UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

for the six months ended 31 August 2024

SUMMARY

Group revenue **up 44,3%** to R4,1 billion

Interim dividend per share of **10,0 cents**

Headline earnings per share (‘HEPS’) of **53,0 cents**

Operating profit margin **13,5%**

Net asset value (‘NAV’) per share **up 10,5%** to **3 038 cents**

Return on net operating assets **15,1%**

Afrimat Limited
(‘Afrimat’ or ‘the Company’ or ‘the Group’)
(Incorporated in the Republic of South Africa)
(Registration number: 2006/022534/06)
Share code: AFT ISIN code: ZAE000086302

Consistently delivering

COMMENTARY

INTRODUCTION

Afrimat's long term growth strategy is underpinned by a well-chosen asset base in the mining, quarrying and related industries. The Group is renowned for acquiring distressed assets and turning these around to contribute profitably. Lafarge South Africa is the latest acquisition, and it became unconditional during the first quarter of this financial year.

The integration of the Lafarge acquisition is progressing according to plan, with a solid performance from the aggregate quarries and ash business leading to an overall improvement in the results of the Construction Materials (Aggregates) segment. The losses from the cement business for four of the six months (May to August 2024) have been included in the Construction Materials segment. The turnaround of the ex-Lafarge businesses is managed according to strict project management principles and a speedy return to profitability is expected. The first half of this year was impacted by a freeze of two furnaces at the Group's South African iron ore customer, resulting in a drastic reduction in iron ore income for the half year.

These two factors were the main contributors, which led to a decline in the Group results for the first six months of F2025 when compared to the previous comparative period.

FINANCIAL RESULTS

Group revenue increased by 44,3% from R2,8 billion to R4,1 billion, with the inclusion of the Lafarge business. Operating profit (excluding a gain on bargain purchase) decreased by 45,2% from R534,1 million to R292,7 million. Cash used in operations equates to R131,4 million compared to the comparative period cash generated from operations of R697,2 million. The net cash outflow is due to increased working capital requirements, driven by higher stock levels in iron ore as a result of the lower volumes supplied to the local market, as well as addressing overdue payments to suppliers in the Lafarge business.

Afrimat felt the brunt of a declining iron ore price, a strengthening Rand, continued limitations on the export rail line, large industrial customers reducing offtake because of economic and unforeseeable circumstances, and losses in the cement business. This culminated in headline earnings per share reducing from 263,4 cents to 53,0 cents.

As expected, the net debt:equity position increased to 45,6% (February 2024: 1,4%) due to funding towards the Lafarge and Glenover transactions. The Group remains committed to ensure strong cash generation to settle the additional debt as quickly as possible.

OPERATIONAL REVIEW

All operating units are strategically positioned to deliver outstanding service to customers, whilst acting as an efficient hedge against volatile local business conditions. The product range is wide and diversified and is made up of Construction Materials consisting of aggregates, concrete-based products, fly-ash and cement, Industrial Minerals consisting of limestone and dolomite, Bulk Commodities consisting of iron ore and anthracite. The Services segment consists of external logistical and mining services while the Future Materials and Metals segment is made up of phosphate and rare earth elements.

The **Construction Materials** segment (excluding cement) delivered a solid performance, increasing operating profit by 39,4% to R217,6 million from R156,1 million in the previous comparable period. This is largely due to the successful integration of the Lafarge quarries, the fly-ash business, and the ready-mix batching plants, as well as volume growth and ongoing cost-saving initiatives. The cement business incurred losses of R146,2 million during the interim period, primarily due to known reliability issues at the cement factory, resulting in excessive maintenance costs and limited production.

The **Industrial Minerals** businesses achieved a robust performance with an increase of 54,9% in operating profit from R32,0 million to R49,5 million. The suspension of loadshedding is positive for both the segment and its customers. Starting from a low baseline, the volume increase is encouraging and was further supplemented through strategic marketing initiatives into new markets.

The **Bulk Commodities** segment, consisting of the iron ore mines and an anthracite mine, contributed 32,9% to the Group's operating profit. Revenue increased by 3,2% to R1,4 billion and operating profit decreased to R182,8 million from R385,9 million in the previous period.

The iron ore mines' operating profit decreased by 63,6% to R148,1 million from R407,0 million. International iron ore exports were adversely impacted by a 5,0% decrease in US dollar prices, a 31,0% increase in shipping costs, and the concurrent strengthening of the South African Rand. In addition, the decline in the iron ore price resulted in a negative movement in the three-month price adjustment provision of R48,9 million. Afrimat was impacted by the challenges on the rail line, with rail shipment volumes decreasing by 9,0% due to inefficiencies. Volumes for the period were 349 084 tonnes (August 2023: 383 924 tonnes), 19,8% below allocated volumes.

In the first quarter, the major customer's furnace freeze significantly impacted sales volumes and revenue for local iron ore. Volumes for the period were 339 648 tonnes (August 2023: 493 184 tonnes). By the second quarter of the period, volumes had increased and are now stable. However, this did not make up for the losses in volumes during the first quarter.

The anthracite mine's revenue increased by 91,3% to R471,6 million from R246,6 million. Operating profit contributed positively to the Group's results with R34,7 million compared to an operating loss of R21,1 million in the comparative period. Underground mining was disappointing and alternatives are being evaluated. During this period, 38 houses were relocated, 91 graves were moved, and an Eskom power line was moved to allow for more fluid open-pit mining.

The export product remains a viable alternative, however, a banned Russian product has re-entered the market, putting pressure on pricing. Despite this, management expects to export product in the second half of the financial year.

Future Materials and Metals segment further supports the diversification strategy and offers wider exposure than ferrous metals. The segment adds phosphate and rare earth elements to the offering and aligns Afrimat to advancing decarbonisation trends through rare earth elements and improved food security through fertiliser products.

The project focuses on processing high-grade phosphate and single superphosphate ('SSP'). With the SSP plant commissioned, sales volumes for fertiliser are slowly ramping up to achieve the planned volumes by 2025. For the period under review, revenue of R38,9 million was generated, with start-up losses of R21,1 million.

The rare earth elements strategy remains under investigation to ensure a comprehensive understanding of the market and technology. This project is recognised as a strategic development requiring time to achieve its full potential.

BUSINESS DEVELOPMENT

The Group's business development team remains a key component of the Group's strategy. The team continues to identify opportunities in existing markets, as well as in anticipated new high-growth areas in southern Africa.

CHANGES TO MINERAL RESOURCES AND MINERAL RESERVES

Afrimat's statement of Mineral Resources and Mineral Reserves as at 29 February 2024 is produced in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ('SAMREC'). It should be noted that the Mineral Resources are reported inclusive of the Mineral Reserves. There has been no material change to Afrimat's Mineral Resources and Mineral Reserves as disclosed in the integrated annual report for the financial year ended 29 February 2024, other than depletion due to continued mining activities at the operations.

