

Kazakhstan-China Pipeline LLP

Financial Statements

**in accordance with IFRS Accounting Standards
as issued by the International Accounting Standards Board**

**for the year ended 31 December 2025
with Independent Auditors' Report**

Content

Independent Auditors' Report

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«КПМГ Аудит» жауапкершілігі
шектеулі серіктестік
Қазақстан, А25D6Т5, Алматы,
Достық д-лы, 180,
+7 (727) 298 0898

KPMG Audit LLC
180 Dostyk Avenue, Almaty,
A25D6T5, Kazakhstan

Independent Auditors' Report

To the Participants and Management of Kazakhstan-China Pipeline LLP

Opinion

We have audited the financial statements of Kazakhstan-China Pipeline LLP (the "Company"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

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 *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (*IESBA Code*), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements in the Republic of Kazakhstan. We have also 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 Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditors' 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 auditors' 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 scepticism 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 auditors' 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 auditors' 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 those charged with governance 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.



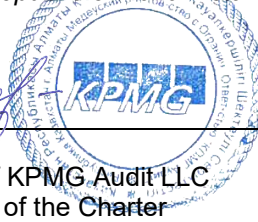
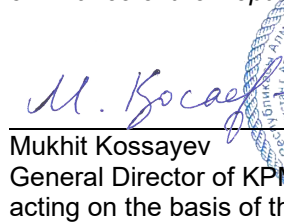
The engagement partner on the audit resulting in this independent auditors' report is:



Sergey Nezdemkovskiy
Certified Auditor
of the Republic of Kazakhstan
Auditor's Qualification Certificate
No. MΦ-0000182 of 2 June 2014

KPMG Audit LLC

State License to conduct audit #0000021 dated 6 December 2006 issued by the Ministry of Finance of the Republic of Kazakhstan



Mukhit Kossayev
General Director of KPMG Audit LLC
acting on the basis of the Charter

5 February 2026

Kazakhstan-China Pipeline LLP
Statement of Financial Position as at 31 December 2025

‘000 KZT	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	6	194,019,914	183,022,828
Right-of-use assets		331,410	169,833
Long-term value added tax receivable		128	128
Intangible assets		1,146,693	1,027,400
Total non-current assets		195,498,145	184,220,189
Current assets			
Inventories		1,537,234	1,315,208
Income tax prepaid		1,759,702	676,383
Receivables from related parties	5	94,911	-
Other receivables		885,206	-
Assets held for sale		-	49,791
Other current assets		1,658,782	451,425
Bank deposits	7	11,914,067	7,996,601
Cash and cash equivalents	8	42,053,199	39,103,354
Total current assets		59,903,101	49,592,762
Total assets		255,401,246	233,812,951

Kazakhstan-China Pipeline LLP
Statement of Financial Position as at 31 December 2025

‘000 KZT	Note	31 December 2025	31 December 2024
EQUITY			
Charter capital		13,000,000	13,000,000
Revaluation reserve for property, plant and equipment		67,256,590	53,352,849
Other reserves		(4,815)	(4,259)
Retained earnings		120,971,044	118,267,946
Total equity		201,222,819	184,616,536
LIABILITIES			
Non-current liabilities			
Provision for decommissioning obligation for pipeline and its facilities and land recultivation	4	10,223,583	9,540,129
Lease liabilities		267,174	109,028
Deferred tax liability	17	28,759,963	26,306,939
Other non-current liabilities		15,116	20,106
Total non-current liabilities		39,265,836	35,976,202
Current liabilities			
Trade payables for core operations	9	2,677,505	1,048,272
Accounts payable to related parties	5	3,379,160	1,810,932
Contract liabilities for oil transportation - related parties	5	2,420,907	2,776,996
Contract liabilities for oil transportation - third parties	10	4,275,497	5,478,732
Other payables and accrued liabilities	11	2,018,616	1,981,428
Lease liabilities		140,906	123,853
Total current liabilities		14,912,591	13,220,213
Total liabilities		54,178,427	49,196,415
Total liabilities and equity		255,401,246	233,812,951

Approved for issue and signed on behalf of the Management on 5 February 2026:

 <hr/> T. N. Kurmanbayev General Director	 <hr/> Li Ping First Deputy General Director	 <hr/> A. V. Kochergova Chief Accountant
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Kazakhstan-China Pipeline LLP
Statement of Profit or Loss and Other Comprehensive Income for 2025

‘000 KZT	Note	2025	2024
Revenue	12	76,216,893	87,939,204
Cost of services rendered	13	(42,020,231)	(39,673,960)
Gross profit		34,196,662	48,265,244
General and administrative expenses	14	(4,989,207)	(4,862,213)
Other operating (costs)/income, net	15	(71,798)	476,333
Impairment loss on property, plant and equipment	6	(403,484)	-
Operating profit		28,732,173	43,879,364
Finance income	16	6,410,449	3,177,588
Finance costs	16	(1,297,203)	(1,351,481)
Profit before income tax		33,845,419	45,705,471
Income tax expense	17	(6,814,708)	(9,163,493)
Profit for the year		27,030,711	36,541,978
Other comprehensive income			
Revaluation of property, plant and equipment	6	23,891,661	-
Income tax related to revaluation of property, plant and equipment	17	(4,778,332)	-
Revaluation of provision for decommissioning obligation for pipeline and facilities and land reclamation	4	578,499	301,873
Income tax related to revaluation of provision for decommissioning obligation for pipeline and facilities and land reclamation	17	(115,700)	(60,375)
Actuarial loss on employee benefits liabilities		(695)	(837)
Income tax related to actuarial loss on employee benefits liabilities	17	139	167
Total other comprehensive income for the year		19,575,572	240,828
Total profit and other comprehensive income for the year		46,606,283	36,782,806

Approved for issue and signed on behalf of the Management on 5 February 2026:

T. N. Kurmanbayev
General Director



Li Ping
First Deputy General
Director

A. V. Kochergova
Chief Accountant

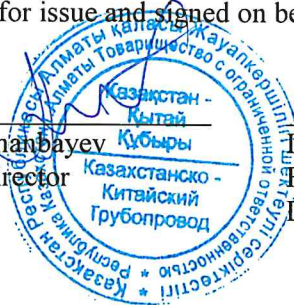
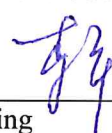
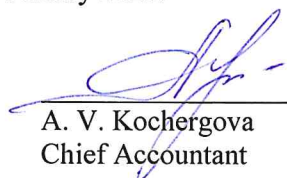
Kazakhstan-China Pipeline LLP
Statement of Cash Flows for the year ended 31 December 2025

‘000 KZT	2025	2024
Cash flows from operating activities		
Cash inflows from operating activities		
Transportation services rendered	70,687,989	82,778,170
Advances received	6,696,405	8,256,782
Interest received	6,476,061	2,810,792
Other receipts	439,670	415,747
Cash outflows from operating activities		
Payments to suppliers for goods and services	(25,500,201)	(24,465,914)
Advances paid	(11,128)	(608)
Salaries paid	(2,430,655)	(2,357,565)
Interest on loans paid	-	(1,312,219)
Income tax	(9,343,822)	(10,998,519)
Other payments to budget	(5,216,090)	(4,750,545)
Other payments	(654,577)	(807,196)
Net cash flows from operating activities	41,143,652	49,568,925
Cash flows from investing activities		
Cash inflows from investing activities:		
Withdrawal of bank deposits	7,989,649	24,656,473
Cash outflows from investing activities		
Placement of bank deposits	(11,973,087)	(8,443,477)
Acquisition of property, plant and equipment	(3,618,169)	(2,987,695)
Acquisition of intangible assets	(18,939)	-
Net cash flows (used in)/from investing activities	(7,620,546)	13,225,301

Kazakhstan-China Pipeline LLP
Statement of Cash Flows for the year ended 31 December 2025

‘000 KZT	Note	2025	2024
Cash flows from financing activities			
Cash outflows from financing activities			
Repayment of loans		-	(31,341,800)
Payment of dividends		(30,000,000)	(16,000,000)
Settlement of lease liabilities		(38,345)	(37,922)
Other payments		(4,268)	(2,062)
Net cash used in financing activities		(30,042,613)	(47,381,784)
Net increase in cash and cash equivalents		3,480,493	15,412,442
Effect of movements in exchange rates on cash and cash equivalents in foreign currency		(530,648)	(145,955)
Cash and cash equivalents at the beginning of the year	8	39,103,354	23,836,867
Cash and cash equivalents at the end of the year	8	42,053,199	39,103,354

Approved for issue and signed on behalf of the Management on 5 February 2026:

 <p>T. N. Kurmanbayev General Director</p>	 <p>Li Ping First Deputy General Director</p>	 <p>A. V. Kochergova Chief Accountant</p>
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1 Overview

Kazakhstan-China Pipeline LLP (the “Company”) was established as a limited liability partnership on 6 July 2004 in accordance with the legislation of the Republic of Kazakhstan. The Company is owned by two founders: China National Oil and Gas Exploration and Development Company (“CNODC”), a subsidiary of China National Petroleum Corporation (“CNPC”), and KazTransOil Joint Stock Company (“KazTransOil”), a subsidiary of National Company “KazMunayGas” Joint Stock Company (“KazMunayGas”); each founder owns 50% share in the charter capital of the Company. The Company is jointly controlled by KazTransOil and CNODC on an equal basis. KazTransOil is controlled by the Government of the Republic of Kazakhstan through National Welfare Fund “Samruk-Kazyna” JSC holding company (“Samruk-Kazyna”) (90%) and the National Bank of the Republic of Kazakhstan (10%), while CNODC is fully owned by the Government of the People’s Republic of China (PRC) through CNPC state-owned company.

