Strategy

Market overview

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

1. Macroeconomic context
2. Market balance and price environment
3. Global demand drivers
   - Structural demand stagnation in China
   - EMs in Asia (excluding China) as new global growth centres
4. Global supply drivers
   - Non-OPEC+ production growth
   - OPEC+ strategic realignment
5. Geopolitical fragmentation and route transformation
6. Industry shift towards energy efficiency and digitalisation (AI)

3.3%
global GDP growth in 2025

1

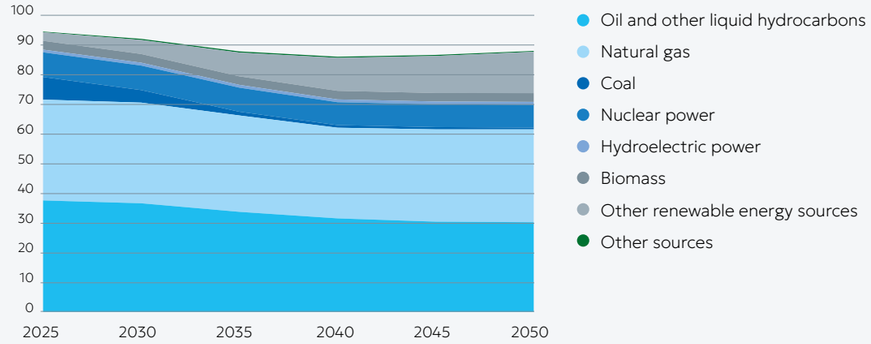
Macroeconomic context
In 2025, the global economy demonstrated moderate resilience, despite persistent geopolitical tensions and mounting trade barriers. According to the International Monetary Fund (IMF, World Economic Outlook, January 2026), global GDP growth was 3.3%, exceeding previous expectations.

Advanced economies grew by 1.7%, whereas emerging market and developing economies showed higher growth rates of 4.4%. Asian countries remained the key drivers of global economic expansion, primarily India (7.3%) and China (5.0%), maintaining a decisive contribution to global energy consumption. That said, signs of a structural slowdown are becoming increasingly evident in China.

Additional support for economic activity in 2025 was provided by the temporary effect of front-loading goods purchases in anticipation of new trade restrictions, as well as a massive investment impulse in the high-tech and artificial intelligence (AI) sectors.

In 2025, oil maintained its status as the world's dominant energy source. Despite a structural slowdown in consumption growth rates, absolute oil demand will continue to rise and, according to the International Energy Agency's forecast (IEA, World Energy Outlook 2025, November 2025), may reach 113 mln bbl per day by 2050 under the current policies scenario. At the same time, according to the US Energy Information Administration (EIA, Annual Energy Outlook 2025, April 2025), the share of liquid hydrocarbons in global energy consumption will still exceed 30%, which confirms the long-term demand for traditional energy resources in the context of the energy transition.

Forecast of global primary energy consumption by fuel type for 2025–2050, quadrillion BTUs[1]



Source: EIA, Annual Energy Outlook 2025, Data Browser, Reference case, April 2025.

2

Market balance and price environment
In 2025, the global oil market entered a phase of persistent structural surplus, which became a key factor affecting hydrocarbon prices. According to IEA and EIA estimates, the global market's excess supply volume exceeded 2 mln bbl per day in 2025. Record production rates in the Americas, amid slowing global demand growth, were the main drivers of this process.

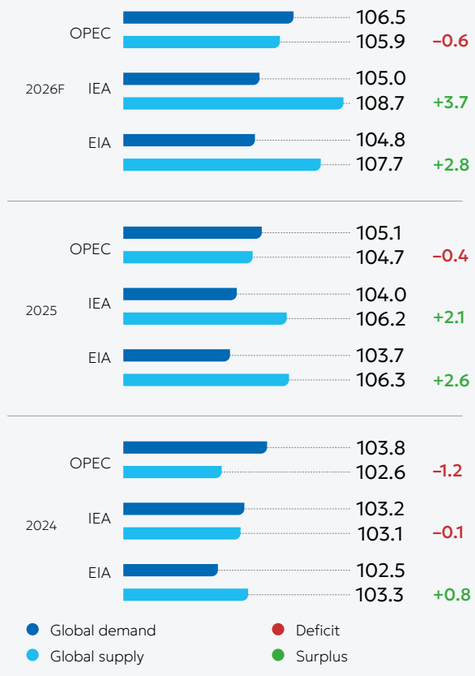
IEA and EIA forecasts show that the supply surplus will be at an even higher level in 2026.

Amid a growing supply surplus, the average annual Brent oil price in 2025 fell from USD 80.8 per bbl in 2024 to USD 69.1 per bbl, according to S&P Global Platts. The year's main context was defined by the structural transformation of consumption and the market's high sensitivity to the risks of supply chain disruptions.

KEBCO (Kazakh Export Blend Crude Oil) demonstrated a similar dynamic: the average annual price in 2025 dropped to USD 69.9 per bbl compared to USD 80.7 per bbl in 2024, according to S&P Global Platts.