B-BBEE

Afrimat's BEE shareholding, which includes shares held by the Afrimat BEE Trust and previously held shares recognised in terms of paragraph 3.8 of the B-BBEE COGP, equates to 29,6%.

Notwithstanding the fully empowered ownership platform in line with the Mining Charter requirements, the Group remains dedicated to enhancing all aspects of B-BBEE on an ongoing basis. Afrimat is committed to a bottom-up approach to transformation and successfully focused on sustained training, skills development and all-round employee upliftment in the financial year.

DIVIDEND

An interim gross dividend of 10,0 cents per share (August 2023: 40,0 cents per share) for the period was declared on 23 October 2024. The dividend payable to shareholders who are subject to dividend tax is 8,0 cents per share (August 2024: 32,0 cents per share).

EMPLOYEES AND CONTINUED SUSTAINABILITY

During the reporting period, Afrimat experienced a notable increase in its workforce, with the total number of employees rising to 3,875 from 2,824 in the previous period. This growth was primarily attributed to the acquisition of Lafarge, and 299 new appointments. The Group successfully maintained positive employee relations, with no formal labour actions or disputes arising during this time. Wage negotiations were concluded and remained within the established budget.

Integrating Lafarge was a top priority throughout the reporting period. Afrimat introduced culture workshops aimed at fostering a cohesive workplace environment.

Learning and development remain central to the Group's strategy for success. Afrimat proudly sponsors a talent pool of 201 learners and graduates, providing a valuable pipeline for future leadership. The Group actively promotes talent development through the provision of 80 staff bursaries and recently facilitated the participation of 30 senior and middle managers in the second cohort of Afrimat's Leadership Development Program in partnership with Stellenbosch Business School.

Afrimat's portfolio now comprises 63 mining rights, with 13 sites currently not operational due to care and maintenance or pending activities. A dedicated team engages with relevant governing bodies, including the Department of Mineral Resources and Energy, the Department of Water and Sanitation, and the Department of Environmental Affairs, successfully maintaining healthy relationships with these authorities. All environmental authorisations applied for during this period were received in a timely manner, with the exception of the Nkomati Environmental Impact Assessment ('EIA') authorisation, which is still pending.

The company has consistently achieved commendable audit scores from external health, safety, and environmental bodies. Moreover, Afrimat has maintained a low lost time injury frequency rate of 0,30 during the period under review.

Efforts to develop a carbon neutrality strategy are ongoing, particularly in light of the significant changes to Afrimat's emissions profile following the integration of Lafarge operations, where cement production has become the largest contributor to emissions. Initiatives to enhance efficiency and reduce fuel intensity in Afrimat's earthmoving machinery are currently in progress. The Company is reviewing a target to decrease carbon emissions by 32% by 2030 in conjunction with the Lafarge acquisition. Additionally, in alignment with the sector's shift towards general mining, Afrimat is enhancing its disclosure practices regarding the Mineral Resources Register, accessible on the Afrimat website.

PROSPECTS

Afrimat is known for being acquisitive in nature. The most recent Lafarge acquisition – made primarily to extract synergies and value from the excellent assets that were acquired – is in the process of being successfully integrated into the Group. The aggregates, fly-ash, and ready-mix batching plants have delivered ahead of expectations.

Across the construction landscape, the Construction Materials segment enjoys slightly elevated volumes from road, rail, and dam project demand. In the cement business, there has been an increase in reliability and production volumes. Management considers the turnaround effort a top priority.

Local iron ore volumes in the second half are expected to be higher than in the first half. On the export iron ore line, Transnet still faces logistic challenges. Afrimat continues to engage with Transnet and participates in the Ore User's Forum to assist Transnet as much as possible. Since the period-end, the international iron ore price, although volatile, has stabilised given the economic stimulus announcement by China.

At the Nkomati Anthracite Mine, Afrimat awaits confirmation of the EIA that will allow for mining to take place across the site, rather than being limited to three sources, as is the case at the moment. Nkomati Anthracite Mine has a life-of-mine of over 20 years in the open cast pits.

The establishment of the Government of National Unity and the reduction in interest rates have improved local sentiment. However, this improved sentiment is not flowing through to large infrastructure or development projects as yet. To further entrench its commitment to South Africa, Afrimat joined other CEO's to pledge to assist the business and Government partnership to address key challenges facing the country.

In conclusion, prospects for Nkomati Anthracite, an expanded Construction Materials business through Lafarge, a recovery in cement through innovation, and other growth initiatives will better balance Afrimat's diversity, placing the Group on a sustainable pathway forward.

These financial statements may contain forward-looking statements that have not been reviewed nor reported on by the Company's auditors.

On behalf of the Board

FM Louw
Chairman

AJ van Heerden
Chief Executive Officer

23 October 2024

DIVIDEND DECLARATION

Notice is hereby given that an interim gross dividend, No. 35 of 10,0 cents per share, in respect of the six months ended 31 August 2024, was declared by the Board on Wednesday, 23 October 2024.

There are 159 690 957 shares in issue at the reporting date, of which 8 066 710 are held in treasury. The total dividend payable is R16,0 million (August 2023: R63,9 million).

The Board has confirmed that the solvency and liquidity test as contemplated by the Companies Act, No. 71 of 2008, has been duly considered, applied and satisfied. This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The South African dividend tax rate is 20,0%. The net dividend payable to shareholders who are subject to dividend tax and shareholders who are exempt from dividend tax is 8,0 cents and 10,0 cents per share, respectively. The income tax number of the Company is 9568738158.

