

Embamunaigas Joint Stock Company

Financial statements

*For the year ended 31 December 2024
with Independent Auditor's report*

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Independent auditor's report

To the Shareholder, Board of Directors and management of Embamunaigas Joint Stock Company

Opinion

We have audited the financial statements of Embamunaigas Joint Stock Company (hereinafter, the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Kazakhstan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Board of Directors of Embamunaigas Joint Stock Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Rustamzhan Sattarov



Rustamzhan Sattarov
Auditor / General Director
Ernst and Young LLP



Auditor Qualification Certificate
№ МФ-0000060 dated 6 January 2012

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

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

21 February 2025

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

<i>In thousands of tenge</i>	Notes	2024	2023
Revenue from contracts with customers	4	430,694,618	402,703,584
Cost of sales	5	(219,511,743)	(202,013,181)
Gross profit		211,182,875	200,690,403
Selling expenses	6	(128,283,006)	(121,947,398)
General and administrative expenses	7	(12,812,169)	(11,984,828)
Exploration expenses		(175,269)	(94,833)
Income from recovery of impairment of VAT recoverable	13	695,663	128,508
Operating profit		70,608,094	66,791,852
Finance income	12	3,629,715	2,598,732
Finance costs	8	(5,250,472)	(5,747,262)
Foreign exchange difference, net		14,294,181	(3,428,424)
Other income		2,162,316	1,839,110
Other expenses		(1,155,654)	(2,328,632)
Profit before tax		84,288,180	59,725,376
Income tax expenses	9	(16,895,759)	(13,784,053)
Profit for the year		67,392,421	45,941,323
Other comprehensive profit/loss			
<i>The amounts of other comprehensive profit to be reclassified to profit or loss in subsequent periods (net of taxes)</i>			
Gain from revaluation on defined benefit plans	17	624,554	113,940
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		624,554	113,940
Total comprehensive income for the year, net of taxes		68,016,975	46,055,263

Deputy General Director for Economy and Finance



R. N. Tasmagambetova

Chief Accountant

N. Zh. Makhambetov

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

<i>In thousands of tenge</i>	Notes	At 31 December 2024	At 31 December 2023
Assets			
Non-current assets			
Property, plant and equipment	10	235,731,107	222,486,302
Exploration and evaluation assets	11	2,711,275	1,509,357
Intangible assets		587,895	699,322
Other financial assets	12	56,325,814	48,731,434
Deferred tax assets	9	8,127,697	10,496,276
Advances paid for non-current assets		1,596,970	3,841,367
Total non-current assets		305,080,758	287,764,058
Current assets			
Inventories	14	14,358,205	14,104,723
Corporate income tax prepayment		1,101,952	-
Taxes prepaid and VAT recoverable	13	10,202,562	11,012,752
Advances paid and deferred expenses		4,449,262	4,764,135
Trade and other receivables	12	45,641,052	50,456,951
Other current financial assets		1,132,091	527,636
Cash and cash equivalents	12	51,957,178	21,746,518
Total current assets		128,842,302	102,612,715
Total assets		433,923,060	390,376,773
Equity			
Share capital	15	162,399,820	162,399,820
Retained earnings		181,045,092	123,031,946
Total equity		343,444,912	285,431,766
Liabilities			
Non-current liabilities			
Historical obligations	16	5,165,924	5,788,259
Provisions	17	41,936,302	41,422,828
Total non-current liabilities		47,102,226	47,211,087
Current liabilities			
Historical obligations	16	1,769,920	1,901,473
Provisions	17	2,073,058	7,131,387
Mineral extraction and rent tax payable	18	12,856,074	19,290,001
Income tax liabilities		-	1,855,944
Trade and other payables	19	26,676,870	27,555,115
Total current liabilities		43,375,922	57,733,920
Total liabilities		90,478,148	104,945,007
Total liabilities and equity		433,923,060	390,376,773

Deputy General Director for Economy and Finance

Chief Accountant


 R. N. Tasmagambetova


 N. Zh. Makhambetov

The accompanying accounting policies and notes on pages 5 to 35 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

<i>In thousands of tenge</i>	Notes	2024	2023
Operating activities			
Profit before tax		84,288,180	59,725,376
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and impairment	5, 7	30,046,549	27,280,412
Loss on disposal of property, plant and equipment and exploration assets	10	675,306	1,195,405
Unrealized gain from foreign exchange difference, net		(14,294,083)	(2,779,926)
Change in provisions	17	(3,411,573)	(180,168)
Recovery of ECL expenses and impairment of advances paid	12	(104,352)	(491,872)
Finance costs	8	5,250,472	5,747,262
Finance income	12	(3,629,715)	(2,598,732)
		98,820,784	87,897,757
Working capital adjustments			
Change in inventories		(256,946)	(2,193,734)
Change in taxes prepaid		810,187	(7,785,276)
Change in advances paid and deferred expenses		2,559,271	(3,178,539)
Change in trade accounts receivable		6,550,395	(7,719,744)
Change in trade and other accounts payable		(1,089,748)	8,680,525
Change in other current financial assets		527,636	-
Change in mineral extraction tax and rent tax payable		(6,433,927)	2,270,941
		101,486,500	77,971,930
Interest received		3,550,021	1,514,843
Income tax paid	9	(17,485,076)	(7,825,000)
Net cash flows from operating activities		87,551,445	71,661,773
Investing activities			
Purchase of other financial assets		(6,215,502)	-
Sale of other financial assets		5,083,411	-
Purchase of property, plant and equipment		(47,303,361)	(65,875,120)
Purchase of intangible assets		(101,438)	(85,584)
Placement of long-term deposits		(2,390,113)	(412,095)
Withdrawal of long-term deposits		2,219,636	39,823
Net cash flows used in investing activities		(48,707,368)	(66,332,976)
Financing activities			
Dividends paid to the Parent Company	15	(10,003,829)	(45,017,230)
Payments on historical obligations	16	(2,494,787)	(1,527,039)
Net cash flows used in financing activities		(12,498,616)	(46,544,269)
Net change in cash and cash equivalents		26,345,461	(41,215,472)
Cash and cash equivalents as at 1 January		21,746,518	60,311,570
Foreign exchange difference, net		3,865,199	2,650,420
Cash and cash equivalents as at 31 December	12	51,957,178	21,746,518

Deputy General Director for Economy and Finance

Chief Accountant



R. N. Tasmugambetova
N. Zh. Makhambetov

The accompanying accounting policies and notes on pages 5 to 35 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

<i>In thousands of tenge</i>	Note	Share capital	Retained earnings	Total
At 1 January 2023		162,399,820	121,993,913	284,393,733
Profit for the year		-	45,941,323	45,941,323
Other comprehensive income	17	-	113,940	113,940
Other comprehensive income		-	46,055,263	46,055,263
Dividends	15	-	(45,017,230)	(45,017,230)
At 31 December 2023		162,399,820	123,031,946	285,431,766
Profit for the year		-	67,392,421	67,392,421
Other comprehensive income	17	-	624,554	624,554
Other comprehensive income		-	68,016,975	68,016,975
Dividends	15	-	(10,003,829)	(10,003,829)
At 31 December 2024		162,399,820	181,045,092	343,444,912

Deputy General Director for Economy and Finance



R. N. Tasmagambetova

Chief Accountant

N. Zh. Makhambetov

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Embamunaigas Joint Stock Company (the “Company”) was incorporated in the Republic of Kazakhstan on 27 February 2012 following the decision of the Board of Directors of KazMunaiGas Exploration Production Joint Stock Company (“KMG EP”) dated 31 January 2012.

The Company is engaged in exploration, development, production, processing and export of hydrocarbons. Oil and gas operations of the Company are based on oil and gas assets located in Atyrau region of Western Kazakhstan. The Company develops oil fields under the following subsoil use contracts: contract No. 37 (Kenbai oilfield), contract No. 61 (South East Novobogatinskoe oilfield), contract No. 211 (23 oilfields), contract No. 413 (15 oilfields), contract No. 327 (Taisogan block oilfield), contract No. 4955 (West Novobogatinskoe oilfield); contract No. 3577 (Karaton-Sarkamys oilfield), contract No. 4906 (Novobogat South East field (above-arch)). On February 25, 2015 addendums to extend contracts between the Ministry of Energy and Embamunaigas JSC were signed for the following contracts: contract No.37 valid until 2041, contract No. 61 valid until 2048, contract No. 211 valid until 2037, contract No. 413 valid until 2043.

