and cash equivalents</b>		<b>503,645</b>	<b>231,322</b>
Cash and cash equivalents, at the beginning of the period		762,817	1,144,193
<b>Cash and cash equivalents, at the end of the period</b>		<b>1,266,462</b>	<b>1,375,515</b>

\* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 and reflect adjustments made, refer to Note 5.

**NON-CASH and OTHER TRANSACTIONS: SUPPLEMENTAL DISCLOSURE**

The following significant non-cash transactions and other transactions were excluded from the consolidated statement of cash flows:

*Account payable for non-current assets*

For the nine months ended September 30, 2023, accounts payable for purchases of property, plant and equipment decreased by 25,931 million tenge (nine months ended September 30, 2022: increased by 43,387 million tenge).

Deputy Chairman of the Management Board



*D.A. Aryssova*

Chief accountant

*A.S. Yesbergenova*

The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the nine months ended September 30, 2023

<i>In millions of tenge</i>	Attributable to equity holders of the Parent Company					Total	Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings			
<b>As at December 31, 2021 (audited)</b>	916,541	1,142	10,113	3,738,581	5,439,811	10,106,188	(89,282)	10,016,906
Net profit for the period (restated)*	-	-	-	-	1,122,624	1,122,624	38,712	1,161,336
Other comprehensive (loss)/income	-	-	(33,548)	671,876	1,717	640,045	688	640,733
<b>Total comprehensive (loss)/income (restated)</b>	-	-	(33,548)	671,876	1,124,341	1,762,669	39,400	1,802,069
Dividends (Note 27)	-	-	-	-	(199,997)	(199,997)	(2,289)	(202,286)
Distributions to Samruk-Kazyna (Note 27)	-	-	-	-	(273,674)	(273,674)	-	(273,674)
Acquisition of joint ventures (Notes 5 and 6)	-	-	-	-	(63,634)	(63,634)	-	(63,634)
Acquisition of Kashagan under common control (Note 5)	-	-	-	-	(1,777,076)	(1,777,076)	-	(1,777,076)
Transactions with Samruk-Kazyna (Note 27)	-	-	-	-	385,997	385,997	-	385,997
Equity contribution to subsidiary	-	-	-	-	-	-	381	381
<b>As at September 30, 2022 (unaudited) (restated)</b>	916,541	1,142	(23,435)	4,410,457	4,635,768	9,940,473	(51,790)	9,888,683

\* Certain numbers shown here do not correspond to the interim condensed consolidated financial statements for the three and nine months ended September 30, 2022 and reflect adjustments made, refer to Note 5.

The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

<i>In millions of tenge</i>	Attributable to equity holders of the Parent Company					Total	Non-controlling interests	Total
	Share capital	Additional paid-in capital	Other equity	Currency translation reserve	Retained earnings			
<b>As at December 31, 2022 (audited)</b>	916,541	1,142	(1,759)	4,209,612	4,809,455	9,934,991	(61,541)	9,873,450
Net profit for the period/(loss)	-	-	-	-	971,210	971,210	(22,217)	948,993
Other comprehensive income	-	-	920	192,690	858	194,468	42	194,510
<b>Total comprehensive income/(loss)</b>	-	-	920	192,690	972,068	1,165,678	(22,175)	1,143,503
Dividends (Note 27)	-	-	-	-	(300,002)	(300,002)	(1,500)	(301,502)
Distributions to Samruk-Kazyna (Note 27)	-	-	-	-	(60)	(60)	-	(60)
Other operations (Note 27)	-	-	-	-	(17,925)	(17,925)	-	(17,925)
Transactions with Samruk-Kazyna (Notes 22 and 27)	-	-	-	-	17,241	17,241	-	17,241
<b>As at September 30, 2023 (unaudited)</b>	916,541	1,142	(839)	4,402,302	5,480,777	10,799,923	(85,216)	10,714,707

Deputy Chairman of the Management Board



*[Signature]*  
D.A. Aryssova

Chief accountant

*[Signature]*

A.S. Yesbergenova

*The accounting policies and explanatory notes on pages 9 through 46 form an integral part of these interim condensed consolidated financial statements.*



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)****For the three and nine months ended September 30, 2023**

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**1. GENERAL**

Joint stock company "National Company "KazMunayGas" (further the Company or KMG) is oil and gas enterprise of the Republic of Kazakhstan (further RK), which was established on February 27, 2002 as a closed joint stock company pursuant to the Decree No. 811 of the President of the RK dated February 20, 2002 and the resolution of the Government of the RK (further the Government) No. 248 dated February 25, 2002. The Company was formed as a result of the merger of closed joint stock companies "National Oil and Gas Company Kazakhoil" and "National Company Transport Nefti i Gaza". As the result of the merger, all assets and liabilities, including ownership interest in all entities owned by these companies, have been transferred to the Company. The Company was reregistered as a joint stock company in accordance with the legislation of the RK in March 2004.

Starting from June 8, 2006, the sole shareholder of the Company was joint stock company "Kazakhstan Holding Company for State Assets Management "Samruk", which in October 2008 was merged with the state-owned Sustainable Development Fund "Kazyna" and formed joint stock company "National Welfare Fund Samruk-Kazyna", now renamed to joint stock company "Sovereign Wealth Fund Samruk-Kazyna" (further Samruk-Kazyna). The Government is the sole shareholder of Samruk-Kazyna.

On August 7, 2015, the National Bank of RK (further NB RK) purchased 9.58% plus one share of the Company from Samruk-Kazyna. From December 8, 2022, 3.00% of shares of the Company are free float on the Astana International Exchange (further AIX) and the Kazakhstan Stock Exchange (further KASE) stock exchanges.

As at September 30, 2023, the Company has interest in 60 operating companies (as of December 31, 2022: 59) (jointly "the Group").

The Company has its registered office in the RK, Astana, Dinmukhamed Kunayev, 8.

The principal activity of the Group includes, but is not limited, to the following:

- Participation in the development and implementation of the uniform public policy in the oil and gas sector;
- Representation of the state interests in subsoil use contracts through interest participation in those contracts; and
- Exploration, development, production, oil servicing, processing, petrochemistry, transportation and sale of hydrocarbons and the designing, construction and maintenance of oil pipeline and field infrastructure.

The interim condensed consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries.

These interim condensed consolidated financial statements of the Group were approved for issue by the Deputy Chairman of the Management Board and the Chief accountant on November 17, 2023.

**2. BASIS OF PREPARATION**

The interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The Group has prepared these interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Management of the Group consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2022.

**Foreign currency translation***Functional and presentation currency*

Items included in the financial statements of each of the Group's entities included in these interim condensed consolidated financial statements are measured using the currency of the primary economic environment in which the entities operate (further the functional currency). The interim condensed consolidated financial statements are presented in Kazakhstan tenge (further tenge or KZT), which is the Company's functional and presentation currency.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

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**2. BASIS OF PREPARATION (continued)***Foreign currency translation (continued)**Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

*Group Companies*

The results and financial position of all of the Group's subsidiaries, joint ventures and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at that reporting date;
- Income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transaction); and
- All resulting exchange differences are recognized as a separate component of other comprehensive income.

*Exchange rates*

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange (further KASE) are used as official currency exchange rates in the RK. The currency exchange rate of KASE as at September 30, 2023 and December 31, 2022 were 474.47 and 462.65 tenge to 1 United States dollar (further US dollar), respectively. These rates were used to translate monetary assets and liabilities denominated in US dollar as at September 30, 2023 and December 31, 2022. The weighted average rate for nine months ended September 30, 2023 was 452.97 tenge to 1 US dollar (for the nine months ended September 30, 2022: 458.60 tenge to 1 US dollar). The currency exchange rate of KASE as at November 17, 2023 was 462.79 tenge to 1 US dollar. For the nine months ended September 30, 2023, the Group had net foreign exchange gain of KZT 67,992 million due to fluctuations in foreign exchange rates to tenge.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Changes in accounting policies and disclosures***New and amended standards and interpretations*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as of January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group presented the list of standards effective and applicable for the Group.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****Changes in accounting policies and disclosures (continued)***New and amended standards and interpretations (continued)**IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The amendments had no significant impact on the Group's interim condensed consolidated financial statements.

*Definition of Accounting Estimates - Amendments to IAS 8*

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

*Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

*Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

*International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 Income Taxes*

In May 2023 the IASB issued *International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12 Income Taxes* to clarify the application of *IAS 12 Income Taxes*. The amendments include a mandatory temporary exception from accounting for deferred tax that was applied by the Group. The Group is analyzing the potential impact on the consolidated financial statements for the year ended December 31, 2023.

**4. LOSS OF CONTROL*****KALAMKAS-KHAZAR OPERATING LLP (further KKO)***

On February 9, 2023, the Company and Lukoil PJSC signed a purchase and sale agreement for a 50% share of KKO, subsidiary of the Company, holder of a contract for the production of hydrocarbons at the Kalamkas-Sea, Khazar and Auezov subsoil blocks located in the Kazakhstani sector of the Caspian Sea. On September 11, 2023, KKO was re-registered after the parties fulfilled the suspensive conditions of a purchase and sale agreement. As a result of the transaction, the Group lost control over KKO.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 4. LOSS OF CONTROL (continued)

#### **KALAMKAS-KHAZAR OPERATING LLP (further KKO) (continued)**

The sale price of a 50% share was 200 million US dollars (equivalent to 93,258 million tenge at the date of disposal of subsidiary). According to the terms of the sale and purchase agreement, the sale price may be adjusted by 100 million US dollars if certain conditions are met (further the Additional consideration). The Group recognized this Additional consideration as a financial asset measured at fair value through profit or loss in the amount of 29 million US dollars (equivalent to 14,154 million tenge).

On September 21, 2023, Lukoil PJSC made payment of cash consideration in the amount of 200 million US dollars (equivalent to 94,644 million tenge at the date of payment).

The investment retained in the former subsidiary is a joint venture accounted for using the equity method and its fair value is 93,258 million tenge.

The results of KKO for the period from January 1, 2023 through the date of loss of control are presented below:

<i>In millions of tenge</i>	<b>January 1, 2023 – September 11, 2023</b>
Finance income	7
General and administrative expenses	(108)
Finance costs	(33)
Net foreign exchange loss	(98)
Income tax expenses	(1)
<b>Loss for the period</b>	<b>(233)</b>

The net cash flows incurred by KKO for the period from January 1, 2023 through the date of loss of control are as follows:

<i>In millions of tenge</i>	<b>January 1, 2023 – September 11, 2023</b>
Operating	(102)
Investing	(16,937)
Financing	17,059
<b>Net decrease in cash and cash equivalents</b>	<b>(20)</b>

At the date of loss of control net assets of KKO were as follows:

<i>In millions of tenge</i>	<b>Net assets at the date of loss of control</b>
<b>Assets</b>	
Property, plant and equipment (Note 17)	5,185
Exploration and evaluation assets	14,678
Cash and cash equivalents	20
Other assets	626
<b>Total assets</b>	<b>20,509</b>
<b>Liabilities</b>	
Borrowings	2,511
Trade accounts payable	3,548
Other liabilities	5
<b>Total liabilities</b>	<b>6,064</b>
<b>Net assets directly associated with the disposal group</b>	<b>14,445</b>
Cash consideration received at the date of disposal of subsidiary	93,258
Fair value of the Additional consideration at the date of disposal of subsidiary	14,154
Fair value of 50% retained interest in a joint venture (Note 19)*	93,258
<b>Gain from disposal of subsidiary</b>	<b>186,225</b>

\* The Group recognized 50% investment in a joint venture for the corresponding share at a fair value of identifiable net assets of KKO.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

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**5. ACQUISITIONS UNDER COMMON CONTROL****Acquisition of subsidiary under common control***KMG Kashagan B.V. (further Kashagan)*

On October 16, 2015, Coöperatieve KazMunaiGaz U.A. (further Cooperative), a subsidiary of the Company, sold 50% of its shares in Kashagan to Samruk-Kazyna with a right to buy back all or part of the shares (further Option) effective from January 1, 2018 to December 31, 2020 which was later extended to December 31, 2022.

