



“Delivering our mixed-asset energy strategy”

2023 Full Year Results Presentation

19 April 2024

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2023 Highlights

Strategic

- Bond restructuring completed in February 2023, stabilizing the business and reducing financing burden
- Acquisition of 80% interest in Positiv Invest LLP for US\$19.3m cash (holder of Stepnoy Leopard field licences)
- Commenced Stepnoy Leopard two-well appraisal programme budgeted at US\$7mIn (US\$4.6mIn incurred in 2023)
- First ever third-party tie-back and raw gas processing from Ural Oil & Gas, commencing December 2023
- Commenced two-well drilling programme at Chinarevskoye field budgeted at US\$26mIn (US\$1.2mIn incurred in 2023)

Operational

- 24% decrease in average daily production volumes: 10,091 boepd (FY 2022: 13,200 boepd)
- 29% decrease in average daily sales volumes: 8,874 boepd (FY 2021: 12,524 boepd)
- Commenced processing hydrocarbons from Ural O&G, with initial flow rates of 0.3Mcm/day of raw gas from first well; expected tie-in of further four wells in H2 2024 with forecast flow rate of 1.5Mcm/day of raw gas.
- Successful re-start of GTU-3; gas lift expansion (increasing total field gas lift capacity from 500k m3/day to 900k m3/day)
- Production system availability > 98%

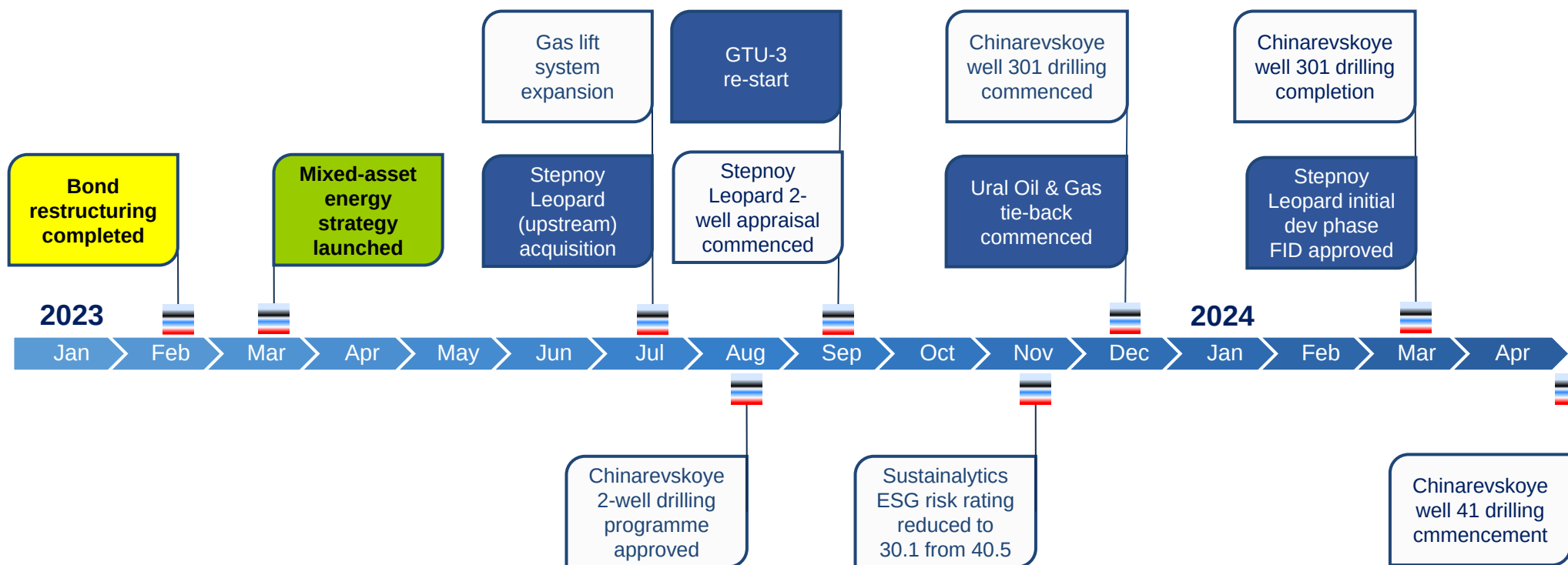
Financial

- 40% decrease in revenues: US\$119.7m (FY 2022: US\$199.7m)
- 64% decrease in EBITDA: US\$42.1m (FY 2022: US\$115.7m)
- US\$23m positive operating cashflows excl. prior year tax audit payments (FY 2022: US\$102m)
- Unrestricted closing cash balance of US\$161.7m (FY2021: US\$233.6m)