On 17 May 2004, the Government of the People’s Republic of China and the Government of the Republic of Kazakhstan signed the Framework Agreement on Development of Overall Cooperation in oil and gas sector. In addition, on 17 May 2004, CNPC and KazMunayGas entered into the Agreement for main construction principles of 965.1 km long Atasu-Alashankou oil pipeline, and on 20 December 2006, CNPC and KazMunayGas entered into the Agreement for main construction principles of the second phase of Kazakhstan-China oil pipeline, as well as Addendum No.1 thereto dated 18 August 2007.

On 17 November 2005, the Company received a patent for investment, construction, operation and repair of Atasu-Alashankou oil pipeline in China valid until 16 November 2025. Therefore, the Company registered its branch in China.

The Company constructed and put into operation Atasu-Alashankou oil pipeline with capacity of 7 million tonnes per year on 28 July 2006. In 2008 the Company put into operation additional equipment to increase the capacity of the oil pipeline up to 10 million tonnes per year.

Technological oil for pipeline filling in the amount of 401,449 metric tonnes was provided by PetroChina International Kazakhstan LLP (“PetroChina”). Technological oil belongs to PetroChina.

On 8 May 2008, the Company received an approval to perform installation and construction works for Kenkiyak-Kumkol oil pipeline issued by the Committee for Construction and Housing and Utilities Infrastructure of the Ministry of Industry and Trade of the Republic of Kazakhstan, and signed contracts with OGCC KazStroyService and China Petroleum Pipeline Engineering Kazakhstan LLP for project development, delivery of materials and construction of 794,263 km long Kenkiyak-Kumkol oil pipeline with rated annual capacity of first stage of second phase around 10 million tonnes. On 1 July 2009, construction of the line section of the oil pipeline Kenkiyak-Kumkol was completed.

On 7 October 2009, the Company put into operation the first commissioning and start-up complex of Kenkiyak-Kumkol oil pipeline with rated capacity at the first phase of 10 million tonnes per year.

Technological oil for pipeline filling is provided by the Shippers in accordance with the Technical Agreement in an amount proportional to their share in the total traffic. Technological oil is in safe custody; ownership remains with the Shippers. Technological oil is returned upon termination of obligations under the Oil Transportation Agreement, or upon transfer of technological oil volumes to the pipeline by the third parties, or upon transfer of ownership of technological oil to the third parties, or upon completion of operation of Kenkiyak-Kumkol oil pipeline.

On 10 December 2010, the Company completed commissioning of facilities of first stage of second phase of Kenkiyak-Kumkol oil pipeline construction.

In 2011 and 2013 the Company put into operation additional equipment to increase capacity of Atasu-Alashankou oil pipeline up to 20 million tonnes per year. During 2013 and 2014, the Company performed construction works to connect pump station (“PS”) No.8 to the 35 kV open distribution unit of 500 kV Agadyr substation, including construction, installation, commissioning activities and start-up operation of the equipment with the capacity of 40,000 kVA.

On 2 March 2015, line service roads in the Eastern Kazakhstan region of total distance of 50.06 km were put into operation.

The Company is treated as a monopolist, and therefore is subject to regulation by the Committee for Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan (“CRNM”). The CRNM approves tariff rates for oil transportation based on reimbursement of costs incurred on assets used. On 31 December 2019, according to the Order No.74-OD of the Chairman of the CRNM, the domestic market tariff for the period of 2020-2024 was approved in the amount of KZT 3,339 per tonne per 1,000 km (net of VAT), which was valid during 2025 (2024: KZT 4,839 per tonne).

On 29 November 2024, according to the Order No.156-OD of the Republican State Institution “Department of the Committee for Regulation of Natural Monopolies of the Ministry of National Economy of the Republic of Kazakhstan for the city of Almaty”, the tariff for the regulated service of pumping oil through the Kenkiyak-Kumkol main pipeline system was approved for the period from 1 January 2025 to 31 December 2029 in the amount of KZT 3,339 per tonne per 1,000 kilometres (excluding VAT), which will be valid throughout 2025.

On 5 May 2015, the Law of the Republic of Kazakhstan “On Making Amendments to Some Legislative Acts of the Republic of Kazakhstan on the Issues of Natural Monopolies and Regulated Markets” was issued, according to which services for transportation of oil and oil products through main pipelines for transit purposes through the Republic of Kazakhstan and export outside the Republic of Kazakhstan are not included in the scope of natural monopolies in the Republic of Kazakhstan. After the law enactment, the Company has the right for independent approval of tariff rates for oil transportation for the above-mentioned purposes. On 28 December 2016, the Company approved a tariff for export purposes outside the Republic of Kazakhstan in the amount of KZT 6,799 per tonne per 1,000 km (net of VAT).

During 2025 and 2024 the Company transported 1,095 thousand tonnes of oil and 1,200 thousand tonnes of oil, respectively, through Atasu-Alashankou oil pipeline. Additionally, in 2025 and 2024, the Company transported 9,989 thousand tonnes of transit oil and 9,989 thousand tonnes of transit oil, respectively, based on the Agreement between the Governments of the Republic of Kazakhstan and the Russian Federation on cooperation in transportation of Russian oil through the territory of the Republic of Kazakhstan to the People’s Republic of China, which came into force on 1 January 2014. The oil transportation tariff under this agreement is determined in accordance with the contract entered between the Company, KazTransOil and Rosneft Oil Company OJSC (“Rosneft”).

By the Order No.151-N/B dated 8 April 2025, the Ministry of Energy of the Republic of Kazakhstan has revised a previously established tariff rate for transit; corresponding amendments were introduced to the Order No.485 of the Minister of Energy of the Republic of Kazakhstan dated 29 December 2023 “On approval of the transportation tariff for Russian crude oil through the territory of the Republic of Kazakhstan to the People’s Republic of China via the route: the border of the Russian Federation - the border of the Republic of Kazakhstan (Priirtyshsk) - Atasu (Republic of Kazakhstan) - Alashankou (PRC)”. The transportation tariff for Russian crude oil through the territory of the Republic of Kazakhstan to the People’s Republic of China along the Atasu-Alashankou section has been adjusted to USD 7.76 per metric tonne (exclusive of VAT).

During 2025 and 2024, the Company transported 8,820 thousand tonnes and 7,919 thousand tonnes of oil, respectively, through Kenkiyak-Kumkol oil pipeline.

The Company’s registered office is: 109V Abay Avenue, Almaty, 050008, Republic of Kazakhstan.

2 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

These financial statements are prepared on the historical cost basis except for the financial instruments that are measured at fair value on initial recognition, and property, plant and equipment measured at fair value through profit or loss and other comprehensive income.

The material accounting policies applied in the preparation of these financial statements are set out below. These principles have been consistently applied to all periods presented in statements, unless specified otherwise.

These financial statements are presented in KZT, and all financial information presented in KZT has been rounded to the nearest thousand, except when otherwise indicated. The Company’s functional currency is KZT.

Management has prepared these financial statements based on the going concern principle, which assumes the realisation of assets and settlement of liabilities in the normal course of business in the foreseeable future. This judgment is based on an assessment of the Company’s financial position, current plans, operational profitability, access to financial resources, and an analysis of the impact of the current situation on the Company’s future operations.

3 Material accounting policies

Foreign currency translation

Transactions and balances

Foreign currency transactions are initially recorded by the Company in its functional currency at the rates effective at the date of the transaction first qualified for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on a historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign exchange rates

Foreign exchange rates established by the Kazakhstan Stock Exchange (“KASE”) are used as official exchange rates in the Republic of Kazakhstan.

Weighted average exchange rates for the years ended 31 December 2025 and 31 December 2024 were as follows:

in KZT	2025	2024
USD	521.59	469.11
RUB	6.28	5.07
EUR	590.15	507.51
CNY	72.59	65.21

At 31 December 2025 and 31 December 2024 the exchange rates established at KASE were as follows:

in KZT	31 December 2025	31 December 2024
USD	505.53	525.11
RUB	6.34	4.99
EUR	593.44	546.47
CNY	72.33	71.94

Classification of liabilities as current or non-current

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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) 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.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company in conjunction with the Company's external valuers also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

Property, plant and equipment

Property, plant and equipment are initially recognised at cost. The subsequent accounting is at fair value less accumulated depreciation and accumulated impairment losses recognised after the revaluation date, if any.