KEBCO is the designation for Kazakhstan export oil, introduced in June 2022 to distinguish Kazakhstan barrels from the Russian blend during transportation through Russian infrastructure. KEBCO deliveries are accompanied by certificates of origin and are recognised by international traders and refineries as a separate oil grade, distinct from Urals.

Assessment of the global oil balance for 2024–2026F, mln bbl per day



Source: BloombergNEF, Key Oil Agencies Update, January 2026.

[1] British thermal units.

In 2026, the oil market will maintain downward price pressure amidst a supply surplus. According to consensus estimates by Bloomberg analysts (as of 15 April 2026), the median forecast for the Brent oil price in 2026 is around USD 68.0 per bbl.

Brent and KEBCO prices in 2024 and 2025, USD/bbl

Source: S&P Global Platts.

Impact on KMG
A decline in oil prices leads to a reduction in the Company's FX revenue. Nevertheless, in 2025, KMG boasted high operational resilience, maintaining stable EBITDA thanks to cost control and production growth at key assets.

KMG applies scenario planning and regularly assesses the sensitivity of its operations to oil price changes, enabling it to timely adapt production and investment decisions to current market conditions. These measures ensure the resilience of operations, maintain financial stability, and help achieve long-term strategic goals on the backdrop of potential price fluctuations.

3

Global demand drivers
In 2025, global demand for liquid hydrocarbons was resilient, but its growth rates started to slow down compared to pre-pandemic levels. Total global consumption in 2025 grew by 0.8–1.3 mln bbl per day and, according to EIA, IEA, and OPEC estimates, ranged between 103.7–105.1 mln bbl per day.

Structural demand stagnation in China

According to the IEA (Oil 2025, June 2025), China, which had long been the key driver of global oil consumption growth, entered a phase of demand stagnation in 2025. The consumption slowdown is not temporary and reflects a structural shift associated with the economy's transition to a less energy-intensive development model.

According to the S&P Global report (Global Oil Demand Monthly Outlook, December 2025), annual oil demand growth in China in 2025 was 72 thous. bbl per day vs 96 thous. bbl per day in 2024. A key factor behind the stagnation was the accelerated electrification of the transport sector: according to IEA forecasts (Global EV Outlook 2025, May 2025), the share of electric vehicles (EV) in new car sales in China reached 60%, significantly exceeding state targets. This led to a contraction in petrol demand (by 2.7% in 2025), as well as a decrease in diesel fuel consumption amidst the active adoption of LNG-powered and electric cargo vehicles (39% of sales in the heavy machinery segment). The petrochemical feedstock and jet fuel segments continue to display positive performance, with petrochemicals remaining a key counterbalance.

Impact on KMG
Although KMG's share of direct exports to China is limited, these changes impact the Company through global oil prices. Under these conditions, production discipline, flexibility of operational decisions, as well as the use of scenario planning and regular assessment of operational sensitivity to price volatility, become crucial.

Furthermore, KMG views these structural changes as an incentive for developing the petrochemical business. Integrating refining capacities and focusing on high value-added products help sustain profitability as demand for traditional motor fuels declines.

EMs in Asia (excluding China) as new global growth centres

In 2025, Asian EMs (excluding the PRC) were the main contributors to the growth of global liquid hydrocarbon consumption. According to S&P Global Energy (IEA Oil Report Commentary, December 2025), the annual demand growth in this region was about 300 thous. bbl per day.

The key growth drivers in India are massive government infrastructure spending, stimulating diesel fuel consumption, and an expanding personal vehicle fleet. The relatively low EV penetration rate in the car segment allows traditional fuels to retain leading positions in the country's consumption structure. Similarly, industrialisation and urbanisation processes are taking place in Southeast Asian countries (Indonesia, Vietnam, Thailand, Malaysia, and the Philippines), where demand is supported by a growing middle class and expanding industrial production.

This trend is expected to intensify further in 2026. According to S&P Global Energy (Global Crude Oil Markets Short-Term Outlook, February 2026), in 1Q 2026, Southeast Asia will drive the highest demand growth in Asia – around 300 thous. bbl per day, while South Asia (including India) will account for about 240 thous. bbl per day. This region is becoming a global centre for the relocation of industrial capacities, which fosters accelerated industrialisation and growing demand for diesel fuel for cargo transportation and naphtha for the petrochemical sector.

Impact on KMG
In the long term, this trend stresses the importance of diversifying export routes and targeting the more dynamic Asian markets.

4

Global supply drivers
Global oil supply in 2025 exhibited growth, driven by active production expansion in the Americas and the OPEC+ strategy to gradually restore output. At the same time, according to the IEA (Oil 2025, June 2025), global upstream oil investments fell by 6% for the first time since 2020 – to about USD 420 bln in 2025 – amid falling prices and rising operating costs resulting from the introduction of tariffs.

Non-OPEC+ production growth[1]

According to the IEA (Oil 2025, June 2025), the countries of North and South America became the key driver of global supply growth in 2025: the USA, Canada, Brazil, Guyana, and Argentina. The USA maintained its status as the world's largest producer, ensuring an average annual production of 13.61 mln bbl per day. Guyana and Brazil also made a significant contribution through the commissioning of new floating production storage and offloading (FPSO) units at deepwater fields. This trend reduced the global market's dependence on supplies from OPEC+ countries, whose share in global supply continued to decline.