In 2024, due to the completion of the exploration period and the lack of prospects for discovering structures with commercially viable oil and gas resources, and with the approval of the Investment Committee of National Company KazMunayGas JSC (hereinafter referred to as “NC KMG”), the Company returned the Liman field under subsoil use contract No. 406 to the state.

The sole shareholder of the Company is NC KMG. On August 7, 2015 the National Bank of the Republic of Kazakhstan acquired 9.58% plus one share of NC KMG from SWF Samruk-Kazyna. As at 8 December 2022, 3.00% of NC KMG's shares have been available for trading on the Astana International Exchange (AIX) and KASE. On 22 December 2023, 20.00% of NC KMG's shares, which were held by SWF Samruk-Kazyna, were transferred to the Ministry of Finance of the Republic of Kazakhstan. The Government of the Republic of Kazakhstan is the sole shareholder of NWF Samruk-Kazyna.

These financial statements of the Company for the year ended 31 December 2024 were authorised for issue by the Deputy General Director for Economy and Finance and the Chief Accountant on 21 February 2025.

2. BASIS OF PREPARATION

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as approved by the International Accounting Standards Board (“IASB”). These financial statements have been prepared on a historical cost basis, except as described in the accounting policies and the notes to these financial statements. These financial statements are presented in tenge and all values are rounded to the nearest thousand unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in *Note 3*.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

New and amended standards and interpretations

The standards and interpretations listed below have become effective since 1 July 2023 for annual periods beginning on or after 1 January 2024. None of the standards and amendments listed below have had a significant impact on the Company's financial statements:

- *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants* - Amendments to IAS 1;
- *Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16;
- *Disclosure: Supplier Finance Arrangements* - Amendments to IAS 7 and IFRS 7.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**New and amended standards and interpretations (continued)**

The new and amended standards and interpretations that are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, amendments and interpretations if applicable, when they become effective:

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early application is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Foreign currency translation

The financial statements are presented in Kazakhstani Tenge, which is the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency spot rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are recognized in the statement of comprehensive income.

Exchange rates

The official exchange rate of the Kazakhstan Tenge to the US dollar at 31 December 2024 and 2023 was 523.54 and 454.56 Tenge, respectively. Any translation of Tenge amounts to US dollar or any other hard currency should not be construed as a representation that such Tenge amounts have been, could be or will in the future be converted into hard currency at the exchange rate shown or at any other exchange rate.

Operating environment

In general, the economy of the Republic of Kazakhstan continues to display characteristics of an emerging market. Its economy is particularly sensitive to prices on oil and gas and other commodities, which constitute major part of the country's export. These characteristics include, but are not limited to, the existence of national currency that is not freely convertible outside of the country and a low level of liquidity of securities in the market. Ongoing political tensions in the region, exchange rate volatility have had and may continue to have a negative impact on the economy of the Republic of Kazakhstan, including reduced liquidity and hardships in international debt financing.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Operating environment (continued)**

However, the above factors did not affect the demand for oil. Management is unable to foresee the extent or duration of changes in the Kazakh economy or assess their possible impact on the Company's financial position in the future. The management believes that it takes all the required steps to support stability and growth of the Company's business under the current circumstances.

Oil and gas field exploration and development expenditures*Exploration license costs*

Exploration license costs are capitalized within intangible assets and amortized on a straight-line basis over the estimated period of exploration. Each property is reviewed on an annual basis to confirm that drilling activity is planned. If no future activity is planned, the remaining balance of the license cost is written off. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves'), amortization ceases and the remaining costs are aggregated with exploration expenditure and held on a field-by-field basis as proved properties awaiting approval within other intangible assets. When development is approved internally, and all licenses and approvals are obtained from the appropriate regulatory bodies, then the relevant expenditure is transferred to property, plant and equipment (oil and natural gas properties).

Exploration expenditures

Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalized within exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include employee remuneration, materials, fuel and electric energy, rig costs and payments made to contractors. If hydrocarbons are not found, the exploration expenditure is written off as a dry hole. If hydrocarbons are found and, subject to further appraisal activity, which may include the drilling of further wells (exploration or exploratory-type stratigraphic test wells), are likely to be capable of commercial development then, the costs continue to be carried as an asset.

All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off.

When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to property, plant and equipment (oil and natural gas properties).

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, except for expenditure related to development or delineation wells which do not find commercial quantities of hydrocarbons and are written off as dry hole expenditures in the period, is capitalised within property, plant and equipment.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, depletion and impairment.

The initial cost of assets comprises its purchase price or construction price, any costs directly attributable to bringing the asset into operation and the initial estimate of asset abandonment costs, if any. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and gas properties are depreciated using a unit-of-production method over proved developed reserves. Certain oil and gas property assets with useful lives less than the remaining life of the fields are depreciated on a straight-line basis over useful lives of 4-15 years.

Other property, plant and equipment principally comprise buildings, machinery and equipment, which are depreciated on a straight-line basis over average useful lives of 5 to 25 years.

The expected useful lives of property, plant and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Property, plant and equipment (continued)**

The current value of property, plant and equipment is reviewed for impairment whenever events or changes in circumstances indicate the current value may not be recoverable.

An item of property, plant and equipment, inclusive of production wells which stop producing commercial quantities of hydrocarbons and are scheduled for abandonment, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the current amount of the item) is included in the statement of comprehensive income in the period the item is derecognized.

Impairment of non-financial assets

The Company assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the current value of an asset may not be recoverable.

Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists or when annual impairment testing for an asset group is required, the Company makes a estimate of its recoverable amount.

An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the current value of the asset is increased to its recoverable amount. The increased amount may not exceed the current amount, which would have been determined, net of depreciation or amortisation, had not the impairment loss been recognized in the previous periods. Such reversal is recognized in the statement of comprehensive income.

After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life

Exploration and evaluation assets

Exploration and evaluation assets are recorded at historical cost less accumulated impairment losses. Subsoil use right at the exploration and evaluation phase includes capitalized exploration and evaluation costs and costs of acquiring exploration licenses and is recorded within intangible assets. Exploration rights costs are amortized on a straight-line basis over the estimated period of exploration.

Exploration and evaluation assets are tested for impairment, when the facts and circumstances indicate that exploration and evaluation assets' carrying amount may exceed their recoverable amount.

Intangible assets

Intangible assets other than subsoil use right are stated at cost, less accumulated amortization and accumulated impairment losses. Intangible assets include mainly computer software.

Intangible assets acquired separately from a business are carried initially at cost. The initial cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Computer software costs have an estimated useful life of 3 to 7 years and are amortized on a straight-line basis over this period. The current value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Financial assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through profit or loss;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. All financial assets of the Company as at 31 December 2024 and 31 December 2023 are classified as financial assets measured at amortized cost.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets measured at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Financial assets (continued)***Subsequent measurement (continued)**Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised from the statement of financial position where:

- The rights to receive cash flows from the asset have expired;
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Financial assets (continued)***Impairment of financial assets (continued)*

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. The financial asset is written off if there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives classified at the discretion of the Company as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost (loans, borrowings and payables).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated by the Company upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liabilities as at fair value through profit or loss.

Financial liabilities at amortized cost (loans, borrowings and payables)

This category is the most relevant to the Company. After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

This category generally applies to trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Financial liabilities (continued)*****Derecognition***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised through the statement of comprehensive income.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded at an active market, the fair value is determined by using appropriate valuation techniques.

Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

An analysis of fair values of financial instruments and similar information as to how they are measured are provided in *Note 25*.

Inventories

Inventories are recorded at the lower of cost on a first in, first out basis separately for each warehouse and net realisable value. Cost includes all costs incurred in the normal course of business in bringing each item to its present location and condition. The cost of crude oil is the cost of production, including the appropriate proportion of depreciation, depletion and amortization ("DD&A") and overheads based on normal capacity.

Net realizable value of crude oil is based on proposed selling price less any costs expected to be incurred to complete the sale. Materials and supplies inventories are carried at amounts that do not exceed the expected amounts recoverable in the normal course of business.

Value added tax (VAT)

The tax authorities permit the settlement of VAT on sales and purchases on a net basis. VAT recoverable represents VAT on domestic purchases net of VAT on domestic sales. Export sales are taxed at zero rate. However, settlement of VAT is allowed only on the basis of the results of a tax audit performed by the tax authorities to confirm the VAT recoverable.

If the effect of the time value of money is material, long-term VAT recoverable is discounted using a risk-free rate that reflects, where appropriate, the risks specific to the asset.

