



KAZATOMPROM

NATIONAL ATOMIC COMPANY

1H2023 Half-Year Results Conference Call

25 August 2023

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Market Context

Uranium market developments

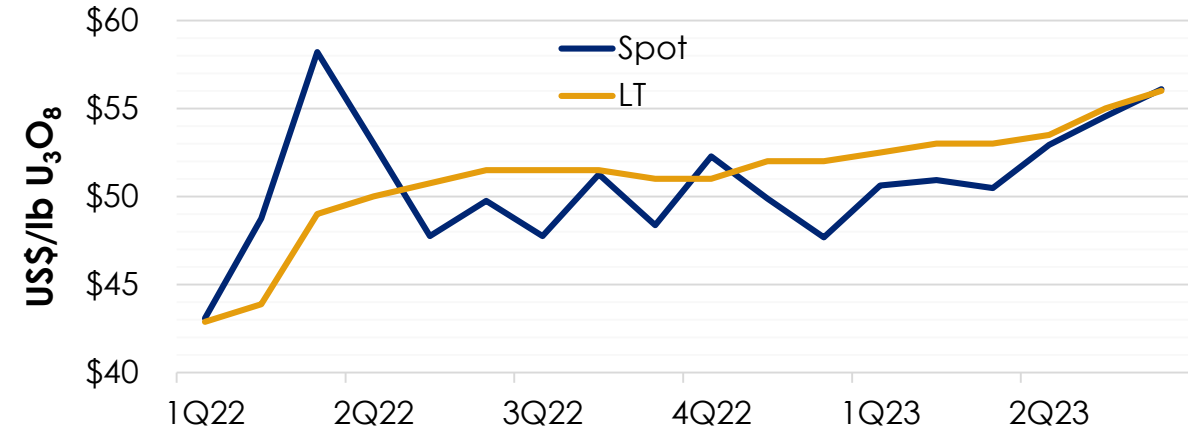
- Current geopolitical realm reshaping the primary supply picture
- Accelerated inventory drawdown due to increasing uncertainty
- Entrance into the new LT contracting cycle, backed by the replacement rate contracting and increasing new demand
- Better balanced and thinner spot market
- Supply capacity additions driven by increased long-term contracting activity

Kazatomprom in 2023

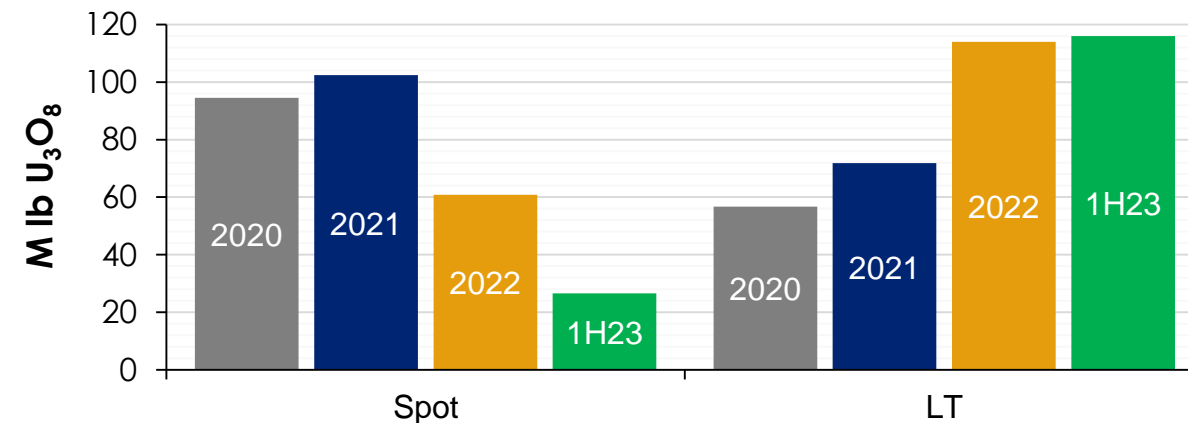
Expected growth in sales volume due to:

- Flex up of annual delivery quantities
- New LT contracts with the delivery in the prompt window
- Execution of call options by financials

