

11 January 2023

Steppe Cement Ltd

Preliminary Update for the Year ended 31 December 2022

Steppe Cement Limited ("Steppe Cement") recorded good revenue growth in 2022 with positive market conditions for the business. The focus has been on the domestic market where Steppe Cement's market share remains resilient.

Steppe Cement recorded revenue for the year ended 31 December 2022 of 40,023 million Tenge ("KZT"), which was 11% higher than the KZT 36,020 million recorded for the previous year. In 2022, cement sales volume was 1,670,174 tonnes, being slightly lower than the 1,688,544 tonnes achieved for the previous year. The average price (ex-VAT) for delivered cement was KZT 23,963 per tonne in 2022, representing a 12% increase on the KZT 21,332 per tonne achieved in 2021. The average ex-factory price in 2022 stood at KZT 20,970 per tonne compared to 18,134 in 2021, which represents USD 45 per tonne based on 2022's average exchange rate of USD/KZT 461 vs 426 in 2021. As we were limited by our production, we concentrated on the markets closer to our factory.

In 2022, the cement market consumption in Kazakhstan remained at 11.6 million tonnes.

Steppe Cement's local market share was 14.5% compared to 13.9% in 2021. Exports have been reduced to zero to optimize logistics and concentrate sales in more attractive domestic markets. Overall, Kazakhstan imported 0.7 million tonnes of cement (vs 0.8 million tonnes in 2021) and exported 1.1 million tonnes (vs 1.6 million tonnes in 2021).

Official inflation in Kazakhstan was 20.3% and will have a significant impact on production costs in 2023, but we continue our capex program to increase production capacity of clinker and higher grades of cement by the summer of 2023, as well as to reduce power and coal consumption.

There were extreme weather conditions in Kazakhstan and logistical difficulties in the railway network in November and December 2022. The board is working to try to minimise their impact in 2023.

The full results and audited accounts denominated in USD are expected to be published in May 2023.

Steppe Cement's AIM nominated adviser and broker is RFC Ambrian Limited.

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