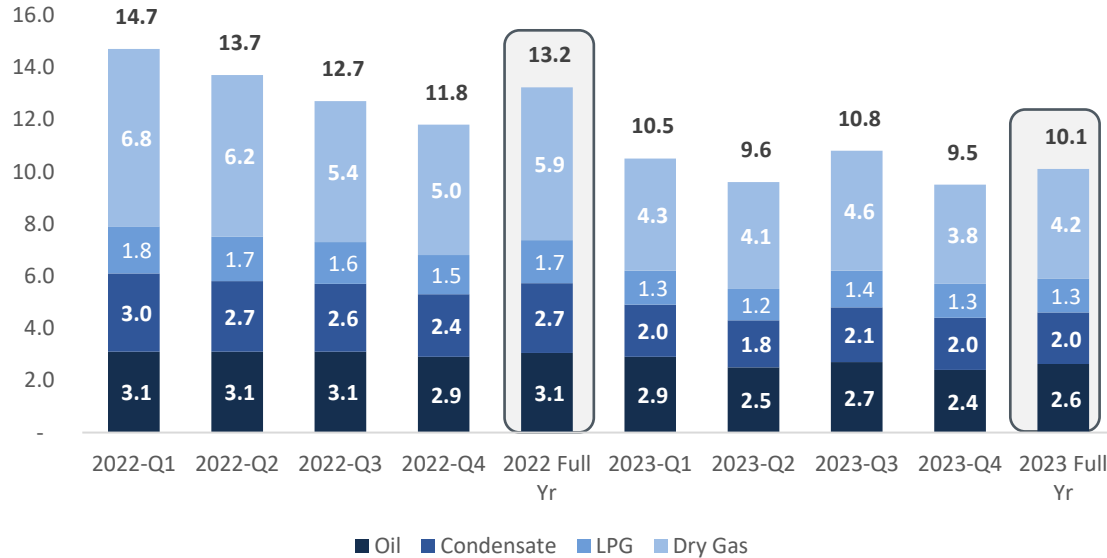
ESG/HSE

- 1 (contractor) fatality (2022: zero)
- LTI 1 (2022: zero); TRI 2 (2022: 4)
- GHG emissions target achieved: GHG emissions in CO2 equivalent of 180 ktonnes (2022: 170 ktonnes); the increase due to re-start of GTU-3
- Improved independent ESG Risk Rating of 30.1 (2022: 40.5), Nostrum among the top 20 companies in the O&G E&P sector

Strategic Catalysts Road Map

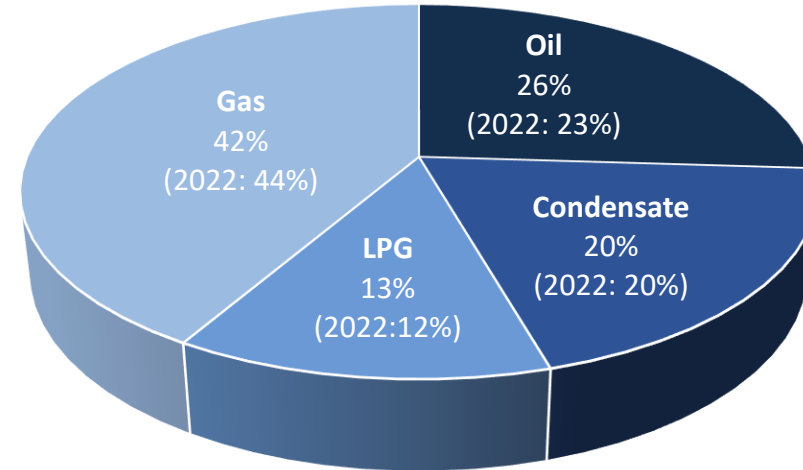


Production Volumes by Product (avge kboepd)



On average 1,000-1,500 boepd of gas is used for powering certain field facilities. In addition, the delta between production and sales volumes fluctuates annually depending on the timing of oil and condensate shipments.