In 2017, the Amsterdam Court imposed certain restrictions on 50% of shares in Kashagan owned by Samruk-Kazyna (further Restrictions). During the Restrictions period, these shares of Kashagan cannot be sold, transferred or pledged. On June 14, 2022 the Amsterdam Court lifted the Restrictions.

On September 14, 2022 the Cooperative and Samruk-Kazyna signed an Amendment to Share Option Agreement and Exercise of Option (further Amendment Agreement), which set the exercise price of the Option in the amount of 3,781.7 million US dollars (equivalent to 1,777,076 million tenge).

On September 15, 2022 the Group fulfilled conditions of the Amendment Agreement, completing the transaction, exercised the Option and 50% of Kashagan shares were re-registered in favor of Cooperative.

As a result of exercising the Option, the Group has control over Kashagan and recognized Kashagan as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of Kashagan based on Predecessor's accounting books.

Detailed information on acquisition of Kashagan is presented in the Group's annual consolidated financial statements for the year ended December 31, 2022.

**KLPE LLP (further KLPE)**

On December 1, 2022, the Company acquired 100% interest in charter capital of KLPE (renamed to KMG Petrochem LLP in March, 2023) for 2 tenge from Samruk-Kazyna Odeu LLP (further SKO) and Polimer Production LLP, subsidiaries of Samruk-Kazyna. Primary activity of KLPE is the construction of the first integrated gas and chemical complex in Kazakhstan.

As a result of acquisition, the Group has control over KLPE and recognized KLPE as a subsidiary. The acquisition accounted for as an acquisition of the subsidiary from the parties under common control and accounted for under the pooling of interest method based on the carrying value of assets and liabilities of KLPE based on Predecessor's accounting books.

In these interim condensed consolidated financial statements, the comparative interim consolidated statement of comprehensive income for the three and nine months ended September 30, 2022 and interim consolidated statement of cash flows for the nine months ended September 30, 2022, as well as the related notes were restated, as if the acquisition has occurred from the beginning of the earliest period presented.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 5. ACQUISITIONS UNDER COMMON CONTROL (continued)

#### Acquisition of subsidiary under common control (continued)

#### KLPE LLP (further KLPE) (continued)

Impact on comparative data due to acquisition of KLPE is presented below:

<i>In millions of tenge</i>	For the three months ended September 30, 2022	For the nine months ended September 30, 2022
<b>Impact on the results:</b>		
<b>Revenue and other income</b>		
Finance income	64	172
Other operating income	2	7
<b>Total revenue and other income</b>	<b>66</b>	<b>179</b>
<b>Costs and expenses</b>		
Depreciation, depletion and amortization	(15)	(47)
General and administrative expenses	(223)	(647)
Foreign exchange gain/(loss), net	(1)	(161)
Other expenses	(13)	(14)
<b>Total costs and expenses</b>	<b>(252)</b>	<b>(869)</b>
<b>Loss before income tax</b>	<b>(186)</b>	<b>(690)</b>
<b>Loss for the period</b>	<b>(186)</b>	<b>(690)</b>
<b>Net loss for the period attributable to:</b>		
Equity holders of the Parent Company	(186)	(690)
	<b>(186)</b>	<b>(690)</b>

The net cash flows effect for the nine months ended September 30, 2022 were as follows:

<i>In millions of tenge</i>	For the nine months ended September 30, 2022
Operating	(1,041)
Investing	(4,494)
Financing	3,742
<b>Net increase in cash and cash equivalents</b>	<b>(1,861)</b>

The business of KLPE represented in the Group's *Other* segment in these interim condensed consolidated financial statements.

#### Acquisition of joint venture under common control

#### Kazakhstan Petrochemical Industries Inc. LLP (further KPI)

On June 13, 2022, Samruk-Kazyna transferred 49.50% of the shares KPI to the Company. The cost of the acquisition was 91,175 million tenge. KPI is engaged in the implementation of the investment project "Construction of the first integrated petrochemical complex in Atyrau region".

49.50% interests in KPI were accounted for as an acquisition of the joint venture from the parties under common control and accounted for under pooling of interest method based on its carrying value. SKO and the Company have joint control over the KPI where decisions about the relevant activities of KPI require the unanimous consent.

The difference between the consideration paid and carrying value of identifiable assets and liabilities of KPI at the date of acquisition was recognized as distribution to Samruk-Kazyna and presented in the line «*Acquisition of joint ventures*» in interim consolidated statement of changes in equity for comparative period in the amount of 74,743 million tenge.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 5. ACQUISITIONS UNDER COMMON CONTROL (continued)

#### Acquisition of joint venture under common control (continued)

#### Kazakhstan Petrochemical Industries Inc. LLP (further KPI) (continued)

The following table illustrate carrying value of KPI assets and liabilities as at the date of the acquisition (based on Predecessor's accounting books):

*In millions of tenge*

Non-current assets	898,524
Current assets	81,276
Non-current liabilities	(868,850)
Current liabilities	(77,754)
<b>Net assets</b>	<b>33,196</b>
Share of ownership	49.50%
<b>The Group's share in net assets</b>	<b>16,432</b>
Purchase consideration transferred	91,175
Difference between consideration and carrying value of the investment in joint venture recognized in equity	74,743

### 6. ACQUISITION OF A JOINT VENTURE

#### PETROSUN LLP (further Petrosun)

On July 1, 2022, in accordance with the minutes of the meeting of the Commission under the chairmanship of the Prime-Minister of RK for the demonopolization of the economy, namely the market of fuels and lubricants, the Company acquired 49% interest in Petrosun, that specializes in the sale of liquefied petroleum gas and petroleum products. The acquisition price was 1 tenge. The difference between the consideration paid and the fair value of identifiable assets and liabilities of Petrosun at the date of acquisition was recognized as a contribution from the sole shareholder of Samruk- Kazyna based on instruction in minutes above and presented in the line «Acquisition of joint ventures» in interim consolidated statement of changes in equity for comparative period in the amount of 10,989 million tenge. 49% interest in Petrosun is recognized as a joint venture and accounts for using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures. CNPC INTERNATIONAL IN KAZAKHSTAN LLP (the second owner of Petrosun) and the Company have joint control over Petrosun where decisions about the relevant activities of Petrosun require the unanimous consent.

The fair values of the identifiable assets and liabilities of Petrosun as at the date of acquisition are as presented below:

*In millions of tenge*

Non-current assets	35
Current assets, including:	103,762
<i>Inventories</i>	33,770
<i>Advanced paid</i>	54,930
Current liabilities, including:	(81,371)
<i>Contract liabilities</i>	34,237
<i>Borrowings</i>	38,198
<b>Total identifiable net assets at fair value</b>	<b>22,426</b>
Share of ownership	49%
<b>The Group's share in net assets at fair value</b>	<b>10,989</b>
Purchase consideration transferred	-
<b>Difference between consideration and fair value of the investment in joint venture recognized in equity</b>	<b>10,989</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**
**7. REVENUE FROM CONTRACTS WITH CUSTOMERS**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Type of goods and services</b>				
Sales of crude oil and gas	1,213,922	953,052	3,314,571	3,759,307
Sales of refined products	713,075	988,659	2,147,815	2,502,673
Refining of oil and oil products	63,039	50,495	192,918	157,884
Oil transportation services	55,930	45,853	162,278	129,722
Other revenue	98,771	95,611	269,807	225,938
	<b>2,144,737</b>	<b>2,133,670</b>	<b>6,087,389</b>	<b>6,775,524</b>
<b>Geographical markets</b>				
Kazakhstan	370,231	338,310	1,085,463	873,331
Other countries	1,774,506	1,795,360	5,001,926	5,902,193
	<b>2,144,737</b>	<b>2,133,670</b>	<b>6,087,389</b>	<b>6,775,524</b>
<b>Timing of revenue recognition</b>				
At a point in time	2,095,587	2,059,684	5,943,355	6,605,730
Over time	49,150	73,986	144,034	169,794
	<b>2,144,737</b>	<b>2,133,670</b>	<b>6,087,389</b>	<b>6,775,524</b>

**8. SHARE IN PROFIT OF JOINT VENTURES AND ASSOCIATES, NET**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Joint ventures</b>				
Tengizchevroil LLP	86,107	190,220	348,596	591,311
Mangistau Investments B.V. Group	19,580	15,655	40,114	56,242
PETROSUN LLP	14,945	12,587	35,924	12,587
KazRosGas LLP	14,137	(5,352)	19,726	3,160
KazGerMunay LLP	5,158	3,897	16,862	14,655
Kazakhstan – China Pipeline LLP	4,309	3,953	13,933	12,930
Valsera Holdings B.V. Group	(1,577)	2,724	8,715	8,261
Kazakhoil-Aktobe LLP	2,161	1,818	6,646	6,988
Teniz Service LLP	(149)	280	4,637	(1,735)
Ural Group Limited	(2,889)	(2,286)	(8,432)	(6,777)
KPI	(4,461)	(17,126)	(3,943)	(18,096)
Other	657	1,745	2,842	3,802
	<b>137,978</b>	<b>208,115</b>	<b>485,620</b>	<b>683,328</b>
<b>Associates</b>				
Caspian Pipeline Consortium	19,647	17,728	65,464	81,437
PetroKazakhstan Inc.	4,501	2,840	7,882	5,585
Other	3,314	3,580	6,193	8,158
	<b>27,462</b>	<b>24,148</b>	<b>79,539</b>	<b>95,180</b>
	<b>165,440</b>	<b>232,263</b>	<b>565,159</b>	<b>778,508</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)****9. COST OF PURCHASED OIL, GAS, PETROLEUM PRODUCTS AND OTHER MATERIALS**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Purchased oil for resale	925,524	817,520	2,464,304	2,967,355
Cost of oil for refining	169,975	181,784	513,189	595,745
Materials and supplies	90,072	95,119	317,101	270,165
Purchased petroleum products for resale	27,917	29,490	64,321	65,736
Purchased gas for resale	6,204	8,891	23,039	51,761
	<b>1,219,692</b>	<b>1,132,804</b>	<b>3,381,954</b>	<b>3,950,762</b>

**10. PRODUCTION EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Payroll	132,482	115,246	370,965	305,982
Repair and maintenance	55,296	55,306	143,692	119,841
Energy	24,031	28,609	90,357	92,106
Transportation costs	30,798	23,497	88,228	56,248
Short-term lease expenses	16,095	13,319	79,582	48,456
Environmental protection	4,402	5,707	13,779	16,698
(Recovery)/write off of inventories to net realizable value	(4,279)	5,416	617	16,482
Realized (gains)/losses from derivatives on petroleum products	(904)	21,338	(451)	100,246
Others	17,169	68,192	78,607	70,325
	<b>275,090</b>	<b>336,630</b>	<b>865,376</b>	<b>826,384</b>