Relevant dates of the interim dividend are as follows:

Last day to trade *cum* dividend	Tuesday, 19 November 2024
Commence trading *ex*-dividend	Wednesday, 20 November 2024
Record date	Friday, 22 November 2024
Dividend payable	Monday, 25 November 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 November and Friday, 22 November 2024, both dates inclusive.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Change %	Audited year ended 29 February 2024 R'000
Revenue	**4 103 351**	2 843 674	44,3	6 083 280
Cost of sales	**(3 322 843)**	(1 870 239)		(4 002 277)
Gross profit	**780 508**	973 435	(19,8)	2 081 003
Operating expenses	**(550 153)**	(454 175)	21,1	(935 533)
Other income	**38 128**	7 937		19 902
Other net gains	**15 814**	27 916		1 724
Gain on bargain purchase (refer note 13.1)	**262 743**	–		–
Loss on disposal of subsidiaries (refer note 14)	**–**	(29 985)		(11 200)
Movement in expected credit loss allowance	**8 336**	8 923		(3 531)
Operating profit	**555 376**	534 051	4,0	1 152 365
Finance income	**21 071**	18 988		36 173
Finance costs	**(93 929)**	(32 520)		(76 959)
Share of profit of equity-accounted investments	**–**	–		1 829
Profit before tax	**482 518**	520 519	(7,3)	1 113 408
Income tax expense	**(122 837)**	(140 934)		(324 692)
Profit for the period	**359 681**	379 585	(5,2)	788 716
Profit attributable to:				
Owners of the parent	**351 042**	379 052		781 776
Non-controlling interests	**8 639**	533		6 940
	359 681	379 585		788 716
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	**(1 112)**	602		1 413
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	**–**	–		32 654
Items that will not be reclassified to profit or loss				
Net change in fair value of equity instruments at fair value through other comprehensive income	**35**	2		304
Income tax effect relating to these items	**(10)**	–		(53)
Other comprehensive (loss)/income for the period, net of tax	**(1 087)**	604		34 318
Total comprehensive income for the period	**358 594**	380 189	(5,7)	823 034
Total comprehensive income attributable to:				
Owners of the parent	**349 955**	379 656		816 094
Non-controlling interests	**8 639**	533		6 940
	358 594	380 189		823 034
Earnings per share:				
Earnings per ordinary share (cents) (refer note 6)	**231,8**	253,9	(8,7)	520,3
Diluted earnings per ordinary share (cents) (refer note 6)	**228,7**	251,5	(9,1)	514,4

RECONCILIATION OF HEADLINE EARNINGS

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Change %	Audited year ended 29 February 2024 R'000
Profit attributable to owners of the parent	**351 042**	379 052		781 776
Profit on disposal of property, plant and equipment attributable to owners of the parent	**(13 114)**	(14 951)		(4 262)
Loss on disposal of subsidiaries (refer note 14)	**–**	29 985		11 200
Loss on disposal of associate	**1 557**	–		–
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	**–**	–		32 654
Impairments (refer note 3)	**–**	–		32 279
Gain on bargain purchase (refer note 13.1)	**(262 743)**	–		–
Total income tax effects of adjustments	**3 541**	(795)		(1 376)
Headline earnings	**80 283**	393 291	(79,6)	852 271
Headline earnings per ordinary share ('HEPS') (cents)	**53,0**	263,4	(79,9)	567,3
Diluted HEPS (cents)	**52,3**	261,0	(80,0)	560,7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Assets			
Non-current assets			
Property, plant and equipment (refer note 4)	**5 893 880**	3 686 756	3 898 037
Intangible assets	**334 497**	318 385	234 728
Investment in associate	**–**	–	1 837
Other financial assets (refer note 8)	**178 350**	128 102	146 533
Deferred tax	**204 310**	264 631	197 910
Inventories	**212 643**	216 154	215 254
Total non-current assets	**6 823 680**	4 614 028	4 694 299
Current assets			
Inventories	**1 204 533**	511 963	614 189
Other financial assets (refer note 8)	**624**	153 609	150 000
Current tax receivable	**9 756**	4 999	11 388
Trade and other receivables (refer note 10)	**1 246 959**	770 706	773 973
Cash and cash equivalents	**523 107**	278 681	504 678
Total current assets	**2 984 979**	1 719 958	2 054 228
Total assets	**9 808 659**	6 333 986	6 748 527
Equity and liabilities			
Equity			
Stated capital	**826 756**	898 427	901 082
Treasury shares (refer note 5)	**(123 573)**	(127 320)	(143 485)
Net issued stated capital	**703 183**	771 107	757 597
Other reserves	**(63 828)**	(45 353)	(32 350)
Retained earnings	**3 967 005**	3 437 161	3 815 802
Attributable to equity holders of the parent	**4 606 360**	4 162 915	4 541 049
Non-controlling interests	**51 973**	11 757	21 992
Total equity	**4 658 333**	4 174 672	4 563 041
Liabilities			
Non-current liabilities			
Borrowings (refer note 9)	**214 129**	199 598	210 030
Other liability	**31 849**	10 533	19 979
Provisions	**319 625**	296 990	279 939
Deferred tax	**322 792**	365 351	363 330
Total non-current liabilities	**888 395**	872 472	873 278
Current liabilities			
Other financial liabilities (refer note 11)	**415 606**	17 382	9 671
Borrowings (refer note 9)	**1 278 355**	320 879	347 095
Current tax payable	**29 622**	63 085	14 665
Trade and other payables	**1 799 031**	885 496	940 777
Bank overdraft	**739 317**	–	–
Total current liabilities	**4 261 931**	1 286 842	1 312 208
Total liabilities	**5 150 326**	2 159 314	2 185 486
Total equity and liabilities	**9 808 659**	6 333 986	6 748 527

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Cash flows from operating activities			
Cash (used in)/generated from operations (refer note 17)	**(131 433)**	697 221	1 551 383
Finance income received	**21 071**	18 023	34 701
Dividends received	**1 550**	–	21
Finance costs paid	**(83 513)**	(22 151)	(56 222)
Tax paid	**(80 048)**	(115 597)	(292 878)
Net cash (outflow)/inflow from operating activities	**(272 373)**	577 496	1 237 005
Cash flows from investing activities			
Acquisition of property, plant and equipment	**(209 074)**	(409 413)	(694 837)
Proceeds on disposal of property, plant and equipment	**59 775**	14 311	32 396
Acquisition of businesses (refer note 13)	**(793 339)**	(3 313)	(7 314)
Proceeds on disposal of businesses	**280**	12 821	36 449
Purchase of other financial assets	**(41 201)**	(5 997)	(59 296)
Repayment from other financial assets	**18 631**	8 401	46 954
Net cash outflow from investing activities	**(964 928)**	(383 190)	(645 648)
Cash flows from financing activities			
Repurchase of Afrimat shares (refer note 5)	**(17 890)**	(7 067)	(31 578)
Proceeds from borrowings (refer note 9.2)	**1 100 000**	200 000	200 000
Repayment of borrowings (refer note 9.2)	**(315 251)**	(94 798)	(177 251)
Capital elements of lease payments (refer note 9.2)	**(9 765)**	(2 684)	(5 505)
Proceeds from other financial liabilities	**–**	624	803
Repayment of other financial liabilities	**(240)**	(123 761)	(123 126)
Dividends paid (refer note 16.2)	**(240 441)**	(167 178)	(229 261)
Net cash inflow/(outflow) from financing activities	**516 413**	(194 864)	(365 918)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(720 888)**	(558)	225 439
Cash, cash equivalents and bank overdrafts at the beginning of the period	**504 678**	279 239	279 239
Cash, cash equivalents and bank overdrafts at the end of the period	**(216 210)**	278 681	504 678

