

Report on payments to government bodies made by JSC NC KazMunayGas in 2022

Introduction

In an effort to comply with best international practices, JSC National Company KazMunayGas (KMG, the Company) publishes a report that provides a summary of payments made to government bodies by KMG in 2022, including its subsidiaries.

The report has been developed in accordance with the 2014 United Kingdom (UK) Rules for reporting on payments to governments (as amended in December 2015). These Rules are based on the provisions of Chapter 10 of the Act “On reports on payments to governments” of the Reporting Guidelines 2013, as amended. According to these Rules, oil, gas, mining and forestry companies registered in the UK must disclose annual information on payments to governments by countries and by projects.

About Company

JSC National Company KazMunayGas is Kazakhstan’s leading vertically integrated oil and gas company, operating assets across the entire production cycle from exploration and production of hydrocarbons to transportation, refining and provision of services. Established in 2002, the Company represents the interests of the Republic of Kazakhstan in the national oil and gas industry.

As at the end of 2022, KMG is owned by Sovereign Wealth Fund Samruk-Kazyna Joint-Stock Company (“Samruk-Kazyna”, the “Fund”) (87.42%), the National Bank of Kazakhstan (“NBK”) (9.58%), and 3% are in free float.

In 2022, the Company retained its leading position in terms of oil production, transportation and refining in Kazakhstan.

KMG, realising that its activities are directly related to the use of natural resources, recognizes its responsibility to society for the rational use of these resources and the preservation of a favorable environment.

Reporting companies

This report includes information on payments to government made by the Company and by its Subsidiaries.

Reporting period and report coverage

The reporting period is 2022.

The use of the reporting system makes it possible to reflect information on contributions to governments, is aimed at increasing the transparency of the Company in the field of payments to governments, strengthening the responsibility of mining companies in matters of income from the sector, increasing public awareness of the Company's activities in the regions, and also makes it possible to compare the Company's reports with reports leading international companies in the oil and gas industry.

The Company publishes this report on allocations to governments in accordance with best disclosure practices.

The report examines the activities of the Company and its subsidiaries involved in the extraction, transportation, processing of hydrocarbons, as well as oilfield services.

Government/State

For the purposes of the Report, the term "Government" means any authority authorized to collect taxes, budgetary and other payments in accordance with the applicable law in force at the time the contribution or payment falls due. In the context of this Report, governments also include organisations, businesses and other legal entities that are authorised to collect taxes, fees and other payments to the governments.

Companies

Companies are understood to mean companies, the data on cash contributions of which are contained.

Payments categories

The types of payments are categorised as follows:

Taxes

All taxes except mineral extraction tax.

Mineral extraction tax

The mineral extraction tax is a compulsory payment made by subsoil users separately for each type of mineral raw materials, oil, groundwater and therapeutic mud extracted.

The object of taxation on the extraction of minerals is the physical volume of crude oil, gas condensate and natural gas produced by the subsoil user during the tax period.

Signature bonus

The signature bonus is a one-time fixed fee paid by a subsoil user for obtaining the right to subsoil use in a contract area (subsoil plot), as well as for expanding a contract area (subsoil plot) in the manner prescribed by the legislation of the Republic of Kazakhstan.

Other payments

Other payments include all other payments to governments, including export customs duty.

Currency

This report is presented in Kazakhstani Tenge, which is the functional and presentation currency of the Company's financial statements. Transactions in foreign currencies are recorded in the functional currency at the prevailing exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted to the functional currency at exchange rates effective at the reporting date.

Contact details

This report, along with additional information on the Company's activities, can be found on the corporate website at www.kmq.kz

Questions or comments related to the information provided in this report should be sent to: Investor relations, 8 Konayev Street, Nur-Sultan, the Republic of Kazakhstan, Z05H9E8.

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Report by countries and companies in 2022 (in millions of tenge)

Country/Company	Taxes	Mineral extraction tax	Signature bonus	Other	Total
Kazakhstan	731,212	116,513	208	136,396	984,330
JSC OzenMunaiGas	195,258	77,459		73,583	346,299
Pavlodar Refinery	124,406	-		244	124,650
Atyrau Refinery	112,451	-		564	113,014
JSC Embamunaigas	92,619	32,268	33	35,475	160,395
KMG Karachaganak	58,125	-	-	1,175	59,300
"KMG Kashagan B.V."	37,192	-		1,762	38,953
JSC KazTransOil	35,622	2		211	35,834
Others	75,540	6,785	175	23,383	105,883
Romania	756,860	-		3,276	760,136
KMG International N.V.	756,860	-		3,276	760,136
Bulgaria	36,750	-		2	36,752
KMG International N.V.	36,750	-		2	36,752
Moldova	66,778	-		1,059	67,837
KMG International N.V.	66,778	-		1,059	67,837
Georgia	51,964	-		0.46	51,965
KMG International N.V.	50,267	-		-	50,267
JSC KazTransOil	1,698	-		0.46	1,698
Switzerland	4,332	-		28	4,360
KMG International N.V.	4,332	-		28	4,360
Netherlands	1,046	-			1,046
KMG International N.V.	1,046	-			1,046
Great Britain	587	-			587
Kazmortransflot (KMTF)	587	-			587
Azerbaijan	878	-		113	991
KMG Drilling & Services LLP	878	-		113	991
Russian Federation	4	-			4
KMG Systems & Services LLP	4	-	-	-	4
TOTAL	1,650,412	116,513	208	140,875	1,908,009