**11. TAXES OTHER THAN INCOME TAX**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Mineral extraction tax	38,908	39,566	106,592	124,419
Rent tax on crude oil export	35,643	64,298	99,949	167,658
Excise	29,839	30,164	84,884	64,250
Export customs duty	24,214	36,705	78,072	96,837
Social tax	11,272	9,462	32,126	26,791
Property tax	7,892	7,323	23,484	21,305
Other taxes	2,569	2,157	7,501	7,049
	<b>150,337</b>	<b>189,675</b>	<b>432,608</b>	<b>508,309</b>

**12. TRANSPORTATION AND SELLING EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Transportation	40,961	33,627	132,644	108,402
Payroll	4,839	3,852	13,738	11,008
Other	11,140	9,337	30,081	25,220
	<b>56,940</b>	<b>46,816</b>	<b>176,463</b>	<b>144,630</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 13. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited) (restated)	2023 (unaudited)	2022 (unaudited) (restated)
Payroll	19,576	16,506	55,364	48,927
Consulting services	4,329	3,902	10,858	10,650
Accrual of expected credit losses for trade receivables and other current financial assets	5,050	170	7,647	1,098
Maintenance	1,584	1,336	4,619	4,231
Social payments	1,741	1,674	3,777	3,729
Communication	519	586	1,569	1,347
VAT that could not be offset (Reversal)/accrual of allowance for fines, penalties and tax provisions	125 (150)	541 90	794 431	2,018 327
Accrual of impairment of other current non-financial assets	316	128	124	390
Accrual of impairment of VAT receivable	16	25	53	80
Other	11,410	11,422	31,367	31,514
	<b>44,516</b>	<b>36,380</b>	<b>116,603</b>	<b>104,311</b>

For the nine months ended September 30, 2023, the total payroll amounted to 440,067 million tenge (for the nine months ended September 30, 2022: 365,917 million tenge) and was included in production expenses, transportation and selling expenses and general and administrative expenses in the interim condensed consolidated financial statements.

### 14. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Impairment charge and reversal</b>				
Property, plant and equipment (Note 17)	(566)	401	89,577	(229)
Goodwill	-	-	8,794	-
	<b>(566)</b>	<b>401</b>	<b>98,371</b>	<b>(229)</b>
<b>For the following CGUs impairment losses were recognised</b>				
KMGI CGU	-	-	98,655	-
Others	(566)	401	(284)	(229)
	<b>(566)</b>	<b>401</b>	<b>98,371</b>	<b>(229)</b>
<b>Exploration expenses (impairment and disposal)</b>				
Kairan and Aktoty project	62,069	-	62,069	-
Jenis project	-	-	40,244	-
Other	-	-	94	-
	<b>62,069</b>	<b>-</b>	<b>102,407</b>	<b>-</b>
	<b>61,503</b>	<b>401</b>	<b>200,778</b>	<b>(229)</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)****14. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND  
EXPLORATION EXPENSES (continued)****Impairment of property, plant and equipment and intangible assets, including goodwill*****KMG International N.V. (further KMGI) CGU, including goodwill***

As at September 30, 2023, the Group performed its impairment tests for goodwill and downstream, refining and other assets due to existence of impairment indicators at the CGUs of KMGI: CGU Refining, CGU Petrochemicals and CGU Downstream. As the result of the impairment test, recoverable amount of KMGI CGUs were lower than its carrying values. The total impairment loss for the analyzed KMGI's CGUs was 94,962 million tenge, of which CGU Refinery represents 85% of the total impairment loss. Impairment for CGU Refining was estimated at 80,761 million tenge, including impairment of goodwill for 8,794 million tenge, for CGU Petrochemicals at 340 million tenge and for CGU Downstream at 13,861 million tenge.

The main impairment indicators have been i) the increased oil & gas market refining margins volatility and decreased market demand in the context of strict decarbonization regulations and geopolitical instability, ii) KMGI decarbonization plan for a number of years already still at an initial assessment stage, the co-generation power plant investment being the only major project included in the 5-year business plan and with limited equity financing availability for the decarbonization potential investments, given the unpredictable Romanian fiscal environment implementing aggressive windfall taxes since end of 2022. The Group considered forecasted refining margins and production volumes, among other factors, when analyzing the impairment indicators. The recoverable amount of KMGI CGU Refining was determined based on fair value less costs of disposal (FVLCD), which was calculated using the discounted cash flow method. The key assumptions used in the FVLCD calculations for the CGU were operating profit, discount rates and growth rate used to extrapolate cash flows beyond the budgeted period.

***Refining and Petrochemicals CGU of KMGI***

The discount rate applied to cash flow projections for Refining and Petrochemicals CGU was 12.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 3.0% (2022: positive 2.10%) growth rate, for 2023 is the average annual growth rate during 2028-2051 for market refinery margins estimated by Platts-PIRA available as at valuation date. The capitalization rate used for residual values was 15.60% (2022:10.00%).

***Downstream CGU of KMGI***

The discount rate applied to cash flow projections for Downstream CGU was 12.60% (2022: 12.10%) and cash flows beyond the 5-year period were extrapolated using negative 0.30% (2022: positive 2.10%) perpetuity growth rate, taking into account expected market demand during 2029-2051 from the latest market studies available as at valuation date (Wood Mackenzie) and the long term inflation rate for USD as per PWC report Global Economy Watch Projections, issued in July 2023. The capitalization rate used for residual values was 12.9% (2022: 10.00%).

***Sensitivity to changes in assumptions for CGU Refinery***

The additional impairment charges of 20,249 million tenge will occur if the discount rate increases by more than 1% to 13.6%, should the volumes decrease by more than 2% an additional impairment charge will be 35,050 million tenge and contribution margin decrease by more than 2% an additional impairment charge will be 24,280 million tenge or perpetuity growth rate decrease by more than 1.5% an additional impairment charge will be 16,573 million tenge.

***Sensitivity to changes in assumptions for CGU Downstream***

The additional impairment charges of 12,013 million tenge will occur if the discount rate increases by more than 1%, should the volumes decrease by more than 2% an additional impairment charge will be 11,123 million tenge and gross margin decrease by more than 2% an additional impairment charge will be 16,982 million tenge or perpetuity growth rate decrease by more than 1.5% an additional impairment charge will be 11,285 million tenge.

***Sensitivity to changes in assumptions for CGU Petrochemicals***

The additional impairment charges of 1,509 million tenge will occur if the discount rate increases by more than 1%, should the volumes decrease by more than 2% an additional impairment charge will be 1,688 million tenge and contribution margin decrease by more than 2% an additional impairment charge will be 1,571 million tenge or perpetuity growth rate decrease by more than 1.5% an additional impairment charge will be 901 million tenge.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 14. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND EXPLORATION EXPENSES (continued)

#### Impairment of property, plant and equipment and intangible assets, including goodwill (continued)

##### *KMGI CGU, including goodwill (continued)*

##### *Sensitivity to changes in assumptions for CGU Petrochemicals (continued)*

As at September 30, 2023, based on the results of the test performed, the Group recognized impairment loss of property, plant and equipment and goodwill of 86,168 million tenge and 8,794 million tenge, respectively (December 31, 2022: no impairment loss was recognized).

In June 2023, an incident occurred at the Petromidia Refinery, a subsidiary of KMGI, which led to the temporary decommissioning of the Mild Hydrocracker installation. Petromidia Refinery conducted assessments to estimate the incident consequences and recognized impairment of property, plant and equipment for 3,693 million tenge.

##### *Exploration expenses*

For the nine months ended September 30, 2023, the Group recognized impairment loss of 40,244 million tenge on exploration and evaluation assets relating to Jenis project due to negative drilling results (the absence of hydrocarbons in the well).

For the nine months ended September 30, 2023, the Group recognized impairment loss of 62,069 million tenge on exploration and evaluation assets relating to Kairan and Aktoty project, due to the notification of termination of the subsoil use right for the mentioned mining areas received from the Ministry of Energy of RK.

### 15. FINANCE INCOME / FINANCE COSTS

#### Finance income

	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited) (restated)	2023 (unaudited)	2022 (unaudited) (restated)
<i>In millions of tenge</i>				
Interest income on bank deposits, financial assets, loans and bonds	37,003	36,403	106,642	87,280
<b>Total interest income</b>	<b>37,003</b>	<b>36,403</b>	<b>106,642</b>	<b>87,280</b>
Derecognition of loan (Note 22)	45	–	4,334	–
Revaluation of financial assets at fair value through profit or loss	228	362	755	516
Other	640	982	1,233	4,239
	<b>37,916</b>	<b>37,747</b>	<b>112,964</b>	<b>92,035</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**
**15. FINANCE INCOME / FINANCE COSTS (continued)**
**Finance costs**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
Interest expense on loans and bonds	66,367	62,288	199,981	195,423
Interest expense on lease liabilities (Note 23)	2,103	968	5,405	3,030
Unwinding of discount on payables to Samruk-Kazyna for exercising the Option (Notes 5 and 25)	-	-	3,224	-
Commission for early redemption of the loan (Note 22)	-	-	-	4,498
<b>Total interest expense</b>	<b>68,470</b>	<b>63,256</b>	<b>208,610</b>	<b>202,951</b>
Unwinding of discount on asset retirement obligations, for environmental obligation and other provisions (Note 24)	3,130	3,274	9,308	9,717
Unwinding of discount on employee benefits obligations	1,131	904	3,581	2,920
Other	4,459	4,088	12,191	12,033
	<b>77,190</b>	<b>71,522</b>	<b>233,690</b>	<b>227,621</b>

**16. INCOME TAX EXPENSES**

<i>In millions of tenge</i>	For the three months ended September 30,		For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)	2023 (unaudited)	2022 (unaudited)
<b>Current income tax</b>				
Corporate income tax	41,035	31,048	85,086	109,739
Withholding tax on dividends and interest income	315	6,978	22,103	17,709
Excess profit tax	-	121	(278)	3,710
<b>Deferred income tax</b>				
Corporate income tax	40,083	19,001	108,334	67,259
Withholding tax on dividends	12,820	34,445	36,203	104,608
Excess profit tax	-	-	-	239
	<b>94,253</b>	<b>91,593</b>	<b>251,448</b>	<b>303,264</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****17. PROPERTY, PLANT AND EQUIPMENT**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Construction in progress	Total
<b>Net book value as at December 31, 2021 (audited)</b>	4,428,347	262,717	1,121,420	211,823	239,191	75,225	109,168	278,019	6,725,910
Foreign currency translation	395,965	3,067	30,123	9,416	5,387	3,288	7,901	14,636	469,783
Change in estimate	(90,414)	(6,561)	-	(2,948)	-	-	-	-	(99,923)
Additions	65,762	142	605	14,230	3,507	2,330	522	225,015	312,113
Disposals	(12,394)	(1,389)	(701)	(514)	(3,499)	(3,092)	(2,085)	(233)	(23,907)
Depreciation charge	(187,626)	(10,357)	(81,538)	(12,642)	(22,090)	(6,959)	(8,107)	-	(329,319)
Accumulated depreciation and impairment on disposals	11,018	1,279	687	447	3,302	2,472	1,775	189	21,169
(Impairment)/reversal of impairment (Note 14)	-	(20)	-	-	28	534	131	(444)	229
Transfers from/(to) assets classified as held for sale	-	-	-	422	(25)	(38)	67	-	426
Transfers from investment property	-	-	-	1,973	-	-	-	-	1,973
Other changes	2,336	(54)	11	-	(783)	-	25	245	1,780
Transfers	104,127	6,161	18,459	10,087	28,509	812	2,325	(170,480)	-
<b>Net book value as at September 30, 2022 (unaudited) (restated)</b>	4,717,121	254,985	1,089,066	232,294	253,527	74,572	111,722	346,947	7,080,234
At cost	7,036,358	399,845	2,785,306	558,864	633,947	221,598	261,970	398,515	12,296,403
Accumulated depreciation and impairment	(2,319,237)	(144,860)	(1,696,240)	(326,570)	(380,420)	(147,026)	(150,248)	(51,568)	(5,216,169)
<b>Net book value as at September 30, 2022 (unaudited) (restated)</b>	4,717,121	254,985	1,089,066	232,294	253,527	74,572	111,722	346,947	7,080,234