Spot and LT Month-end U₃O₈ Price

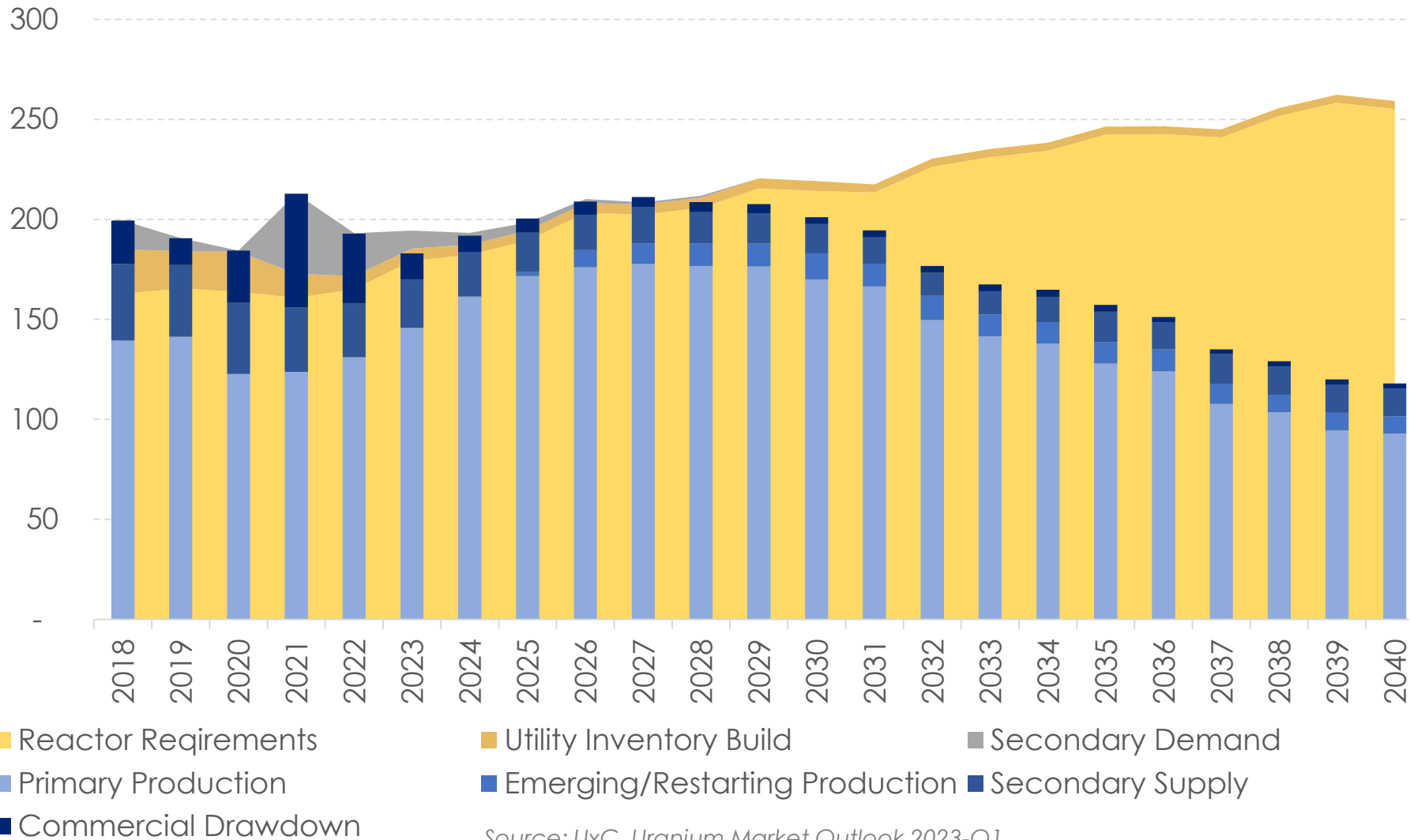


Spot and LT Contract Volumes



Source: UxC

Long-term Supply/Demand Dynamics



- Widening supply and demand gap
- Long mine development timelines
- Idle capacity restarts/announced
- New potential production is not sufficient to cover demand post-2030
- Secondary demand from financial players creating competition in mid-term