According to accounting policy the Company engages independent experts once in three years to revalue its property, plant and equipment. For property, plant and equipment, the fair value of which undergoes significant changes during the reporting period, as at the date of preparation of the financial statements, an analysis of changes in fair value is carried out and, if necessary, a revaluation of property, plant and equipment is reflected in the financial statements.

The revaluation surplus is recorded in other comprehensive income and allocated to the increase in the asset revaluation reserve included in equity, except for its part which recovers a loss from revaluation of the same assets recognised due to earlier revaluation within profit or loss. The revaluation loss is recognised in profit and loss, except for its part which directly decreases the revaluation surplus on the same asset previously recognised within the asset revaluation reserve.

The difference between depreciation calculated on the basis of the revalued carrying amount of the asset and depreciation calculated on the basis of cost is transferred annually from the asset revaluation reserve to retained earnings. In addition, accumulated depreciation and impairment at the date of revaluation is eliminated with a simultaneous decrease in the gross carrying amount of the asset, and then the net amount is remeasured to the revalued amount of the asset. When an asset is disposed of, the revaluation reserve relating to the particular asset disposed of is transferred to retained earnings.

Such cost includes the cost of replacement of equipment parts and borrowing costs in case of long-term construction projects if capitalisation criteria are met. If it is necessary to replace significant components of property, plant and equipment at regular intervals, the Company recognises such components as separate assets with individual useful lives and depreciates them accordingly. Similarly, during a major inspection, the costs associated with it are recognised in the carrying amount of property, plant and equipment as a replacement of equipment, if all recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

On initial recognition the present value of expected costs of decommissioning of the asset after its use is included in the initial cost of underlying asset if estimated liability recognition criteria are met. Subsequent change in estimate is recognised in other comprehensive income. For more information on the recognised provision for asset retirement and land reclamation, please see significant accounting judgments, estimates and assumptions (Note 4).

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and constructions	5 - 50
Machinery and equipment	3 - 30
Pipelines and other transportation assets	5 - 30
Other	2 - 30

According to the Company's accounting policy, construction in progress and land are not subject to depreciation.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Residual values, useful lives and methods of depreciation of property, plant and equipment are analysed at each reporting year end and adjusted prospectively, if appropriate.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are confirmed by valuation multiples, quoted prices for publicly traded shares or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash generating units to which individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses from continuing operations (including inventory impairment) are recognised in the statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset, except for a property, plant and equipment previously revalued when the revaluation was taken to other comprehensive income. In this case, the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount of an asset or cash generating unit. A previously recognised impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years, in which case, the reversal is treated as a revaluation increase.

Financial assets

Initial recognition and measurement

On initial recognition, a financial asset is classified as subsequently measured at amortised cost, at fair value through other comprehensive income ("OCI"), and at 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 has 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.

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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Financial assets of the Company include cash and cash equivalents, bank deposits, trade and other receivables.

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

This is the category most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- a financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade receivables, bank deposits and cash and cash equivalents.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e. excluded 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 assesses whether and to what extent it has retained the risks and rewards of ownership of the asset. When the Company has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises a related liability. The transferred asset and the related 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 pay.

Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on debt financial assets that are not measured at FVTPL. ECL 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.

Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, a loss allowance is provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit losses). 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 expected credit loss).

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses 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.

The Company considers a financial asset to be 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as subsequently measured at amortised cost, except for: (i) financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs (for loans, borrowings and payables).

The Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables.

Trade payables are accrued when the counterparty fulfils its contractual obligations. The Company recognises trade payables at fair value. Subsequently, trade payables are carried at amortised cost.

Derecognition

A financial liability is derecognised when liability is discharged or cancelled or expires. When an existing financial liability is replaced by another one 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 in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost includes all costs incurred in the normal course of business in bringing each product to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Cost of inventories is determined by using FIFO basis.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, cash at banks, short-term deposits and other short-term highly liquid investments with a maturity of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank deposits with maturities of less than 3 months as defined above, net of outstanding bank overdrafts.

Finance income and finance costs

Finance income includes unwinding of discount, interest income on deposits, loans receivable and other investments. Finance costs include interest expense on loans, interest expense from unwinding of discount on provisions for assets retirement obligations, etc. Finance income and costs also include foreign exchange gains and losses related to loans and borrowings. Foreign exchange gains and losses related to other financial instruments are recognised in other income and expense.

Interest income and expense are recognised on a time basis using the effective interest rate method. All interest and other expenses attributable to borrowings are recognised within finance costs unless such expenses are related to borrowings aimed to finance the construction of property, plant and equipment. In this case, such expenses are capitalised in the period required for construction of an asset and bringing it for intended use.

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 recognised in profit or loss, net of any reimbursement. The Company records a provision on asset retirement and land reclamation obligation.

Asset retirement and land reclamation obligation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset, with the exception of property, plant and equipment carried at fair value, in which case the amount of the provision is credited to the reduction of the property, plant and equipment revaluation reserve in equity. A decrease/increase in a liability due to a change in the discount rate or a change in the expected outflows of the Company's resources is taken into account as a change in estimated values. If the reduction in the liability exceeds the carrying amount of the asset retirement obligation, the excess is recognised in the statement of profit or loss and other comprehensive income. Increases in the liability over time are recognised in the statement of profit or loss and other comprehensive income as an expense.

The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the provisions for asset retirement and land reclamation obligation. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss and other comprehensive income as a finance cost. The estimated future costs of asset retirement and land reclamation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from cost of revaluation reserve for property, plant and equipment.

Revenue from contracts with customers

The Company's activities are mainly related to the transportation of oil through main pipelines on the territory of the Republic of Kazakhstan. Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Transportation of oil

The Company recognises the proceeds from the provision of oil transportation over time; the progress of service provision is measured based on the actual volumes of services provided at the date of the assessment. Customers make a 100% advance payment within 5 calendar days from the date of invoice.

(i) Variable consideration

The variable consideration is absent in contracts with customers, due to the absence of discounts, credit payment, concessions in price, incentives, bonuses for results or other similar items.

(ii) Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Taxes

Current income tax

Current income tax assets and liabilities 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 at the reporting date in the countries where the Company operates and generates taxable profit.

Current income tax relating to items recognised directly in equity is recognised in equity rather than in profit and loss. Management of the Company regularly evaluates positions reported in tax returns where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised in respect of all taxable temporary differences, except where:

- the deferred tax liability arises on initial recognition of goodwill or 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;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses, and unused tax credits can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises on 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;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reassessed 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 reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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 other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset if there is legally levied right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Tax benefits, which have been acquired as a result of business combination, but which do not meet a criterion for separate recognition as at that date, are recognised subsequently if new information becomes available on changes in facts and circumstances. The adjustment is treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period unless it is recognised in profit or loss.

Value-added tax (VAT)

VAT related to sales is payable to the Kazakhstani budget when goods are shipped or services are rendered. Input VAT can be offset against output VAT upon the receipt of a tax invoice from a supplier.

Revenue, expenses and assets are recognised after deduction of VAT, except for instances, when VAT incurred on the purchase of assets or services is not reimbursed by the tax authority; in this case VAT is recognised as a part of costs for asset acquisitions or as a part of expenses.

Tax legislation allows the settlement of VAT on a net basis. Accordingly, VAT related to sales and purchases unsettled at the reporting date is stated in the statement of financial position on a net basis.

Due to specifics of tax legislation and the Company's operations, a certain part of input VAT can be carried over into subsequent years. Such portion of VAT is classified as long-term asset and assessed for impairment and considered as a corporate asset allocated to existing CGU.

Receivables and payables are stated including VAT. The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of VAT recoverable, other taxes prepaid and other taxes payable in the statement of financial position.

Adoption of new or revised standards and interpretations

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

(a) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

(b) Other accounting standards

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

- *Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7).
- *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7).

4 Significant accounting judgements, estimates and assumptions

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 end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- potential and contingent liabilities (Note 18);
- sensitivity analysis disclosures (Note 19).

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful life of property, plant and equipment

Assessment of useful lives of property, plant and equipment is subject to judgement based on the management's experience of using similar assets. Future economic benefits from assets are mainly gained through their usage. Nevertheless, other factors such as technical and commercial obsolescence often lead to decrease of economic benefits to be derived from the assets. Management assesses the remaining useful life of the assets based on their current technical conditions and expected period during which these assets will bring such benefits to the Company.

Impairment of non-financial assets

The Company checks the carrying value of its property, plant and equipment to identify impairment indicators of such assets. The carrying value of property, plant and equipment and other non-financial assets is tested for impairment in case any indicators identified that the carrying value of the assets may not be recoverable.