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****17. PROPERTY, PLANT AND EQUIPMENT (continued)**

<i>In millions of tenge</i>	Oil and gas assets	Pipelines	Refinery assets	Buildings and improvements	Machinery and equipment	Vehicles	Other	Construction in progress	Total
<b>Net book value as at December 31, 2022 (audited)</b>	4,598,235	266,566	1,075,385	233,627	265,730	74,540	115,086	360,668	6,989,837
Foreign currency translation	92,408	1,097	3,377	703	1,791	748	2,070	5,057	107,251
Change in estimate	(6,406)	(300)	–	(169)	–	–	–	–	(6,875)
Additions	22,575	1,628	8,318	5,847	2,643	6,609	2,234	392,147	442,001
Loss of control over KKO (Note 4)								(5,185)	(5,185)
Disposals	(12,009)	(357)	(3,366)	(1,221)	(2,276)	(1,160)	(1,757)	(2,472)	(24,618)
Depreciation charge	(256,409)	(8,083)	(77,100)	(11,167)	(21,218)	(8,231)	(7,508)	–	(389,716)
Accumulated depreciation and impairment on disposals	11,337	356	3,351	609	2,219	1,142	1,549	1,472	22,035
(Impairment)/reversal of impairment (Note 14)	–	(28)	(75,410)	(14,480)	168	(371)	516	28	(89,577)
Transfers to investment property	–	–	–	(161)	–	–	–	–	(161)
Other changes	(34)	(24)	(0)	15	7	(3)	1	99	61
Transfers	152,894	352	30,502	15,993	9,972	2,052	2,912	(214,677)	–
<b>Net book value as at September 30, 2023 (unaudited)</b>	<b>4,602,591</b>	<b>261,207</b>	<b>965,057</b>	<b>229,596</b>	<b>259,036</b>	<b>75,326</b>	<b>115,103</b>	<b>537,137</b>	<b>7,045,053</b>
At cost	7,211,108	415,998	2,840,023	588,165	661,015	231,194	266,089	586,261	12,799,853
Accumulated depreciation and impairment	(2,608,517)	(154,791)	(1,874,966)	(358,569)	(401,979)	(155,868)	(150,986)	(49,124)	(5,754,800)
<b>Net book value as at September 30, 2023 (unaudited)</b>	<b>4,602,591</b>	<b>261,207</b>	<b>965,057</b>	<b>229,596</b>	<b>259,036</b>	<b>75,326</b>	<b>115,103</b>	<b>537,137</b>	<b>7,045,053</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 17. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Additions

For the nine months ended September 30, 2023 additions to construction in progress are mainly attributable to development drilling at Ozenmunaigas JSC, Embamunaigas JSC, subsidiaries of KazMunaiGas Exploration Production JSC, and KMG Karachaganak LLP for the total of 213,987 million tenge and replacement of «Uzen-Atyrau-Samara» and «Astrakhan-Mangyshlak» pipelines for the total amount of 115,469 million tenge at KazTransOil JSC.

#### Other

For the nine months ended September 30, 2023, the Group capitalized to the carrying amount of property, plant and equipment borrowing costs in the amount of 7,329 million tenge related to the construction of those property, plant and equipment at the average interest rate of 8.90% (for the nine months ended September 30, 2022: 483 million tenge at the average interest rate of 12.57%).

As at September 30, 2023, the cost of fully depreciated but still in use property, plant and equipment was 384,600 million tenge (December 31, 2022: 384,815 million tenge).

As at September 30, 2023, property, plant and equipment with the net book value of 327,045 million tenge (December 31, 2022: 778,757 million tenge) were pledged as collateral to secure borrowings of the Group.

Capital commitments are disclosed in *Note 29*.

### 18. BANK DEPOSITS

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Denominated in US dollar	758,030	1,230,928
Denominated in tenge	5,910	6,616
Less: allowance for expected credit losses	(157)	(177)
	<b>763,783</b>	<b>1,237,367</b>

As at September 30, 2023, the weighted average interest rate for long-term bank deposits was 2.71% in US dollars and 3.27% in tenge (December 31, 2022: 0.94% in US dollars and 0.74% in tenge).

As at September 30, 2023, the weighted average interest rate for short-term bank deposits was 5.55% in US dollars and 1.21% in tenge (December 31, 2022: 2.64% in US dollars and 1.24% in tenge).

Bank deposits have maturities as detailed below:

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Maturities under 1 year	702,278	1,178,138
Maturities between 1 and 2 years	299	94
Maturities over 2 years	61,206	59,135
	<b>763,783</b>	<b>1,237,367</b>

As at September 30, 2023, bank deposits include those pledged as collateral of 61,505 million tenge (December 31, 2022: 59,229 million tenge), which are represented mainly by 58,007 million tenge at restricted bank accounts designated as a liquidation fund per requirements of subsoil use contracts (December 31, 2022: 55,517 million tenge).



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****19. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

<i>In millions of tenge</i>	Main activity	Place of business	September 30, 2023 (unaudited)		December 31, 2022 (audited)	
			Carrying value	Percentage ownership	Carrying value	Percentage ownership
<b>Joint ventures</b>						
Tengizchevroil LLP	Oil and gas exploration and production	Kazakhstan	4,174,047	20.00%	3,825,053	20.00%
Mangistau Investments B.V. Group	Oil and gas development and production	Kazakhstan	205,450	50.00%	164,716	50.00%
KKO	Oil and gas development and production	Kazakhstan	93,258	50.00%	-	-
KazRosGas LLP	Processing and sale of natural gas and refined gas products	Kazakhstan	80,408	50.00%	58,812	50.00%
Kazakhstan-China Pipeline LLP	Oil transportation	Kazakhstan	48,571	50.00%	37,138	50.00%
Valseira Holdings B.V. Group	Oil refining	Kazakhstan	35,066	50.00%	26,351	50.00%
KazGerMunay LLP	Oil and gas exploration and production	Kazakhstan	33,945	50.00%	32,070	50.00%
Petrosun LLP	Sale of liquid gas and oil products	Kazakhstan	30,898	49.00%	24,373	49.00%
Kazakhoil-Aktobe LLP	Production and sale of crude oil	Kazakhstan	30,056	50.00%	26,911	50.00%
Ural Group Limited	Oil and gas exploration and production	Kazakhstan	27,371	50.00%	31,490	50.00%
Teniz Services LLP	Design, construction and operation of infrastructure facilities, offshore oil operations support	Kazakhstan	12,731	48.996%	10,396	48.996%
Other			52,598		42,014	
<b>Associates</b>						
Caspian Pipeline Consortium	Transportation of liquid hydrocarbons	Kazakhstan/Russia	534,188	20.75%	521,882	20.75%
PetroKazakhstan Inc.	Exploration, production and processing of oil and gas	Kazakhstan	100,147	33.00%	94,635	33.00%
Other			54,760		51,562	
			<b>5,513,494</b>		<b>4,947,403</b>	

All of the above joint ventures and associates are strategic for the Group's business.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 19. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (continued)

As at September 30, 2023, the Group's share in unrecognized losses of joint ventures and associates was equal to 15,445 million tenge (December 31, 2022: 19,950 million tenge).

The following table summarizes the movements in the investments of joint ventures and associates during the nine months ended September 30:

<i>In millions of tenge</i>	2023 (unaudited)	2022 (unaudited)
<b>On January 1 (audited)</b>	<b>4,947,403</b>	4,145,564
Share in profits of joint ventures and associates, net (Note 8)	565,159	778,508
Acquisitions under common control	–	17,368
Acquisitions	–	10,989
Recognition of investment in KKO (Note 4)	93,258	–
Dividends received	(215,798)	(250,381)
Change in dividends receivable	(21,765)	(11,443)
Other changes in the equity of the joint venture	6,646	5,067
Other changes	1,016	–
Additional contributions without change in ownership	19,617	67
Disposals, net (Note 27)	(8,621)	–
Eliminations and adjustments*	–	(1,511)
Foreign currency translation	126,579	411,607
<b>On September 30 (unaudited)</b>	<b>5,513,494</b>	5,105,835

\* Equity method eliminations and adjustments represent capitalized borrowing costs on the loans provided by the Company and subsidiaries to joint ventures.

### 20. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
<b>Trade accounts receivable</b>		
Trade accounts receivable	768,680	549,163
Less: allowance for expected credit losses	(37,254)	(29,626)
<b>Total trade accounts receivable</b>	<b>731,426</b>	519,537
<b>Other current financial assets</b>		
Other receivables	116,142	98,485
Dividends receivable	150	320
Less: allowance for expected credit losses	(42,480)	(41,748)
	73,812	57,057
<b>Other current non-financial assets</b>		
Advances paid and prepaid expenses	91,052	60,198
Taxes receivable, other than VAT	53,118	43,030
Other	3,540	6,040
Less: impairment allowance	(136)	(131)
	147,574	109,137
<b>Total other current assets</b>	<b>221,386</b>	166,194

As at September 30, 2023 and December 31, 2022 the above assets were non-interest bearing.

As at September 30, 2023, trade accounts receivable of 196,953 million tenge are pledged as collateral (December 31, 2022: 167,255 million tenge).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 20. TRADE ACCOUNTS RECEIVABLE AND OTHER CURRENT FINANCIAL AND NON-FINANCIAL ASSETS (continued)

As of September 30, 2023 and December 31, 2022, trade accounts receivable is denominated in the following currencies:

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
US dollars	472,292	325,296
Tenge	177,663	114,303
Romanian Leu	76,938	73,508
Euro	2,442	3,871
Other currency	2,091	2,559
	<b>731,426</b>	<b>519,537</b>

### 21. CASH AND CASH EQUIVALENTS

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Term deposits with banks – US dollar	829,675	228,818
Term deposits with banks – tenge	141,035	231,543
Term deposits with banks – other currencies	81,169	17,550
Current accounts with banks – US dollar	66,875	200,478
Current accounts with banks – tenge	17,521	20,877
Current accounts with banks – other currencies	48,841	15,699
The contracts of reverse repo with original maturities of three months or less	61,186	27,499
Cash in transit	14,209	17,449
Cash-on-hand and cheques	6,016	2,961
Less: allowance for expected credit losses	(65)	(57)
	<b>1,266,462</b>	<b>762,817</b>

Term deposits with banks are made for various periods of between one day and three months, depending on the immediate cash requirements of the Group.