The carrying amount of VAT recoverable is reduced to the recoverable amount using the impairment reserve account for impairment of VAT recoverable. The amount of the impairment loss is reflected in the statement of comprehensive income as part of general and administrative expenses.

If subsequently the amount of VAT recoverable is reimbursed from the budget, the previously recognized impairment loss should be reversed using the impairment reserve account for impairment of VAT recoverable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Cash and cash equivalents**

Cash in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Equity

Common shares with discretionary dividends are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction from the proceeds in equity.

Dividends

Dividends are recognized as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the financial statements were authorised for issue.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks inherent in a specific liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Defined benefit obligation

The Company withholds 10% from the salary of its employees as the employees' contribution to their designated pension funds. The pension deductions are limited to a maximum of 425,000 tenge per month in 2024 (2023: 350,000 tenge per month). Under the current Kazakhstan legislation, employees are responsible for their retirement benefits. From 1 January 2014 the Company is required to contribute a mandatory 5% of the salary for a majority of its employees to their pension funds.

Long-term employee defined benefit liabilities

The Company offers to its employees long-term benefits prior to and after retirement in accordance with collective agreements between the Company and its employees and other documents. The collective agreement and other documents provide for certain one-off retirement payments, early retirement benefits, financial aid for employees' disability, anniversary and death. The entitlement to benefits is usually conditional on the employee remaining in service in the industry up to retirement age.

The expected costs of one-off benefits and early retirement benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit post-employment plans. Actuarial gains and losses that arise during the year, including the effect of changes in actuarial assumptions and past experience related to differences between actuarial assumptions and actual data, are recognized in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Defined benefit obligation (continued)***Long-term defined benefit liabilities (continued)*

Other changes, including the cost of current services, the cost of past services, and the impact of workforce reductions or settlements made, are recognized in profit or loss of the current period. The cost of services of the current period represents an increase in the present value of the employee benefit obligation as a result of the Company's provision of services in the current period. The cost of past period services represents the change in the present value of the obligation under defined benefit plans as a result of amendments to the program or its reduction. The most significant assumptions used in accounting for the benefit liability are the discount rate and mortality rates. Discount rate is used to determine net present value of future liabilities and each year unwinding of discount on such liabilities is recorded in the statement of comprehensive income as finance costs. The assumption of mortality is used to forecast the future benefit payment flow, which then is discounted to arrive at the net present value of liabilities.

Employees benefits apart from lump-sum retirement benefits are considered as other employee benefits. Accrual of expected expenses on these long-term benefits is performed during employee labour activity according to the method, which is used in calculation of defined benefit schemes.

These obligations are valued by independent qualified actuaries on an annual basis.

Revenue recognition

The Company sells crude oil under short-term contracts at prices determined as the average of the 5 highest/lowest Brent quotes published by Platt's adjusted for freight costs, insurance, and quality discounts. Title typically passes and revenues are recognized when crude oil is physically placed onboard a vessel or offloaded from the vessel, transferred into pipe or other delivery mechanism depending on the contractually agreed terms.

The Company's crude oil sale contracts generally specify maximum quantities of crude oil to be delivered over a certain period. Crude oil shipped but not yet delivered to the customer is recorded as inventory in the statement of financial position.

Taxes

Current income tax expense comprises current corporate income tax, excess profit tax and deferred tax.

Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Excess profit tax

Excess profit tax ("EPT") is treated as an income tax and forms part of income tax expense. In accordance with the applicable tax legislation enacted as of 1 January 2009, the Company accrues and pays EPT in respect of each subsurface use contract, at varying rates based on the ratio of aggregate annual income to deductions for the year for a particular subsurface use contract. The ratio of total annual income to deductions in each fiscal year triggering the application of EPT is 1.25:1. EPT rates are applied to the part of the taxable income (taxable income after corporate income tax and allowable adjustments) related to each subsurface use contract in excess of 25% of the deductions attributable to each contract.

Pillar II Model rules

As described in *Note 1*, the Company is an indirect subsidiary of Samruk-Kazyna. Samruk-Kazyna has subsidiaries operating in the various jurisdictions where the Pillar II Model Rules have been enacted or substantially enacted. However, as the Company and its subsidiaries operate in the jurisdictions where the Pillar II Model Rules have not yet been implemented (Kazakhstan, Georgia, UAE), the Company and its subsidiaries are not subject to the Pillar II Model Rules.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Taxes (continued)***Deferred income tax*

Deferred tax assets and liabilities are calculated for all temporary differences using the liability method for all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax asset is recorded only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities.

Deferred income tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill, an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

When analyzing the recoverability of deferred tax assets, the Company relies on the same assumptions that are used in other parts of the financial statements and management's reports. Among other things, these assumptions reflect the potential impact on business of climate change-related events, such as increased production costs resulting from the implementation of carbon reduction measures.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets within property, plant and equipment at the commencement date of the lease (i.e., the date on which the underlying asset becomes available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If at the end of the lease term the ownership of the leased asset transfers to the Company or if the initial value of the asset reflects the exercise of the purchase option, the asset is depreciated over its estimated useful life.

Right-of-use assets are recorded in property, plant and equipment and are subject to an impairment test, which is described in paragraph "Impairment of non-financial assets".

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. BASIS OF PREPARATION (continued)**Leases (continued)***ii) Lease liabilities*

At the commencement date of the lease, the Company must recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, a change in future payments due to a change in the index or rate used to determine such payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. contracts that, at the commencement date, have a lease term of 12 months or less and do not contain an option to purchase an underlying asset). The Company also applies the low value assets lease recognition exemption to contracts of lease of office equipment whose value is considered to be low. Lease payments on short-term leases and lease of assets of low value are recognised as expense on a straight-line basis over the lease term.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease payments are recognized as part of other operating income in the period in which they are received.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Company has determined that all revenue from contracts with customers is received at a point in time, and the recognition of revenue requires the Company's management to make judgements that affect the reported amounts of revenue. Contractual relations for the sale of oil with other terms may result in recognition of revenue over time.

Judgement is used in assessing whether the Company is a principal or an agent in revenue transactions. In determining that the Company acts as a principal, the terms of the agreement were carefully considered, and it was concluded that the Company controls the product before it is transferred to the buyer. In alternative agreements, the Company can be defined as an agent.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**Judgements (continued)***Revenue from contracts with customers (continued)*

In accordance with the terms of the existing contracts, the Company has determined that shipping or transportation services are not provided to the buyer, and that the only performance obligations relate to the sale of crude oil and petroleum products. Judgement is required in determining whether shipment is provided as a service, and this affects the identification of the performance obligation, recognition of all performance obligations at a point in time or over time, and the overall timing of revenue recognition. The Company's management does not consider the shipping costs to be a separate performance obligation, as the risks and associated rewards pass to the buyer at the time of shipment at the port.

Deferred tax assets

Deferred tax is calculated with respect to both corporate income tax ("CIT") and excess profit tax (EPT). Deferred CIT and EPT are calculated on temporary differences for assets and liabilities allocated to contracts for subsoil use at the expected rates. Deferred CIT and EPT bases disclosed in Note 9 are calculated under the terms of the tax legislation.

Deferred tax assets require management to assess the probability that the Company will generate sufficient taxable profit in future periods to use the recognized deferred tax assets. Assumptions about future taxable profit depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, oil and natural gas prices, reserves, operating costs, decommissioning costs, capital expenditure, dividends and other capital management transactions) and judgement about the application of existing tax laws. If future cash flows and taxable profit differ materially from estimates, this may affect the Company's ability to realise the net deferred tax assets recognized at the reporting date. Additionally, future changes in tax laws in the jurisdictions, in which the Company operates, could limit the ability of the Company to obtain tax deductions in future periods. The Company's management estimates that it is highly probably that sufficient taxable profit will be available in future periods to use the recognized deferred tax assets.

Estimation uncertainty*Evaluation of oil and gas reserves*

Oil and gas reserves are estimates of the amount of hydrocarbons that can be economically and legally produced in the Company's oil and gas fields. The Company estimates its commercial reserves and resources based on information gathered by qualified specialists regarding geological and technical data on the size, depth, shape and content of the hydrocarbon body, as well as suitable production methods and recovery rates. Commercial reserves are determined using estimates of oil and gas reserves, extraction coefficients, and future commodity prices, which collectively influence the total amount of recoverable reserves and the proportion of gross reserves. Future capital expenditures are estimated based on assumptions regarding the number of wells required to extract commercial reserves, the cost of such wells and associated production facilities, as well as other capital expenditures.

