

12 July 2023

Steppe Cement Ltd

Market update for the first half of 2023

In the first half of 2023, Steppe Cement Ltd ("Steppe Cement" or the "Company") sold 749,034 tonnes of cement for 16,977 million Tenge, compared with 837,063 tonnes of cement for 19,579 million Tenge in the first half of 2022. The volume of sales and the turnover decreased by 11% and 13% respectively.

The average price for the current period for delivered cement was 22,665 Tenge per tonne (ex-VAT), compared with 23,391 Tenge per tonne in the corresponding period of 2022. The ex-factory price for the current period was 19,205 Tenge per tonne, compared with 20,485 Tenge per tonne in the corresponding period of 2022.

Inflationary pressures have started to ease in June to 15% and the National Bank base rate stands at 16.75%. The cost of logistics, utilities and food items have experienced higher increases. This will be reflected in the overall cost of production of the factory.

The cement market in Kazakhstan in the first half of 2023 reduced by 5.6% compared to the same period last year.

After a first quarter when we maintained prices at the expense of volumes, we decided to recover market share in the second quarter at the expense of pricing. As of 30 June, our market share has returned to 14.1% and the overall volume is in line with the market evolution.

Imports represented 4.3% of the local market, 2% less than in 2022.

Exports from Kazakhstan remained the same as in 2022 at 0.55 million tonnes.

In response to evolving tax legislation in the jurisdictions of our intermediary holding companies, we have diligently continued the restructuring of the Company's holdings to mitigate the potential risk of withholding tax on the dividend stream. Our efficiency enhancement strategy focuses on both streamlining the structure and minimizing associated costs. In line with this strategic realignment, Steppe Cement has incorporated a wholly-owned subsidiary in the Astana International Financial Center (AIFC) as a future holding company of the Kazakh operating entities. The Kazakh operating subsidiaries will remain 100% owned by Steppe Cement through its subsidiary companies. The current objective is to pay a dividend of 2 to 3 pence per share before November 2023.

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