Production Product Mix



- 24% decrease in average daily production volumes year-on-year, reflecting:
 - Over 25% annual natural decline in production from Chinarevskoye field
 - Positive impact from Gas lift expansion from Q3 2023, reducing production decline by approx. 5%
 - Positive impact of GTU3 re-start in Sep 2023 - improved efficiency in LPG extraction by 15%-20%
- The product mix has remained similar year-on-year: 2023 58% liquids, 2022 56% liquids
- Processing from Ural O&G commenced on 21 Dec 2023; Nostrum retains title to LPG and sales gas (included in the production statistics) and earns a condensate tolling fee (revenue of US\$156k in 2023)
- Chinarevskoye field average daily production forecast for 2024 is in the range of 7,000-8,000 boepd

Financial KPIs

Measure	Unit	2023	2022	Change	Comments
Revenue	US\$m	119.6	199.7	(80.1)	Revenue reduction driven by annual decline in production and sales, and lower average product prices (2023 ave \$82/bbl vs 2022 ave \$101/bbl)
EBITDA ¹ margin	% pts	35.2	57.9	(22.7)	Impact of reduced revenues, a largely fixed operating cost base, and payroll and materials cost inflation
Selling & transportation	US\$/boe	3.8	4.4	(0.6)	Improvement reflects changes in offtake destinations and arrangements
Operating costs ²	US\$/boe	9.9	6.5	3.6	Underlying cost increases (see below) and the effect on a per barrel basis of declining production volumes
Operating and G&A costs ²	US\$m	50.2	43.1	7.1	Increase due to Kazakhstan payroll indexation, cost inflation of materials and services and costs incurred to enable growth opportunities such as Ural O&G processing, Stepnoy Leopard appraisal and project development
Operating cashflow excl. one-offs	US\$m	22.7	102.2	(79.5)	Reduction driven mainly by reduced EBITDA
Unrestricted cash balance	US\$m	161.7	233.6	(71.9)	Cash balance reduction driven mainly by non-recurring costs
Bonds - principal	US\$m	636	1,125	(489)	Bond restructuring: New SSNs US\$250m and new SUNs US\$386m at 31 Dec 2023 (incl. US\$86m SUN PIK capitalised wef 1 Jan 2022)

¹ EBITDA is defined as the results of operating activities before depreciation and amortisation, share-based compensation, fair value gains and losses on derivative instruments, foreign exchange losses, finance costs, finance income, non-core income or expenses and taxes, and includes any cash proceeds received or paid out from hedging activities.

² Opex excludes DD&A and inventory adjustments. G&A excludes DD&A.

Financial Impact of One-Off Items

Impact on net profit/(loss) US\$m

		2023	2022
Net result before non-recurring items		(106.3)	(74.9)
Gain on debt-to-equity exchange	1	769.6	0.0
FV adjustment on debt instruments	2	174.4	0.0
Debt restructuring fees	3	(6.0)	(17.0)
Tax audit (tax, fines & penalties)	4	0.0	(24.5)
Net result after non-recurring items		831.7	(116.4)

1. Gain on the debt-to-equity swap (during bond restructuring), represents the difference between the market value of the equity (US\$40m) and balance sheet value of the debt exchanged (US\$815m).
2. Fair value adjustments of SSNs and SUNs resulting from discounting future bond cashflows using effective interest rates determined at completion of the bond restructuring (higher than at nominal coupon rates).
3. Advisor fees incurred during the process of restructuring negotiations and completion.
4. Income tax and related fines and penalties incurred as a result of the comprehensive tax audit of Zhaikmunai LLP for the period of 2016-2021.

