

19 September 2023

Steppe Cement Limited
(“Steppe Cement” or the “Company”)
Interim Results for the Half Year Ended 30 June 2023 and General Market Update

1. Interim Results

During the six-month period to 30 June 2023, the Group posted revenue of USD36.9 million, a decline of 14% from USD43.1 million in the corresponding period in 2022. The decline was mainly attributable to the 11% lower sales volume. The drop was concentrated in the first few months of the year when cement prices were maintained. Consequently the Company decided to adjust pricing to recover the volumes.

	6 months ended 30 June 2023	6 months ended 30 June 2022	% of change
Sales (Tonnes)	749,034	837,063	-11%
Consolidated Turnover (KZT million)	16,702	19,779	-16%
Consolidated Turnover (USD million)	36.9	43.1	-14%
Consolidated profit after tax (USD million)	0.1	10.2	-99%
Earnings per share (Cents)	0.1	4.7	-99%
Average exchange rate (USD/KZT)	454	449	1%

The average sales price was USD50 (KZT22,665) per tonne compared with USD52 (KZT23,391) per tonne in the corresponding period in 2022.

The gross margin was reduced to 26% in the six-month period to 30 June 2023 compared with 46% in the same period last year due to the combination of higher production costs, lower volumes and a lower selling price. Selling expenses increased by USD0.9 million or 16% to USD6.2 million, while general and administration expenses increased 7% by USD0.2 million to USD3.4 million. Volumes are recovering in the second half of the current year and prices have been slightly increased, while the cost of production is improving as well.

General inflation in Kazakhstan was 17% during the period, but the situation has improved in the second half of 2023.

The Group posted a small net profit for the period of USD0.1 million compared with USD10.2 million profit after tax in the same period in 2022.

2. Production and capex

- Cash production costs increased by 11% in KZT in the first half of 2023 primarily due to the higher electricity, diesel and spare parts for maintenance costs together with lower production volumes and significant repairs in line 5.
- There were significant stoppages and repairs in the first half of 2023 as a consequence of the unexpectedly cold weather during the general stoppage of November 2022.
- The separator of cement mill number 1 has been commissioned and work has started in the separator of cement mill number 2. Together these two projects will allow the increase of slag usage, reduce power consumption and improve cement quality and stability.

3. Update on the Kazakh cement market

- The Kazakh cement market during the first half of 2023 reduced by 5.6% compared to the same period last year.
- The Company expects to maintain its market share at around 14% for the full year.
- Exports from Kazakhstan [in the first half of 2023] remained the same as in the corresponding period in 2022 at 0.55 million tonnes.
- Imports in the current period represented 4.3% of the local market, 2% less than in 2022.

4. Finance

- Total finance costs for the period were USD 0.5 million with interest expenses on bank debt falling to USD 0.2 million mostly on subsidised loans while the Company maintained interest expenses on lease liabilities at USD 0.1 million after the application of IFRS 16 on the 3-year wagon leases. The rental on those wagons was previously treated as selling expenses. The contract to rent wagons is due for renewal in the second half of 2023.
- The borrowings of the Company as at 30 June 2023 were USD6.7 million while we carried a cash balance of USD6.0 million. For comparison, on 30 June 2022 the Company had USD5.4 million of borrowings and USD14.7 million in cash.

A pdf copy of the announcement and the full interim financial statements is available on the company's website at www.steppecement.com

For further information, please contact:

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SUMMARY OF INTERIM FINANCIAL STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2023 (UNAUDITED)
(In United States Dollars)

The Notes to the Interim Financial Statements form an integral part of the Condensed Financial Statement. Please visit the Company's website at www.steppecement.com to view the full interim financial statements.