When conducting an impairment test, the recoverable amount is determined as the higher of an asset's value in use (i.e. the net present value of the discounted forecasted cash flows for the corresponding cash generating unit) and fair value net of the cost to sell (the amount that can be redeemed as a result of selling the asset or a cash generating unit in an arm's length transactions entered voluntarily by knowledgeable non-related parties, less the cost of disposal). Where there is no binding sale and purchase agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the cash generating unit in an arm's length transaction.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or assets groups (CGUs). For the purpose of the analysis of impairment indicators and in case impairment test is required, management concluded that all of the Company's property, plant and equipment is a separate cash generating unit.

The estimates used for impairment reviews are based on approved budgets, forecasted volumes of oil transported and forecasted tariffs, modified as appropriate to meet the requirements of IFRS Accounting Standard IAS 36 *Impairment of Assets*. Future cash flows are based on:

- forecasted volumes of the oil transported;
- forecasted tariffs for the transportation of transit oil, export and domestic markets, and
- future costs of production, capital expenditures and operating expenses.

As at 31 December 2025, the Company conducted an analysis and found no impairment indicators.

Revaluation of property, plant and equipment

The Company recognises property, plant and equipment at revalued amount. In 2025, management commissioned AAR-Advisory and Research LLP to independently appraise property, plant and equipment as at 1 October 2025. The fair value of property, plant and equipment was determined to be KZT 194,784,154 thousand, which has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The majority of the Company's property, plant and equipment is specialised in nature and is rarely sold on the open market other than as part of a continuing business. Except for land, which was appraised on the basis of recent market transactions, the market for similar property, plant and equipment is not active in the Republic of Kazakhstan and does not provide a sufficient number of sales of comparable property, plant and equipment for using a market-based approach for determining fair value.

Consequently, the fair value of property, plant and equipment was primarily determined using depreciated replacement cost. This method considers the cost to reproduce or replace the property, plant and equipment, adjusted for physical, functional or economical depreciation, and obsolescence.

Depreciated replacement cost was estimated based on internal sources and analysis of the Kazakhstan and international markets for similar property, plant and equipment. Various market data were collected from published information, catalogues, statistical data etc., and industry experts and suppliers of property, plant and equipment were contacted both in the Republic of Kazakhstan and abroad.

In addition to determining the replacement cost, taking into account accumulated depreciation and economic obsolescence future cash flow testing was conducted, which resulted in depreciated replacement cost values being decreased by KZT 20,132,431 thousand and, accordingly, adopted as the fair value of the Company's property, plant and equipment.

The following key assumptions were used in performing the cash flow testing:

- Cash flows were projected based on the period corresponding to the remaining useful lives of Atasu-Alashankou and Kenkiyak-Kumkol pipelines – 11 years and 14 years, respectively.
- Cash flows were projected based on past experience, actual operating results and the Company's five-year business plan for 2026–2030.
- The volumes of oil transportation used in the cash flow forecast are based on the Company's approved five-year budget for 2026–2030. Once this period expires, a stable level of volumes consistent with those of 2030 is expected to be preserved in the estimation. With respect to transit volumes, the model provides for their gradual increase starting from 2029 by 2,500 thousand tonnes, reflecting anticipated changes in transit conditions. This assumption is based on the results of negotiations between the Russian Federation, the People's Republic of China and Kazakhstan, as well as on information previously published in open sources regarding intentions to expand cooperation in the transport and energy sectors.

- Foreign exchange rate forecast: the actual average USD rate for the 9 months ended 30 September was used as the base indicator. This rate was adjusted using relative purchasing power parity (Fisher Equation) taking into account the expected inflation rate in the Republic of Kazakhstan and the USA. Forecast inflation rates were obtained from open sources, including analytical materials published on the ING Think website. The forecast exchange rate impacts the calculation of revenue under the transit tariff, which is denominated in USD.
- Capital expenditures in the model are accounted for based on the approved budget for 2026–2030, while after 2030, forecast capital expenditures are calculated based on forecast revenue to which a coefficient is applied that is determined as percentage of capital expenditures to revenue based on historical data.
- Forecast operating expenses are based on the Company’s approved business plan and terms of existing service provider contracts. After 2030, expenses increase in line with inflation in the Republic of Kazakhstan based on data published on the ING Think website.
- Tariffs approved by the Ministry of Energy of the RK for the domestic market for 2025-2029 were used in the cash flow forecast. For the period from 2029 to 2039, these tariffs are indexed in line with forecast inflation, based on data published on the ING Think website. The export oil transportation tariff in the forecast is taken as fixed and corresponds to the tariff approved by the Participants in 2016. The transit oil transportation tariff in the forecast is taken as fixed and corresponds to the tariff approved by the Order dated 8 April 2025 issued by the Ministry of Energy of the Republic of Kazakhstan.
- A discount rate of 16.72% (pre-tax rate of 22.44%) was used for discounting purposes. The discount rate was estimated based on the industry weighted average cost of capital, reflecting a possible range of debt-to-equity ratio.

‘000 KZT	Increase/decrease	Impact on value in use
Change in volumes of transportation	+10.00%/(10.00%)	29,381,164/(29,029,951)
Change in production cost	+10.00%/(10.00%)	(14,209,680)/14,519,763
Change in tariffs	+10.00%/(10.00%)	37,434,221/(36,272,574)
Change in discount rate	+1.50%/(1.50%)	(10,968,761)/12,106,565

As a result of revaluation of property, plant and equipment, the Company recognised the following in the statement of profit or loss:

- a reversal of impairment loss on the same assets, previously recognised following an earlier revaluation, in the amount of KZT 933,161 thousand.
- revaluation loss, except for that portion which directly reduces the positive revaluation of the same asset previously recognised in the revaluation reserve, in the amount of KZT 1,336,645 thousand.

Therefore, the net impairment loss resulting from the revaluation totalled KZT 403,484 thousand, while the revaluation gain recognised in other comprehensive income, which increases the revaluation reserve, amounted to KZT 23,891,661 thousand (Note 6).

Provision for decommissioning obligation for pipeline and its facilities and land recultivation

According to the Law of the Republic of Kazakhstan *On the Main Pipeline* which came into force on 4 July 2012, the Company has a legal obligation to decommission its oil pipelines at the end of their operating life and restore the land to its original condition. Activities on land recultivation are carried out when replacing the pipelines at the end of their useful life.

In addition, in accordance with Environmental Code of Republic of Kazakhstan, upon shutdown of operation of facilities that have a negative impact on the environment, facility operators are required to ensure elimination of consequences of operation of such facilities in accordance with requirements of legislation of Republic of Kazakhstan. The Company, in addition to the linear part of the main pipeline, has other facilities necessary to ensure operation of the pipeline. By the decision of the Ministry of Ecology, Geology and Natural Resources of Republic of Kazakhstan, such facilities of the Company were classified as Category II facilities that have a moderate negative impact on the environment. Accordingly, the obligation on assets retirement and land recultivation includes estimated costs of taking necessary measures in relation to these facilities.

The provision for asset retirement and land recultivation obligations is estimated based on the value of the work to decommission and rehabilitate land calculated by the Company in accordance with the technical regulations of the Republic of Kazakhstan.

The movements of provisions for asset retirement obligations and land recultivation are as follows:

‘000 KZT	2025	2024
At 1 January	9,540,129	8,843,517
Change in estimates charged to other comprehensive income	(578,499)	(301,873)
Unwinding of discount	1,261,953	998,485
At 31 December	10,223,583	9,540,129

The amount of provision was determined at the end of the reporting period using the projected inflation rate for the expected period of fulfilment of the obligation, and the discount rate at the end of the reporting period which are presented below:

	31 December 2025
Pipelines decommissioning expense per 1 km for Kenkiyak-Kumkol oil pipeline and facilities	KZT 11,825 thousand
Pipelines decommissioning expense per 1 km for Atasu- Alashankou oil pipeline and facilities	KZT 12,554 thousand
Discount rate for Kenkiyak-Kumkol oil pipeline and facilities	15.10%
Discount rate for Atasu-Alashankou oil pipeline and facilities	15.20%
Inflation rate for Kenkiyak-Kumkol oil pipeline and facilities	6.13%
Inflation rate for Atasu-Alashankou oil pipeline and facilities	6.30%
Period of fulfilment of the obligation for Kenkiyak-Kumkol oil pipeline and facilities	14 years
Period of fulfilment of the obligation for Atasu-Alashankou oil pipeline and facilities	11 years

The following data and assumptions were used to calculate the provision as at 31 December 2024:

	31 December 2024
Pipelines decommissioning expense per 1 km for Kenkiyak-Kumkol oil pipeline and facilities	KZT 9,683 thousand
Pipelines decommissioning expense per 1 km for Atasu- Alashankou oil pipeline and facilities	KZT 8,916 thousand
Discount rate for Kenkiyak-Kumkol oil pipeline and facilities	11.81%
Discount rate for Atasu-Alashankou oil pipeline and facilities	11.81%
Inflation rate for Kenkiyak-Kumkol oil pipeline and facilities	5.56%
Inflation rate for Atasu-Alashankou oil pipeline and facilities	5.69%
Period of fulfilment of the obligation for Kenkiyak-Kumkol oil pipeline and facilities	15 years
Period of fulfilment of the obligation for Atasu-Alashankou oil pipeline and facilities	12 years

The discount rate is based on the risk-free US treasury bonds, adjusted on long-term inflation rate and country risk.