[1] Non-OPEC+ refers to oil-producing countries that are not parties to the OPEC+ Declaration of Cooperation and, accordingly, are not subject to the coordination of production within the OPEC+ alliance.

The resilience of production in non-OPEC+ regions under the current price environment stems from a qualitative increase in technological efficiency and the optimisation of investment models. Rystad Energy analysts (Oil Macro Monthly Report, December 2025) point out that in 2025, US producers were capable of maintaining current production levels even if WTI price fell to USD 50 per bbl for an extended period, which significantly expands the sector's profitability margins amidst volatility.

Impact on KMG
Supply growth from non-OPEC+ producers intensifies market pressure and limits price growth potential. Under these circumstances, the Company focuses on maintaining operational resilience and implementing large-scale capacity expansion projects. The launch of the Future Growth Project at the Tengiz field in January 2025 provided a significant production increase for KMG by around 50 thous. bbl per day year-on-year in 2025.

OPEC+ strategic realignment

OPEC+ continues to serve as the primary stabilising force in the global oil market, leveraging flexible supply management and a substantial buffer of spare capacity. During 2025, the alliance fundamentally shifted its strategy, moving away from rigid production caps toward a gradual re-establishment of its market share. In April, the group began phasing out 2.2 mln bbl per day in voluntary cuts that had been in place for over two years.

Tactical pivots in 4Q 2025 demonstrated the alliance's agility in responding to a growing supply surplus and macroeconomic risks. In December 2025, OPEC+ officially paused its production restoration plan for 1Q 2026 to avoid further market oversupply during the seasonal demand downturn. Additionally, the group confirmed that collective cuts of 2 mln bbl per day, first adopted in October 2022, will stay in effect through at least the end of 2026.

OPEC+ quotas, thous. bbl per day

Country	January 2026	February 2026	March 2026
Algeria	971	971	971
Iraq	4,273	4,273	4,273
Kuwait	2,580	2,580	2,580
Saudi Arabia	10,103	10,103	10,103
UAE	3,411	3,411	3,411
Kazakhstan	1,569	1,569	1,569
Oman	811	811	811
Russia	9,574	9,574	9,574

Source: OPEC press release, November 2025.

Impact on KMG
According to the OPEC Secretariat press release dated 2 February 2026, an updated compensation schedule for accumulated deviations from target production was agreed upon during a virtual meeting of OPEC+ members on 4 January 2026. Kazakhstan's target production for January–March 2026 is set at 1.569 mln bbl per day.

OPEC+ policy continues to drive global oil price dynamics and shape the operating landscape for exporting nations. In Kazakhstan, the Ministry of Energy mandates production quotas for subsoil users to ensure compliance with international commitments. KMG operates in full alignment with these state-mandated targets.

As of 3 March 2025, the Ministry of Energy confirmed Kazakhstan's commitment to the OPEC+ agreement and its resolve to rectify production overages through a formal compensation plan.

1.569 mln bbl per day
Kazakhstan's target production for January–March 2026

OPEC+ compensation volumes, thous. bbl per day

Country	January 2026	February 2026	March 2026	April 2026	May 2026	June 2026
Iraq	140	135	90	90	80	79
UAE	10	20	20	40	50	53
Kazakhstan	503	629	549	569	569	669
Oman	6	5	6	7	8	6
Total	**659**	**789**	**665**	**706**	**707**	**807**

Source: OPEC press release, February 2026.

[1] Natural gas liquids.

5

Geopolitical fragmentation and route transformation
In 2025, the global oil and gas industry faced heightened geopolitical instability that directly shaped the operating environment. According to Rystad Energy (Oil, Geopolitics and 2025, December 2025) the geopolitical risk index averaged 1.33 for the year – the second-highest value since 2019, surpassed only by the record 1.43 set in 2022. These tensions underpinned a persistent geopolitical premium, which mitigated the impact of global supply surpluses and prevented a sharper price decline amid weak demand.

The landscape was defined by a rapid succession of events, alternating between diplomatic friction and direct confrontation. Consequently, energy security and supply reliability have moved to the forefront of national and economic agendas worldwide.

Despite this turmoil, the oil market remained resilient. According to Rystad Energy (Oil, geopolitics and 2025, December 2025) the traditional correlation between geopolitical risk and price volatility has decoupled, largely due to a qualitative shift in market intelligence: the widespread adoption of AI analytics and satellite-based vessel tracking allows the market to react to actual rather than potential disruptions. Simultaneously, the emergence of a "parallel logistics" network – or shadow fleet – proved to be a critical supply stabilisation factor. By year-end, this fleet expanded to 1,200 tankers, ensuring flow continuity by bypassing sanctions and preventing physical supply shortages.

However, heightened geopolitical fragmentation has increased the vulnerability of global energy supply chains. As noted in the IEA's World Energy Outlook 2025 (November 2025), global energy security is increasingly tethered to the stability of strategic maritime chokepoints, such as ports and straits, including those of Hormuz and Malacca. In this climate, protecting and diversifying transport routes has become a prerequisite for the resilience and long-term competitiveness of energy companies.