STEPPE CEMENT LTD

(Incorporated in Labuan FT, Malaysia under the Labuan Companies Act, 1990)

AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	USD'000	USD'000	USD'000	USD'000
Revenue	36,882	43,125	683	670
Cost of sales	<u>(27,405)</u>	<u>(23,148)</u>	<u>-</u>	<u>-</u>
Gross profit	9,477	19,977	683	670
Selling expenses	(6,154)	(5,285)	-	-
General and administrative expenses	<u>(3,421)</u>	<u>(3,183)</u>	<u>(176)</u>	<u>(165)</u>
Operating (loss)/profit	(98)	11,509	507	505
Interest income	93	266	-	-
Finance costs	(483)	(435)	-	-
Net foreign exchange (loss)/gain	(14)	(246)	18	3
Other income, net	<u>563</u>	<u>940</u>	<u>-</u>	<u>-</u>
Profit before income tax	61	12,034	525	508
Income tax expense	<u>(9)</u>	<u>(1,831)</u>	<u>-</u>	<u>-</u>
Profit for the period	<u>52</u>	<u>10,203</u>	<u>525</u>	<u>508</u>
Attributable to shareholders of the Company	<u>52</u>	<u>10,203</u>	<u>525</u>	<u>508</u>
Earning per share:				
Basic and diluted (cents)	<u>0.1</u>	<u>4.7</u>		

STEPPE CEMENT LTD

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AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	USD'000	USD'000	USD'000	USD'000
Profit for the period	52	10,203	525	508
Other comprehensive income/ (loss):				
<i>Item that may not be reclassified subsequently to profit or loss</i>				
Exchange differences arising on translation of foreign operations	48	(4,941)	-	-
Total comprehensive income for the period	<u>100</u>	<u>5,262</u>	<u>525</u>	<u>508</u>
Attributable to shareholders of the Company	<u>100</u>	<u>5,262</u>	<u>525</u>	<u>508</u>

STEPPE CEMENT LTD

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AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (UNAUDITED)**

	The Group		The Company	
	Unaudited 30 June 2023 USD'000	Audited 31 Dec 2022 USD'000	Unaudited 30 June 2023 USD'000	Audited 31 Dec 2022 USD'000
Assets				
Non-Current Assets				
Property, plant and equipment	49,822	49,362	-	-
Right-of-use assets	3	5	-	-
Investment in subsidiary companies	-	-	36,200	36,200
Loan to subsidiary company	-	-	30,040	30,050
Other assets	196	1,531	-	-
Total Non-Current Assets	50,021	50,898	66,240	66,250
Current Assets				
Inventories	21,190	20,646	-	-
Trade and other receivables	1,938	2,045	3,461	2,372
Other assets	2,409	1,082	-	-
Income tax receivable	1,421	603	-	-
Loans and advances to subsidiary companies	-	-	60	60
Advances and prepaid expenses	8,687	8,577	16	7
Cash and cash equivalents	6,002	4,144	652	1,240
Total Current Assets	41,647	37,097	4,189	3,679
Total Assets	91,668	87,995	70,429	69,929

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AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (UNAUDITED)**

	The Group		The Company	
	Unaudited 30 June 2023 USD'000	Audited 31 Dec 2022 USD'000	Unaudited 30 June 2023 USD'000	Audited 31 Dec 2022 USD'000
Equity and Liabilities				
Capital and Reserves				
Share capital	73,761	73,761	73,761	73,761
Revaluation reserve	1,747	1,793	-	-
Translation reserve	(125,804)	(125,852)	-	-
Retained earnings / (Accumulated losses)	115,476	115,378	(3,695)	(4,220)
Total Equity	<u>65,180</u>	<u>65,080</u>	<u>70,066</u>	<u>69,541</u>
Non-Current Liabilities				
Borrowings	5,104	3,914	-	-
Deferred taxes	2,460	3,267	-	-
Deferred income	2,700	2,713	-	-
Provision for site restoration	182	178	-	-
Total Non-Current Liabilities	<u>10,446</u>	<u>10,072</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	10,402	7,348	-	-
Accrued and other liabilities	3,568	2,251	148	144
Amount due to a subsidiary company	-	-	215	244
Borrowings	1,651	2,814	-	-
Lease liabilities	421	59	-	-
Taxes payable	-	371	-	-
Total Current Liabilities	<u>16,042</u>	<u>12,843</u>	<u>363</u>	<u>388</u>
Total Liabilities	<u>26,488</u>	<u>22,915</u>	<u>363</u>	<u>388</u>
Total Equity and Liabilities	<u>91,668</u>	<u>87,995</u>	<u>70,429</u>	<u>69,929</u>