Assessing the cost of rehabilitation of the environment is subject to potential changes in environmental requirements and interpretations of the law. Furthermore, uncertainties in the estimates of these costs include potential changes in regulatory requirements, alternative disposal and recovery of damaged land and levels of discount and inflation rates, and the time, when such obligations will be due.

Sensitivity analysis of asset retirement and land recultivation obligation for the change in significant assumptions as at 31 December 2025 is as follows:

‘000 KZT	(Decrease)/increase in rate	Increase/(decrease) in liability
Discount rate	(0.5%)	546,452
	+0.5%	(485,704)
Inflation rate	(0.5%)	(559,516)
	+0.5%	546,452

Positive or negative unbalance

According to the National standard of the Republic of Kazakhstan ST RK 1474-2016 "Main oil pipelines. The Instruction for the calculation of oil" (the "Standard"), the Company determines the actual presence of oil in the oil pipelines and compares the actual volume of oil with accounting data, for the purposes of safeguarding the oil ("inventory count"), once a year as at 31 December. Losses associated with an error in the balance of delivered and received oil are determined as the difference between the incoming and outgoing parts of the balance (unbalance) and appear in the form of surpluses (positive unbalance) and shortages (negative unbalance). Effective from 1 March 2024, Amendment 1 to the Standard entered into force according to which oil surpluses are to be entered into accounting records by the owner of a main pipeline as equity oil, and accordingly, oil shortages are covered by equity oil.

Management of the Company analysed the criteria for asset recognition in compliance with IAS 1 *Presentation of Financial Statements* and concluded that such criteria were not met for identified positive imbalance. Due to lack of sufficient legal grounds that may give rise to the ownership right to positive imbalance, the Company has no control over the asset. Therefore, the Company does not recognise positive imbalance in these financial statements. At the same time, management of the Company will continue analysing the ownership right to the positive imbalance.

5 Balances and transactions with related parties

Definition of related parties is presented in IAS 24 *Related Party Disclosures*. The parties are considered to be related if one party has the ability to control the other party, is under common control, or may exercise significant influence over the other party in making financial or operational decisions or exercises general control over it.

In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Information about immediate parent companies and parties exercising ultimate control over the Company is disclosed in Note 1.

For the purposes of these financial statements, related parties of the Company include owners, their subsidiaries and entities under common control/significant influence of the owners.

Balances on transactions with related parties as at 31 December 2025 comprise as follows:

‘000 KZT	Parent companies	Entities under common control/significant influence of Samruk-Kazyna and CNPC	Total
Receivables from related parties	8,061	86,850	94,911
Contract liabilities for oil transportation under contracts with related parties	-	2,420,907	2,420,907
Trade payables to related parties	3,255,423	123,737	3,379,160

The income and expense items on transactions with related parties for the year ended 31 December 2025 are as follows:

‘000 KZT	Parent companies	Entities under common control/significant influence of Samruk-Kazyna and CNPC	Total
Revenue	86,367	23,328,324	23,414,691
Expenses:			
- Oil-pipeline servicing	14,170,839	1,151,984	15,322,823
- Capital expenditures	-	199,145	199,145
- Other services	38,270	458,024	496,294

Balances on transactions with related parties as at 31 December 2024 comprise the following:

‘000 KZT	Parent companies	Entities under common control/significant influence of Samruk-Kazyna and CNPC	Total
Contract liabilities for oil transportation under contracts with related parties	-	2,776,996	2,776,996
Trade payables to related parties	1,657,301	153,631	1,810,932

The income and expense items on transactions with related parties for the year ended 31 December 2024 are as follows:

‘000 KZT	Parent companies	Entities under common control/significant influence of Samruk-Kazyna and CNPC	Total
Revenue	-	30,169,402	30,169,402
Expenses:			
- Oil-pipeline servicing	12,801,038	1,055,037	13,856,075
- Capital expenditures	-	30,044	30,044
- Other services	-	1,407,523	1,407,523

In addition to its transactions with CNPC and KMG and their subsidiaries, the Company has transactions with other government-controlled companies, including those related to bank deposits, cash and cash equivalents as disclosed in Notes 7, 8 and 19. These transactions are carried out in the ordinary course of business of the Company on terms comparable to those of other entities not controlled by the government.

The following transactions related to dividend payments to the Participants were carried out: on 26 May 2025, the Company declared dividends for 2024 in the amount of KZT 30,000,000 thousand. Out of this amount, dividends of KZT 15,000,000 thousand were accrued to each of KazTransOil JSC and China National Oil and Gas Exploration and Development Company, with corporate income tax being withheld at source. Dividends to the Participants were paid on 23 June 2025 (2024: the amount of declared and paid dividends totalled KZT 16,000,000 thousand).

Remuneration to members of the Management Board

The total amount of remuneration accrued to key management personnel for the year ended 31 December 2025 was KZT 201,122 thousand (for the year ended 31 December 2024: KZT 257,893 thousand).

Payments to key management personnel primarily consist of salary costs and benefits established by contracts and internal regulations of the Company.

6 Property, plant and equipment

Property, plant and equipment as at 31 December 2025 and 31 December 2024 are as follows:

‘000 KZT	Land	Buildings and constructions	Machinery and equipment	Pipeline	Other vehicles	Other	Construction in progress	Total
Revalued cost at 1 January 2024	94,725	40,020,016	56,480,499	119,503,980	244,003	1,189,561	2,616,159	220,148,943
Additions	-	-	385,414	-	-	48,249	2,412,446	2,846,109
Transfers	-	700,284	556,298	835,873	-	514,412	(2,606,867)	-
Disposals	-	(313,705)	(213,607)	-	-	(81,215)	-	(608,527)
Transfers to assets held for sale	-	-	(49,791)	-	-	-	-	(49,791)
Transfer to intangible assets	-	-	-	-	-	-	(799,127)	(799,127)
Revalued cost at 31 December 2024	94,725	40,406,595	57,158,813	120,339,853	244,003	1,671,007	1,622,611	221,537,607
Additions	-	66,100	564,407	-	577,711	156,735	3,895,521	5,260,474
Transfers	-	377,830	308,542	848,089	-	932,415	(2,466,876)	-
Disposals	-	-	(332,081)	(513,971)	-	(15,522)	-	(861,574)
Transfers to assets held for sale	-	-	(700,345)	-	-	-	-	(700,345)
Transfer to intangible assets	-	-	-	-	-	-	(243,744)	(243,744)
Write-off of accumulated depreciation upon revaluation	-	(8,518,634)	(17,850,698)	(20,961,055)	(235,100)	(937,913)	-	(48,503,400)
Revaluation of property, plant and equipment	146,301	2,616,900	6,013,961	14,659,156	172,706	282,637	-	23,891,661
Revalued cost at 31 December 2025	241,026	34,948,791	45,162,599	114,372,072	759,320	2,089,359	2,807,512	200,380,679

'000 KZT	<u>Land</u>	<u>Buildings and constructions</u>	<u>Machinery and equipment</u>	<u>Pipeline</u>	<u>Other vehicles</u>	<u>Other</u>	<u>Construction-in-progress</u>	<u>Total</u>
Accumulated depreciation and impairment at 1 January 2024	-	(3,550,655)	(7,627,600)	(9,381,750)	(99,762)	(433,766)	(986,098)	(22,079,631)
Depreciation charge	-	(2,867,435)	(6,229,660)	(7,131,256)	(77,968)	(348,703)	-	(16,655,022)
Impairment loss	-	-	-	-	-	-	(123,699)	(123,699)
Disposals	-	62,087	203,281	-	-	78,205	-	343,573
Accumulated depreciation and impairment at 31 December 2024	-	(6,356,003)	(13,653,979)	(16,513,006)	(177,730)	(704,264)	(1,109,797)	(38,514,779)
Depreciation charge	-	(2,923,973)	(5,877,205)	(7,593,430)	(79,926)	(313,457)	-	(16,787,991)
Write-off of accumulated depreciation upon revaluation	-	8,518,634	17,850,698	20,961,055	235,100	937,913	-	48,503,400
Impairment loss on revaluation	-	401,301	(403,052)	(200,376)	(1,526)	(151,432)	(48,399)	(403,484)
Disposals	-	-	313,179	513,395	-	15,515	-	842,089
Accumulated depreciation and impairment at 31 December 2025	-	(360,041)	(1,770,359)	(2,832,362)	(24,082)	(215,725)	(1,158,196)	(6,360,765)
As at 31 December 2024								
Revalued cost	94,725	40,406,595	57,158,813	120,339,853	244,003	1,671,007	1,622,611	221,537,607
Accumulated depreciation and impairment	-	(6,356,003)	(13,653,979)	(16,513,006)	(177,730)	(704,264)	(1,109,797)	(38,514,779)
Carrying amount	94,725	34,050,592	43,504,834	103,826,847	66,273	966,743	512,814	183,022,828
At 31 December 2025								
Revalued cost	241,026	34,948,791	45,162,599	114,372,072	759,320	2,089,359	2,807,512	200,380,679
Accumulated depreciation and impairment	-	(360,041)	(1,770,359)	(2,832,362)	(24,082)	(215,725)	(1,158,196)	(6,360,765)
Carrying amount	241,026	34,588,750	43,392,240	111,539,710	735,238	1,873,634	1,649,316	194,019,914