Impact on cashflow (unrestricted cash) US\$m

		2023	2022
Cash start of year		233.6	165.2
Cash from operations		33.9	108.5
Current year CIT paid		(10.1)	(6.2)
Capital expenditure		(13.7)	(15.5)
Coupon paid net of interest received		(13.4)	0.3
Cash end of year before non-recurring items		230.3	252.3
Acquisition of PI (SL) and related capex	5	(22.9)	0.0
Debt restructuring	6	(25.5)	(17.5)
Tax audit (tax, fines & penalties)	7	(26.0)	0.0
Other items		5.8	(1.2)
Cash end of year after non-recurring items		161.7	233.6

5. Includes US\$19.3m acquisition cash cost of 80% interest in Positiv Invest and additional capex related to two-well appraisal programme.
6. 2023 amounts include coupon payments related to 2022 (US\$15.8m) and advisor fees related to bond restructuring. 2022 amounts include mainly advisor fees.
7. Income tax and related fines and penalties paid as a result of the comprehensive tax audit of Zhaikmunai LLP for the period of 2016-2021.



Supporting materials

Consolidated Statement of Financial Position

- Property, plant and equipment balance decreased mainly due to depreciation, slightly offset by capex addition related to Gas lift expansion, UOG tie-back, etc.
- E&E assets include US\$20m acquisition cost of 80% interest in Positiv Invest (Stepnoy Leopard fields), additional capital expenditure related to two-well appraisal programme.
- Cash and cash equivalents decrease mainly due to payments related to tax audit, completion of the bond restructuring, and acquisition of interest in Positiv Invest.
- Deferred shares were formed as part of bond restructuring process and pending cancellation
- Share premium mainly represents the gains from bond restructuring (see income statement for more details).
- Notes payable decrease in balance and reclassification as long-term liabilities following of the bond restructuring.
- Other current liabilities decreased as a result of the settlement of accrued liabilities related tax audit in early 2023.

<i>In thousands of US Dollars</i>	Notes	31 December 2023	31 December 2022
Assets			
Non-current assets			
Property, plant and equipment	5	252,621	276,023
Exploration and evaluation assets	6	23,935	–
Advances for non-current assets	7	1,118	2,114
Restricted cash	11	25,215	31,022
		302,889	309,159
Current assets			
Inventories	8	29,852	30,196
Prepayments and other current assets	9	9,417	4,688
Income tax prepayment		–	95
Trade receivables	10	15,472	12,395
Cash and cash equivalents	11	161,711	233,584
		216,452	280,958
TOTAL ASSETS		519,341	590,117
Equity and liabilities			
Share capital and reserves			
Share capital	12	2,152	3,203
Treasury capital		(166)	(1,660)
Deferred shares		18,551	–
Share premium		792,744	–
Retained deficit and reserves		(879,456)	(941,769)
Non-controlling interest		502	–
		(65,673)	(940,226)
Non-current liabilities			
Notes payable and accumulated interest	14	471,572	–
<i>Principal</i>		636,222	–
<i>Arrangement fees and fair value adjustments</i>		(164,650)	–
Abandonment and site restoration provision	15	22,147	20,073
Due to Government of Kazakhstan	16	3,625	4,002
Deferred tax liability	27	44,523	49,899
		541,867	73,974
Current liabilities			
Notes payable and accumulated interest	14	175	1,396,517
Trade payables	17	10,632	9,929
Advances received		254	52
Current tax payable		545	–
Current portion of due to Government of Kazakhstan		1,031	1,031
Other current liabilities	18	30,510	48,840
		43,147	1,456,369
TOTAL EQUITY AND LIABILITIES		519,341	590,117

Consolidated Statement of Comprehensive Income

- Revenue reduction driven by decline in production and lower average product prices
- 2023 cost of sales lower due to decrease in depreciation (following the production decline trend)
- G&A expenses higher due to inflation and indexation of payroll
- Selling and transport costs and other taxes are consistent with declining production/sales volumes and favourable changes in offtake destinations and arrangements
- Gains on debt-to-equity swap resulting from restructuring of the bonds
- Fair value adjustments of SSNs and SUNs resulting from discounting future cashflows using effective interest rates determined at completion of restructuring
- Other expenses include various costs and accruals. Lower in 2023 due to one-off penalties accrued in 2022 as a result of tax audit
- Corporate income tax higher in 2022 due to accruals based on tax audit