As at September 30, 2023, the weighted average interest rate for term deposits with banks was 5.07% in US dollars, 15.71% in tenge and 7.05% in other currencies (December 31, 2022: 1.12% in US dollars, 13.01% in tenge and 4.84% in other currencies).

As at September 30, 2023 and December 31, 2022, cash and cash equivalents of the Group were not pledged as collateral for obligations of the Group.

### 22. BORROWINGS AND BONDS

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Fixed interest rate borrowings and bonds	3,406,786	3,584,422
Weighted average interest rates	5.34%	6.43%
Floating interest rate borrowings and bonds	707,123	558,912
Weighted average interest rates	10.46%	8.61%
	<b>4,113,909</b>	<b>4,143,334</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 22. BORROWINGS AND BONDS (continued)

As at September 30, 2023 and December 31, 2022, borrowings and bonds are denominated in the following currencies:

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
US dollar	3,200,723	3,152,169
Tenge	688,794	704,752
Russian ruble	183,454	245,349
Euro	27,683	23,069
Other currencies	13,255	17,995
	<b>4,113,909</b>	<b>4,143,334</b>

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Current portion	466,803	367,443
Non-current portion	3,647,106	3,775,891
	<b>4,113,909</b>	<b>4,143,334</b>

As at September 30, 2023 and December 31, 2022, the bonds comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	September 30, 2023 (unaudited)	December 31, 2022 (audited)
<b>Bonds</b>					
KASE 2023	50 billion KZT	2033	0.50% (11.74% effective interest rate)	29,208	-
KASE 2022	751.6 billion KZT	2035	3.00% (14.5% effective interest rate)	394,470	379,306
Bonds LSE 2020	750 million USD	2033	5.00%	361,130	349,059
AIX 2019	56 billion KZT	2024	6.375%	20,412	34,385
Bonds LSE 2018	1.5 billion USD	2048	5.375%	714,402	685,181
Bonds LSE 2018	1.25 billion USD	2030	4.75%	602,658	579,391
Bonds LSE 2018	0.5 billion USD	2025	5.75%	-	232,586
Bonds LSE 2017	1.25 billion USD	2047	4.75%	584,775	561,160
Bonds LSE 2017	1 billion USD	2027	4.75%	479,202	460,655
<b>Total</b>				<b>3,186,257</b>	<b>3,281,723</b>

On April 26, 2023, the Company made an early repayment of Eurobonds in the amount of 501 million US dollars (equivalent to 227,520 million tenge), including premium for early repayment and coupon payment with an interest rate of 4.75% and maturity in 2025.

On April 27, 2023, the Company placed bonds for 50,000 million tenge at a coupon interest rate of 0.50% per annum and due in 2033. Samruk-Kazyna purchased the bonds. The coupon rate of the bonds is below market rate. The difference between the fair value and nominal amount of bonds of 22,145 million tenge was recognized as a transaction with Samruk-Kazyna in the consolidated statement of changes in equity (Note 27).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****22. BORROWINGS AND BONDS (continued)**

As at September 30, 2023 and December 31, 2022, the borrowings comprised:

<i>In millions of tenge</i>	Issuance amount	Redemption date	Interest	September 30, 2023 (unaudited)	December 31, 2022 (audited)
<b>Loans</b>					
VTB Bank (PJSC)	38 billion RUB	2027	Key Rate of Central Bank of Russia Federation + 2.25%	183,454	245,349
The Syndicate of banks (Unicredit Tiriac Bank, ING Bank, BCR, Raiffeisen Bank, Alpha Bank, Garanti Bank, OTP Bank)	531.8 million USD <sup>1</sup>	2026	SOFR O/N+2.50%		26,270
Halyk bank JSC (Halyk bank)	151 billion KZT	2024-2025	SOFR 1M+2.50%	137,782	135,062
Development bank of Kazakhstan JSC (DBK)	157 billion KZT	2024-2026	SOFR 1M+2.50%	98,254	100,694
			7.00% - 9.00%	91,369	
Cargill	150 million USD	2023-2024	SOFR 3M+2.612%		70,165
		After the start of commercial mining	SOFR 3M+2.50%	72,147	
Lukoil Kazakhstan Upstream	–		SOFR 3M+2.98%	47,554	12,876
Halyk bank	66.7 billion KZT	2032	O/N SOFR + 2.85%	45,870	29,761
Credit Agricole	150 million USD	2023	Key Rate of National Bank of RK + 2.50%	35,380	30,934
Halyk bank	100 million USD <sup>2</sup>	2023-2024	COF (5.53%) + 2.00%		46,460
BCP	170 million USD	2023	5.00% (USD), 18.75% (KZT)	30,906	–
Bank of Tokyo-Mitsubishi UFJ, Ltd (London Branch)	200 million USD	2023	COF (5.79%) + 1.50%	30,118	–
ING Bank NV	250 million USD	2023	COF <sup>3</sup> (5.32%) + 1.80%	25,012	17,415
The Syndicate of banks (BCR, Raiffeisen Bank, OTP, Alpha, Garanti)	83 million EUR	2029	COF (5.55%) + 2.00%	24,560	31,871
NATIXIS	250 million USD	2024	6M EURIBOR + 3.00%	22,229	21,411
			COF (5.37%) + 2.00%	22,107	18,165
Banca Transilvania	57.96 million EUR	2024	1M SOFR + 2.50%	13,613	16,739
DBK	843.6 million USD	2023	1M EURIBOR + 2.50%	–	20,483
OTP Bank	119 million RON	2030	10.99%	11,402	11,801
Other	–	–	3M ROBOR + 1.10%	35,895	26,155
<b>Total</b>				<b>927,652</b>	<b>861,611</b>

\* 265.9 million USD with revolving credit facility:

\* Revolving credit facility:

\* Cost of funding.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

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**22. BORROWINGS AND BONDS (continued)**

The decrease in carrying value of the loan from VTB Bank (PJSC) denominated in Russian ruble during the nine months ended September 30, 2023, is due to the effect of the foreign currency exchange rate for 58,141 million tenge.

During the nine months ended September 30, 2023, KMGI received Syndicated loan used to finance its working capital for the total amount of 290 million US dollars (equivalent to 131,190 million tenge), on a net basis.

During the nine months ended September 30, 2023, KMGI received a loan from Bank of Tokyo-Mitsubishi UFJ. Ltd to finance working capital for 15 million USD (equivalent to 6,828 million tenge), on a net basis, at the rate of COF (5.32%) + 1.80% per annum and maturity in 2023.

During the nine months ended September 30, 2023, KMGI received a loan from BCP to finance working capital for 63 million USD (equivalent to 28,754 million tenge), on a net basis, at the rate of COF (5.79%) + 1.50% per annum and maturity in 2023.

During the nine months ended September 30, 2023, based on the notification of the Ministry of Energy of RK on the termination of the subsoil use contract, the Company wrote off the loan of Eni Isatai B.V. for the Isatai project in the amount of 4,334 million tenge (*Note 15*).

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****22. BORROWINGS AND BONDS (continued)**

Changes in liabilities arising from financing activities for the nine months ended September 30:

<i>In millions of tenge</i>	2023 (unaudited)				2022 (unaudited)			
	Short-term loans	Long-term loans	Bonds	Total	Short-term loans	Long-term loans	Bonds	Total
<b>On January 1 (audited)</b>	173,053	688,558	3,281,723	4,143,334	162,772	877,356	2,706,199	3,746,327
Received in cash	67,814	170,746	50,000	288,560	28,160	97,775	751,631	877,566
Repayment of principal in cash	(38,148)	(96,678)	(241,105)	(375,931)	(114,074)	(38,054)	(1,092)	(153,220)
Repayment of principal and interest by reserved cash	-	-	-	-	-	(259,459)	-	(259,459)
Interest accrued	12,860	47,266	139,855	199,981	6,724	69,406	119,192	195,322
Commission for the early redemption of the loan (Note 15)	-	-	-	-	-	4,498	-	4,498
Interest paid*	(12,783)	(42,892)	(88,689)	(144,364)	(6,709)	(48,568)	(75,866)	(131,143)
Discount (Note 27)	-	-	(22,145)	(22,145)	-	-	(380,477)	(380,477)
Foreign currency translation	5,189	7,847	63,837	76,873	8,474	14,337	272,605	295,416
Foreign exchange loss/(gain)	664	(56,246)	1,427	(54,155)	1,443	98,873	8,631	108,947
Derecognition of loan (Note 15)	-	(4,334)	-	(4,334)	-	-	-	-
Other	-	4,736	1,354	6,090	-	(2,094)	-	(2,094)
<b>On September 30 (unaudited)</b>	<b>208,649</b>	<b>719,003</b>	<b>3,186,257</b>	<b>4,113,909</b>	<b>86,790</b>	<b>814,070</b>	<b>3,400,823</b>	<b>4,301,683</b>
Current portion	208,649	162,345	95,809	466,803	86,790	205,946	85,804	378,540
Non-current portion	-	556,658	3,090,448	3,647,106	-	608,124	3,315,019	3,923,143

\* The repayment of the interest is classified in the interim consolidated statement of cash flows as operating cash flows.

In January 2022, Atyrau Refinery LLP made early full repayment of the loan from Eximbank for 604 million US dollars (equivalent to 259,459 million tenge), including accrued interest. For the repayment the cash reserved in November 2021 was used.

**Covenants**

The Group is required to comply with the financial and non-financial covenants under the terms of loan agreements. As of September 30, 2023 and December 31, 2022, the Group complied with all financial and non-financial covenants.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 22. BORROWINGS AND BONDS (continued)

#### Hedge of net investment in the foreign operations

As at September 30, 2023, certain bonds denominated in foreign currency were designated as hedge instruments for the net investment in foreign operations. These bonds are being used to hedge the Group's exposure to the US dollar foreign exchange risk on these investments. For the nine months ended September 30, 2023, a loss of 63,837 million tenge (for the nine months ended September 30, 2022: a loss of 272,605 million tenge) on the translation of these bonds was transferred to other comprehensive income and offset against translation gains of the net investments in foreign operations.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a translation risk that will match the foreign exchange risk on the US Dollars bonds. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the fixed rate bonds. As at September 30, 2023 and December 31, 2022, there was no ineffective portion of the hedge.

### 23. LEASE LIABILITIES

<i>In millions of tenge</i>	Minimum lease payments		Present value of minimum lease payments	
	September 30, 2023 (unaudited)	December 31, 2022 (audited)	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Within one year	18,193	16,629	17,435	15,682
Two to five years inclusive	47,959	23,368	29,058	16,770
After five years	104,915	61,176	72,525	49,102
	171,067	101,173	119,018	81,554
Less: amounts representing finance costs	(52,049)	(19,619)	–	–
<b>Present value of minimum lease payments</b>	<b>119,018</b>	<b>81,554</b>	<b>119,018</b>	<b>81,554</b>
Less: amounts due for settlement within 12 months	(18,193)	(16,629)	(17,435)	(15,682)
<b>Amounts due for settlement after 12 months</b>	<b>152,874</b>	<b>84,544</b>	<b>101,583</b>	<b>65,872</b>

As at September 30, 2023, interest calculation was based on effective interest rates ranging from 2.95% to 19.00% (December 31, 2022: from 2.95% to 19.00%).