The Company estimates its reserves of oil and gas in accordance with the methodology of the Society of Petroleum Engineers ("SPE"). In estimating its reserves, the Company uses long-term planning prices. Using planning prices for estimating proved reserves removes the impact of the volatility inherent in using year end spot prices. The current assumption for the long-term price of Brent crude oil used in the estimate of commercial reserves is 80 US dollars per barrel (2023: 80 US dollars per barrel). The carrying amount of oil and gas assets as at 31 December 2024 is disclosed in Note 10.

As the economic assumptions used may change with the acquisition of additional geological information during the operation of the field, estimates of recoverable reserves may also change. The relative degree of uncertainty can be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Proved reserves are more certain to be recovered than unproved reserves and may be further sub-classified as developed and undeveloped to denote progressively increasing uncertainty in their recoverability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)**Estimation uncertainty (continued)***Evaluation of oil and gas reserves (continued)*

Estimates are reviewed and revised annually. Revisions occur due to the evaluation or re-evaluation of already available geological, reservoir or production data; availability of new data; or changes to underlying price assumptions. Reserve estimates may also be revised due to improved recovery projects, changes in production capacity or changes in development strategy. Such changes may impact the Company's reported financial position and results, which include:

- The carrying amount of oil and gas and other assets (*Note 10*);
- Depreciation, depletion and amortization in the statement of comprehensive income (*Note 10*);
- Asset retirement obligations – if changes in reserve estimates affect expectations about the timing of such actions and the related costs involved (*Notes 10 and 17*);
- The carrying amount of deferred tax assets – which may change due to alterations in the assessment of the likelihood of recovering such assets (*Note 9*).

Depreciation of oil and gas assets

Oil and gas assets are depreciated using the unit of production method in relation to the amount of proven developed reserves. This results in depreciation being charged in proportion to the depletion of the expected remaining production at the field.

In determining the life of each asset, the limitation of the physical life is taken into account, as well as current estimates of the economically recoverable reserves of the deposit. These calculations require the use of estimates and assumptions, including the amount of reserves and future capital costs. Changes in proven developed reserves may occur due to changes in the factors or assumptions used in the estimate of reserves, including:

- The difference between actual and projected crude oil prices;
- Unforeseen operating issues that may affect future capital expenditures;
- The emergence of more detailed information about existing reserves (e.g., in-depth engineering-geophysical studies or the drilling of additional wells).

Impairment of oil and gas assets

The Company assesses an asset of a group of assets or cash-generating units (CGU) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as discount rates, future capital requirements, operating performance that are subject to risk and uncertainty. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered to be impaired and is written down to its recoverable amount.

In assessing recoverable amount the estimated future cash flows are adjusted for the risks specific to the asset group/generating unit and are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is identified as the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the Company and not applicable to the Cooperative in general.

As a result of the assessment conducted by the Company's management, no indications of possible asset impairment have been identified as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)****Estimation uncertainty (continued)***Asset retirement obligations*

Under the terms of certain contracts, legislation and regulations the Company has legal obligations to dismantle and remove tangible assets and restore the land at each production site. In particular, the Company's obligations comprise the gradual shutting-in of all non-productive wells and final discontinuation of activities, such as abandonment of wells, dismantling of pipelines, dismantling of surface and underground structures, communication and other structures, reclamation of the contract area and the costs of preliminary environmental impact assessment. Since the license terms cannot be extended at the discretion of the Company, the settlement date of the final closure obligations has been assumed to be the end of each license period.

If the asset retirement obligations were to be settled at the end of the economic life of the properties, the recorded obligation would increase significantly due to the inclusion of all abandonment and closure costs. The extent of the Company's obligations to finance the abandonment of wells and for final closure costs depends on the terms of the respective contracts and current legislation.

Where neither contracts nor legislation include an unambiguous obligation to undertake or finance such final abandonment and closure costs at the end of the license term, no liability has been recognized. There is some uncertainty and significant judgment involved in making such a determination.

Management's assessment of the presence or absence of such obligations could change with shifts in policies and practices of the Government or in the local industry practice. The Company calculates asset retirement obligations separately for each contract.

Such obligations are valued by independent qualified consultants on an annual basis.

The amount of the obligation is the present value of the estimated expenditures expected to be required to settle the obligation adjusted for expected inflation and discounted using average long-term risk-free interest rates for emerging market sovereign debt adjusted for risks specific to the Kazakhstan market. The Company revises the obligation to restore the contract territory at each reporting date and adjusts to reflect the best estimate in accordance with IFRIC 1 Changes in Existing Decommissioning, Restoration of Natural Resources to deal with them and similar obligations.

Estimating the future closure costs involves significant estimates and judgments by management. Most of these obligations are many years in the future and, in addition to ambiguities in the legal requirements, the Company's estimate can be affected by changes in asset removal technologies, costs and industry practice. Approximately 31% and 27% of the provision at December 31, 2024 and 2023, respectively, relate to the final closure costs. The Company estimates future well abandonment cost using current year prices and the average long-term inflation rate.

The long-term inflation and discount rates used to determine the carrying value of a liability at 31 December 2024 and 2023 are presented below:

<i>In percent</i>	2024	2023
Discount rate on the field abandonment provision	9.97%	8.63%
Inflation rate	5.23%	4.13%

Movements in the provision for asset retirement obligations are disclosed in Note 16.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS (continued)**3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)****Estimation uncertainty (continued)***Provision for expected credit losses of trade receivables (continued)*

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the trade receivables of the Company is disclosed in Note 12.

Sales at provisional prices

The crude oil export sale agreements contain conditions that allow the prices to be adjusted on the basis of the market price at the end of the relevant quotation period (QP) specified by the agreement. Selling price adjustments are based on changes in quoted market prices before the end of the QP. In such cases revenue from sale under these agreements is initially recognized when control passes to the buyer and will be measured at the expected amount based on the forward price.

The final selling price is based on the average market price quotes over a 5-day period following the bill of lading. Price risks during the quotation period correspond to the definition of an embedded derivative in accordance with IFRS 9. The Company applies judgement to determine the fair value of the receivables. Changes in the fair value of accounts receivable from the date of sale for 2024 are presented by the Company as part of revenue (*Note 4*). As at 31 December 2024, the adjustment of receivables under such contracts between the preliminary and final price for 2024 is insignificant.

Defined benefit obligation

The cost of long-term employee benefits before and after retirement and the present value of obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future benefits increases. Due to the difficulty of assessing the basic assumptions and long-term obligations under the post-employment benefit plans, such obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables. Future increase in salary is based on expected future inflation rates. Main actuarial assumptions used for evaluation of liabilities on employee benefits as at 31 December 2024 and 2023 are as follows:

<i>In percent</i>	2024	2023
Discount rate	11.36%	11.02%
Future increase of long-term annual payments (MCI)	7.09%	7.15%
Future salary increases (2024)	8.00%	8.00%
Future salary increases (2025)	6.00%	6.00%
Future salary increases (from 2026)	4.00%	4.00%
Probability of early retirement for men	14.29%	14.56%
Probability of early retirement for women	4.19%	4.24%

As at 31 December 2024 and 2023 the average duration of post-retirement benefit obligations was 7.56 years and 7.42 years, respectively.

Sensitivity analysis of employee benefits obligation for the change in significant estimates as at 31 December 2024 is as follows:

<i>In thousands of tenge</i>	Decrease	Increase
Discount rate	(0.5%) 781,015	+0.5% (729,615)
Salary increase	(1.0%) (263,299)	+1.0% 292,222

NOTES TO THE FINANCIAL STATEMENTS (continued)**4. REVENUE FROM CONTRACTS WITH CUSTOMERS**

<i>In thousands of Tenge</i>	Recognition of revenue from obligation performance	2024	2023
Export			
Crude oil	At a point in time	276,716,394	260,907,290
Quality bank (Note 20)	At a point in time	520,457	1,447,450
Domestic market			
Crude oil	At a point in time	152,797,068	139,703,143
Gas products	At a point in time	221,476	253,472
Other sales and services	Over time	439,223	392,229
		430,694,618	402,703,584
<i>In thousands of tenge</i>		2024	2023
Geographical market			
Switzerland		276,716,394	260,907,290
Kazakhstan		153,978,224	141,796,294
		430,694,618	402,703,584

In 2024, adjustment at the preliminary price decreases revenue from contracts with customers by 129,024 thousand tenge (2023: 101,287 thousand tenge).