Key global geopolitical events of 2025

- **January–March:** intensification of the conflict in Eastern Europe, with recurring UAV strikes on critical energy infrastructure.
- **April:** the US administration unveiled the Liberation Day tariffs targeting a broad range of trading partners.
- **June:** a sharp escalation in Middle East hostilities (the "12-day war") involving Israel, Iran, and the US, causing strikes on strategic assets and heightening risks to regional infrastructure.
- **July:** the EU introduced its 18th sanctions package, lowering the price cap on Russian oil to USD 47.60 per bbl.
- **October:** the US, UK, and G7 imposed sanctions targeting major oil producers, including Rosneft and LUKOIL.
- **December:** tensions spiked between the US and Venezuela, resulting in the US detention of a tanker carrying sanctioned crude.

Impact on KMG
In 2025, KMG navigated an external operating environment defined by significant uncertainty, driven by both evolving international sanctions regimes and operational challenges to export infrastructure. During the year, KMG maintained full compliance with the economic sanctions and trade restrictions administered by the USA, the UK, the European Union, and the United Nations.

The Company adheres to rigorous internal policies and procedures to ensure alignment with all international regulatory requirements. As of the reporting date, neither KMG Group nor its officials and employees are included on any sanctions lists or subject to any sanctions-related investigations.

In July 2025, the USA announced a 25% import tariff on selected goods of Kazakhstani origin. However, according to the Ministry of Trade and Integration of the Republic of Kazakhstan, approximately 95% of Kazakhstan's exports to the US – including oil and other strategic commodities – were exempted from these measures. Consequently, these tariffs had no direct impact on KMG's export operations.

95%
share of Kazakhstan's US exports, including oil and other strategic commodities, exempt from the import tariffs, meaning no direct impact on KMG's export operations

KMG participates in several joint projects with partners subject to existing or emerging sanctions in certain jurisdictions. Importantly, the relevant sanctions regimes provide for licences and exemptions for assets of strategic importance to national energy security, with specific permitting mechanisms applying to the Tengiz and Karachaganak projects, as well as the CPC.

These projects were duly implemented in accordance with the laws of Kazakhstan, and all joint project agreements include sanctions clauses that provide KMG with the right to unilaterally amend conditions, terminate agreements, or exit projects should sanctions-related risks materialise.

During 2025, the CPC system experienced individual incidents that temporarily constrained throughput. In February, equipment at the Kropotkinskaya pumping station was damaned in an attack, and in November, an attack on the CPC marine terminal damaged SPM-2, resulting in capacity restrictions at the terminal. To minimise the impact of these disruptions on its export obligations, KMG coordinated closely with government agencies and transport system participants to promptly reallocate export flows via additional routes.

For more details, see the KMG Risk Management and Internal Control System section, **p. 264-271**

6

Industry shift towards energy efficiency and digitalisation (AI)
In 2025, the global energy sector entered a period of rapid electrification, reflected in a large-scale reallocation of investment capital toward digital infrastructure. According to IEA estimates (World Energy Outlook 2025, November 2025), global investment in data centres required for AI development reached USD 580 bln, for the first time exceeding total investment in global oil supply (USD 535 bln). This fundamental shift is driven by the fact that electricity demand for AI and advanced manufacturing is growing at double the pace of overall energy consumption.

For the oil and gas industry, digitalisation and AI have evolved from experimental tools into critical strategic assets. Advanced technological solutions – including AI-driven analysis of high-resolution satellite imagery, real-time refinery downtime monitoring, and satellite vessel tracking – have enhanced market transparency regarding physical oil flows, effectively reducing the influence of speculative trading on pricing.

USD 580 bln
global investment in data centres for AI development

KMG's adjustment
To drive operational efficiency, KMG is implementing a systemic approach that combines digital transformation with energy efficiency measures.

Energy saving activities are anchored in the ISO 50001 standard and the 2060 Low-Carbon Development Programme. In 2025, 87 initiatives were implemented to upgrade equipment, delivering savings of more than 1,935.3 thous. GJ of fuel and energy and reducing CO_2 emissions by 128.3 thous. tonnes. A key project was a 50 MW solar power plant in Zhanaozen – the first phase of a 247 MW hybrid power complex designed to ensure energy self-sufficiency and the stable operation of production facilities.

KMG is also is advancing its digital transformation efforts with the goal of establishing a single, integrated digital environment across the Group. The Company is actively scaling up high-impact AI solutions, including the ABAI platform for intelligent field development, the TUMAR computer vision system for process safety, and machine learning models for predictive equipment maintenance. This technological foundation ensures KMG's preparedness for transition to a new level of data-driven management, cementing digitalisation as a key lever for maintaining competitive edge throughout the energy transition.