Report on contributions to governments in 2022 (in millions of tenge)

Country/Company	Taxes	Mineral extraction tax	Signature bonus	Other	Total
Kazakhstan	731,212	116,513	208	136,396	984,330
National Fund of the Republic of Kazakhstan	297,004	116,497	175	30	413,706
Republican budget of the Republic of Kazakhstan	142,803	17	33	131,844	274,696
Local budgets of the Republic of Kazakhstan	291,405			4,523	295,928
Romania	756,860			3,276	760,136
State budget	756,860			165	757,024
State social insurance budget	-			-	-
Budget of administrative-territorial units	-			3,111	3,111
Bulgaria	36,750			2	36,752
State budget	36,454			-	36,454
State social insurance budget	250			-	250

Country/Company	Taxes	Mineral extraction tax	Signature bonus	Other	Total
Budget of administrative-territorial units	47			2	48
Moldova	66,778			1,059	67,837
State budget	65,380			-	65,380
State social insurance budget	1,398			-	1,398
Budget of administrative-territorial units	-			1,059	1,059
Georgia	51,964			0.46	51,965
State budget	51,454			0.46	51,455
State social insurance budget	510			-	510
Budget of administrative-territorial units	-			-	-
Switzerland	4,332			28	4,360
Federal budget	4,332			28	4,360
Cantonal budget	-			-	-
Municipal budget	-			-	-
The budget of private institutions (regulated by federal law)	-			-	-
Netherlands	1,046			-	1,046
State budget	848			-	848
Non-state pension fund	199			-	199
Budget of administrative-territorial units	-			-	-
Great Britain	587			-	587
Her Majesty's Income and Customs	587			-	587
Azerbaijan	878			113	991
General state budget	878			113	991
Russian Federation	4			-	4
Federal budget	4			-	4
Subject budgets	-			-	-
Local budgets	-			-	-
TOTAL	1,650,412	116,513	208	140,875	1,908,009

Country Report for 2022, according to OECD requirements (BEPS Action 13 Country-by-Country reporting) and GRI 207: Tax (in millions of tenge)

Tax jurisdiction	Number of full-time employees	The amount of income from transactions with third parties	The amount of income from transactions with related parties and intragroup transactions	The amount of profit / loss before tax	Total assets, excluding intangible assets and cash and cash equivalents	Income tax paid (cash basis from the cash flow statement)	The amount of accrued income tax, CIT amount	Authorized capital	Accumulated profit / loss
Kazakhstan	38,055	1,367,696	2,016,628	663,522	3,462,275	146,404	(128,220)	2,608,384	1,264,795
Netherlands	74	2,716,418	1,697	964,816	3,614,964	(399)	(1,317)	8,160,724	(1,155,568)
Romania	3,412	2,406,467	1,975,452	150,828	712,838	3,056	(5,314)	581,951	(562,170)
Bulgaria	78	135,021	-	(2,222)	21,613	-	-	16,449	(16,074)
Moldova	1,047	245,649	-	788	8,017	5	(244)	630	9,766
Georgia	1,968	155,012	5,339	5,312	61,924	-	-	3,077	20,577
Great Britain	8	-	1,482	381	4	0	(79)	4,993	(5,136)
United Arab Emirates	12	18,336	-	(6,728)	20	-	-	23,526	(25,880)
Turkey	4	13	4	-	2,121	-	-	2,376	(2,053)
Marshall Islands	2	-	4,164	4,563	27,248	-	-	0	12,882
Azerbaijan	-	5,528	-	2,215	2,306	549	-	-	(1,656)
Russia	2	-	-	(13)	1	-	-	-	-
Isle Of Man	1	8,726	104,079	16,557	1,103	-	-	1	9,296
Bermuda	4	974	-	795	-	-	-	-	8,883
Libya	-	237	-	536	-	-	-	-	-
Switzerland	21	2,224,637	1,798,302	9,680	88	4,035	(1,457)	403	68,201
TOTAL:	44,688	9,284,714	5,907,149	1,811,031	7,914,522	153,651	(136,630)	11,402,517	(374,137)