The oil quality bank serves as a mechanism for penalty and compensation payments to the Company based on the quality of the crude oil supplied to the pipeline system for export through the Caspian Pipeline Consortium. The rewards from the oil quality bank are reimbursed by NC KMG.

5. COST OF SALES

<i>In thousands of tenge</i>	2024	2023
Employee benefits	85,928,231	77,246,129
Mineral extraction tax, net (Note 18)	33,819,591	33,081,256
Repair and maintenance	33,699,573	33,961,251
Depreciation, depletion and amortization	29,451,393	26,638,543
Transportation expenses	9,289,124	7,675,631
Materials and supplies	6,506,100	7,594,305
Electricity	6,214,903	5,871,403
Taxes other than income tax	3,127,019	2,747,166
Other	10,950,782	8,934,943
	218,986,716	203,750,627
Change in crude oil balance	525,027	(1,737,446)
	219,511,743	202,013,181

The production costs for processing of associated gas for 2024 amounted to 8,399,918 thousand tenge (2023: 8,757,854 thousand tenge).

Repair and maintenance services include expenses related to the rental of screw pump units and submersible pumps. The Company believes that these agreements qualify as leases under IFRS 16; however, they fall under the exception provided for low-value assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)**6. SELLING EXPENSES**

<i>In thousands of tenge</i>	2024	2023
Rent tax (Note 18)	48,997,641	48,189,372
Export customs duty	39,941,379	36,307,342
Transportation expenses	39,246,020	37,355,043
Sales agent's fee	97,966	95,641
	128,283,006	121,947,398

7. GENERAL AND ADMINISTRATIVE EXPENSES

<i>In thousands of tenge</i>	2024	2023
Employee benefits	8,268,028	7,316,816
Repair and maintenance	1,676,897	1,760,374
Taxes other than income tax	657,891	416,920
Sponsorship	603,061	50,329
Depreciation, depletion and amortization	595,156	641,869
Transportation expenses	434,529	395,215
Event management services	260,593	287,081
Consulting and audit services	213,989	152,906
Accrual of allowance for ECL (Note 12)	104,352	(501,064)
(Reversal) / accrual of expenses for fines and penalties	(1,416,716)	234,792
Other	1,414,389	1,229,590
	12,812,169	11,984,828

8. FINANCE EXPENSE

<i>In thousands of tenge</i>	2024	2023
Unwinding of discount on assets retirement obligation (Note 17)	2,433,584	2,092,293
Unwinding of discount on defined benefit obligation (Note 17)	1,736,913	1,501,503
Unwinding of discount on historical provisions (Note 16)	647,426	1,723,659
Other	432,549	429,807
	5,250,472	5,747,262

9. INCOME TAX

Income tax expenses for the year comprised the following:

<i>In thousands of tenge</i>	2024	2023
Current corporate income tax	17,465,711	17,791,798
Adjustment of corporate income tax for the prior periods	869,880	(110,114)
Current excess profit tax	259,838	-
Adjustment of excess profit tax for prior periods	-	(118,883)
Adjustment of corporate income tax provision	(3,710,606)	(4,319,210)
Adjustment of excess profit tax provision	(357,643)	-
Current income tax expenses	14,527,180	13,243,591
Deferred tax expenses	2,368,579	540,462
Deferred tax expenses	2,368,579	540,462
Income tax expenses	16,895,759	13,784,053

The following table provides a reconciliation of the Kazakhstan income tax rate to the effective tax rate of the Company on profit before tax.

NOTES TO THE FINANCIAL STATEMENTS (continued)**9. INCOME TAX (continued)**

<i>In thousands of tenge</i>	2024	2023
Profit before taxes	84,288,180	59,725,376
Income tax expense	16,895,759	13,784,053
Effective tax rate	20%	23%
Income tax expenses at statutory rate	16,857,636	11,945,075
Adjustment of excess profit tax for prior periods	-	(118,883)
Adjustment of corporate income tax for the prior periods	869,880	(110,114)
Defined benefit expenses	383,684	503,939
Withholding tax	689,161	358,169
Non-deductible expenses	1,242,196	1,289,633
Expenses for land reclamation outside the mining allotment	661,613	524,838
Current excess profit tax	259,838	-
Adjustment of the corporate income tax provision for prior periods	(3,710,606)	(608,604)
Adjustment of excess profit tax provision for prior periods	(357,643)	-
Income tax expense	16,895,759	13,784,053

The adjustment of the corporate income tax provision for prior periods primarily involves recalculating the provision for potential risks of additional corporate income tax assessments, specifically concerning the risk of reimbursement for expenses related to the transportation of oil after loading onto the tanker.

The movements in the deferred tax assets relating to CIT and EPT were as follows:

<i>In thousands of tenge</i>	Property, plant and equipment and intangible assets	Provisions and historical obligations	Taxes	Other	Total
As at 1 January 2023	(57,816)	6,313,958	3,548,719	1,231,877	11,036,738
Recognized in profit and loss	(2,845,199)	964,922	861,401	478,414	(540,462)
As at 31 December 2023	(2,903,015)	7,278,880	4,410,120	1,710,291	10,496,276
Recognized in profit and loss	(992,108)	(63,781)	(1,254,633)	(58,057)	(2,368,579)
As at 31 December 2024	(3,895,123)	7,215,099	3,155,487	1,652,234	8,127,697

NOTES TO THE FINANCIAL STATEMENTS (continued)**10. PROPERTY, PLANT AND EQUIPMENT**

<i>In thousands of tenge</i>	Oil and gas assets	Land	Buildings and constructions	Machinery and equipment	Vehicles	Other assets	Capital construction in progress	Total
Net book value as at 31 December 2022	150,859,844	254,824	8,563,585	2,567,293	3,565,071	4,202,176	17,563,642	187,576,435
Additions	299,446	-	30	11,576	-	970	60,497,198	60,809,220
Changes in ARO estimate (Note 17)	2,159,679	-	-	-	-	-	-	2,159,679
Disposals	(3,300,475)	(18,882)	(42,428)	(68,985)	-	(174,378)	(1,439,810)	(5,044,958)
Transfers from capital work-in-progress	52,794,285	-	1,201,292	422,195	2,201,135	1,524,147	(58,143,054)	-
Transfers from exploration and evaluation assets (Note 17)	4,972	-	-	-	-	-	-	4,972
Transfers and reclassifications	(105,958)	-	1,853	(15,900)	-	150,019	(30,014)	-
Accumulated depreciation on disposals	2,857,392	3,935	(909,238)	55,638	-	130,660	1,713,534	3,851,921
Write-off	-	-	-	-	-	-	(33,777)	(33,777)
Depreciation expenses	(24,769,980)	-	(334,253)	(319,397)	(719,442)	(694,118)	-	(26,837,190)
Net book value as at 31 December 2023	180,799,205	239,877	8,480,841	2,652,420	5,046,764	5,139,476	20,127,719	222,486,302
Additions	319,215	-	-	-	-	5,010	45,903,676	46,227,901
Changes in ARO estimate (Note 17)	(2,495,171)	-	-	-	-	-	-	(2,495,171)
Disposals	(3,692,522)	(32,519)	(1,067,375)	(77,081)	(493,500)	(209,631)	(277,519)	(5,850,147)
Transfers from capital work-in-progress	39,732,661	-	72,465	584,341	2,221,911	1,850,084	(44,461,462)	-
Transfers and reclassifications	(8,322)	-	4,031	(13,907)	-	18,198	-	-
Accumulated depreciation on disposals	3,334,456	4,468	1,062,665	87,864	484,311	176,588	24,489	5,174,844
Write-off	-	-	(370)	-	-	-	(9,446)	(9,816)
Depreciation expenses	(27,272,332)	-	(373,565)	(346,795)	(891,599)	(918,512)	-	(29,802,803)
Net book value as at 31 December 2024	190,717,190	211,826	8,178,692	2,886,842	6,367,887	6,061,213	21,307,460	235,731,107

NOTES TO THE FINANCIAL STATEMENTS (continued)**10. PROPERTY, PLANT AND EQUIPMENT (continued)**