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 March 2023	939 435	(289 348)	(64 611)	3 249 771	11 978	3 847 225
Total comprehensive income						
Profit for the period	–	–	–	379 052	533	379 585
Other comprehensive income for the period	–	–	604	–	–	604
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	2	–	–	2
Income tax effect	–	–	–	–	–	–
Exchange differences on translation of foreign operations	–	–	602	–	–	602
Total comprehensive income	–	–	604	379 052	533	380 189
Transactions with owners of the parent						
Contributions and distributions						
Share-based payment expense for the period	–	–	10 715	–	–	10 715
Deferred taxation on share-based payments	–	–	(10 651)	–	–	(10 651)
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax	(57 784)	31 325	(14 715)	14 715	–	(26 459)
Purchase of treasury shares (refer note 5)	–	(7 067)	–	–	–	(7 067)
Issue of stated capital	154 546	–	–	–	–	154 546
Repurchase of shares (refer note 5)	(137 770)	137 770	–	–	–	–
Dividends paid (refer note 16.2)	–	–	–	(165 828)	(1 350)	(167 178)
Disposal of subsidiary (refer note 14)	–	–	33 305	(40 549)	–	(7 244)
Total contributions and distributions	(41 008)	162 028	18 654	(191 662)	(1 350)	(53 338)
Additional non-controlling interest acquired due to:						
– Hislop International	–	–	–	–	9	9
Non-controlling interest disposed of:						
– Afrimat Mozambique Limitada (refer note 14)	–	–	–	–	587	587
Total changes in ownership interests	–	–	–	–	596	596
Total transactions with the owners of the parent	(41 008)	162 028	18 654	(191 662)	(754)	(52 742)
Balance at 31 August 2023	898 427	(127 320)	(45 353)	3 437 161	11 757	4 174 672
Restated balance at 1 March 2023	939 435	(289 348)	(64 611)	3 249 771	13 105	3 848 352
Total comprehensive income						
Profit for the year	–	–	–	781 776	6 940	788 716
Other comprehensive income for the year	–	–	34 318	–	–	34 318
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	304	–	–	304
Income tax effect	–	–	(53)	–	–	(53)
Exchange differences on translation of foreign operations	–	–	1 413	–	–	1 413
Foreign currency translation reserve released to profit or loss on sale of foreign subsidiary	–	–	32 654	–	–	32 654
Total comprehensive income	–	–	34 318	781 776	6 940	823 034
Transactions with owners of the parent						
Contributions and distributions						
Share-based payment expense for the year	–	–	21 091	–	–	21 091
Deferred taxation on share-based payments	–	–	(8 028)	–	–	(8 028)
Purchase of treasury shares (refer note 5)	–	(31 578)	–	–	–	(31 578)
Issue of stated capital	154 546	–	–	–	–	154 546
Repurchase of shares (refer note 5)	(137 770)	137 770	–	–	–	–
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax	(55 129)	39 671	(15 120)	15 120	–	(15 458)
Dividends paid (refer note 16.2)	–	–	–	(227 336)	(1 925)	(229 261)
Total contributions and distributions	(38 353)	145 863	(2 057)	(212 216)	(1 925)	(108 688)
Non-controlling interest disposed of (refer note 14)						
– Afrimat Mozambique Limitada	–	–	–	–	585	585
– Afrimat Logistics Limitada	–	–	–	–	236	236
– Stony Lime Proprietary Limited	–	–	–	(3 529)	3 051	(478)
Total changes in ownership interests	–	–	–	(3 529)	3 872	343
Total transactions with owners of the parent	(38 353)	145 863	(2 057)	(215 745)	1 947	(108 345)
Balance at 29 February 2024	901 082	(143 485)	(32 350)	3 815 802	21 992	4 563 041

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 March 2024	901 082	(143 485)	(32 350)	3 815 802	21 992	4 563 041
Total comprehensive income						
Profit for the period	–	–	–	351 042	8 639	359 681
Other comprehensive loss for the period	–	–	(1 087)	–	–	(1 087)
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	35	–	–	35
Income tax effect	–	–	(10)	–	–	(10)
Exchange differences on translation of foreign operations	–	–	(1 112)	–	–	(1 112)
Total comprehensive income	–	–	(1 087)	351 042	8 639	358 594
Transactions with owners of the parent						
Contributions and distributions						
Share-based payment expense for the period	–	–	12 061	–	–	12 061
Deferred taxation on share-based payments	–	–	(5 106)	–	–	(5 106)
Purchase of treasury shares (refer note 5)	–	(17 890)	–	–	–	(17 890)
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax	(74 326)	37 802	(37 346)	37 346	–	(36 524)
Dividends paid (refer note 16.2)	–	–	–	(237 185)	(3 256)	(240 441)
Total contributions and distributions	(74 326)	19 912	(30 391)	(199 839)	(3 256)	(287 900)
Additional non-controlling interest acquired due to: – Ash Resources Proprietary Limited (refer note 13.1)	–	–	–	–	24 598	24 598
Total changes in ownership interests	–	–	–	–	24 598	24 598
Total transactions with the owners of the parent	(74 326)	19 912	(30 391)	(199 839)	21 342	(263 302)
Balance at 31 August 2024	826 756	(123 573)	(63 828)	3 967 005	51 973	4 658 333

NOTES

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial results ('financial statements') for the six months ended 31 August 2024 ('the period') are prepared in accordance with the requirements of the JSE Limited ('JSE') Listings Requirements ('the Listings Requirements') for interim results, and the requirements of the Companies Act. The Listings Requirements require interim results to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS® Accounting Standards and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the financial statements are in terms of IFRS® Accounting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 29 February 2024.

These financial statements have not been audited or reported on by Afrimat's auditors, PricewaterhouseCoopers Inc., and have been prepared under the supervision of the Chief Financial Officer ('CFO'), PGS de Wit CA(SA).

2. SEGMENT INFORMATION

The segments of the Group have been identified by business segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors. Aggregation of segments has been determined on the basis of product outputs with similar attributes; by considering the nature of products and services, production processes and the type of class of customer for the product and services.

There are five main operational segments based on the market use of products.

The principal services and products of each of these segments are as follows:

- Construction Materials: Comprises aggregates, concrete-based products, fly-ash and cement;
- Industrial Minerals: Comprises limestone, dolomite and industrial sand;
- Bulk Commodities: Comprises iron ore and anthracite;
- Future Materials and Metals: Comprises phosphate; and
- Services: Comprises Group shared services including IT services, consulting services and external logistical and mining services.