Depreciation charge

‘000 KZT	Note	2025	2024
Cost of sales	13	16,640,147	16,483,858
General and administrative expenses	14	147,844	171,164
Total depreciation charge		16,787,991	16,655,022

Information on property, plant and equipment, if carried at historical cost, is presented below:

‘000 KZT	Land	Buildings and constructions	Machinery and equipment	Pipeline	Other vehicles	Other	Construction-in-progress	Total
At 31 December 2024								
Cost	5,361	51,117,215	76,962,810	141,488,229	674,153	3,171,555	1,649,056	275,068,379
Accumulated depreciation and impairment	-	(27,987,066)	(52,328,484)	(72,921,369)	(658,733)	(2,217,040)	(1,136,243)	(157,248,935)
Carrying amount	5,361	23,130,149	24,634,326	68,566,860	15,420	954,515	512,813	117,819,444
At 31 December 2025								
Cost	5,361	51,347,352	77,186,733	140,871,297	1,251,865	4,221,822	2,833,957	277,718,387
Accumulated depreciation and impairment	-	(29,944,267)	(54,846,018)	(76,753,676)	(669,532)	(2,475,724)	(1,184,642)	(165,873,859)
Carrying amount	5,361	21,403,085	22,340,715	64,117,621	582,333	1,746,098	1,649,315	111,844,528

7 Bank deposits

Bank deposits as at 31 December 2025 and 31 December 2024 are as follows:

‘000 KZT	31 December 2025	31 December 2024
Term deposits with maturity of less than 12 months	11,900,828	7,915,055
Short-term interest receivable	16,755	81,555
Less: allowance for credit losses	(3,516)	(9)
Total bank deposits	11,914,067	7,996,601

As at 31 December 2025 and 31 December 2024 deposits are placed in USD. The effective interest rate was 3.2% per annum in 2025 (3.6% per annum in 2024). The term of deposits is 1 month.

8 Cash and cash equivalents

Cash and cash equivalents at 31 December 2025 and 31 December 2024 are as follows:

‘000 KZT	31 December 2025	31 December 2024
Cash on saving accounts in KZT	41,399,423	37,777,400
Cash on saving accounts in foreign currency	379,239	1,212,230
Cash in bank in foreign currency	249,146	107,750
Cash in bank in KZT	22,844	575
Cash on corporate cards	6,007	6,010
Less: allowance for credit losses	(3,460)	(611)
Total cash and cash equivalents	42,053,199	39,103,354

Cash in foreign currency is denominated in the following foreign currencies:

‘000 KZT	31 December 2025	31 December 2024
US Dollar	379,239	1,212,230
Chinese Yuan	249,146	107,750
Total cash in bank in foreign currency	628,385	1,319,980

9 Trade payables

Trade payables as at 31 December 2025 and 31 December 2024 are as follows:

‘000 KZT	31 December 2025	31 December 2024
Short-term payables for capital works and services rendered	1,775,485	404,538
Short-term payables for supply of property, plant and equipment	522,626	154,676
Short-term payables for other works and services rendered	343,203	302,382
Short-term payables for supply of inventories	35,882	186,676
Other short-term payables	309	-
Total trade payables	2,677,505	1,048,272

10 Contract liabilities for oil transportation under contracts with third parties

Contract liabilities for oil transportation under contract with third parties as at 31 December 2025 mainly comprise advances received for the transportation of transit oil from Petroleum Company “Rosneft” OJSC in the amount of KZT 3,449,203 thousand (31 December 2024: KZT 4,817,475 thousand).

Revenue recognised in relation to contract liabilities

In the current reporting period, revenue in the amount of KZT 8,255,728 thousand was recognised in respect of obligations under oil transportation contracts at the beginning of the reporting period (2024: KZT 8,725,959 thousand).

11 Other payables and accrued liabilities

Other payables and accrued liabilities as at 31 December 2025 and 31 December 2024 are as follows:

‘000 KZT	31 December 2025	31 December 2024
Accrued liabilities	885,007	892,493
Current estimated liabilities for employee benefits	492,269	549,326
Warranty liabilities under contracts	462,520	361,065
Income tax payable to the PRC	25,774	34,712
Other liabilities	153,046	143,832
Total other payables and accrued liabilities	2,018,616	1,981,428

Accrued liabilities comprise liabilities for core operations related to the reporting period, in respect of which the Company has not received any executed documents from the suppliers as at the reporting date.

12 Revenue

Set out below is the disaggregation of the Company’s revenue from contracts with customers for the years ended 31 December 2025 and 31 December 2024:

‘000 KZT	2025	2024
Type of services		
Transit oil transportation	45,567,420	50,347,026
Domestic oil transportation	21,878,240	28,536,394
Export oil transportation	8,771,233	9,055,784
Total revenue from contracts with customers	76,216,893	87,939,204
Revenue		
Sales to non-residents	45,567,420	50,347,026
Sales to residents	30,649,473	37,592,178
Total revenue from contracts with customers	76,216,893	87,939,204

By the Order No.151-N/B dated 8 April 2025 issued by the Ministry of Energy of the Republic of Kazakhstan, amendments were made to Order No.485 of the Minister of Energy of the Republic of Kazakhstan dated 29 December 2023 “On approval of the transportation tariff for Russian crude oil through the territory of the Republic of Kazakhstan to the People’s Republic of China via the route: the border of the Russian Federation - the border of the Republic of Kazakhstan (Priirtyshsk) - Atasu (Republic of Kazakhstan) - Alashankou (PRC)”. Following the amendments introduced, a new tariff of USD 7.76 per tonne (exclusive of VAT) has been applicable to section Atasu-Alashankou since 1 May 2025. From the effective date of the amendments, all settlements, including payment orders and primary documents, are processed in accordance with the revised tariff.

On 5 July 2025, CNODC (hereinafter referred to as the “Plaintiff”) filed a claim with the Specialised Interdistrict Administrative Court (SIAC) of Astana against the Ministry of Energy of the Republic of Kazakhstan, seeking to invalidate Order No.151-N/B dated 8 April 2025. By the court order dated 14 July 2025, Kazakhstan-China Pipeline LLP and KazTransOil JSC were involved to participate in the case as interested parties. Subsequently, following the Plaintiff’s petition, the claim was withdrawn. The respective ruling on the withdrawal of the claim was issued by the Specialised Interdistrict Administrative Court (SIAC) of Astana. On 22 August 2025, the Plaintiff filed an appellate (private) complaint against said ruling. By the ruling of the appellate panel of the court of Astana dated 3 September 2025, the complaint was dismissed.

In September 2025, the Plaintiff submitted an administrative claim to the SIAC of Astana, requesting that the refusal issued in response to the applications be declared unlawful and that certain actions be taken. By a ruling dated 22 October 2025, the SIAC of Astana returned the administrative claim. In November 2025, the Plaintiff filed an appeal against the above ruling of the SIAC. On 3 December 2025, by a ruling of the Judicial Panel for Administrative Cases of the Astana City Court, the ruling of the SIAC of Astana was set aside, and the administrative case was remitted for a new hearing before the court of first instance (the SIAC of Astana). As at the current date, the Plaintiff and the Ministry of Energy of the Republic of Kazakhstan are engaged in the process of agreeing the draft settlement agreement between the parties.

As at the date of approval of these financial statements, the outcome of the legal proceedings remains uncertain. Accordingly, the potential impact of the proceedings on the Company's financial position cannot be reliably estimated.