<i>In thousands of US Dollars</i>		For the year ended 31 December	
		2023	2022
	Notes		
Revenue			
Revenue from export sales		105,170	177,173
Revenue from domestic sales		14,459	22,544
	19	119,629	199,717
Cost of sales	20	(77,628)	(84,053)
Gross profit		42,001	115,664
General and administrative expenses	21	(13,807)	(12,076)
Selling and transportation expenses	22	(12,403)	(19,950)
Taxes other than income tax	23	(14,187)	(19,830)
Employee share options reversals	25	25	38
Finance costs	24	(102,826)	(123,138)
Gain on debt-to-equity exchange	12	769,611	–
Fair value adjustment on recognition of debt instruments	14	174,426	–
Foreign exchange (loss)/gain, net		(954)	254
Interest income		2,691	272
Other income	26	6,430	6,806
Other expenses	26	(14,675)	(29,821)
Income/(loss) before income tax		836,332	(81,781)
Current income tax expense		(10,050)	(18,837)
Deferred income tax benefit/(expense)		5,376	(15,827)
Income tax expense	27	(4,674)	(34,664)
Profit/(loss) for the year		831,658	(116,445)
Other comprehensive income that could be reclassified to the income statement in subsequent periods			
Currency translation difference		62	(490)
Other comprehensive income/(loss)		62	(490)
Total comprehensive income/(loss) for the year		831,720	(116,935)
Income/(loss) for the year attributable to the shareholders (in thousands of US dollars)			
Weighted average number of shares		169,086,713	169,086,713
Basic and diluted earnings per share (in US dollars)	13	4.92	(0.69)

Consolidated Statement of Cash Flows

- Operating cashflows decreased mainly as a results of lower revenues caused by production decline and lower average product prices in 2023 vs 2022.
- Income tax paid and change in other current liabilities include payments related to tax audit of previous years (total of circa US\$26m)
- Capital expenditures mainly include Gas lift expansion, UOG tie-back and GTU-3 re-start capex.
- Transfer from restricted cash represents cash redeemed from escrow account net of cash transferred to DSRA account on completion of the bond restructuring.
- Finance costs paid include cash coupon payment from 1 January 2022 (circa US\$15.8m attributable to 2022)
- Other finance costs mainly include lock-up fees of US\$3.8m and advisor fees (2022: only advisor fees) related to bond restructuring

In thousands of US Dollars		For the year ended 31 December	
	Notes	2023	2022
Cash flow from operating activities:			
Income/(loss) before income tax		836,332	(81,781)
<i>Adjustments for:</i>			
Depreciation, depletion and amortisation	20, 21, 22	40,509	51,835
Finance costs	24	102,826	123,138
Interest income		(2,691)	(272)
Foreign exchange loss on investing and financing activities		199	115
Loss on disposal of property, plant and equipment		917	–
Fair value adjustment on recognition of debt instruments		(174,426)	–
Gain on debt-to-equity exchange		(769,611)	–
Employee share options reversals		(25)	(38)
Operating profit before working capital changes		34,030	92,997
<i>Changes in working capital:</i>			
Change in inventories		62	1,458
Change in trade receivables		(3,077)	(5,736)
Change in prepayments and other current assets		(3,608)	5,047
Change in trade payables		(754)	1,094
Change in advances received		202	43
Change in due to Government of Kazakhstan		(1,031)	(1,031)
Change in other current liabilities		(3,943)	14,578
Cash used in operations		21,881	108,450
Income tax paid		(24,102)	(6,246)
Net cash flows used in operating activities		(2,221)	102,204
Cash flow from investing activities:			
Interest received		2,691	272
Purchase of property, plant and equipment		(13,711)	(14,770)
Consideration paid for Positiv Invest LLP	6	(19,338)	–
Advances for non-current assets		–	(696)
Expenditures on exploration and evaluation assets		(3,552)	–
Transfer from/(to) restricted cash		5,828	(587)
Net cash used in investing activities		(28,082)	(15,781)
Cash flow from financing activities:			
Finance costs paid		(31,821)	–
Other finance costs		(9,801)	(17,481)
Net cash used in financing activities		(41,622)	(17,481)
Effects of exchange rate changes on cash and cash equivalents		52	(604)
Net (decrease)/increase in cash and cash equivalents		(71,873)	68,338
Cash and cash equivalents at the beginning of the year	11	233,584	165,246
Cash and cash equivalents at the end of the year	11	161,711	233,584