<i>In thousands of tenge</i>	Oil and gas assets	Land	Buildings and construction	Machinery and equipment	Vehicles	Other assets	Capital construction in progress	Total
At 31 December 2023								
Cost	446,129,951	255,299	13,893,652	5,346,658	13,273,346	10,096,354	20,296,497	509,291,757
Accumulated depreciation	(221,186,184)	–	(3,104,887)	(2,285,526)	(7,112,069)	(4,587,799)	–	(238,276,465)
Accumulated impairment	(44,144,562)	(15,422)	(2,307,924)	(408,712)	(1,114,513)	(369,079)	(168,778)	(48,528,990)
Net book value as at 31 December 2023	180,799,205	239,877	8,480,841	2,652,420	5,046,764	5,139,476	20,127,719	222,486,302
At 31 December 2024								
Cost	479,985,812	222,780	12,902,773	5,840,011	15,001,757	11,760,012	21,461,197	547,174,342
Accumulated depreciation	(245,556,858)	–	(3,390,918)	(2,575,992)	(7,534,469)	(5,352,005)	–	(264,410,242)
Accumulated impairment	(43,711,764)	(10,954)	(1,333,163)	(377,177)	(1,099,401)	(346,797)	(153,737)	(47,032,993)
Net book value as at 31 December 2024	190,717,190	211,826	8,178,692	2,886,842	6,367,887	6,061,213	21,307,460	235,731,107

As at 31 December 2024, the cost and the relevant accumulated depreciation of fully depreciated but still in use property, plant and equipment amounted to 15,750,357 thousand tenge (2023: 16,878,208 thousand tenge) where buildings and structures amount to 5,634,654 thousand tenge (2023: 5,790,289 thousand tenge), oil and gas assets amount to 9,316,335 thousand tenge (2023: 10,106,658 thousand tenge) vehicles and other property, plant and equipment amount to 799,367 thousand tenge (2023: 981,261 thousand tenge).

NOTES TO THE FINANCIAL STATEMENTS (continued)**11. EXPLORATION AND EVALUATION ASSETS**

<i>In thousands of tenge</i>	Tangible	Intangible	Total
Net book value as at 1 January 2022	1,280,007	-	1,280,007
Additions	79,705	175,000	254,705
Depreciation	-	(18,015)	(18,015)
Disposals	(2,368)	-	(2,368)
Transfers from exploration and evaluation assets to property, plant, and equipment, taking into account accumulated impairment (<i>Note 10</i>)	(4,972)	-	(4,972)
Net book value at 31 December 2023	1,352,372	156,985	1,509,357
Additions	1,232,799	-	1,232,799
Depreciation	-	(30,882)	(30,882)
Net book value at 31 December 2024	2,585,172	126,103	2,711,275
At 31 December 2023			
Cost	4,422,532	18,490,049	22,912,581
Accumulated depreciation	-	(14,740,380)	(14,740,381)
Accumulated impairment	(3,070,160)	(3,592,684)	(6,662,843)
Net book value at 31 December 2023	1,352,372	156,985	1,509,357
At 31 December 2024			
Cost	4,006,311	18,490,049	22,496,360
Accumulated depreciation	-	(14,771,262)	(14,771,262)
Accumulated impairment	(1,421,139)	(3,592,684)	(5,013,823)
Net book value at 31 December 2024	2,585,172	126,103	2,711,275

12. FINANCIAL ASSETS**Trade and other accounts receivable**

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
Trade accounts receivable	45,727,804	50,435,797
Others	134,130	137,684
	45,861,934	50,573,481
Less: ECL allowance	(220,882)	(116,530)
	45,641,052	50,456,951

As at 31 December 2024 the Company's trade receivables included receivables from KazMunayGas Trading AG from sale of crude oil for export in the amount of 27,774,306 thousand tenge (2023: 31,440,262 thousand tenge) and receivables from NC KMG from sale of crude oil to the domestic market in the amount of 17,880,517 thousand tenge (2023: 18,910,184 thousand tenge).

As at 31 December 2024 trade receivables of the Company are denominated in US dollars by 61% (2023: 62%).

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

<i>In thousands of tenge</i>	2024	2023
At 1 January	116,530	80,766
Charge	257,337	55,352
Recovery	(152,985)	(19,588)
As at 31 December	220,882	116,530

NOTES TO THE FINANCIAL STATEMENTS (continued)**12. FINANCIAL ASSETS (continued)****Trade and other accounts receivable (continued)**

As at 31 December 2024, information on the Company's exposure to credit risk on trade receivables and contract assets using the allowance matrix is as follows:

<i>In thousands of tenge</i>	Trade accounts receivable					Total
	Days past due					
	Current	Up to 30 days	30–60 days	61-90 days	More than 91 days	
Expected credit loss rate	0.41%	–	1.14%	1.05%	59.88%	
Estimated total gross carrying value	45,748,857	–	57,268	95	55,714	45,861,934
Expected credit losses	186,867	–	650	1	33,364	220,882

As at 31 December 2023, information on the Company's exposure to credit risk on trade receivables and contract assets using the allowance matrix is as follows:

<i>In thousands of tenge</i>	Trade accounts receivable					Total
	Days past due					
	Current	Up to 30 days	30-60 days	61-90 days	More than 91 days	
Expected credit loss rate	0.15%	0.97%	2.19%	2.67%	47.36%	
Estimated total gross carrying value	50,361,820	56,049	66,664	8,141	80,807	50,573,481
Expected credit losses	76,033	546	1,463	217	38,271	116,530

Cash and cash equivalents

<i>In thousands of Tenge</i>	At 31 December 2024	At 31 December 2023
Time deposits with banks in US dollars	44,936,276	15,233,342
Time deposits with banks in tenge	7,004,755	6,510,759
Placements with banks in tenge	16,1453	2,417
Placements with banks in US Dollars	2	–
	51,957,178	21,746,518

Interest rates for cash held in banks are determined based on the daily deposit rates offered by the banks. Deposits with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company.

The weighted average interest rate on tenge denominated time deposits as at 31 December 2024 was 14.70% (2023: 15.52%), the weighted average interest rate on US dollar denominated term deposits was 3.25% (2023: 3.25%).

Other financial assets

Non-current financial assets comprise of liquidation fund deposits opened in accordance with subsoil use agreement for each contract until the end of the term of each contract. The weighted average interest rate on these deposits as at 31 December 2024 was 3% (2023: 3%). During 2024, interest accrued on these deposits amounted to 3,627,835 thousand tenge (2023: 2,598,732 thousand tenge).

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
Financial assets held to maturity in US dollars	55,547,533	48,066,236
Financial assets held to maturity in tenge	927,145	812,908
ECL allowance	(148,864)	(147,710)
Total non-current financial assets	56,325,814	48,731,434

NOTES TO THE FINANCIAL STATEMENTS (continued)**13. TAXES PREPAID AND VAT RECOVERABLE**

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
VAT recoverable	1,533,451	3,354,490
Export customs duty	8,640,563	8,321,442
Others	167,432	171,364
	10,341,446	11,847,296
Less: provision for impairment of VAT recoverable	(138,881)	(834,544)
Total prepaid taxes and VAT recoverable	10,202,562	11,012,752

Changes in provision for impairment of VAT recoverable are presented as follows:

<i>In thousands of tenge</i>	2024	2023
At 1 January	834,544	963,052
Reversal of provision	(695,663)	(128,508)
As at 31 December	138,881	834,544

14. INVENTORIES

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
Crude oil (at the lower of cost and net realisable value)	9,546,150	10,071,177
Materials (at cost)	4,812,055	4,033,546
Total inventories at the lower of cost and net realisable value	14,358,205	14,104,723

As at 31 December 2024 the Company had 96,468 tons of crude oil in storage and transit (2023: 109,382 tons).

15. EQUITY**Authorized shares**

As at 31 December 2024 and 31 December 2023 the total number of authorized shares is 32,479,964 pieces with par value of 5,000 tenge each, all of which are owned by the Parent.

Dividends

In accordance with Kazakhstan legislation, dividends may not be declared if the Company has negative equity or if the payment of dividends would result in negative equity. In 2024 the Company declared and paid dividends to the Parent in the amount of 10,003,829 thousand tenge or 308 tenge per share (2023: 45,017,230 thousand tenge or 1,386 tenge per share).

16. HISTORICAL OBLIGATIONS

Historical obligations are expressed in US dollars and represent obligations to reimburse historical costs incurred by the Government of the Republic of Kazakhstan before the Company acquired certain licenses: contract No. 406 - Liman field, contract No. 3577 - Karaton-Sarkamys block field, contract No. 992 - Novobogotinskoye West field.