	Split six months ended 31 August 2024 %	**Unaudited six months ended 31 August 2024 R'000**	Split six months ended 31 August 2023 %	Unaudited six months ended 31 August 2023 R'000	Split year ended 29 February 2024 %	Audited year ended 29 February 2024 R'000
Revenue						
External revenue						
Construction Materials	**53,0**	**2 173 735**	40,8	1 159 973	36,4	2 212 760
– *Aggregates*		**1 774 485**		1 159 973		2 212 760
– *Cement*		**399 250**		–		–
Industrial Minerals	**7,9**	**325 114**	10,6	302 223	9,1	554 546
Bulk Commodities	**34,3**	**1 406 314**	47,9	1 363 434	48,6	2 957 816
– *Iron Ore*		**934 726**		1 116 877		2 211 166
– *Anthracite*		**471 588**		246 557		746 650
Future Materials and Metals	**0,9**	**38 921**	0,4	9 014	0,5	31 266
Services	**3,9**	**159 267**	0,3	9 030	5,4	326 892
		4 103 351		2 843 674		6 083 280
Inter-segmental revenue						
Construction Materials	**9,0**	**34 077**	4,1	12 896	3,0	17 352
Industrial Minerals	**1,1**	**4 257**	1,1	3 654	1,2	6 778
Bulk Commodities	**–**	**–**	–	–	–	–
Future Materials and Metals	**–**	**–**	–	–	–	–
Services	**89,9**	**339 636**	94,8	302 547	95,8	548 932
		377 970		319 097		573 062

2. SEGMENT INFORMATION (continued)

	Split six months ended 31 August 2024 %	Unaudited six months ended 31 August 2024 R'000	Split six months ended 31 August 2023 %	Unaudited six months ended 31 August 2023 R'000	Split year ended 29 February 2024 %	Audited year ended 29 February 2024 R'000
Total revenue						
Construction Materials	49,3	2 207 812	37,1	1 172 869	33,5	2 230 112
– Aggregates		1 808 562		1 172 869		2 230 112
– Cement		399 250		–		–
Industrial Minerals	7,3	329 371	9,7	305 877	8,4	561 324
Bulk Commodities	31,4	1 406 314	43,1	1 363 434	44,4	2 957 816
– Iron Ore		934 726		1 116 877		2 211 166
– Anthracite		471 588		246 557		746 650
Future Materials and Metals	0,9	38 921	0,3	9 014	0,5	31 266
Services	11,1	498 903	9,8	311 577	13,2	875 824
		4 481 321		3 162 771		6 656 342
Operating profit						
Construction Materials	12,9	71 411	29,2	156 073	23,7	273 448
– Aggregates		217 589		156 073		273 448
– Cement		(146 178)		–		–
Industrial Minerals	8,9	49 521	6,0	31 969	1,2	13 803
Bulk Commodities	32,9	182 807	72,3	385 910	83,1	957 775
– Iron Ore		148 062		407 024		789 048
– Anthracite		34 745		(21 114)		168 727
Future Materials and Metals	(3,8)	(21 108)	(1,6)	(8 456)	(1,1)	(12 851)
Services*	49,1	272 745	(5,9)	(31 445)	(6,9)	(79 810)
		555 376		534 051		1 152 365
Operating profit margin on external revenue (%)						
Construction Materials		3,3		13,5		12,4
– Aggregates		12,3		13,5		12,4
– Cement		(36,6)		–		–
Industrial Minerals		15,2		10,6		2,5
Bulk Commodities		13,0		28,3		32,4
– Iron Ore		15,8		36,4		35,7
– Anthracite		7,4		(8,6)		22,6
Future Materials and Metals		(54,2)		(93,8)		(41,1)
Overall contribution		13,5		18,8		18,9
Other information						
Assets						
Construction Materials		3 732 353		1 265 787		1 224 344
Industrial Minerals		552 444		505 184		535 636
Bulk Commodities		3 137 825		2 643 468		2 850 736
Future Materials and Metals		866 752		470 271		521 592
Services		267 065		202 178		267 503
Unallocated		1 252 220		1 247 098		1 348 716
		9 808 659		6 333 986		6 748 527
Liabilities						
Construction Materials		1 292 679		451 667		434 635
Industrial Minerals		134 607		145 672		148 072
Bulk Commodities		298 543		387 283		385 648
Future Materials and Metals		20 940		7 841		12 356
Services		205 306		142 170		218 257
Unallocated		3 198 251		1 024 681		986 518
		5 150 326		2 159 314		2 185 486

* *Included in 'Services' operating profit is a gain on bargain purchase of R262,7 million, refer note 13.1 for further disclosure.*

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
2. SEGMENT INFORMATION (continued)			
Depreciation and amortisation			
Construction Materials	**75 819**	46 272	83 665
Industrial Minerals	**17 817**	13 565	32 696
Bulk Commodities	**130 040**	74 988	174 411
Future Materials and Metals	**13 481**	2 882	11 150
Services	**36 897**	31 236	67 507
	274 054	168 943	369 429
Capital expenditure (excluding acquisitions through business combinations)			
Construction Materials	**96 278**	25 979	96 192
Industrial Minerals	**17 612**	13 165	37 685
Bulk Commodities	**135 763**	322 647	540 539
Future Materials and Metals	**16 463**	108 626	165 394
Services	**70 221**	49 873	89 672
	336 337	520 290	929 482

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
3. IMPAIRMENTS			
Impairment of property, plant and equipment	**–**	–	9 360
Impairment of goodwill	**–**	–	22 919
	–	–	32 279

No impairments were recorded in the current period.

During the prior year, an impairment loss of R9,4 million was recognised for the stripping asset of the Nkomati mine. The updated life-of-mine plan, as well as the expected average reserve life stripping ratio was reassessed which subsequently resulted in the impairment loss recorded. Furthermore, during the process of performing the annual goodwill impairment test, it was identified that the carrying value of the Agri Lime cash-generating unit exceeded its recoverable amount. This was mainly due to the shortfall in the anticipated market share of the resource, which resulted in the company not meeting its budget. As a result of the aforementioned, a goodwill impairment of R22,9 million was recorded. Agri Lime is included in the Industrial Minerals segment.

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
4. PROPERTY, PLANT AND EQUIPMENT			
Land and buildings	**249 973**	133 065	127 939
Leasehold property	**9 334**	11 180	9 966
Plant and machinery	**2 783 964**	1 175 139	1 247 671
Motor vehicles	**611 231**	606 973	627 661
Office and computer equipment	**31 639**	18 408	22 743
Dismantling costs	**8 456**	14 646	12 341
Mining assets	**1 811 554**	1 563 693	1 551 539
Stripping assets	**321 579**	117 813	254 517
Right-of-use assets	**66 150**	45 839	43 660
	5 893 880	3 686 756	3 898 037

The increase in property, plant and equipment relates to the inclusion of the Acquisitions incurred during the current period, refer note 13.1 and 13.2 for further details on the Acquisitions.