For more details, see the Climate and Corporate Digitalisation sections, **p. 156, 200**

Internal drivers and their impact on KMG's Development Strategy

1. Kazakhstan's economy in 2025
2. Kazakhstan's oil and gas industry in 2025
3. National Development Plan of the Republic of Kazakhstan until 2029
4. Refining Sector Development Concept
5. Development of Kazakhstan's petrochemical industry in 2025
6. Kazakhstan's Environmental Code
7. Kazakhstan's Water Code
8. Kazakhstan's Strategy for Carbon Neutrality by 2060

1

Kazakhstan's economy in 2025

According to operational data from the Bureau of National Statistics of the Agency for Strategic Planning and Reforms of the Republic of Kazakhstan, the nation's GDP grew by 6.5% year-on-year in 2025. The main contributors to the economic dynamics were industry (up 7.4%), transport (up 20.4%), construction (up 15.9%), and trade (up 8.9%). Growth in the manufacturing sector reached 6.4%, notably driven by a 5.9% increase in oil product output.

Inflation in 2025 came in at 12.3%. In response to resilient domestic demand and pro-inflationary risks, the National Bank of Kazakhstan raised the base rate to 18.0% in October 2025 and kept it at that level in January 2026.

According to an analysis by the Boston Consulting Group (Why Investors Are Turning to Central Asia and Caspian, September 2025), Kazakhstan remains the economic centre of Central Asia and the Caspian Region, accounting for almost 60% of the region's total GDP and attracting around 75% of all foreign direct investment, primarily from Western countries. The nation's strategic location between China and the European Union positions the country as a vital trade bridge and an alternative supplier of critical resources for global supply chains. In this new landscape, defined by a shift toward an "era of complex deals", Kazakhstan is successfully leveraging its resource endowment to attract investment into deep processing and high-value, non-resource industrial sectors.

Strategic direction

Kazakhstan's macroeconomic momentum is generating sustained demand for oil and gas industry products and shaping the Company's key development priorities. Growth in industry and transport is driving higher consumption of oil products – including diesel fuel and aviation kerosene – while urbanisation and tightening environmental requirements are stimulating demand for higher-quality fuels.

Operating as a vertically integrated entity across the entire value chain, KMG is instrumental in executing national priorities to ensure energy security and expand the country's resource base. We remain committed to pursuing Kazakhstan's core strategic interests within the oil and gas sector, adhering to the nation's strategic directives and implementing measures that support economic growth and the Republic's social endeavours.

2

Kazakhstan's oil and gas industry in 2025

The oil and gas sector remains a cornerstone of Kazakhstan's economy, accounting for approximately 16% of GDP (with related industries included), and roughly 53% of total exports.

16%
of GDP

53%
of exports

Kazakhstan retains its status as a leading global energy player, ranking 14th worldwide in oil and gas production, according to Rystad Energy. This sector continues to serve as the foundation of the national economy, underpinned by a strong resource base totalling 35 bln boe as of year-end 2025.

Upstream

In 2025, Kazakhstan's oil and gas sector rebounded, marking a recovery in production following the 2024 decline. According to the JSC "Situational Analytical Center of the Fuel and Energy Complex of the Republic of Kazakhstan", national oil production reached 99.6 mln tonnes – a 13.5% increase over the 87.7 mln tonnes recorded in 2024. This growth was primarily driven by the launch of the Future Growth Project at the Tengiz field in 1Q 2025.

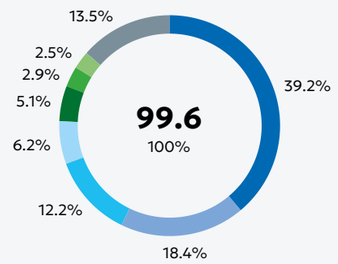
Oil and gas condensate exports in 2025 came in at 78.8 mln tonnes, according to the JSC "Situational Analytical Center of the Fuel and Energy Complex of the Republic of Kazakhstan", up 14.8% year-on-year (68.6 mln tonnes), reflecting production growth and the continuation of stable export flows.

99.6 mln tonnes
oil production in 2025

KMG's position

KMG holds a leading position in Kazakhstan's oil and gas condensate production. In 2025, the Company accounted for 26% of the nation's total oil and gas condensate output, and 17% of total natural and associated gas production. By participating in the country's major upstream projects, KMG continues to play a critical role in ensuring the resilience of Kazakhstan's national oil and gas sector.

Oil and gas condensate output in Kazakhstan in 2025



mln tonnes

39.0	Tengizchevroil
18.3	North Caspian Operating Company
12.1	Karachaganak Petroleum Operating
6.2	Mangistaumunaigaz
5.1	Ozenmunaigas
2.9	Embamunaigas
2.5	CNPC International Aktobe Petroleum
13.5	Others

Source: JSC "Situational Analytical Center of the Fuel and Energy Complex of the Republic of Kazakhstan".

Oil transportation

Kazakhstan boasts mature oil transportation infrastructure, ensuring stable hydrocarbon supplies to global markets taking into account current operating conditions. Key export routes traditionally utilise the KazTransOil (KTO) and Caspian Pipeline Consortium (CPC) oil trunklines, with Kazmortransflot (KMTF) handling Caspian Sea transportation.

In 2025, 78.8 mln tonnes of oil were exported via the oil transportation system, which includes oil trunklines, the maritime route via the Port of Aktau, and railway transport. 64.8 mln tonnes of Kazakhstan oil, or 82% of total exports, were channelled via CPC.