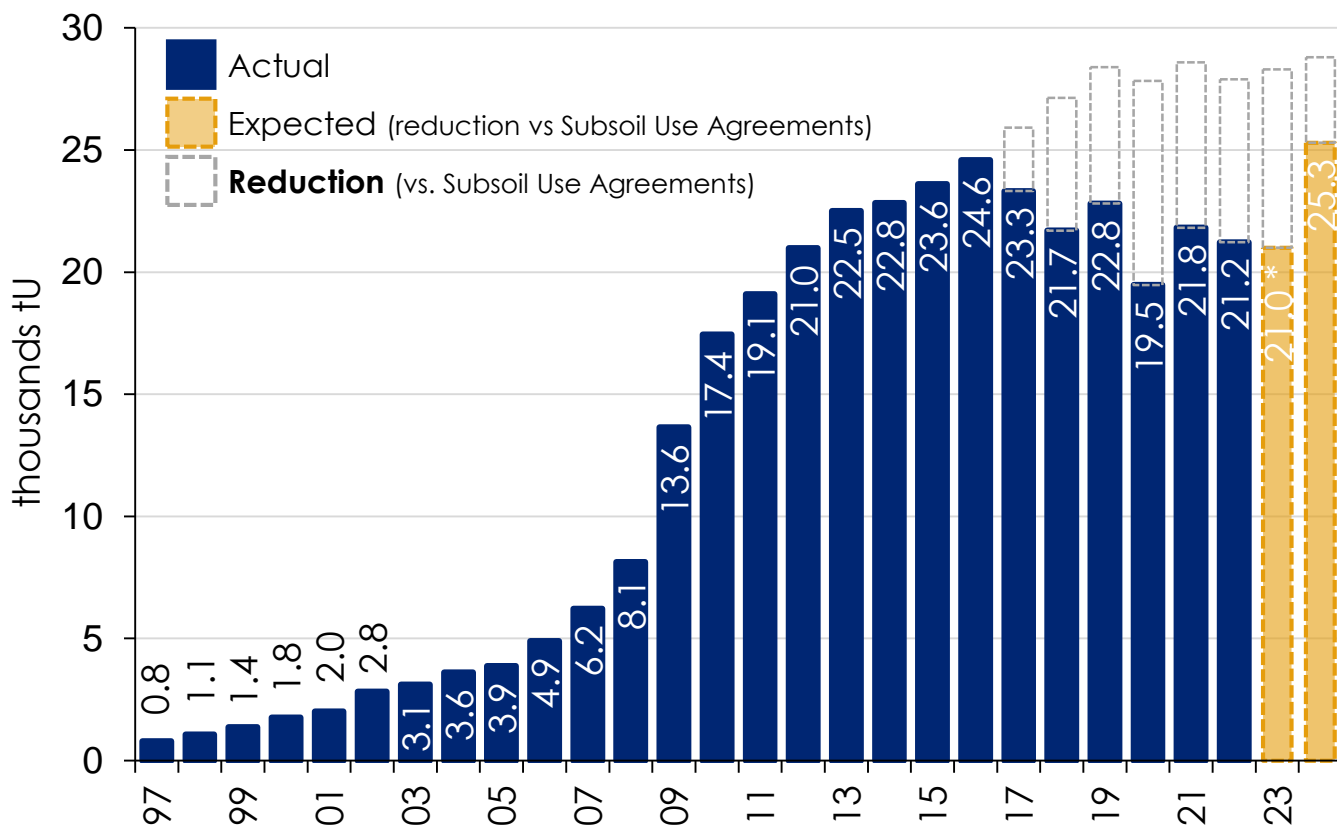
Source: UxC, Uranium Market Outlook 2023-Q1,
Used by KAP with permission

Committed to Market Discipline

2017-2023 production discipline extended through 2024 (-10%)

Kazakhstan Production Volume

(100% basis, per subsoil use agreements)



Source: Full Competent Persons' Report on the Mineral Assets of NAC Kazatomprom JSC as at December 31, 2021
 *2023 expectation shown is middle of the range of Guidance disclosed in 4Q2022 Trading Update and is subject to change

Significant supply impact

- Committed to a strategy driven by value in compliance with market fundamentals and contract book
- 2017-2022 (actual): Reduced over **35,000 tU** total
- 2023-2024 (estimate): over **~10,000 tU** total expected reduction vs. SSUs