The table below shows the changes in lease liabilities for the nine months ended September 30:

<i>In millions of tenge</i>	2023 (unaudited)	2022 (unaudited)
<b>On January 1 (audited)</b>	<b>81,554</b>	<b>74,421</b>
Additions of leases	47,674	9,540
Interest accrued (Note 15)	5,405	3,030
Repayment of principal	(18,233)	(16,075)
Interest paid	(1,442)	(1,011)
Foreign exchange gain	(823)	(3,493)
Foreign currency translation	3,286	7,148
Other	1,597	3,888
<b>On September 30 (unaudited)</b>	<b>119,018</b>	<b>77,448</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 24. PROVISIONS

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Other	Total
<b>As at January 1, 2022 (audited)</b>	209,460	63,186	10,362	6,736	289,744
Foreign currency translation	10,801	4,719	332	606	16,458
Change in estimate	(101,311)	6,171	(25)	(141)	(95,306)
Unwinding of discount (Note 15)	8,489	1,140	–	88	9,717
Provision for the period	15,254	–	1,387	36,049	52,690
Recovered	(61)	–	(1,572)	(608)	(2,241)
Use of provision	(45)	(3,660)	(222)	(1,469)	(5,396)
<b>As at September 30, 2022 (unaudited)</b>	<b>142,587</b>	<b>71,556</b>	<b>10,262</b>	<b>41,261</b>	<b>265,666</b>
<b>As at January 1, 2023 (audited)</b>	<b>128,828</b>	<b>81,353</b>	<b>10,923</b>	<b>47,725</b>	<b>268,829</b>
Foreign currency translation	1,007	1,544	43	435	3,029
Change in estimate	(6,944)	(640)	–	(112)	(7,696)
Unwinding of discount (Note 15)	7,714	1,514	–	80	9,308
Provision for the period (Note 27)	5,483	–	466	19,838	25,787
Recovered (Note 29)	(1,224)	–	–	(28,363)	(29,587)
Use of provision	(766)	(2,678)	(50)	(2,518)	(6,012)
<b>As at September 30, 2023 (unaudited)</b>	<b>134,098</b>	<b>81,093</b>	<b>11,382</b>	<b>37,085</b>	<b>263,658</b>

As at September 30, 2023, other provisions mainly include obligation for construction of the multifunctional sport and recreation complex in Uralsk (further the Sport Complex) for the total amount of 17,925 million tenge. (Note 27).

Current portion and long-term portion are segregated as follows:

<i>In millions of tenge</i>	Asset retirement obligations	Provision for environmental obligation	Provision for taxes	Other	Total
Current portion	1,240	5,354	11,382	10,160	28,136
Long-term portion	132,858	75,739	–	26,925	235,522
<b>As at September 30, 2023 (unaudited)</b>	<b>134,098</b>	<b>81,093</b>	<b>11,382</b>	<b>37,085</b>	<b>263,658</b>
Current portion	670	4,538	10,262	33,938	49,408
Long-term portion	141,917	67,018	–	7,323	216,258
<b>As at September 30, 2022 (unaudited)</b>	<b>142,587</b>	<b>71,556</b>	<b>10,262</b>	<b>41,261</b>	<b>265,666</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**
**25. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES**

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
<b>Trade accounts payable</b>	<b>703,303</b>	<b>564,906</b>
<b>Other financial liabilities</b>		
Due to employees	74,225	67,073
Other trade payables	22,539	32,048
Payables to Samruk-Kazyna for exercising the Option (Notes 5 and 27)	–	164,937
Derivative financial instruments	–	1,598
Other	34,450	33,141
	<b>131,214</b>	<b>298,797</b>
Current portion	114,725	283,717
Non-current portion	16,489	15,080
	<b>131,214</b>	<b>298,797</b>
<b>Other non-financial liabilities</b>		
Contract liabilities	143,436	117,817
Other	15,621	16,876
	<b>159,057</b>	<b>134,693</b>
Current portion	120,550	93,145
Non-current portion	38,507	41,548
	<b>159,057</b>	<b>134,693</b>

As at September 30, 2023 and December 31, 2022, trade accounts payable were denominated in the following currencies:

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
US dollars	525,686	322,797
Tenge	109,040	127,663
Romanian leu	55,131	72,676
Euro	6,188	34,638
Other currency	7,258	7,132
<b>Total</b>	<b>703,303</b>	<b>564,906</b>

As at September 30, 2023 and December 31, 2022, trade accounts payable and other financial liabilities were not interest bearing.

**Derivative financial instruments**

The Group uses different commodity derivatives as a part of price risk management in trading of crude oil and petroleum products.

Statement of financial position:

	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Derivative financial asset (in other financial assets)	539	681
Derivative financial liability	–	(1,598)
<b>Derivative financial asset/(liability), net</b>	<b>539</b>	<b>(917)</b>



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 25. TRADE ACCOUNTS PAYABLE AND OTHER FINANCIAL AND NON-FINANCIAL LIABILITIES (continued)

#### Derivative financial instruments (continued)

Statement of comprehensive income:

	For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)
Realized (gains)/losses from derivatives on petroleum products in production expenses (Note 10)	(451)	100,246

A movement in derivatives assets/(liabilities) is shown below:

	For the nine months ended September 30,	
	2023 (unaudited)	2022 (unaudited)
On January 1 (audited)	(917)	8,838
Hedge Reserve	920	(33,548)
Inventory	492	1,862
Translation difference	44	6,288
<b>On September 30 (unaudited)</b>	<b>539</b>	<b>(16,560)</b>

Derivative financial instruments are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognized in profit or loss as they arise.

The Group has the following hedge transactions that qualify for fair value hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Commodity purchase / sell at fixed price	Base operating stock (BOS) – meaning crude oil, feedstock, diesel, gasoline and jet Priced operational stock above or below BOS	Commodity price risk	Swap, Future, Purchase put / call option
Foreign exchange risk related to monetary item	Monetary item not in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Foreign exchange risk related to a firm commitment	Firm commitment not denominated in the functional currency of the Group	Change in foreign exchange rate	Swap, currency forward
Fair value risk related to fixed interest rates	Receivable or liability at fixed interest rate	Interest related fair value risk	Swap

The Group has the following hedge transactions that could qualify for cash flow hedge:

Transaction	Hedged item	Risk hedged	Hedging instrument
Forecasted commodity purchase / sell	Forecasted refinery margin basket and forecasted Dated Brent differential	Commodity price risk	Swap, Future, Purchased put / call option
EUA certificates	Forecasted EUA certificates purchase	EUA certificate price risk	Futures

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 26. OTHER TAXES PAYABLE

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Mineral Extraction Tax	35,071	35,277
VAT	33,947	49,969
Rent tax on crude oil export	32,812	38,445
Individual income tax	7,731	7,991
Social tax	6,680	7,085
Excise tax	2,085	2,175
Withholding tax from non-residents	1,454	1,875
Other	4,715	5,660
	<b>124,495</b>	<b>148,477</b>

### 27. RELATED PARTY DISCLOSURES

#### Terms and conditions of transactions with related parties

Related party transactions were made on terms agreed between the parties that may not necessarily be at market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties. Outstanding balances are mainly unsecured and interest free and settlement occurs in cash. The Group recognizes allowances for expected credit losses on amounts owed by related parties.

#### Transactions balances

The following table provides the balances of transactions with related parties as at September 30, 2023 and December 31, 2022:

<i>In millions of tenge</i>	As at	Due from related parties*	Due to related parties*	Borrowings payable to related parties
Samruk-Kazyna entities	<b>September 30, 2023 (unaudited)</b>	119,168	2,283	444,090
	December 31, 2022 (audited)	38,476	168,368	413,691
Associates	<b>September 30, 2023 (unaudited)</b>	14,522	2,223	-
	December 31, 2022 (audited)	16,348	3,431	-
Other state-controlled parties	<b>September 30, 2023 (unaudited)</b>	22,660	316	91,369
	December 31, 2022 (audited)	72,003	666	121,177
Joint ventures	<b>September, 2023 (unaudited)</b>	171,311	200,042	-
	December 31, 2022 (audited)	167,284	187,172	-

\* The amounts are mainly classified as «Loans and receivables due from related parties», «Trade accounts receivables» and «Trade accounts payables»

#### Due from/to related parties

##### *Samruk-Kazyna entities*

As at September, 30, 2023 due from related parties were mainly represented by trade receivables for crude oil by JSC "NC Kazakhstan Temir Zholy" for 50,790 million tenge.

As at September 30, 2023, the Company sold its 25% interest in Butadien LLP, a joint venture, with a carrying value of 8,621 million tenge (Note 19) to Samruk-Kazyna for a consideration of 8,531 million tenge. As a result, the Company lost its joint control over Butadien LLP.

As at September 30, 2023, payable due to Samruk-Kazyna for the exercised Option was fully repaid for 364 million US dollars (equivalent to 163,770 million tenge) (Notes 5 and 25).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 27. RELATED PARTY DISCLOSURES (continued)

#### Due from/to related parties (continued)

##### Other state-controlled parties

As at September 30, 2023, the Group purchased short-term notes of NB RK in the total amount of 327,692 million tenge with an interest rate of 16.69%, as well as short-term notes of NB RK acquired in 2022 and 2023 in the amount of 375,240 million tenge were redeemed.

#### Borrowings payable to related parties

##### Samruk-Kazyna entities

In September 2022, Samruk-Kazyna purchased the Company placed bonds for 751,631 million tenge. The difference between the fair value and nominal amount of bonds of 380,477 million tenge was recognized as transactions with Samruk-Kazyna in the interim consolidated statement of changes in equity (Note 22).

In April 2023, Samruk-Kazyna purchased the Company placed bonds for 50,000 million tenge. The difference between the fair value and nominal amount of bonds of 22,145 million tenge was recognized as transactions with Samruk-Kazyna in the consolidated statement of changes in equity (Note 22).

#### Transactions turnover

The following table provides the total amount of transactions, which have been entered into with related parties during the nine months ended September 30, 2023 and 2022:

<i>In millions of tenge</i>	During the nine months ended September 30,	Sales to related parties	Purchases from related parties	Interest earned from related parties	Interest incurred to related parties
Samruk-Kazyna entities	2023 (unaudited)	133,456	25,025	2,435	30,595
	2022 (unaudited)	22,693	8,518	44,300	2,730
Associates	2023 (unaudited)	9,551	57,688	149	–
	2022 (unaudited)	15,375	23,445	180	–
Other state-controlled parties	2023 (unaudited)	6	15,839	4,743	9,640
	2022 (unaudited)	9,635	13,893	190	11,767
Joint ventures	2023 (unaudited)	329,923	1,248,320	14,613	–
	2022 (unaudited)	205,676	1,656,443	8,557	3

#### Sales to related parties/purchases from related parties

##### Samruk-Kazyna entities

For the nine months ended September 30, 2023, sales to related parties are mainly represented by the sale of oil products of JSC "NC Kazakhstan Temir Zholy" in the amount of 89,157 million tenge.

##### Joint ventures

For the nine months ended September 30, 2023, purchases from joint ventures were mainly represented with purchases of crude oil from Tengizchevroil LLP for 1,189,777 million tenge (for the nine months ended September 30, 2022: 1,602,979 million tenge).