KMG's position

KMG manages a diversified oil transportation infrastructure with significant transit and export capacity. In 2025, the Company controlled 55% of the oil transportation sector, encompassing both trunk pipeline and marine transportation.

Oil refining

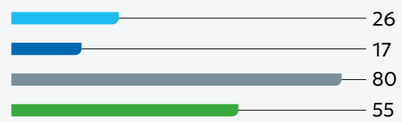
According to the JSC "Situational Analytical Center of the Fuel and Energy Complex of the Republic of Kazakhstan", the throughput at Kazakhstan refineries in 2025, including refineries that are not part of KMG Group, was 18.4 mln tonnes, up 4.9% year-on-year. All refineries, except Atyrau Refinery, increased refining volumes.

- Production of all grades of petrol grew to 6.0 mln tonnes, up 9.4% year-on-year.
- Diesel fuel output rose by 14.4% to 6.2 mln tonnes.
- Jet fuel production declined by 3.1% to 723 thous. tonnes.

KMG's position

KMG co-manages four of Kazakhstan's largest refineries, which together hold an 80% market share in oil refining. During the reporting period, the Company made significant progress in capacity ramp-up and product quality improvement projects, continued asset modernisation, and secured stable supplies to the domestic market by building up the necessary inventories.

KMG's market share in Kazakhstan by segment in 2025, mln tonnes



3

National Development Plan of the Republic of Kazakhstan until 2029

The National Development Plan of the Republic of Kazakhstan until 2029, approved by Presidential Decree No. 611 dated 25 July 2024, is the fundamental governmental road map that outlines the strategic guidelines for the nation's social and economic development for the medium-term period of 2025–2029. The National Plan underscores the vital importance of the oil and gas sector to Kazakhstan's economy. It identifies the primary factors shaping the industry's outlook, including the state of the mineral resource base, exploration activity levels, rising domestic energy consumption, and existing bottlenecks in export and internal infrastructure.

To secure the long-term sustainability of the sector, the National Plan establishes the following strategic priorities:

- mitigating implementation risks for expansion projects at major fields while increasing gas processing capacity;
- enhancing the investment case of exploration and the development of new hydrocarbon assets;
- diversifying export routes and upgrading infrastructure to ensure reliable domestic supply;
- managing energy demand, including through pricing policies.

Strategic direction

In 2025, KMG's operations were in line with the priorities of the National Development Plan of the Republic of Kazakhstan until 2029. In the reporting period, KMG:

- ran expansion and plateau extension projects at major fields, including the commissioning of facilities under the Future Growth Project at the Tengiz field;
- advanced projects to increase gas processing capacity, including the construction of a new gas processing plant in Zhanaozen;
- intensified exploration and resource-based expansion activities, including the introduction of investment incentives and the execution of prospecting and exploration works;
- diversified export routes and enhanced the resilience of logistics infrastructure, including the development of additional oil transportation corridors and the renewal of the tanker fleet;
- stabilised the domestic energy market by developing supply infrastructure, increasing oil refining volumes at Kazakhstan refineries, and boosting the production of light oil products;
- advanced strategic initiatives in oil refining, petrochemicals, digitalisation, and decarbonisation to increase refining depth, improve operational efficiency, and foster low-carbon energy.

4

Refining Sector Development Concept

The Refining Sector Development Concept for 2025–2040 was approved by Resolution of the Government of the Republic of Kazakhstan No. 549 dated 21 July 2025. The document was developed to implement the Kazakhstan Strategy 2050 and the Strategy for Carbon Neutrality by 2060, and is set to ensure the country's energy security, as well as achieve 100% saturation of the local market with domestic oil products.

The Concept outlines endeavour across the following key areas:

- introducing high-tech refining processes aimed at increasing the refining depth to 94%, as well as enhancing the Nelson complexity index;
- expanding and upgrading existing refinery capacities, including:
  - expanding PetroKazakhstan Oil Products from 6 to 12 mln tonnes per year;
  - increasing the Pavlodar Refinery capacity from 5.5 to 9 mln tonnes per year;
  - modernising the Caspi Bitum plant, increasing its capacity from 1 to 1.5 mln tonnes per year;
- commencing the design of a new refinery with a capacity of 10 mln tonnes per year no later than 2030;
- establishing a dedicated industry research institute for oil refining and petrochemicals, focused on resolving systemic issues related to the shortage of applied scientific developments, technological competencies, and qualified personnel.

Strategic direction

In the reporting period, the capacity expansion of the Caspi Bitum plant was completed, boosting oil refining to 1.5 mln tonnes per year, while a new liquefied gas treatment facility using Merox technology was put into operation at the Pavlodar Refinery, which improved output quality. Projects for the expansion and upgrade of KMG Group's refining capacities are at various stages of the investment cycle – from PFS and design to active implementation and commissioning.