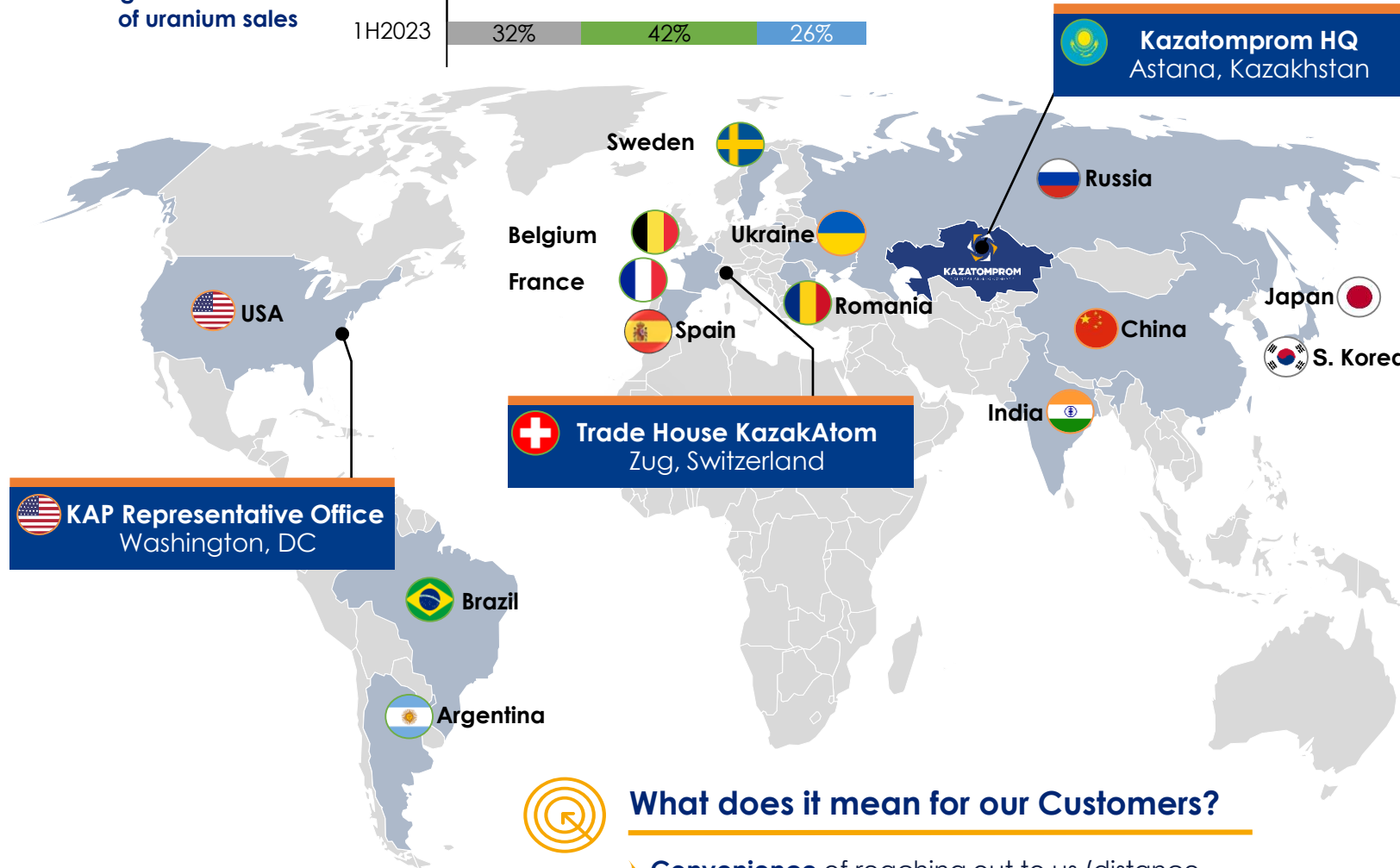
Sales discipline

- Focus on growing long-term contract book
- Engaging in long-term sales when aligned with value strategy

Global Presence, Strong Customer Base

Regional breakdown of uranium sales

	Europe	Asia	Americas
FY2022	26%	46%	28%
1H2023	32%	42%	26%



■ End-customer locations



What does it mean for our Customers?

- › **Convenience** of reaching out to us (distance and time zones)
- › **Better localised** understanding of the markets

Kazatomprom has enjoyed:

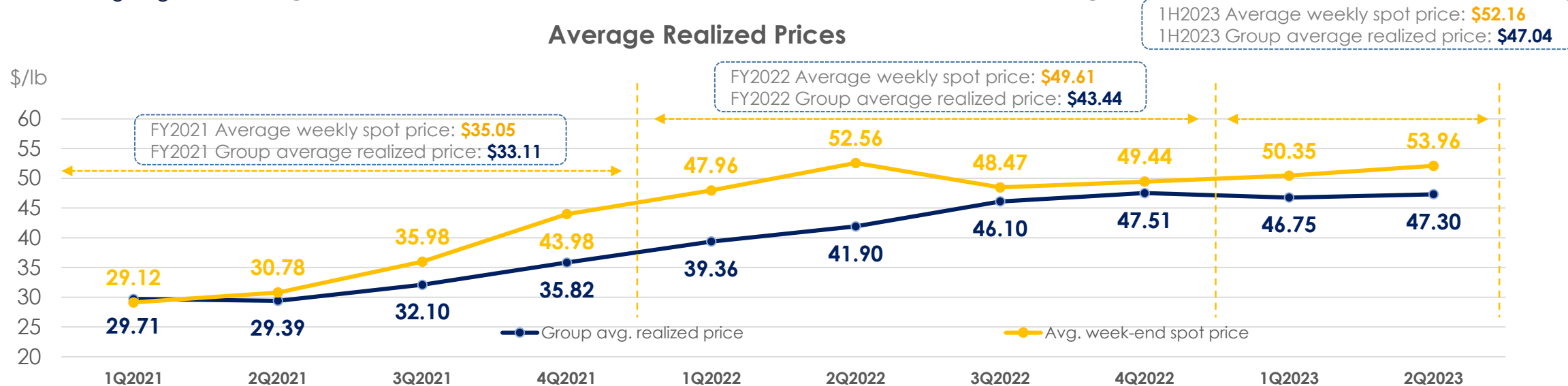
- More than 20-years track record and reputation of delivering long-term reliability to its customers
- Supply contracts with most major nuclear utilities around the world
- Strong partnerships in Kazakhstan and abroad
- A logistical proximity to major growth markets allowing it to grow with the new nuclear entrants of Asia

The establishment of Trade House KazakAtom (THK) is helping Kazatomprom enhance its customer offering:

- Bringing structured contracting and new pricing mechanisms, especially for long-term transactions
- Streamlining to provide faster responses to plain vanilla spot and forward trades
- Increasing customer diversification
- Increasing market liquidity and price transparency
- Actively purchasing in addition to selling in spot market

Uranium sales price sensitivity

Group's U₃O₈ average realized price response to spot price change



Avg. Annual Spot Price (USD)	2023E	2024E	2025E	2026E	2027E
20	40	25	26	24	25
30	42	32	32	32	32
40	45	40	39	39	39
50	48	48	47	48	48
60	51	56	55	57	57
70	54	63	63	66	65

Values are rounded to the nearest dollar. The sensitivity analysis above is based on the following key assumptions:

- Annual inflation is assumed to be 2% in the US based on historic values, for the purposes of this analysis.
- Analysis is as of 31 December 2022 and prepared for 2023–2027 on the basis of minimum average Group annual sales during the specified period of approximately 18.0 thousand tonnes of uranium in the form of U₃O₈, of which the volumes contracted as of 31 December 2022 will be sold per existing contract terms (i.e. contracts with hybrid pricing mechanisms with a fixed price component (calculated in accordance with an agreed price formula) and / or combination of separate spot, mid-term and long-term prices); Kazatomprom's marketing strategy does not target a specific proportion of fixed and market related contracts in its portfolio in order to remain flexible and react appropriately to market signals.
- For the purpose of the table, uncommitted volumes of U₃O₈ are assumed to be sold under short-term contracts negotiated directly with the customers and based on spot prices.

Committed to Delivery Obligations

Some of Kazatomprom's products are exported on a well-established primary route through Russia to the Port of St. Petersburg.

Currently no restrictions or issues to use transportation route via Port of St. Petersburg.

Kazatomprom continues to monitor the growing list of sanctions on Russia and the potential impact they could have on the transportation of products through Russian territory.



TRANS-CASPIAN INTERNATIONAL TRANSPORT ROUTE (TITR) successfully utilized since 2018.

Kazatomprom is currently ensuring that TITR has the capacity to potentially accommodate greater quantities for both Kazatomprom and its JV partners.