STEPPE CEMENT LTD

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AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

The Group	Share capital USD'000	Non-distributable		Distributable Retained earnings USD'000	Total USD'000
		Revaluation reserve USD'000	Translation reserve USD'000		
As at 1 January 2023	73,761	1,793	(125,852)	115,378	65,080
Profit for the period	-	-	-	52	52
Other comprehensive income	-	-	48	-	48
Total comprehensive income for the period	-	-	48	52	100
Transfer of revaluation reserve relating to property, plant and equipment through use	-	(46)	-	46	-
As at 30 June 2023	<u>73,761</u>	<u>1,747</u>	<u>(125,804)</u>	<u>115,476</u>	<u>65,180</u>

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AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

The Group	Share capital USD'000	Non-distributable Revaluation reserve USD'000	Translation reserve USD'000	Distributable Retained earnings USD'000	Total USD'000
As at 1 January 2022	73,761	2,068	(120,438)	110,190	65,581
Profit for the period	-	-	-	10,203	10,203
Other comprehensive loss	-	-	(4,941)	-	(4,941)
Total comprehensive (loss)/income for the period	-	-	(4,941)	10,203	5,262
Transfer of revaluation reserve relating to property, plant and equipment through use	-	(137)	-	137	-
As at 30 June 2022	<u>73,761</u>	<u>1,931</u>	<u>(125,379)</u>	<u>120,530</u>	<u>70,843</u>

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AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

The Company	Share capital	Accumulated losses	Total
	USD'000	USD'000	USD'000
As at 1 January 2023	73,761	(4,220)	69,541
Total comprehensive income for the period	<u>-</u>	<u>525</u>	<u>525</u>
As at 30 June 2023	<u>73,761</u>	<u>(3,695)</u>	<u>70,066</u>
As at 1 January 2022	73,761	(5,606)	68,155
Total comprehensive income for the period	<u>-</u>	<u>508</u>	<u>508</u>
As at 30 June 2022	<u>73,761</u>	<u>(5,098)</u>	<u>68,663</u>

STEPPE CEMENT LTD

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AND ITS SUBSIDIARY COMPANIES**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	The Group		The Company	
	6 months ended		6 months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	USD'000	USD'000	USD'000	USD'000
OPERATING ACTIVITIES				
Profit before income tax	61	12,034	525	508
Adjustments for:				
Depreciation of property, plant and equipment	2,837	3,203	-	-
Depreciation of right-of-use assets	3	823	-	-
Other non-cash items	578	218	(1,088)	(1,090)
Operating Profit/(Loss) Before Working Capital Changes	3,479	16,278	(563)	(582)
(Increase)/Decrease in:				
Inventories	345	(2,922)	-	-
Trade and other receivables, advances and prepaid expenses	(22)	(6,444)	(9)	(12)
Loans and advances from subsidiary companies	-	-	(20)	(24)
Increase in:				
Trade and other payables, accrued and other liabilities	3,622	3,494	4	56
Cash Generated From/(Used In) Operations	7,424	10,406	(588)	(562)
Income tax paid	(1,777)	(1,785)	-	-
Interest paid	(483)	(198)	-	-
Net Cash Generated From/(Used In) Operating Activities	5,164	8,423	(588)	(562)

	The Group		The Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	USD'000	USD'000	USD'000	USD'000
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,721)	(2,870)	-	-
Purchase of other assets	(24)	(18)	-	-
Interest received	93	267	-	1,550
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash (Used In)/Generated From Investing Activities	(2,652)	(2,621)	-	1,550
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FINANCING ACTIVITIES				
Proceeds from borrowings	1,703	3,346	-	-
Repayment from borrowings	(1,980)	(2,815)	-	-
Payment of lease liabilities	(363)	(1,090)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Used In Financing Activities	(640)	(559)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,872	5,243	(588)	988
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(14)	(685)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	4,144	10,136	1,240	614
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	6,002	14,694	652	1,602
	<u> </u>	<u> </u>	<u> </u>	<u> </u>