#### Key management employee compensation

For the nine months ended September 30, 2023 and 2022, total compensation to key management personnel (members of the Boards of directors and Management boards of the Group) included in general and administrative expenses was equal to 4,671 million tenge and 4,621 million tenge, respectively. Compensation to key management personnel mainly consists of contractual salary and performance bonus based on operating results.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

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**27. RELATED PARTY DISCLOSURES (continued)****Dividends**

During the nine months ended September 30, 2023, based on the decision of Shareholders, the Company declared and paid-off dividends for 2022 of 491.71 tenge per common share in the total of 300,002 million tenge (during the nine months ended September 30, 2022: declared dividends for 2021 of 327.80 tenge per common share in the total of 199,997 million tenge).

**Distributions to Samruk-Kazyna**

During the nine months ended September 30, 2023, in accordance with the Government decree on the construction of a medical center in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities for 60 million tenge and recognized as Distribution to Samruk-Kazyna in equity (of which 183 million tenge was paid during the nine months ended September 30, 2023).

During the nine months ended September 30, 2022, in accordance with the Government decree on the construction of a medical center in Zhana-ozen town and housing for the residents, living in Zhana-ozen town, the Group accrued liabilities for 10,003 million tenge and recognized as Distribution to Samruk-Kazyna in equity (of which 2,162 million tenge was paid during the nine months ended September 30, 2022).

In July 2022, based on the decision of Samruk-Kazyna and Cooperative, Kashagan declared and paid-off dividends in the amount of 1,133.4 million U.S. dollars (equivalent to 529,789 million tenge). Due to the acquisition under common control the Group recognized dividends distributed to the former shareholder of Kashagan as Distributions to Samruk-Kazyna in the amount of 566.7 million U.S. dollars (equivalent to 263,671 million tenge) (*Note 5*).

**Other operations**

For the nine months ended September 30, 2023, in accordance with the Order of the President of the RK on the construction of the Sport Complex as a result of his working visit to the West Kazakhstan region dated March 9, 2023, the Company recognized an obligation for the construction of the Sport Complex for the total amount of 17,925 million tenge (*Note 24*) and recognized it in the interim consolidated statement of changes in equity. The Company made an advance payment in the amount of 8,962 million tenge.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****28. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES****Fair values of financial instruments**

The carrying amount of the Group financial instruments as at September 30, 2023 and December 31, 2022 are reasonable approximation of their fair value, except for the financial instruments disclosed below:

<i>In millions of tenge</i>	September 30, 2023 (unaudited)					December 31, 2022 (audited)				
	Carrying amount	Fair value	Fair value by level of assessment			Carrying amount	Fair value	Fair value by level of assessment		
			Level 1	Level 2	Level 3			Level 1	Level 2	Level 3
Loans given to related parties at amortized cost	50,364	50,541	-	-	50,541	29,254	29,242	-	-	29,242
Bonds receivable from Samruk-Kazyna	20,473	16,436	-	16,436	-	19,595	20,138	-	20,138	-
Notes of NB RK	22,583	22,583	-	22,583	-	70,192	70,192	-	70,192	-
Fixed interest rate borrowings	3,406,786	2,951,520	2,355,221	596,299	-	3,584,422	3,156,446	2,476,894	679,552	-
Floating interest rate borrowings	707,123	707,123	-	707,123	-	558,912	558,912	-	558,912	-

The fair value of bonds receivable from the Samruk-Kazyna and other debt instruments have been calculated by discounting the expected future cash flows at market interest rates.

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no transfers between Level 1 and Level 2 during the reporting period, and no transfers into or out of Level 3 category.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the nine months ended September 30, 2023 there were no changes in the Group’s valuation processes, valuation techniques, and types of inputs used in the fair value measurements.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 28. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

#### Fair values of financial instruments (continued)

The significant unobservable inputs used in the fair value measurements categorized within Level 3 of the fair value hierarchy are shown below:

	Valuation technique	Significant Unobservable inputs	Range	
			as of September 30, 2023 (unaudited)	as of December 31, 2022 (audited)
Loans given to related parties at amortized cost	Discounted cash flow method	Interest/discount rate	6.70%-19.90%	6.40%-18.90%

### 29. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to the contingent liabilities and commitments disclosed in the consolidated financial statements of the Group for the year ended December 31, 2022, the following changes have taken place during the nine months ended September 30, 2023:

#### **The case of an administrative offense of the Pavlodar Refinery LLP (further Pavlodar Refinery) initiated by the Department of Agency for protection and development of competition of RK (further Antimonopoly agency) of the Pavlodar region.**

In 2022 the Prosecutor's Office of the Pavlodar region together with the Antimonopoly agency conducted an inspection of the Pavlodar Refinery operations for compliance with the legislation of the RK in the field of oil and petroleum products turnover, labor, tax and antimonopoly legislation for 2020-2021. On March 16, 2022 Antimonopoly agency issued the Conclusion which stated that Pavlodar Refinery set monopolistically high tariff for oil refining services. On July 25, 2022, Antimonopoly agency of the Pavlodar region initiated an administrative offence and issued a Protocol to the Specialized Court for Administrative Offenses of Pavlodar city for setting by the Pavlodar Refinery monopolistically high tariff for oil refining services in 2021 and to confiscate revenue for 2021 of 21,961 million tenge and impose fine of 6,226 million tenge.

On June 9, 2023, Specialized Court for Administrative Offenses of Pavlodar city issued a resolution to terminate administrative proceedings. On June 30, 2023, Decree on the consumption of administrative proceedings and the cancellation of the protocol entered into legal force. As a result, in June 2023, Pavlodar Refinery recovered a provision accrued in 2022 in the amount of 28,187 million tenge and recognized in other operating income (*Note 24*).

#### **Share of Atyrau refinery in the Liquefied Petroleum Gas Storage Park LLP (further LPGSP)**

In 2020, Atyrau refinery sold a 50% shares of its joint venture, LPGSP, to a third party, Joint Technologies LLP (further JT). As a result of this transaction, the Group lost the joint control over LPGSP.

However, on May 3, 2023, the Specialized Court for Administrative Cases of the Atyrau Region canceled the order on state re-registration of a 50% share of LPGSP in favor of JT, satisfying the claim of the Agency for Protection and Development of Competition of the Republic of Kazakhstan. JT did not agree with the court's decision and is currently in process of appealing in accordance with the procedure established by law.

As a result of the analysis, as of September 30, 2023, the Group concluded that it obtained joint control over LPGSP, in accordance with *IAS 28 Investments in Associates and Joint Ventures*, and respectively, the Group recognized the investment in LPGSP as a joint venture in these interim condensed consolidated financial statements.

#### **The case of arbitration between KazRosGas LLP, a joint venture of the company (further KRG), and Karachaganak Petroleum Operating B.V. (further KPO)**

On August 23, 2022, the Secretariat of the International Chamber of Commerce in Paris submitted to KRG a Notice of Initiation of Arbitration Proceedings by KPO, which is the operator under the Final Production Sharing Agreement for the contract area of the Karachaganak oil and gas condensate field dated January 27, 1997, with amendments and additions (further FPSA). KPO intends to increase the gas sale price under the existing Karachaganak Gas Purchase and Sale Agreement. If the gas price is agreed later than October 1, 2022, KRG and KPO shall recalculate the gas price for the period from October 1, 2022 to the date of the price agreement.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 29. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

#### The case of arbitration between KazRosGas LLP, a joint venture of the company (further KRG), and Karachaganak Petroleum Operating B.V. (further KPO) (continued)

In October 2022, a working group was established to develop a negotiating position of the Kazakh side on the peaceful settlement of the dispute over the arbitration process between the KRG and KPO, chaired by the First Vice Minister of Energy of RK. The working group also includes representatives of the Ministry of Energy of RK, JSC "NC "QazaqGaz", KMG and KRG.

In August 2023, the Tribunal approved the Procedural Timetable for the Arbitration (further Arbitration Timetable), according to which the final hearing is scheduled for the week of November 18, 2024, and the deadline for the Tribunal to make decision is until the end of March 2025.

On September 29, 2023, KPO sent a detailed claim to the Tribunal and this claim was provided to KRG. According to the Arbitration Timetable, the KRG provides a response to the claim by December 22, 2023. The claim is currently being analyzed by the KRG's legal consultant.

The Group believes that the risk of loss is not probable as of September 30, 2023.

#### Environmental audits

The Department of Ecology for the Atyrau Region of the Committee for Environmental Regulation and Control of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan (further Department of Ecology) conducted an inspection of onshore facilities of North Caspian Operating Company N.V., which is the operator of the North Caspian Production Sharing Agreement (further Operator). Based on the results of the inspection, the Operator was issued an order to eliminate violations including on sulfur placement.

The Operator did not agree with the results of the inspection and filed an administrative claim. On June 14, 2023, Astana Interregional Administrative Court announced its award in favor of Operator on sulfur placement. The dispute is currently being considered by the Court of Appeal of the Republic of Kazakhstan and an environmental assessment has been appointed.

#### Kazakhstan local market obligation

The Government requires oil companies in the RK to supply a portion of the products to meet the Kazakhstan domestic energy requirement on an annual basis, mainly to maintain oil products supply balance on the local market and to support agricultural producers during the spring and autumn sowing and harvest campaigns.

Kazakhstan local market oil prices are significantly lower than export prices and even lower than the normal domestic market prices determined in an arm-length transaction. If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Group, such supplies will take precedence over market sales and will generate substantially less revenue than crude oil sold on the export market, which may materially and adversely affect the Group's business, prospects, consolidated financial position and performance.

During the nine months ended September 30, 2023, in accordance with its obligations, the Group delivered 5,729 thousand tons of crude oil (2022: 7,951 thousand tons), including its share in the joint ventures and associates, to the Kazakhstan market.

#### Commitments under subsoil use contracts

As at September 30, 2023, the Group had the following commitments (net of VAT) related to a minimal working program in accordance with terms of licenses, production sharing agreements and subsoil use contracts, signed with the Government, including its share in joint ventures and associate:

<i>In millions of tenge</i>	<b>Capital expenditures</b>	<b>Operational expenditures</b>
<b>Year</b>		
2023	107,643	25,177
2024	240,435	17,325
2025	330,146	17,049
2026	275,938	17,092
2027-2049	288,421	55,926
<b>Total</b>	<b>1,242,583</b>	<b>132,569</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 29. CONTINGENT LIABILITIES AND COMMITMENTS (continued)

#### Commitments under subsoil use contracts (сиртеуіттыб)

As at December 31, 2022 commitments (net of VAT) under subsoil use contracts included:

<i>In millions of tenge</i>	Capital expenditures	Operational expenditures
<b>Year</b>		
2023	314,158	80,598
2024	223,085	14,328
2025	306,900	14,803
2026	339,652	14,927
2027-2049	230,333	31,573
<b>Total</b>	<b>1,414,128</b>	<b>156,229</b>

#### Oil supply commitments

As of September 30, 2023, Kashagan had commitments to supply oil products under the oil supply agreements in the total amount of 4.3 million tons till December 2025 (December 31, 2022: 6.6 million tons).

#### Other contractual commitments

As of September 30, 2023, the Group had other capital commitments of approximately 219,078 million tenge, net of VAT, including its share in joint ventures commitments of 32,762 related to acquisition and construction of property, plant and equipment and intangible assets (as at December 31, 2022: 240,794 million tenge, net of VAT), including its share in joint ventures commitments of 13,346).