In 2021, the Company paid obligations under contract No. 327 - Taisogan block field. The reimbursement payment for historical costs is made by the subsoil user starting from the commencement of production in the contract area and upon the occurrence of the earliest of the following events: 1) announcement of commercial discovery; 2) transition to the production phase in accordance with the legislation of the Republic of Kazakhstan on subsoil and subsoil use; 3) issuance of a mining license; 4) signing of a mining contract. In October 2021, the Company received the Minutes of the meeting of the State Commission on Mineral Reserves confirming the oil and gas reserves of the S. Nurzhanov field in the Karaton-Sarkamys block. On 21 November 2024, the Company made the remaining payment for the reimbursement of historical costs in the amount of 1,036,096 thousand tenge under contract No. 406 due to the return of the contract area of the Liman site to the state.

NOTES TO THE FINANCIAL STATEMENTS (continued)**16. HISTORICAL OBLIGATIONS (continued)**

The movement in historical obligations is presented as follows:

<i>In thousands of tenge</i>	2024	2023
Balance as at 1 January	7,689,732	7,622,618
Unwinding of discount	647,426	1,723,659
Payments	(2,494,787)	(1,527,039)
Effect of foreign exchange difference	1,093,473	(129,506)
Balance as at 31 December	6,935,844	7,689,732
Current portion	1,769,920	1,901,473
Non-current portion	5,165,924	5,788,259
Balance as at 31 December	6,935,844	7,689,732

17. PROVISIONS

<i>In thousands of tenge</i>	Provisions for taxes	Asset retirement obligation	Defined benefit obligation	Total
As at 1 January 2023	8,029,816	24,357,343	15,297,168	47,684,327
Additional provisions	-	207,238	1,530,427	1,737,665
Unused amounts reversed	(4,319,210)	-	-	(4,319,210)
Unwinding of discount	-	2,092,293	1,501,503	3,593,796
Changes in estimates	-	2,159,679	(20,376)	2,139,303
Utilized during the year	-	(628,437)	(1,653,229)	(2,281,666)
As at 31 December 2023	3,710,606	28,188,116	16,655,493	48,554,215
Current portion	3,710,606	1,956,362	1,464,419	7,131,387
Non-current portion	-	26,231,754	15,191,074	41,422,828
As at 31 December 2023	3,710,606	28,188,116	16,655,493	48,554,215
Additional provisions	-	157,339	560,396	717,735
Unused amounts reversed	(3,710,606)	-	-	(3,710,606)
Unwinding of discount	-	2,433,584	1,736,913	4,170,497
Changes in estimates	-	(2,495,171)	(727,546)	(3,222,717)
Utilized during the year	-	(711,701)	(1,788,063)	(2,499,764)
As at 31 December 2024	-	27,572,167	16,437,193	44,009,360
Current portion	-	507,549	1,565,509	2,073,058
Non-current portion	-	27,064,618	14,871,684	41,936,302
As at 31 December 2024	-	27,572,167	16,437,193	44,009,360

Amounts recognized on defined benefit obligation in the statement of financial position and statement of comprehensive income are presented as follows

<i>In thousands of tenge</i>	2024	2023
Present value of defined benefit obligation at the end of the year	16,437,193	16,655,493
Net liabilities	16,437,193	16,655,493
Current service cost	319,183	336,593
Interest costs	1,736,913	1,501,503
Actuarial losses – charged to profit and loss	(102,992)	93,565
Actuarial (gains)/losses - charged to other comprehensive loss	(624,553)	(113,940)
Past service costs	241,212	1,148,399
Expenses recognized during the year	1,569,763	2,966,120
Payments made during the year	(1,788,063)	(1,607,795)

The cost of current services and services of previous years is included in the statement of comprehensive income within production expenses, general and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. MINERAL EXTRACTION AND RENT TAX PAYABLE**

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
Rent tax on crude oil export	8,231,856	10,993,792
Mineral extraction tax	4,624,218	8,296,209
Total	12,856,074	19,290,001

Changes in rent tax payable are presented below:

<i>In thousands of tenge</i>	2024	2023
As at 1 January	10,993,792	9,758,654
Accrual (Note 6)	48,997,641	48,189,372
Payment	(51,759,577)	(46,954,234)
As at 31 December	8,231,856	10,993,792

Changes in mineral extraction tax are presented below:

<i>In thousands of tenge</i>	2024	2023
As at 1 January	8,296,209	7,260,406
Accrual (Note 5)	33,819,591	33,081,256
Payment	(37,491,582)	(32,045,453)
As at 31 December	4,624,218	8,296,209

19. TRADE AND OTHER PAYABLES

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
Trade accounts payable	15,603,234	17,568,066
Amounts due to employees	8,397,452	8,161,878
Other taxes payable	1,375,732	1,177,881
Other	1,300,452	647,290
Total	26,676,870	27,555,115

The Company's trade payables are mostly represented by receivables for well drilling, workover and purchase of property, plant and equipment.

As at 31 December 2024 and 2023, trade and other payables comprise:

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
Trade accounts payable to third parties	13,653,715	15,494,593
Trade accounts payable to related parties	1,949,519	2,073,473
Total	15,603,234	17,568,066

Carrying value of trade payables is denominated in the following currencies:

<i>In thousands of tenge</i>	At 31 December 2024	At 31 December 2023
Trade accounts payable in Tenge	15,588,186	17,565,658
Trade accounts payable in US dollars	15,048	2,408
Total	15,603,234	17,568,066

NOTES TO THE FINANCIAL STATEMENTS (continued)**20. RELATED PARTY TRANSACTIONS**

The category 'entities under common control' comprises entities controlled by the Parent Company and NC KMG. The category 'other related parties' comprises entities controlled by SWF Samruk-Kazyna. Sales and purchases with related parties during the years ended 31 December 2024 and 2023 and the balances with related parties at 31 December 2024 and 2023 are as follows:

<i>In thousands of tenge</i>	2024	2023
Sale of goods and services		
Entities under common control of NC KMG	280,746,652	260,907,290
NC KMG	153,374,455	139,693,593
Income from the quality bank on sold oil (Entity under the common control of NC KMG) (Note 4)	520,457	1,447,450
Entities under common control of SWF Samruk-Kazyna	221,933	254,011
Purchase of goods and services		
Entities under common control of NC KMG	35,653,679	39,211,490
NC KMG	7,730,168	3,269,914
Entities under common control of SWF Samruk-Kazyna	866,226	750,528
Salary and other short-term benefits		
Members of the Board of Directors	33,044	30,833
Quantity	3	3
Members of the Management Board	395,224	312,531
Quantity	12	7
Trade and other accounts receivable		
Entities under common control of NC KMG	30,776,407	34,503,366
NC KMG	17,880,517	18,875,990
Entities under common control of SWF Samruk-Kazyna	46,719	56,446
Trade accounts payable		
Entities under common control of NC KMG	1,555,369	1,316,720
NC KMG	394,461	686,008
Entities under common control of SWF Samruk-Kazyna	78,256	70,745
Other current financial assets		
Notes of the National Bank	1,016,698	-

Sales and receivables

Sales to related parties comprise export and domestic sales of crude oil and oil products to subsidiaries of NC KMG. Export sales to related parties represented 1,059,077 tons of crude oil in 2024 (2023: 1,033,954 tons). The sales of crude oil are priced by reference to Platt's index quotations and adjusted for freight, trader's margin and quality differentials. For these exports of crude oil the Company received an average price per ton of approximately 261,281 tenge in 2024 (264,889 tenge in 2023).

In addition, the Company supplies crude oil to the domestic market through the Parent, NC KMG, in accordance with the Resolution of the Government of the Republic of Kazakhstan, the ultimate controlling shareholder of NC KMG. Those supplies to the domestic market amounted to 1,699,006 tons of crude oil produced in 2024 (2023: 1,636,058 tons). Prices for the local market sales are determined by agreement with NC KMG. In 2024, the Company received an average of about 89,933 tenge per ton for oil delivered to the domestic market (in 2023, an average of about 95,738 tenge).

Purchases and payables

NC KMG is the Company's crude oil export agent. Agency commission for crude oil sales amounted to 97,966 thousand tenge (2023: 95,641 thousand tenge). Transportation services, which are provided by Caspian Pipeline Consortium were reimbursed by the Parent in the amount of 6,779,253 thousand tenge for 381,842 tons (2023: 2,339,333 thousand tenge for 136,770 tons).

NOTES TO THE FINANCIAL STATEMENTS (continued)**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company has various financial liabilities such as borrowings, trade and other receivables. The Company has various financial assets such as accounts receivable, short-term and long-term deposits and cash and cash equivalents.