For more details, see the Key Investment Projects section, **p. 63-71**

5

Development of Kazakhstan's petrochemical industry in 2025

The development of the petrochemical industry is among the priorities for diversifying Kazakhstan's economy under the government's industrial policy. As part of Kazakhstan's Refining Sector Development Concept for 2025–2040, petrochemistry is perceived as a key tool for the deep conversion of feedstock, including through the creation of integrated refining and petrochemical facilities. In practice, industry priorities are brought to life under the Road Map for the Development of the Oil and Gas Chemical Industry for 2024–2030, approved by the Ministry of Energy of the Republic of Kazakhstan. According to official information from the Government, the Road Map provides for six major petrochemical projects with total investments of around USD 15 bln, infrastructure development in the National Industrial Petrochemical Technopark special economic zone, as well as a gradual increase in petrochemical production from 357.8 thous. tonnes in 2023 to about 1.8 mln tonnes by 2030, if planned projects are completed and enough feedstock is provided to the relevant facilities.

Strategic direction

KMG continues to advance Kazakhstan's petrochemical industry in line with the state industrial policy, focusing on increasing the refining depth and manufacturing high-value-added products. In 2025, KMG:

- ensured polypropylene production at the KPI integrated gas chemical complex with an expansion of the grade range tailored to meet domestic market needs;
- started major construction works of the polyethylene plant (Silleno) with a capacity of 1.25 mln tonnes per year;
- launched the gas separation unit project.

KMG views petrochemistry as a key driver for the long-term growth and diversification of the national economy, generating a multiplier effect for related sectors and the export potential of energy and chemical products.

For more details, see the Key Investment Projects section, **p. 63-71**

[1] KMG's share in Kazakhstan's oil and gas condensate production is calculated as the ratio of KMG Group's oil and gas condensate production, including its stakes in joint and associated projects, to Kazakhstan's total oil and gas condensate output, expressed as a percentage.

[2] KMG's share in Kazakhstan's natural and associated gas production is calculated as the ratio of KMG Group's natural and associated gas production, including its stakes in joint and associated projects, to Kazakhstan's total natural and associated gas output, expressed as a percentage.

[3] KMG's share in Kazakhstan's oil refining is calculated as the ratio of refining throughput at KMG Group's refineries, including its stakes in joint and associated projects, to the total oil refining throughput at Kazakhstan's refineries, expressed as a percentage.

[4] KMG's share in Kazakhstan's oil transportation is calculated as the ratio of the oil transportation volume via oil trunklines and maritime routes attributable to KMG Group, including its stakes in joint and associated projects, to Kazakhstan's total oil transportation volume via oil trunklines and maritime routes, expressed as a percentage.

6

Kazakhstan's Environmental Code
Since 2021, Kazakhstan has enforced an Environmental Code based on the "polluter pays and remedies" principle, which sets out requirements for environmental protection, the adoption of best available techniques, and enhanced environmental monitoring.

The Environmental Code provides for a step-by-step transition of industrial majors to comprehensive environmental approvals, as well as the advancement of automated emission monitoring and environmental reporting practices.

Strategic direction
In 2025, KMG operated in line with the requirements of the Environmental Code. In the reporting year, KMG:
- oversaw that key upstream and downstream assets, including Mangistaumunaigaz, Kazakhoil Aktobe, Atyrau Refinery, Pavlodar Refinery, and PetroKazakhstan Oil Products, secured data streaming from the automated monitoring system to the Ministry of Ecology, Geology, and Natural Resources in real time via the infrastructure of National Information Technologies;
- implemented technical measures to reduce pollutant emissions, including upgrading process equipment and introducing energy-efficient solutions at downstream and upstream assets, including Atyrau Refinery and Pavlodar Refinery;
- applied corporate environmental documents, including KMG's Environmental Policy, the waste management standard, and the corporate environmental impact assessment standard in subsidiaries and associates of KMG Group;
- undertook remediation and restoration activities for disturbed lands, implemented on an annual basis as part of ongoing operations.

These activities complied with the requirements of Kazakhstan's environmental legislation and KMG's corporate documents aimed at reducing environmental risks and enhancing the additional of the Company's operations.

7

Kazakhstan's Water Code
In 2025, a new Water Code came into force in Kazakhstan to establish a sustainable water resources management system and ensure the country's water security. The document enshrines the basin-based principle of water fund management, strengthens requirements for the reasonable use of water, water conservation, and the development of reuse and recycling water supply systems, and outlines measures to adapt the economy's water sector to climate change, including the risks of droughts and floods.

The Water Code sets additional requirements for industrial water users regarding water use accounting and planning, compliance with water withdrawal and discharge limits, the adoption of water-saving technologies, and the prevention of negative impacts on water bodies. These efforts seek to mitigate water stress and enhance economic resilience amid water scarcity.

Strategic direction
KMG views water resources management as a key driver of operational resilience and long-term development. Kazakhstan is located in a zone of high water stress, with a significant portion of KMG's upstream assets situated in regions prone to water scarcity – a factor that elevates the importance of systemic water risk management. In 2025, KMG:
- continued to reduce freshwater withdrawal and improve water use efficiency across upstream and downstream assets, primarily by expanding the reuse of treated wastewater;
- conducted a comprehensive water consumption audit across all subsidiaries and associates to identify assets with the highest efficiency improvement potential and establish a baseline for uniform corporate standards and targets;
- initiated the development of a Group-wide Water Resources Management Programme to ensure long-term sustainability and align production processes with evolving regulatory requirements;
- commissioned the Kenderly seawater desalination plant – with a design capacity of up to 50 thous. m^3 per day – as part of a strategic infrastructure drive to utilise alternative water sources in water-scarce regions.