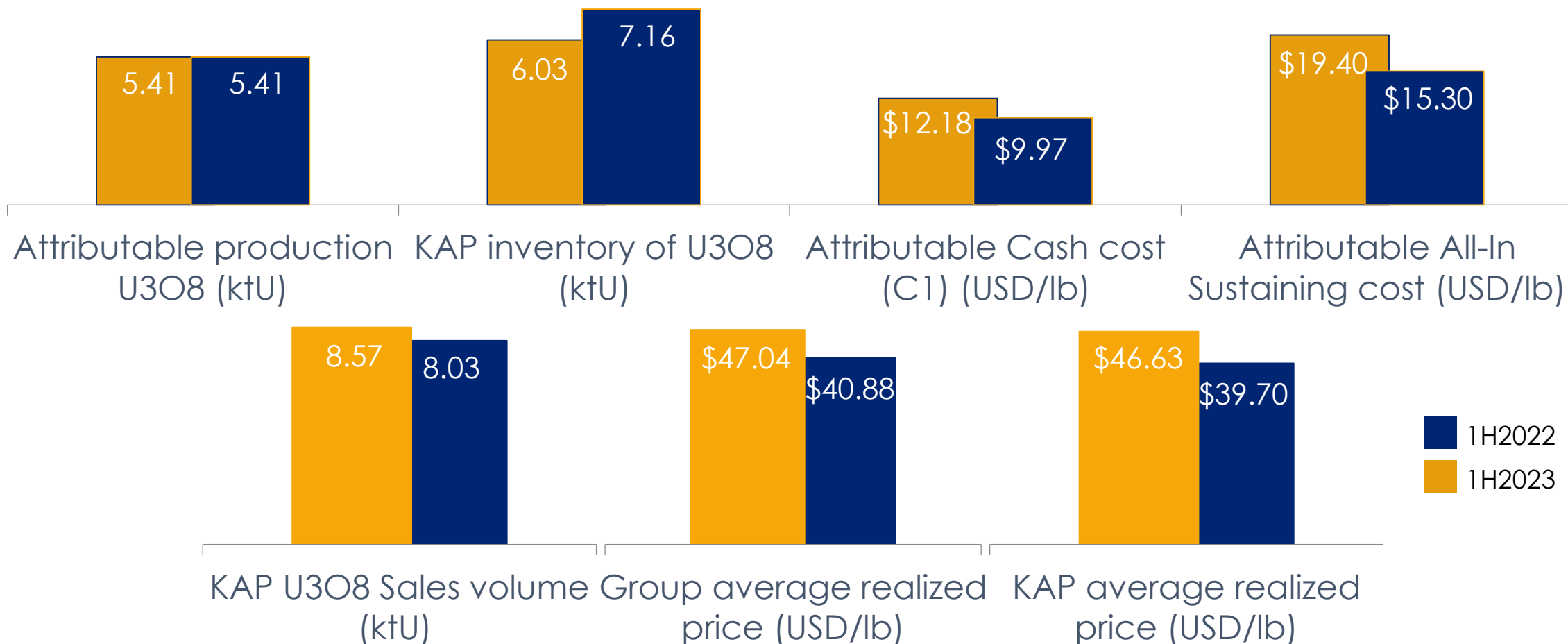
Kazatomprom constantly works on diversifying and improving its transportation capabilities.

In addition to physical deliveries, Kazatomprom maintains inventories at western converters and has the ability to negotiate swaps with market participants to help mitigate potential risks to Kazatomprom's deliveries to its western customers.