13 Cost of services rendered

Cost of services rendered for the years ended 31 December 2025 and 31 December 2024 is as follows:

'000 KZT	2025	2024
Operational and technical maintenance	16,740,515	15,137,085
Depreciation of property, plant and equipment	16,640,147	16,483,858
Taxes other than income tax	2,342,228	2,430,587
Security services	1,738,275	1,555,288
Electricity expenses	1,400,340	1,291,320
Road maintenance and repair	547,812	445,181
Salaries	522,912	486,552
Insurance	390,106	358,649
Inspection services	277,472	234,023
Outsourcing expenses	216,567	213,883
Amortisation of intangible assets	85,838	7,184
Depreciation of right-of-use asset	2,271	3,965
Other	1,115,748	1,026,385
Total cost of services rendered	42,020,231	39,673,960

14 General and administrative expenses

General and administrative expenses for the years ended 31 December 2025 and 31 December 2024 are as follows:

'000 KZT	2025	2024
Salaries	2,050,884	1,991,762
Salaries of hired administrative staff (outsourcing)	709,364	668,171
Taxes other than income tax	530,855	357,933
Other payroll expenses	516,558	565,550
Consulting services	275,601	258,190
Repair and maintenance services	165,818	163,052
Depreciation of property, plant and equipment	147,844	171,164
Travel expenses	143,320	163,767
Insurance	56,108	123,552
Amortisation of intangible assets	38,613	30,395
Communication expenses	22,963	21,830
Depreciation of right-of-use asset	13,524	25,692
Rental expenses	13,149	12,064
Vehicle expenses	5,286	14,858
Other	299,320	294,233
Total general and administrative expenses	4,989,207	4,862,213

15 Other operating expenses and income, net

Other operating income and expenses for the years ended 31 December 2025 and 31 December 2024 are as follows:

‘000 KZT	2025	2024
Foreign exchange (loss)/gain (other than loans and borrowings), net	(522,980)	645,619
Income net of expenses from the derecognition of liabilities and right-of-use assets	280,048	173,999
Other income/(expenses), net	171,134	(343,285)
Total other operating (expenses)/income, net	(71,798)	476,333

16 Finance income and finance costs

Finance costs and income of the Company for the years ended 31 December 2025 and 31 December 2024 are as follows:

‘000 KZT	2025	2024
Unwinding of discount on pipeline decommissioning and land reclamation obligation (Note 4)	1,261,953	998,485
Finance lease expenses	32,615	17,068
Actuarial finance costs	2,635	2,582
Interest on loan from Industrial- and Commercial Bank of China and Industrial and Commercial Bank of China in Almaty JSC	-	333,346
Total finance costs	1,297,203	1,351,481
Other finance income	6,410,449	2,679,842
Foreign exchange gain on loans and borrowings, net	-	497,746
Total finance income	6,410,449	3,177,588

17 Income tax expense

Income tax for the years ended 31 December 2025 and 31 December 2024 is as follows:

‘000 KZT	2025	2024
Current income tax expenses	9,255,577	11,377,559
Deferred income tax benefit	(2,440,869)	(2,214,066)
Income tax expense	6,814,708	9,163,493

Reconciliation between income tax expense and accounting profit multiplied by income tax rate for 2025 and 2024:

‘000 KZT	2025	2024
Profit before income tax	33,845,419	45,705,471
Statutory tax rate	20%	20%
Theoretical tax charge at statutory rate of 20%	6,769,084	9,141,094
Tax effect of non-deductible expenses and non-taxable income	45,624	22,399
Income tax expenses	6,814,708	9,163,493

Differences between IFRS and statutory taxation regulations in the Republic of Kazakhstan give rise to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their tax bases. The tax effect of the movements in these temporary differences is detailed below.

‘000 KZT	1 January 2025	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	31 December 2025
Deferred tax assets				
Provision for decommissioning obligation for pipeline and its facilities and land recultivation	1,908,026	252,391	(115,700)	2,044,717
Lease liabilities	46,576	35,040	-	81,616
Other	117,572	(11,388)	139	106,323
Deferred tax asset, gross	2,072,174	276,043	(115,561)	2,232,656
Deferred tax liabilities				
Right-of-use assets	(33,967)	(32,315)	-	(66,282)
Property, plant and equipment and intangible assets	(28,345,146)	2,197,141	(4,778,332)	(30,926,337)
Deferred tax liability, gross	(28,379,113)	2,164,826	(4,778,332)	(30,992,619)
Net deferred tax liability	(26,306,939)	2,440,869	(4,893,893)	(28,759,963)

‘000 KZT	1 January 2024	Charged/ (credited) to profit or loss	Charged/ (credited) to other comprehensive income	31 December 2024
Deferred tax assets				
Provision for decommissioning obligation for pipeline and its facilities and land recultivation	1,768,703	199,698	(60,375)	1,908,026
Lease liabilities	50,367	(3,791)	-	46,576
Other	135,534	(18,129)	167	117,572
Deferred tax asset, gross	1,954,604	177,778	(60,208)	2,072,174
Deferred tax liabilities				
Right-of-use assets	(39,898)	5,931	-	(33,967)
Loans and borrowings	(16,123)	16,123	-	-
Property, plant and equipment and intangible assets	(30,359,380)	2,014,234	-	(28,345,146)
Deferred tax liability, gross	(30,415,401)	2,036,288	-	(28,379,113)
Net deferred tax liability	(28,460,797)	2,214,066	(60,208)	(26,306,939)

18 Contingencies and commitments

Kazakhstan business environment

The Company's operations are primarily conducted in Kazakhstan. Accordingly, the Company's business is influenced by the economy and financial markets of Kazakhstan, which are characteristic of an emerging market. The legal, tax, and administrative systems are still evolving; however, they are associated with the risk of ambiguous interpretation of their requirements, which are also subject to frequent changes. Combined with other legal and fiscal barriers, this creates additional challenges for companies doing business in Kazakhstan. The volatility of global oil prices and the ongoing military conflict between the Russian Federation and Ukraine further increase the uncertainty of business conditions. The presented financial statements reflect management's views on the impact that business conditions in Kazakhstan have on the Company's operations and financial condition. The actual impact of future operating conditions may differ from management's estimates.

Sanctions in respect of certain Russian companies

On 15 October 2025, the United Kingdom updated its sanctions regime in respect of the Russian Federation, prohibiting any form of mutual cooperation with certain companies, including PJSC Rosneft Oil Company (hereinafter referred to as “Rosneft”).

On 22 October 2025, the U.S. Department of the Treasury’s Office imposed blocking sanctions (SDN list) on certain Russian companies, including Rosneft, which prohibit any mutual cooperation with such entities.

On 23 October 2025, the European Union adopted its 19th package of sanctions against Russia, which includes a full ban on transactions involving certain Russian oil companies, including Rosneft.

On 10 November 2025, the Ministry of Energy of the Republic of Kazakhstan submitted a letter to OFAC. Further actions will be determined following receipt of OFAC’s decision.

The Company has existing contractual arrangements with Rosneft for the oil transportation to the People’s Republic of China. As at the current date, the existing contractual obligations and business relationship between the Company and Rosneft remain in place. The Company continues to provide services for the transportation of transit Russian oil in accordance with the transportation schedule approved by the Ministry of Energy of the Republic of Kazakhstan.

As at the date of approval of these financial statements, management of the Company assesses the continuation of operating activities and cooperation with PJSC Rosneft as highly probable, taking into account the following key factors:

- the existence of valid international contractual arrangements;
- the parties’ interest in the continuation and potential expansion of cooperation;
- current operational practices and the absence of any breaches of the applicable sanctions regime, including in relation to the review of sanctions-related matters and interactions with OFAC;
- support provided to the Company by the Kazakhstani and Chinese participants.

Moreover, management of the Company continues to address matters related to sanctions restrictions with the support of the Kazakhstani and Chinese Participants.

Based on the assessment performed, management of the Company has not identified any events or conditions that could result in a material uncertainty, which may cast significant doubt on the Company’s ability to continue as a going concern for at least twelve months from the reporting date.

Capital expenditure commitments and compliance with the investment programme

On 8 October 2024, an investment programme for the period from 2025 to 2029 was approved by a joint order of the Ministry of Energy of the Republic of Kazakhstan and the Almaty Department of the Committee for Regulation of Natural Monopolies under the Ministry of National Economy of the Republic of Kazakhstan. Pursuant to this programme, the Company has committed to implementing investment activities totalling KZT 26,422,214 thousand over the period, including KZT 3,512,201 thousand in 2025. As at 31 December 2025, the implementation of the investment programme amounted to KZT 3,443,344 thousand, with a remaining balance of KZT 68,857 thousand, including savings of KZT 60,240 thousand achieved through tender procedures and an unutilised amount of KZT 8,617 thousand to be carried forward to 2026.

For the year ended 2025, the Company generated excess profit of KZT 2,245,489 thousand for the regulated service of oil transportation through the Kenkiyak-Kumkol main pipeline system to the domestic market (hereinafter referred to as the “Regulated Service”), compared to the approved tariff estimate. This excess profit resulted from an increase in actual volumes of oil transportation to 8,429.6 thousand tonnes compared to the approved plan of 7,621.7 thousand tonnes. The Company expects to submit the report on the execution of the tariff estimate by 1 May 2026. Upon review of the submitted report on the execution of the tariff estimate for 2025, the authorised body is expected to issue a notification requiring the Company to submit an application for a tariff revision, taking into account the increased actual volumes of oil transportation. Based on the notification received, the Company will submit an application for revision of the tariff for the Regulated Service reflecting the increased actual volumes for 2025. Following the review of the said application, the authorised body may decide to amend the tariff applicable to the Regulated Service for the subsequent regulatory period.