8

Kazakhstan's Strategy for Carbon Neutrality by 2060
Kazakhstan's Strategy for Carbon Neutrality by 2060 outlines the long-term guidelines for the country's social and economic development and the transformation of the energy sector. The document is based on scenario analysis and comprehensive modelling and factors in the macroeconomic, technological, and investment parameters of the transition to a low-carbon development model.

The Strategy provides for the gradual transformation of economic sectors, including the oil and gas sector, with a focus on improving energy efficiency, reducing the carbon intensity of production, and developing technologies for the deep conversion of hydrocarbons. The document serves as a long-term benchmark for shaping industry and corporate strategies.

Strategic direction
KMG recognises its impact on the economy, society, and the environment and is committed to integrating sustainable principles into its core business processes. In 2025, KMG:
- was operating in line with the 2060 Low-Carbon Development Programme;
- continued with carbon footprint reduction projects, including those associated with renewable energy;
- conducted methane emissions management activities at its upstream assets, including instrumental measurements, equipment inspections, and works to identify and eliminate potential leak sources as part of existing operational procedures;
- continued advancing projects for carbon capture, utilisation and storage (CCUS), the development of hydrogen energy, and sustainable aviation fuel (SAF);
- ensured climate-related disclosures in accordance with applicable international recommendations and reporting standards (CDP).

Competition analysis

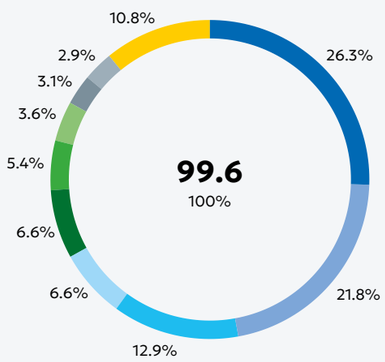
KMG holds a pre-eminent position in Kazakhstan's oil and gas sector, maintaining robust competitive advantages derived from its scale, integrated business model, and status as a national company.

1. Resource base and asset control. KMG is the nation's largest oil and gas producer, with a share of approximately 26% in total oil and gas condensate production and around 17% in natural and associated gas production. The Company participates in Kazakhstan's major upstream projects, including the Tengiz, Karachaganak, and Kashagan fields, which form the backbone of national hydrocarbon production.
2. Integrated value chain. KMG's business model spans the entire value chain – from exploration and production to refining, transportation, and the marketing of hydrocarbons and oil products. This integration allows the Company to enhance operational efficiency, optimise costs, and mitigate the impact of price volatility on financial performance.
3. Export and transport infrastructure. KMG controls and participates in the management of key oil transportation infrastructure, including the CPC system, the Atyrau–Samara route, the Atasu–Alashankou oil pipeline, and sea transportation via the Port of Aktau. The Company remains focused on enhancing the resilience and diversification of its export logistics amidst a turbulent external environment.
4. Government support and strategic role. As a national oil and gas company, KMG participates in strategic projects and enjoys preferential rights to obtain subsoil use permits through direct negotiations, ensuring resource base stability and a sustainable long-term development trajectory.
5. Financial resilience and access to capital markets. KMG maintains high liquidity, disciplined control over operating costs and CAPEX, and broad access to international and regional capital markets, including the LSE, AIX, KASE, and HKEX, providing flexibility for the Company's financial policy.
6. Long-term self-sufficiency in reserves. At year-end 2025, proved (1P) oil and gas condensate reserves life was 13 years, exceeding the average of about 11 years for the global oil majors.

1P oil and condensate reserves life in 2025[1], years

Companies	1P oil and gas condensate reserve life
KMG	13 (2025)
BP	9
TotalEnergies	12
Exxon Mobil	13
Eni	10
Chevron	8
Petrobras	12
Shell	9
Equinor	8

Oil and gas condensate output in Kazakhstan in 2025



mln tonnes

26.2	KMG	5.4	PetroChina
21.7	Chevron	3.6	LUKOIL
12.8	ExxonMobil	3.1	TotalEnergies
6.6	Shell	2.9	CNPC
6.6	Eni	10.7	Others

Source: JSC "Situational Analytical Center of the Fuel and Energy Complex of the Republic of Kazakhstan".

[1] These metrics are estimates calculated as the ratio of net proved hydrocarbon reserves (1P) to annual production. For comparable companies, the calculations are based on publicly available data for 2024; for KMG, metrics are based on the annual PRMS reserves assessment for 2025.

KMG Development Strategy

Context

In 2025, the oil and gas industry continued to navigate a period of heightened macroeconomic and geopolitical uncertainty. Decelerating global economic growth, shifts in the monetary policies of major economies, and persistent commodity price volatility created a volatile external environment for all energy market players.

In this context, KMG's Development Strategy focused on adapting to the evolving global energy landscape and establishing a sustainable model for long-term growth. The Company prioritised enhancing value chain efficiency, bolstering financial resilience, diversifying business operations, and gradually transforming its business model in alignment with global energy and climate trends.

VISION

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

MISSION

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

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