Depreciation	**273 121**	168 010	367 564
Amortisation	**933**	933	1 865
	274 054	168 943	369 429

	Number of shares		
	Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
5. TREASURY SHARES			
Opening balance	**8 509 520**	11 669 542	11 669 542
Utilised for Share Appreciation Rights exercised	**(449 208)**	(568 926)	(574 181)
Utilised for Forfeitable Share Plan shares vested	**(251 741)**	(114 351)	(319 561)
Repurchase of shares*	**–**	(2 828 790)	(2 828 790)
Purchased during the period/year	**258 139**	132 300	562 510
Closing balance	**8 066 710**	8 289 775	8 509 520

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
Opening balance	**(143 485)**	(289 348)	(289 348)
Utilised for Share Appreciation Rights exercised	**27 964**	27 705	28 001
Utilised for Forfeitable Share Plan shares vested	**9 838**	3 620	11 670
Repurchase of shares*	**–**	137 770	137 770
Purchased during the period/year	**(17 890)**	(7 067)	(31 578)
Closing balance	**(123 573)**	(127 320)	(143 485)

* *During the prior period, the Group repurchased 2 828 790 ordinary shares for a price of R53,03 per repurchase share. Subsequently, 2 682 884 shares were issued at a price of R55,91, equating to R150,0 million, to the Glenover shareholders for the first tranche payment settlement in respect of the sale claims, refer note 13.2.*

The Afrimat BEE Trust (indirectly through Afrimat Empowerment Investments Proprietary Limited) holds, on an unencumbered basis, 6 881 856 (August 2023: 6 863 194) shares amounting to R71,2 million (August 2023: R70,0 million) representing 4,3% (August 2023: 4,3%) of the issued share capital of the Company.

Afrimat Management Services Proprietary Limited ('AMS') shareholding is as follows:
- 1 175 598 (August 2023: 797 299) shares, as nominee for the absolute benefit of the participants of the Company's Forfeitable Share Plan amounting to R51,8 million (August 2023: R26,7 million); and
- 9 256 (August 2023: 629 282) shares held in AMS are held for the purposes of the Company's Share Appreciation Rights scheme amounting to R0,6 million (August 2023: R30,6 million).

	Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
6. EARNINGS PER SHARE			
Number of shares in issue			
Total shares in issue	**159 690 957**	159 690 957	159 690 957
Treasury shares (refer note 5)	**(8 066 710)**	(8 289 775)	(8 509 520)
Net shares in issue	**151 624 247**	151 401 182	151 181 437
Weighted average number of net shares in issue	**151 469 282**	149 320 956	150 244 840
Diluted weighted average number of shares	**153 499 661**	150 698 914	151 989 915
Profit attributable to ordinary shareholders (R'000)	**351 042**	379 052	781 776
Earnings per ordinary share (cents)	**231,8**	253,9	520,3
Diluted earnings per ordinary share (cents)	**228,7**	251,5	514,4

	Unaudited six months ended 31 August 2024	Unaudited six months ended 31 August 2023	Audited year ended 29 February 2024
7. FINANCIAL POSITION RATIOS			
7.1 Net asset value ('NAV') per share			
Number of shares in issue			
Total shares in issue	**159 690 957**	159 690 957	159 690 957
Treasury shares (refer note 5)	**(8 066 710)**	(8 289 775)	(8 509 520)
Net shares in issue	**151 624 247**	151 401 182	151 181 437
Shareholders' funds attributable to owners of the parent (R'000)	**4 606 360**	4 162 915	4 541 049
Total NAV per share (cents)	**3 038**	2 750	3 004
7.2 Tangible net asset value ('TNAV') per share			
Shareholders' funds attributable to owners of the parent (R'000)	**4 606 360**	4 162 915	4 541 049
Intangible assets and goodwill (R'000)	**(334 497)**	(318 385)	(234 728)
Total TNAV (R'000)	**4 271 863**	3 844 530	4 306 321
Total TNAV per share (cents)	**2 817**	2 539	2 848
7.3 Net debt:equity			
Total borrowings and other financial liabilities (R'000)	**1 908 090**	537 859	566 796
Overdraft less cash and cash equivalents/(surplus cash) (R'000)	**216 210**	(278 681)	(504 678)
Net debt (R'000)	**2 124 300**	259 178	62 118
Net debt:equity ratio (%)	**45,6**	6,2	1,4

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
8. OTHER FINANCIAL ASSETS			
Financial assets at fair value through other comprehensive income	**10 626**	3 635	10 212
Financial assets at fair value through profit or loss	**102 134**	95 189	93 438
Financial assets at amortised cost	**66 214**	182 887	192 883
	178 974	281 711	296 533
Non-current other financial assets	**178 350**	128 102	146 533
Current other financial assets	**624**	153 609	150 000
	178 974	281 711	296 533

In the prior year, an amount of R150,0 million was included in 'Financial assets at amortised cost' which related to the purchase of the Sale Claims from Glenover Phosphates Proprietary Limited ('Glenover'). Subsequently, the acquisition of Glenover became effective on 30 April 2024 and the Sale Claims have been reclassified to 'Group loans'. Refer note 13.2 for further disclosure on the acquisition.

Refer to note 15 for fair value disclosure of other financial assets.

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
9. BORROWINGS			
9.1 Capital net movement			
Opening balance	**557 125**	321 159	321 159
New borrowings	**1 260 375**	296 800	418 722
Finance cost	**3 856**	2 760	5 815
Repayments	**(328 872)**	(100 242)	(188 571)
Closing balance	**1 492 484**	520 477	557 125
Analysis as per Statement of Financial Position:			
Borrowings non-current	**214 129**	199 598	210 030
Borrowings current	**1 278 355**	320 879	347 095
	1 492 484	520 477	557 125
9.2 Analysis as per Statement of Cash Flow			
Total opening balance borrowings	**557 125**	321 159	321 159
Borrowings raised	**1 100 000**	200 000	200 000
Borrowings raised – non-cash	**160 375**	96 800	218 722
Instalment sale agreements	**100 947**	85 762	205 393
Additions through business combinations (refer note 13.1 and 13.3)	**58 778**	2 451	2 451
Lease liabilities	**650**	8 587	10 878
Repayments	**(325 016)**	(97 482)	(182 756)
Instalment sale agreements and medium-term loan	**(315 251)**	(94 798)	(177 251)
Lease liabilities	**(9 765)**	(2 684)	(5 505)
Total closing balance borrowings	**1 492 484**	**520 477**	**557 125**

During the prior year, the Group acquired a R0,9 billion revolving credit facility ('RCF') with Standard Bank of South Africa ('SBSA'), that was increased to R1,1 billion in the current period. The facility was fully utilised as at 31 August 2024 (29 February 2024: R200,0 million). The facility bears interest at the three-month Jibar overnight deposit rate plus 1,6%, payable quarterly in arrears.