The Company is exposed to currency risk, credit risk, liquidity risk and the risk of changes in commodity prices.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates mainly to the Company's operating activities, as the majority of its sales are denominated in US dollars whilst almost all of its costs are denominated in Tenge, and to its investments denominated in foreign currencies.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

<i>In thousands of tenge</i>	Increase/ decrease in Tenge per US Dollar rate	Effect on profit before tax
2024		
US Dollar	+14.15%	17,144,547
US Dollar	(14.15%)	(17,144,547)
2023		
US Dollar	+14.15%	12,573,857
US Dollar	(14.15%)	(12,573,857)

Credit risk

The Company is exposed to credit risk in relation to its receivables. The Company's vast majority of sales is made to an affiliate, NC KMG, and the Company has a significant concentration risk of receivables from this affiliate (*Note 12*). Additional number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company is also exposed to credit risk in relation to its investing activities. The Company mostly places the deposits with Kazakhstan banks. Credit risk from balances with financial institutions is managed by the Company's treasury department in accordance with the Parent's cash management policy. The Company's maximum exposure to credit risk arising from default of the financial institutions is equal to the carrying amounts of these financial assets.

The table below shows the balances of other financial assets and cash and cash equivalents at the reporting date using the Standard and Poor's and Moody's credit ratings, unless otherwise stated.

<i>In thousands of tenge</i>	Location	Rating agency	Rating ¹		2024	2023
			31 December 2024	31 December 2023		
Banks						
Halyk Bank JSC First Heartland	Kazakhstan	Standard and Poor's	BB+ (stable)	BB (stable)	75,871,486	70,303,224
Jusan Bank JSC Bank Freedom Finance	Kazakhstan	Moody's	Ba3 (positive)	B1 (negative)	31,380,387	174,729
Kazakhstan JSC	Kazakhstan	Standard and Poor's	B+ (stable)		2,047,816	-
					109,299,689	70,477,952

¹ Source: official sites of the banks and rating agencies as at 31 December of the respective year.

NOTES TO THE FINANCIAL STATEMENTS (continued)**21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****Liquidity risk**

The Company monitors its liquidity risk using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of short and long-term deposits in local banks.

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2024 and 2023 based on contractual undiscounted payments:

<i>In thousands of tenge</i>	On demand	Less than 3 months	3-12 months	1 year – 5 years	Over 5 years	Total
As at 31 December 2024						
Historical obligations	–	352,926	1,058,777	5,279,417	2,515,022	9,206,142
Trade and other payables	25,341,061	–	–	–	–	25,341,061
	25,341,061	352,926	1,058,777	5,279,417	2,515,022	34,547,203

<i>In thousands of tenge</i>	On demand	Less than 3 months	3-12 months	1 year – 5 years	Over 5 years	Total
As at 31 December 2023						
Historical obligations	–	242,628	1,140,884	5,799,309	3,154,161	10,336,982
Trade and other payables	25,794,673	–	–	–	–	25,794,673
	25,794,673	242,628	1,140,884	5,799,309	3,154,161	36,131,655

Commodity price risk

The Company is exposed to the effect of fluctuations in the price of crude oil, which is quoted in US dollars on international markets. The Company prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of crude oil prices in the future.

Capital management

Capital includes the entire equity of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and sufficient capital adequacy in order to support its business and achieve strategic goals.

As at 31 December 2024 the Company had a strong financial position and a conservative capital structure. Going forward, the Company intends to maintain a capital structure which allows it the flexibility to take advantage of growth opportunities as and when they arise.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy or processes during the years ended 31 December 2024 and 2023.

22. FINANCIAL INSTRUMENTS

The fair value of financial instruments such as short-term trade receivables, trade payables and historical obligations approximately equals to their carrying value.

As at 31 December 2024 and 2023, the Company did not have any financial instruments classified as financial instruments of 1 or 2 levels.

For the years ended 31 December 2024 and 2023 there were no transfers between Levels 1, 2 and 3 of the financial instruments' fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. COMMITMENTS AND CONTINGENCIES**Operating and economic environment**

The Republic of Kazakhstan continues economic reforms and development of its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Kazakhstan economy is largely dependent upon these reforms and developments and the effectiveness of economic, financial and monetary measures undertaken by the government.

Domestic market obligations

The Kazakhstan government requires oil producers to supply a portion of their crude oil production to meet domestic energy requirements.

Starting from April 1, 2016 the Company ceased sales of crude oil to “KazMunaiGas - Refinery and Marketing” JSC and sold oil to the Parent Company. The Company started selling crude oil to NC KMG from 1 July 2018 based on the contract for oil procurement.

If the Government does require additional crude oil to be delivered over and above the quantities currently supplied by the Company, 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 Company’s business, prospects, financial condition and results of operations.

Taxes

Kazakhstan’s tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities are not unusual, including opinions on approaches to revenue, expenses and other items of the financial statements. The current regime of penalties and interest related to reported and discovered violations of Kazakhstan’s tax laws are severe. Because of the uncertainties associated with Kazakhstan’s tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at December 31, 2024.

The management believes that its interpretation of the tax legislation is appropriate, and the Company has acceptable grounds for the tax position.

Since 2021, the Company has revised its approach to the deduction of geological exploration expenses for corporate income tax purposes in accordance with Articles 258 and 259 of the Tax Code of the Republic of Kazakhstan. Additionally, the approach to deductions for contributions to and withdrawals from liquidation deposits for certain subsoil use contracts has also been reviewed. The Company’s management assesses the risk of incorrect classification of general and indirect income and expenses as low.

Export taxation

According to the Law of the Republic of Kazakhstan "On Transfer Pricing", international business transactions, as well as some transactions made in the Republic of Kazakhstan, regardless of the relationship of the parties or the degree of deviation of the transaction price from the market price, are subject to state control in transfer pricing (“TP”). When calculating the market price, the components of the differential must be documented or supported by information sources.

In 2024, as well as in previous periods, the Company exported oil products to a related party, which is a member of the NC KMG group. In accordance with the requirements of the Law on TP, the authorized bodies have the right to request from the parties to the transaction, government agencies and third parties the information necessary to determine the market price and differential, as well as other data to control the TP.

Collection of all necessary documents, including originals of primary documentation on export operations confirming the size of the differential, in full and before the start of the tax audit in accordance with the applicable requirements of the Law of the Republic of Kazakhstan "On Transfer Pricing" is carried out by NC KMG, which is an oil sale agent. The Company’s management believes that the risk of additional accrual of related tax liabilities, penalties and administrative fines in connection with the adjustment of taxable items due to lack of documents is not significant.

Environmental impact

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Penalties for violations of Kazakhstan’s environmental laws can be severe. Besides the amounts disclosed in Note 16, the management believes that there are no probable environmental liabilities that may have a material adverse effect on the Company’s financial position, operating performance and cash flows.

NOTES TO THE FINANCIAL STATEMENTS (continued)**23. COMMITMENTS AND CONTINGENCIES (continued)****Oilfield licenses**

The Company is subject to periodic reviews of its activities by governmental authorities with respect to the requirements of its oilfield licenses and related subsoil use contract. Management cooperates with governmental authorities to agree on remedial actions necessary to resolve any findings resulting from these reviews. Failure to comply with the license provisions may result in fines, penalties, restriction, suspension or withdrawal of the license.

The Company's management believes that any issues of non-compliance will be resolved through negotiations or corrective actions without any material effect on the Company's financial position, operating performance and cash flows.

The Company's oil and gas fields are located on land belonging to the Atyrau district administration. The licenses are issued by the Ministry of Oil and Gas of the Republic of Kazakhstan and the Company pays mineral extraction tax and excess profits tax to explore and produce oil and gas from these fields.

The principle licenses of the Company and their expiry dates are:

	Number of contract	Expiry date	Type of contract
Contract			
Kenbai	№ 37	2041	Production
South-East Novobogatinskoe	№ 61	2048	Production
23 fields	№ 211	2037	Production
15 fields	№ 413	2043	Production
Taisoigan	№ 327	2035	Production
West Novobogatinskoe	№4955	2027	Production
Karaton-Sarkamys	№ 3577	2047	Production
Novobogat Southeast (over-arch)	№ 4906	2026	Production
Taisoigan - 1	№5134	2028	Exploration
Taisoigan - 2	№5135	2028	Exploration

Commitments arising from oilfield licenses

	Capital expenditures	Operating expenses
Year		
2025	53,009,695	2,138,685
2026	38,499,536	2,129,935
2027	1,390,495	2,311,813
2028	442,124	2,102,910
2029-2048	198,000	10,487,871
	93,539,850	19,171,214

24. EVENTS AFTER THE REPORTING DATE

The Company had no significant events after the reporting date.

Contact information

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