As at 31 December 2025 the Company has contractual capital expenditure commitments in respect of property, plant and equipment totalling KZT 68,962 thousand (31 December 2024: KZT 75,530 thousand).

Taxation

Kazakhstani tax legislation and practice are in a state of continuous development, and therefore is subject to varying interpretations and frequent changes, which may be retroactive. In certain situations, to determine a tax base, the tax legislation refers to International IFRS provisions. In such cases, interpretation of IFRS provisions by the Kazakhstani tax authorities may differ from accounting policies, judgments and estimates used by management for preparation of the financial statements, and this may result in additional tax liabilities for the Company. Tax periods remain open to retroactive review by the Kazakhstan tax authorities for 5 years. Under certain circumstances, reviews may cover longer periods.

Penalties are generally 80% of the taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for five calendar years preceding the year of review.

Because of the uncertainties associated with the 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 as at 31 December 2025.

On 18 July 2025, the new Tax Code of the Republic of Kazakhstan was signed. The document introduces one of the key amendments relevant to the Company - an increase in the value-added tax (VAT) rate from 12% to 16%. Management is currently assessing the potential impact of the Tax Code on the Company's operations. As this document becomes effective on 1 January 2026, the above changes have not had an impact on the financial statements for the year ended 31 December 2025.

Environmental contingencies

The enforcement of environmental regulation in Kazakhstan is evolving and subject to ongoing changes. Potential liabilities which may arise as a result of changes in legislation cannot be reasonably estimated. Under existing legislation management believes that there are no probable or possible liabilities which could have a material adverse effect on the Company's financial position or results of operations except for those described in the present financial statements (Note 4).

Insurance

The insurance industry in the Republic of Kazakhstan is in a developing state and many forms of insurance protection common in other parts of the world are not yet generally available. The Company does not have full coverage for its property, plant and equipment, business interruption, or third party liability in respect of property or environmental damage arising from accidents on Company property or relating to Company's operations.

Withholding tax

On 1 January 2023, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, concluded in Paris on 24 November 2016 (hereinafter referred to as the "Multilateral Convention") came into force with respect to the RK and the PRC, which are parties to the Double Taxation Treaty.

Moreover, in 2023, an amendment was made to Article 667, paragraph 1 of the Tax Code of Republic of Kazakhstan, according to which, for purposes of applying the Multilateral Convention, a non-resident related party should meet certain conditions.

As part of the Loan Agreement dated 27 June 2018 concluded between the Company, Industrial and Commercial Bank of China Limited and Industrial and Commercial Bank of China in Almaty JSC (hereinafter referred to as the Loan Agreement), the Company developed a new version of confirmation certificate, taking into account requirements of the Multilateral Convention and the Tax Code of the RK (hereinafter referred to as the New Form Confirmation Certificate).

Under the Tax Code of the Republic of Kazakhstan, the general withholding corporate income tax rate applicable to interest income is 15%. A reduced rate of 10% may be applied in accordance with the relevant Double Taxation Treaty. Until 2024, the Company applied the reduced withholding tax rate in relation to Industrial and Commercial Bank of China Limited (ICBC). However, in May 2025, the Company submitted an additional Form 101.04 for January and February 2024, being the final periods of interest accrual, and performed recalculation of withholding corporate income tax at the rate of 15%, as the certificate of tax residence provided by the bank was deemed to be improperly executed. Accordingly, from 2024 onwards, the reduced withholding tax rate on interest under the loan is no longer applicable, and the standard withholding tax rate of 15% applies.

19 Financial risk management objectives and policies

The main financial liabilities of the Company include trade and other payables. These financial instruments are primarily used to raise financing for the Company's business activities. The Company has trade and other receivables, cash and cash equivalents arising directly from the Company's business activities.

The Company is exposed to market risk, which consists of: credit risk, currency risk and liquidity risk.

Management of the Company reviews and approves the following measures taken to manage these risks.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The maximum exposure to credit risk in respect of a trade receivable is represented by its carrying amount. There are no significant concentrations of credit risk within the Company.

The Company places cash and deposits with Kazakhstani and foreign banks. The Company's management reviews credit ratings of these banks periodically to eliminate extraordinary credit risk exposure. The Company's management believes that recent international credit crisis and subsequent changes in credit rating of local banks do not justify extraordinary credit risk. Accordingly, no impairment provision against bank deposits is required. Credit risk is mainly concentrated in deposits, cash and cash equivalents. The maximum exposure to credit risk in respect of deposits and cash and cash equivalents is represented by their carrying amount.

The table below shows the balances of bank accounts and cash and cash equivalents as at the reporting date using Moody's credit ratings.

'000 KZT	Location	Rating		31 December	31 December
		2025	2024	2025	2024
Banks					
Halyk Bank of Kazakhstan JSC	Kazakhstan	Baa1	Baa1	29,527,858	26,465,174
Industrial and Commercial Bank of China in Almaty JSC*	Kazakhstan	A1	A1	12,524,102	11,595,241
SB Bank of China in Kazakhstan JSC	Kazakhstan	A1	A1	11,897,317	9,018,533
Bank of China in Alashankou JSC	China	A1	A1	24,965	21,007
Total				53,974,242	47,099,955

*Rating of banks in the PRC.

Liquidity risk

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

The table below summarises the maturity profile of the Company's financial liabilities as at 31 December 2025 and 31 December 2024 based on contractual undiscounted payments. Loans and borrowings comprise expected interest expenses:

'000 KZT	<u><1 year</u>	<u>From 1 to 2 years</u>	<u>From 2 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
At 31 December 2025					
Trade and other payables	6,056,665	-	-	-	6,056,665
Accrued liabilities (Note 10)	885,007	-	-	-	885,007
Lease liabilities	37,602	37,962	112,806	888,307	1,076,677
Total	6,979,274	37,962	112,806	888,307	8,018,349
'000 KZT	<u><1 year</u>	<u>From 1 to 2 years</u>	<u>From 2 to 5 years</u>	<u>>5 years</u>	<u>Total</u>
At 31 December 2024					
Trade and other payables	2,859,204	-	-	-	2,859,204
Accrued liabilities (Note 10)	892,493	-	-	-	892,493
Lease liabilities	123,853	44,261	70,293	-	238,407
Total	3,875,550	44,261	70,293	-	3,990,104

As at 31 December 2025, current assets of the Company mainly include cash and cash equivalents of KZT 42,053,199 thousand and bank deposits of KZT 11,914,067 thousand. Current liabilities mainly include trade payables to related parties in the amount of KZT 3,379,160 thousand, including payables to KazTransOil JSC in the amount of KZT 3,255,423 thousand, as well as contract liabilities under transportation service agreements totalling KZT 6,696,404 thousand.

Management believes that the current assets and expected cash flows from operating activities will be sufficient to meet the Company's current liabilities within the contractual time frame, taking into account the projected profitability, the loan repayment schedule and the fact that current liabilities as at 31 December 2025 include contract liabilities for oil transportation services of KZT 6,696,404 thousand.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy equity ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or change the capital structure Company can regulate amount of dividend payments, return capital to a shareholder or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

Currency risk

The table below shows the total amount of foreign currency denominated assets and liabilities that give rise to currency risk.

'000 KZT	<u>Cash and deposits</u>	<u>Net balance amount</u>
At 31 December 2025		
USD	12,280,067	12,280,067
CNY	249,146	249,146
At 31 December 2024		
USD	9,208,822	9,208,822
CNY	107,750	107,750

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

'000 KZT	<u>Increase/decrease in exchange rate</u>	<u>Effect on profit and equity</u>
2025		
USD	+10.00%/(10.00%)	982,405/(982,405)
CNY	+10.00%/(10.00%)	19,932/(19,932)
2024		
USD	+10.00%/(10.00%)	736,706/(736,706)
CNY	+10.00%/(10.00%)	8,620/(8,620)

20 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, the measurement requires unobservable inputs).

All of the Company's financial instruments are carried at amortised cost. Their fair values were determined using Level 3 measurements of the fair value hierarchy, based on the available market data or relevant valuation techniques.

However, judgement is required to interpret market data to determine the estimated fair value. The Republic of Kazakhstan continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions, and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets carried at amortised cost

The fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on the credit risk of the counterparty. Due to the short-term nature of trade receivables, their carrying amount approximates their fair value.

Due to the short-term nature of cash, bank deposits, trade and other receivables, their carrying amount approximates their fair value.

Financial liabilities carried at amortised cost

The fair value of unquoted fixed interest rate instruments with stated maturities was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risks and remaining maturities.

Due to the short-term nature of trade payables, their carrying amount approximates their fair value.

The fair value of lease liabilities as of the reporting date is KZT 408,080 thousand (2024: KZT 232,881 thousand).