On 16 January 2023, the Group acquired a US$5,0 million RCF with Absa Bank (Mauritius) Limited. The utilised portion of the facility was US$Nil as at 31 August 2024 (29 February 2024: US$Nil million). The facility bears interest at the daily Secured Overnight Financing Rate, compounded monthly, plus a margin of 2,5%.

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
10. TRADE AND OTHER RECEIVABLES			
Trade receivables – net	**1 015 577**	581 685	621 238
Trade receivables at fair value through profit or loss	**111 258**	112 618	120 997
Provision for final price adjustment	**(37 294)**	11 567	(43 806)
Other	**157 418**	64 836	75 544
Total trade and other receivables	**1 246 959**	770 706	773 973

The provision for final price adjustment relates to the customer in Afrimat Iron Ore Proprietary Limited, Kumba International Trading S.A.R.L. In terms of the agreement, commodity prices used in the invoice issued at revenue recognition date (i.e. the designated point of delivery (FOB)) are based on the average daily prices with reference to the IODEX for the prior month. A final price adjustment is made, three months following revenue recognition based on the average market price of the third-month period.

The amount of revenue recognised is based on the best estimate of the amount expected to be received and therefore a monthly provision for the final price adjustment is recognised, based on the relevant forward-looking iron ore prices.

Extract of forward looking variables applicable on 31 August 2024:

	August 2024	July 2024	June 2024
	Three-month/ spot	Two-month/ spot	One-month/ spot
Average actual iron ore price invoiced at FOB (US$)	**89**	92	102
Iron ore forward price at FOB (US$)	**83**	83	85
Sales volume (tonnes)	**66 902**	67 516	44 701

Refer note 15 for further details on fair value methodology.

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
11. OTHER FINANCIAL LIABILITIES			
Net capital proceeds owing to Afrimat BEE Trust participants	**6 493**	6 639	6 301
Other financial liabilities	**3 113**	9 642	1 987
Acquired through business combinations (refer note 13.3)	**–**	1 101	1 383
Contingent consideration (refer note 13.1)	**6 000**	–	–
Consideration payable: Caricement B.V (refer note 13.1)	**400 000**	–	–
Closing balance	**415 606**	17 382	9 671

As part of the purchase consideration, the Company has agreed to repay or procure the loan amounts owing by Lafarge to Holcim Group subsidiary, Caricement B.V. ('seller') equating to R900,0 million. The Company paid R500,0 million in cash to the seller, on 15 April 2024, and the outstanding R400,0 million will be interest free and will be repaid by no later than 12 months after the closing date. Refer to note 13.1 for further details on the Lafarge acquisition.

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
12. AUTHORISED CAPITAL EXPENDITURE			
Contracted after year-end, but not provided for			
Property, plant and equipment	**6 494**	–	1 427
Not yet contracted for			
Property, plant and equipment	**161 194**	113 934	299 275
Total authorised capital expenditure	**167 688**	113 934	300 702

Authorised capital expenditure is to be funded from surplus cash and bank financing.

13. BUSINESS COMBINATIONS

Acquisition of businesses

13.1 Lafarge South Africa Holdings Proprietary Limited ('Lafarge')

As per the SENS announcement on 20 June 2023, in terms of which Afrimat announced that it entered into a share purchase agreement, in terms of which the Company will acquire 100,0% of the issued share capital of Lafarge and, as a consequence, all of Lafarge's subsidiaries (collectively 'Lafarge Group') from the Holcim Group subsidiary, Caricement B.V. ('seller').

The Lafarge Group is a leading provider of construction materials in South Africa, offering a wide range of products to the construction industry, including aggregates, concrete, cement and fly-ash that meet the industry's need for products with reliable quality and high performance.

The Construction Materials segment of the Afrimat Group supplies a wide variety of aggregates and concrete-based products to the market, and the Group, in response to customer demand, continues to focus on market and product development within this segment.

All conditions precedent were met to acquire 100,0% of the shares in Lafarge on 10 April 2024 and the acquisition became effective from 23 April 2024.

The purchase consideration was structured as follows:

- $6,0 million less any amounts categorised as leakage under the share purchase agreement ('Sale Price'). The Sale Price was paid on 17 April 2024; and
- Loan amounts owing by Lafarge to the seller, equating to R900,0 million. The Company will pay the seller an amount of R500,0 million in cash, this was paid on 15 April 2024 and the outstanding R400,0 million will be interest free and will be repaid by no later than 12 months after the closing date, be converted into euro.

Details of the purchase consideration are as follows:

	Total 2025 R'000
Cash paid ($6 million)	**113 880**
Cash paid (loan)	**500 000**
Consideration payable (loan)	**400 000**
Contingent consideration*	**6 000**
Total purchase consideration	**1 019 880**

* *Contingent consideration of R6,0 million for the acquisition of the minority shareholding of Afrimat Industries South Africa Proprietary Limited and Afrimat Quarrying South Africa Proprietary Limited (previously known as Lafarge Industries South Africa Proprietary Limited and Lafarge Mining South Africa Proprietary Limited, respectively), this was paid on 5 September 2024.*

13. BUSINESS COMBINATIONS (continued)

Acquisition of businesses (continued)

13.1 Lafarge South Africa Holdings Proprietary Limited ('Lafarge') (continued)

Provisional details of the acquisition are as follows:

	Total 2025 R'000
Carrying amount/fair value of net assets acquired – Lafarge	
Property, plant and equipment	1 691 631
Intangible assets	100 700
Inventories	336 892
Trade and other receivables	306 637
Other financial assets	1 071
Deferred tax asset	84 168
Cash and cash equivalents	(30 614)
Borrowings	(58 778)
Provisions	(73 883)
Trade and other payables	(1 045 719)
Current tax payable	(4 884)
Net assets – Lafarge	**1 307 221**
Less: Non-controlling interests	(24 598)
Gain on bargain purchase	(262 743)
Total purchase consideration	**1 019 880**
Total revenue assuming the business combination for the full year	1 439 984
Total loss after tax assuming the business combination for the full year	(64 368)
Revenue included in results	991 029
Loss after tax included in results	(116 614)
Acquisition cost included in 'operating expenses' for the F2024/F2025 year	7 985
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	(1 019 880)
Contingent consideration	6 000
Consideration payable	400 000
Cash and cash equivalents	(30 614)
Cash outflow	**(644 494)**

The gain on bargain purchase realised in the Lafarge Group is due to the business being loss making at the time the acquisition occurred. A key focus of the Group is its operational efficiency initiatives, which are aimed at expanding volumes, reducing costs and developing the required skill levels across all staffing categories. The transaction is in line with the Group's strategy to expand the current national footprint and products and to drive efficiencies within the Construction Materials segment.