As of September 30, 2023, the Group had commitments of 115,242 million tenge (as at December 31, 2022: 152,824 million tenge) under the investment programs approved by the joint order of Ministry of Energy of RK and Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of RK to facilitate production units.

### 30. SEGMENT REPORTING

The Group's operating segments have their own structure and management according to the type of the produced goods and services provided. Moreover, all segments are strategic directions of the business which offer different types of the goods and services in different markets. The functions have been defined as the operating segments of the Group because they are segments a) that engage in business activities from which revenues are generated and expenses incurred; b) whose operating results are regularly reviewed by the Group's chief operating decision makers to make decisions.

The Group's activity consists of three main operating segments: exploration and production of oil and gas, oil transportation, refining and trading of crude oil and refined products. The Group presents the Company's activities separately in Corporate segment, since the Company performs not only the functions of the parent company, but also carries out operational activities. The remaining operating segments have been aggregated and presented as other operating segment due to their insignificance.

Disaggregation of revenue by types of goods and services is presented in *Note 7* to these interim condensed consolidated financial statements.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)

### 30. SEGMENT REPORTING (continued)

For the nine months ended September 30, 2023 and 2022 disaggregated revenue mainly represents sales and services made to the external parties by the following operating segments:

<i>In millions of tenge</i>	For the nine months ended September 30, 2023 (unaudited)					
	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	625,862	-	2,688,709	-	-	3,314,571
Sales of refined products	3,379	-	1,502,293	633,580	8,563	2,147,815
Refining of oil and oil products	-	-	192,918	-	-	192,918
Oil transportation services	-	157,497	1,421	3,211	149	162,278
Other revenue	11,822	36,736	107,372	1,245	112,632	269,807
<b>Total</b>	<b>641,063</b>	<b>194,233</b>	<b>4,492,713</b>	<b>638,036</b>	<b>121,344</b>	<b>6,087,389</b>

<i>In millions of tenge</i>	For the nine months ended September 30, 2022 (unaudited)					
	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Total
Sales of crude oil and gas	522,266	-	3,237,041	-	-	3,759,307
Sales of refined products	18,528	-	1,895,019	580,049	9,077	2,502,673
Refining of oil and oil products	-	-	157,884	-	-	157,884
Oil transportation services	-	128,431	1,100	44	147	129,722
Other revenue	10,652	29,830	85,652	1,085	98,719	225,938
<b>Total</b>	<b>551,446</b>	<b>158,261</b>	<b>5,376,696</b>	<b>581,178</b>	<b>107,943</b>	<b>6,775,524</b>

Segment performance is evaluated based on revenues, net profit and EBITDA, which are measured on the same basis as in the consolidated financial statements.

EBITDA is a supplemental non-IFRS financial measure used by management to evaluate segments performance, and is defined as earnings before depreciation, depletion and amortization, impairment of property, plant and equipment, exploration and evaluation assets, intangible assets and assets classified as held for sale, exploration expenses, impairments of joint ventures and associates, finance income and expense, income tax expenses.

EBITDA, % is calculated as EBITDA of each reporting segment divided by the total EBITDA.

#### Geographic information

The Group's property, plant and equipment are located in the following countries:

<i>In millions of tenge</i>	September 30, 2023 (unaudited)	December 31, 2022 (audited)
Kazakhstan	6,467,490	6,316,404
Other countries	577,563	673,433
	<b>7,045,053</b>	<b>6,989,837</b>

Eliminations and adjustments in the tables below represent the exclusion of intra-group turnovers. Inter-segment transactions were made on terms agreed to between the segments that may not necessarily comply with market rates, except for certain regulated services, which are provided based on the tariffs available to related and third parties.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****30. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the nine months ended September 30, 2023 and assets and liabilities as at September 30, 2023 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	641,063	194,233	4,492,713	638,036	121,344	–	6,087,389
Revenues from sales to other segments	1,014,495	124,961	139,436	55,550	99,137	(1,433,579)	–
<b>Total revenue</b>	<b>1,655,558</b>	<b>319,194</b>	<b>4,632,149</b>	<b>693,586</b>	<b>220,481</b>	<b>(1,433,579)</b>	<b>6,087,389</b>
Cost of purchased oil, gas, petroleum products and other materials	(32,771)	(13,536)	(3,936,263)	(420,772)	(29,655)	1,051,043	(3,381,954)
Production expenses	(381,879)	(186,894)	(272,404)	(160,516)	(174,066)	310,383	(865,376)
Taxes other than income tax	(306,743)	(14,173)	(12,359)	(91,960)	(7,373)	–	(432,608)
Transportation and selling expenses	(137,145)	(5,842)	(71,250)	(8,290)	(26)	46,090	(176,463)
General and administrative expenses	(26,937)	(10,671)	(39,203)	(27,281)	(16,853)	4,342	(116,603)
Share in profit of joint ventures and associates, net	411,382	81,150	50,863	–	21,764	–	565,159
<b>EBITDA</b>	<b>1,181,465</b>	<b>169,228</b>	<b>351,533</b>	<b>(15,233)</b>	<b>14,272</b>	<b>(21,721)</b>	<b>1,679,544</b>
<b>EBITDA, %</b>	<b>70%</b>	<b>10%</b>	<b>21%</b>	<b>(1%)</b>	<b>1%</b>	<b>(1%)</b>	
Depreciation, depletion and amortization	(300,238)	(29,740)	(101,020)	(2,730)	(7,589)	–	(441,317)
Finance income	13,202	7,623	30,854	83,647	12,365	(34,727)	112,964
Finance costs	(18,257)	(5,855)	(81,851)	(144,006)	(4,550)	20,829	(233,690)
(Impairment)/reversal of impairment of property, plant and equipment, intangible assets and exploration expenses	(102,379)	(557)	(98,655)	–	813	–	(200,778)
Income tax expenses	(178,161)	(14,012)	(33,605)	(24,783)	(887)	–	(251,448)
<b>Profit/(loss) for the period</b>	<b>510,233</b>	<b>69,144</b>	<b>124,302</b>	<b>277,644</b>	<b>13,793</b>	<b>(46,123)</b>	<b>948,993</b>
<b>Other segment information</b>							
Investments in joint ventures and associates	4,667,738	613,737	121,057	–	110,962	–	5,513,494
Capital expenditures	263,038	125,036	56,033	35,903	13,978	–	493,988
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(5,180)	(11,676)	(51,247)	(35,521)	(8,735)	–	(112,359)
<b>Assets of the segment</b>	<b>12,317,257</b>	<b>1,494,929</b>	<b>3,203,656</b>	<b>1,403,154</b>	<b>445,768</b>	<b>(1,264,300)</b>	<b>17,600,464</b>
<b>Liabilities of the segment</b>	<b>1,584,723</b>	<b>335,970</b>	<b>1,961,631</b>	<b>4,619,777</b>	<b>132,562</b>	<b>(1,748,906)</b>	<b>6,885,757</b>



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited) (continued)****30. SEGMENT REPORTING (continued)**

The following represents information about profit and loss for the nine months ended September 30, 2022 and assets and liabilities as at December 31, 2022 of operating segments of the Group:

<i>In millions of tenge</i>	Exploration and production of oil and gas	Oil transportation	Refining and trading of crude oil and refined products	Corporate	Other	Eliminations and adjustments	Total
Revenues from sales to external customers	551,446	158,261	5,376,696	581,178	107,943	-	6,775,524
Revenues from sales to other segments	1,166,380	105,879	118,465	61,551	77,312	(1,529,587)	-
<b>Total revenue</b>	<b>1,717,826</b>	<b>264,140</b>	<b>5,495,161</b>	<b>642,729</b>	<b>185,255</b>	<b>(1,529,587)</b>	<b>6,775,524</b>
Cost of purchased oil, gas, petroleum products and other materials	(25,485)	(12,733)	(4,767,643)	(320,854)	(22,991)	1,198,944	(3,950,762)
Production expenses	(331,095)	(140,046)	(329,757)	(144,134)	(147,583)	266,231	(826,384)
Taxes other than income tax	(406,464)	(12,286)	(10,917)	(71,797)	(6,845)	-	(508,309)
Transportation and selling expenses	(119,402)	(10,718)	(53,628)	(7,295)	-	46,413	(144,630)
General and administrative expenses	(24,389)	(10,417)	(32,575)	(21,313)	(18,199)	2,582	(104,311)
Share in profit of joint ventures and associates, net	667,709	96,242	29,093	-	(14,536)	-	778,508
<b>EBITDA</b>	<b>1,478,700</b>	<b>174,182</b>	<b>329,734</b>	<b>77,336</b>	<b>(24,899)</b>	<b>(15,417)</b>	<b>2,019,636</b>
<b>EBITDA, %</b>	<b>73%</b>	<b>9%</b>	<b>16%</b>	<b>4%</b>	<b>(1%)</b>	<b>(1%)</b>	
Depreciation, depletion and amortization	(226,181)	(33,374)	(106,218)	(2,307)	(6,802)	-	(374,882)
Finance income	61,267	2,220	11,243	107,855	13,461	(104,011)	92,035
Finance costs	(20,474)	(5,066)	(98,619)	(177,518)	(5,633)	79,689	(227,621)
Reversal of impairment/(impairment) of property, plant and equipment, intangible assets and exploration expenses	(344)	(20)	(101)	-	694	-	229
Income tax expenses	(257,393)	(34,901)	8,160	(17,771)	(1,359)	-	(303,264)
<b>Net profit for the period</b>	<b>975,471</b>	<b>40,912</b>	<b>11,515</b>	<b>173,855</b>	<b>(19,246)</b>	<b>(21,171)</b>	<b>1,161,336</b>
<b>Other segment information</b>							
Investments in joint ventures and associates	4,179,880	582,862	102,569	-	82,092	-	4,947,403
Capital expenditures	210,449	40,987	55,485	4,833	13,344	-	325,098
Allowances for obsolete inventories, expected credit losses on trade receivables, loans and receivables from related parties, other current financial assets and impairment of other current non-financial assets	(6,197)	(10,966)	(47,786)	(28,912)	(9,066)	-	(102,927)
<b>Assets of the segment</b>	<b>11,637,703</b>	<b>1,373,621</b>	<b>2,998,805</b>	<b>1,445,989</b>	<b>386,151</b>	<b>(1,191,506)</b>	<b>16,650,763</b>
<b>Liabilities of the segment</b>	<b>1,427,150</b>	<b>311,632</b>	<b>1,976,159</b>	<b>4,584,712</b>	<b>120,799</b>	<b>(1,643,139)</b>	<b>6,777,313</b>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited) (continued)**

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**31. SUBSEQUENT EVENTS****Acquisition of a subsidiary**

On October 9, 2023 KMG signed a purchase agreement with TOTALENERGIES EP DENMARK A/S for a 100% share of Total E&P Dunga GmbH. The base consideration comprises of 330 million US dollars to be adjusted at the transaction closing date. The agreement contains certain closing conditions precedent, which were met on October 30, 2023. The completion of the transaction is expected after the re-registration of Total E&P Dunga GmbH shares to KMG.

**Transaction on purchase and sale of the Company's common shares**

On October 26, 2023 Samruk-Kazyna ("Seller") and NB RK ("Buyer") concluded purchase and sale agreement on the Company's 122,024 thousand common shares. The transaction is expected to be finalized by the end of 2023.