— ESTABLISHED ROUTES
 - - - ROUTES UNDER DEVELOPMENT

1H2023 Operational Results

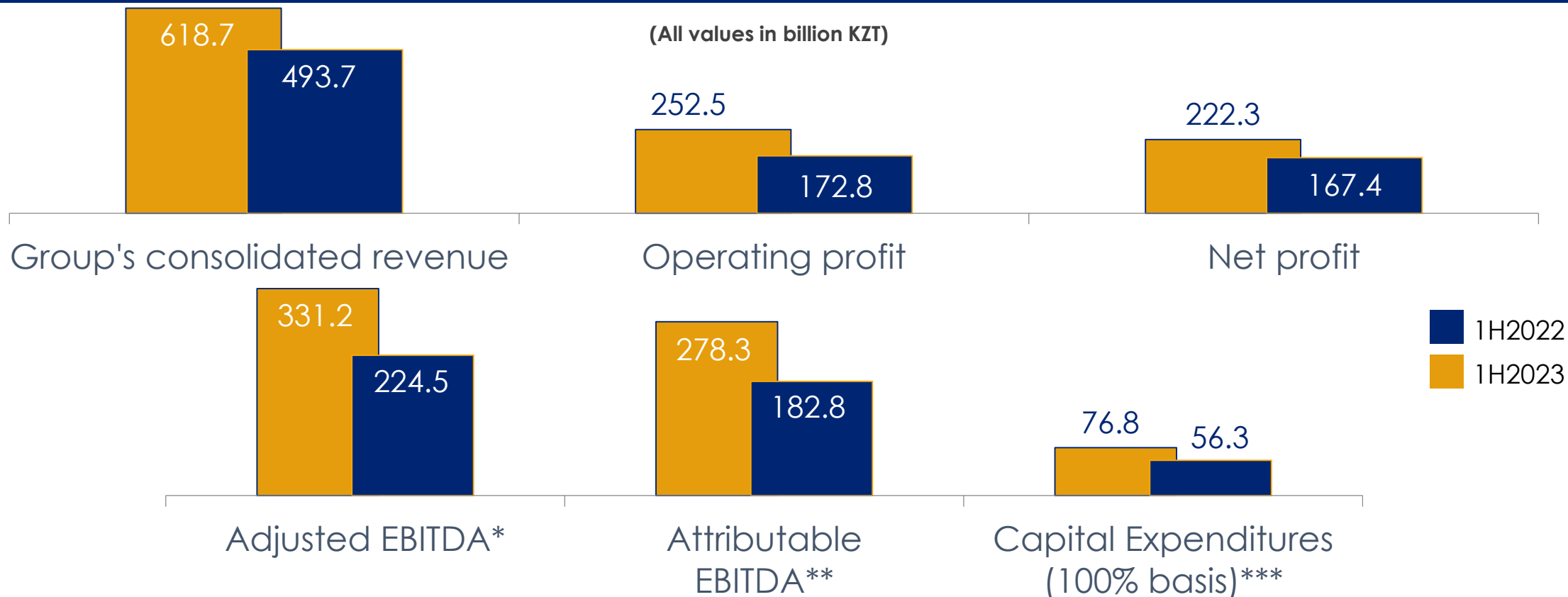
Production and sales metrics



Please note that the kgU to pounds U₃O₈ conversion ratio is 2.5998

1H2023 Financial Metrics

Key Financial Metrics










* Adjusted EBITDA is calculated by excluding from EBITDA items not related to the main business and having a one-time effect. Calculation: Profit before tax - finance income + finance expense +/- Net FX loss/(gain) + Depreciation and amortisation + Impairment losses - reversal of impairment +/- one-off or unusual transactions.

** Attributable EBITDA is calculated as an adjusted EBITDA less the share of the results in the net profit in JVs and Associates, plus the share of adjusted EBITDA of JVs and Associates engaged in the uranium segment (except Budenovskoye JV LLP's EBITDA due to minor effect it has during each reporting period) less non-controlling share of adjusted EBITDA of Appak LLP, Inkai JV LLP, Baiken-U LLP, DP Ortalyk LLP and Khorasan-U JV LLP less any changes in the unrealized gain in the Group.

*** Capital expenditures (100% basis): includes only capital expenditures of the mining entities, includes significant CAPEX for investment and expansion projects. Excludes liquidation funds and closure costs.

Dividend Policy

FCF is a base for dividend distribution, consistent dividends, compelling dividend yield

-  Cash flow from operating activities
-  Acquisition of PPE (incl. advances), Acquisition of intangible assets
-  Acquisition of mine development assets, Acquisition of expl/eval assets
-  Dividends from JVs/associates (claimed before AGM)
-  Dividends from JVs/associates (declared after AGM and not taken into account for the previous period)
-  Proceeds from sale of shares in subsidiaries and affiliates (net of cash outflows from shares' purchase)**
-  Purchase of investments in JVs/associates and other investments in cash

Free cash flow

Latest dividend amounted to KZT 200.97 bln (~1.7 USD/GDR) for FY'22, paid in July 2023

Total price appreciation of Kazatomprom's shares since IPO: **143%**

Total shareholder return taking into account historical dividend payments amounts to **~200%** since IPO

Net Debt / Adj.EBITDA***

≤ 1.0x

< 1.5x

≥ 1.5x

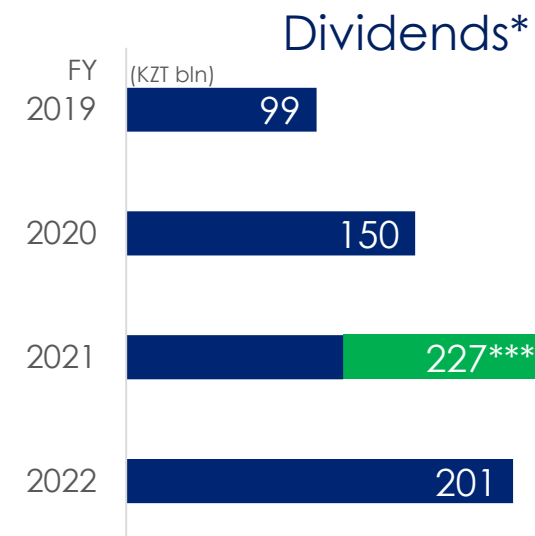
FCF payout ratio

min 75%

min 50%

Shareholders discretion

+100% proceeds from disposal of assets under the Comprehensive Privatization Plan 2016-2020



