

13 January 2022

Steppe Cement Ltd

**Preliminary Update for the Year ended 31 December 2021**

Steppe Cement Limited ("Steppe Cement") recorded good revenue growth in 2021 with positive market conditions for the business. The focus has been on the domestic market where Steppe Cement's market share remains resilient.

The recent changes within the Kazakh Government, as well as the disturbances in the main cities, have not affected the continuous operations of the cement factory.

Steppe Cement recorded revenue for the year ended 31 December 2021 of 36,020 million Tenge ("KZT"), which was 16% higher than the KZT 30,958 million recorded for the previous year. In 2021, cement sales volume was 1,688,544 tonnes, higher than the 1,645,744 tonnes achieved for the previous year. The average price (ex-VAT) for delivered cement was KZT 21,332 per tonne in 2021, representing a 13% increase on the KZT 18,811 per tonne achieved in 2020. The average ex-factory price in 2021 stood at KZT 18,134 per tonne compared to 15,760 in 2020, which represents USD 43 per tonne based on 2021's average exchange rate of USD/KZT 426 vs 413 in 2020. As we were limited by our production, we concentrated in the markets closer to our factory.

In 2021, the cement market consumption in Kazakhstan increased by 23% to 11.6 million tonnes from 9.4 million tonnes in 2020. This unexpectedly big increase in domestic demand has been the consequence of the changing in the withdrawal policy for pension funds. Citizens were allowed, under certain conditions, to allocate money from their pension funds to property or health.

Steppe Cement's local market share was 13.9%. Exports decreased by 57.2% from 202,000 tonnes in 2020 to 86,500 tonnes in 2021. Overall, Kazakhstan imported 0.8 million tonnes of cement (vs 0.6 million tonnes in 2020) and exported 1.6 million tonnes (vs 2.0 million tonnes in 2020).

We have a healthy cash balance and are continuing our capex program to increase the production capacity of the Company by 5% by the summer of 2022.

We are in the period of lowest sales of the year, and the directors do not believe they presently have sufficient visibility on economic matters to make an accurate prediction on demand for 2022.

The full results and audited accounts denominated in USD are expected to be published in May 2022.

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

Nominated Adviser contact: Stephen Allen or Andrew Thomson on +61 8 9480 2500.

Broker contact: Charlie Cryer at +44 20 3440 6800