* Total dividends paid

** At the end of December 31 of the previous calendar year

*** Excluding assets within the framework of the Comprehensive Privatization Plan for 2016-2020, approved by the Resolution of the Government of the Republic of Kazakhstan dated December 30, 2015 No. 1141, which are subject to distribution for payment of dividends in the amount of 100%

**** Dividends for FY'21 include a one-time effect resulting from sale of a 49% stake in Ortalyk LLP

Looking Ahead – 2023 Guidance update

Key performance indicators		2023 updated guidance (2Q23) USD:KZT 460	2023 initial guidance (4Q22) USD:KZT 470	2022 actual*
Production volume U ₃ O ₈ (100% basis) ¹	tU	20,500 – 21,500²	20,500 – 21,500 ²	21,227
Production volume U ₃ O ₈ (attributable basis) ³	tU	10,600 – 11,200²	10,600 – 11,200 ²	11,373
Group sales volume (consolidated) ⁴	tU	17,500 – 18,000⁵	15,400 – 15,900 ⁵	16,358
KAP sales volume (incl. in Group)	tU	14,500 – 15,000⁵	12,100 – 12,600 ⁵	13,572
Revenue – consolidated ⁶	KZT billions	1,270 – 1,310	1,080 – 1,090	1,001
Revenue from Group U ₃ O ₈ sales ⁶	KZT billions	1,020 – 1,060	820 – 840	851
C1 cash cost (attributable basis)**	\$US/lb	\$13.00 – \$14.50	\$12.00 – \$13.50	\$10.25
All-in sustaining cash cost (attributable C1 + capital)**	\$US/lb	\$21.00 – \$22.50	\$20.00 – \$21.50	\$16.19
Total capital expenditures of mining entities (100% basis) ⁷	KZT billions	220 – 230	240 – 250	146.5

¹ Production volume U₃O₈ (tU) (100% basis): Amounts represent the entirety of production of an entity in which the Company has an interest; it disregards that some portion of production may be attributable to the Group's JV partners or other third-party shareholders.

² The duration and full impact of the Russian-Ukrainian conflict are not yet known. Annual production volumes could therefore vary from expectations.

³ Production volume U₃O₈ (tU) (attributable basis): Amounts represent the portion of production of an entity in which the Company has an interest, corresponding only to the size of such interest; it excludes the portion attributable to the JV partners or other third-party shareholders, except for JV "Inkai" LLP, where the annual share of production is determined as per Implementation Agreement disclosed in the IPO Prospectus.

⁴ Group sales volume: includes the sales of U₃O₈ by Kazatomprom and those of its consolidated subsidiaries (companies that KAP controls by having (i) the power to direct their relevant activities that significantly affect their returns, (ii) exposure, or rights, to variable returns from its involvement with these entities, and (iii) the ability to use its power over these entities to affect the amount of the Group's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether KAP has power to control another entity). Group U₃O₈ sales volumes do not include other forms of uranium products (including, but not limited to, the sales of fuel pellets). Yet, some part of Group U3O8 production goes to the production of EUP, fuel pellets and fuel assemblies (FA) at Ulba-FA LLP.

⁵ KAP sales volume: includes only the total external sales of U₃O₈ of KAP and THK. Intercompany transactions between KAP and THK are not included.

⁶ Revenue expectations are based on uranium prices taken from third-party sources at a single point in time and on an exchange rate assumption of KZT470:USD1 in the initial guidance and KZT460:USD1 in the updated guidance. There continues to be significant volatility in both uranium price and the tenge exchange rate. Therefore, 2023 revenue could be materially impacted if actual uranium prices and exchange rates vary from the third-party and internal estimates, respectively.

⁷ Total capital expenditures (100% basis): includes only capital expenditures of the mining entities. Excludes liquidation funds and closure costs. Includes significant CAPEX for investment and expansion projects (JV Budenovskoye LLP and JV Katco LLP for a total amount of approximately KZT 50 billion).

* Average exchange rate for 2022 was 460.85 USD:KZT.

** Note that the conversion of kgU to pounds U₃O₈ is 2.5998.



OUR STRATEGY: UNCHANGED



➤ Focusing on uranium mining as our core business



➤ Optimise production & sales volumes based on market conditions



➤ Create value by enhancing marketing & sales capabilities



➤ Implement best-practice business processes



➤ Develop a corporate culture suitable for an industry leader



Q&A session with Management



Yerzhan Mukanov
Chief Executive Officer



Ulan Khassanov
Managing Director,
Economics and Planning



Dastan Kosherbayev
Chief Commercial Officer