13. BUSINESS COMBINATIONS (continued)

Acquisition of assets

13.2 Glenover Phosphates Proprietary Limited ('Glenover')

The Glenover acquisition includes phosphate stockpiles (purchased in F2022 for R215,1 million) and a rare earth, phosphate and vermiculite bearing mining right (subordinate Vermiculite Mining Right purchased in F2023 for R34,9 million), which positions the Group to enter new commodities aligned with global trends relating to food security and the advancement of technology. The implementation of the initial phases of this acquisition have progressed well with the Group selling high-grade phosphate into the organic phosphate market.

On 9 December 2021, Afrimat announced that it had purchased an option, for R5,0 million, to acquire 100,0% of the shares ('Sale Shares') in Glenover. Subsequently this option was exercised on 19 October 2022.

On 30 April 2024, all conditions precedent were fulfilled and the acquisition became effective.

The purchase consideration of Sale Shares and Sale Claims of R300,0 million was settled as follows:

- A first tranche payment of R150,0 million in respect of the 'Sale Claims' payable through an issue of Afrimat Limited shares equivalent to R150,0 million, calculated on a 30-day volume weighted average price ('VWAP') on the first tranche payment date being 15 business days after signature of the Addendum;
- A second tranche payment of R147,0 million in respect of the 'Sale Claims' payable in cash on 30 April 2024; and
- A cash consideration of R3,0 million payable in respect of the 'Sale Shares', on fulfilment of the suspensive conditions.

The purchase consideration in respect of the Sale Shares was settled in full.

Details of the purchase consideration are as follows:

	Total 2025 R'000
Cash paid: Option	5 000
Cash paid: Sale Claims	147 000
Cash paid: Sale Shares	3 000
Afrimat Limited shares issued	150 000
Total purchase consideration	**305 000**

	Total 2025 R'000
Carrying amount/fair value of net assets acquired – Glenover	
Property, plant and equipment	319 422
Trade and other receivables	71
Deferred tax asset	73
Cash and cash equivalents	1 155
Provisions	(14 536)
Trade and other payables	(94)
Current tax payable	(1 091)
Net assets/total consideration (fair value) – Glenover	**305 000**
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	(305 000)
Shares issued	150 000
Cash paid: Option (F2023)	5 000
Cash and cash equivalents	1 155
Cash outflow	**(148 845)**

13. BUSINESS COMBINATIONS (continued)

Acquisition of businesses

13.3 Fincrete Proprietary Limited and Rondawel Kaolien Proprietary Limited

Afrimat entered into a sale of shares agreement ('Agreement') to acquire 100,0% of the shares in Fincrete Proprietary Limited ('Fincrete'), a company that supplies kaolin clay to the local ceramic industry for a consideration of R5,2 million. The opencast mine is situated close to the town of Garies in the Northern Cape.

In addition to the acquisition of Fincrete, the Group also entered into an agreement to acquire 100,0% of Rondawel Kaolien Proprietary Limited ('Rondawel') for R4,0 million. Rondawel owns the mining right to mine the kaolin.

The acquisition of the shares in Rondawel is subject to the fulfilment of the following outstanding condition precedent:
- Approval in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002.

For the interim period the Group entered into a contractors agreement with Rondawel, allowing the Group to undertake all activities in conducting the operations of Rondawel, including but not limited to mining, processing, logistics, marketing and selling. Effective management and control of the operations through its appointment as contractor in terms of the agreement was obtained by the Group effectively from 1 July 2023.

Details of the purchase consideration are as follows:

	Total 2024 R'000
Cash paid	7 514
Other financial liabilities assumed*	1 700
Contingent consideration**	48 786
Total purchase consideration	58 000

* *Other financial liabilities assumed consist of two loans of R850 000 each. A loan at Nedbank Limited of R850 000, repayable monthly over a three-year period with an interest rate of prime plus 5,0% and a loan at Capitec Business Bank of R850 000, repayable monthly over a three-year period with an interest rate of prime plus 1,0%.*

** *As part of the Agreement for Fincrete, there is an 'agterskot' period which may trigger an 'agterskot' payment, which is a period commencing at the end of the initial production period (18 months after the CPs have been met), for a period of three years. This 'agterskot' payment also known as a contingent consideration will be payable if the earnings of Fincrete reach a certain level based on a formula determined in the Agreement.*

Details of the acquisition are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets acquired – Fincrete/Rondawel	
Property, plant and equipment	50 562
Inventories	221
Trade and other receivables	426
Cash and cash equivalents	200
Borrowings	(2 451)
Provisions	(193)
Trade and other payables	(98)
Deferred tax liability	(12 977)
Net assets – Fincrete/Rondawel	35 690
Goodwill	22 310
Total purchase consideration	58 000
Total revenue assuming the business combination for the full year	2 826
Total loss after tax assuming the business combination for the full year	(249)
Revenue included in results	1 703
Loss after tax included in results	(455)
Acquisition cost included in 'operating expenses' for the year	–
Analysis as per Statement of Cash Flows:	
Total consideration (fair value)	(58 000)
Other financial liabilities assumed	1 700
Contingent consideration	48 786
Cash and cash equivalents	200
Cash outflow	(7 314)

The goodwill acquired in Fincrete and Rondawel is attributable to the quality of the mining resource, which produces a high quality product with a wide range of potential uses once beneficiated. The transaction will expand the Group's current product portfolio within the Industrial Minerals segment.

14. DISPOSAL OF BUSINESSES

14.1 Afrimat Mozambique Limitada

During the prior year, the Group entered into an agreement to dispose of its total shareholding in Afrimat Mozambique Limitada ('AML'), consisting of 99,0% to ELM Mauritius Limited for a total purchase consideration of R18,6 million. The Group subsequently lost effective control over AML on 1 June 2023. The company was previously included in the Construction Materials segment.

Details of the disposal are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets over which control was lost	
Inventories	16 143
Trade and other receivables	32 424
Trade and other payables	(192)
Non-controlling interest	585
Net assets disposed of	48 960
Loss on disposal of subsidiary	
Consideration	
– Cash	15 854
– Receivable	2 721
Net assets disposed of	(48 960)
Loss on disposal	(30 385)
Analysis as per Statement of Cash Flows:	
Total cash flow on disposal of subsidiary	15 854
Less: Cash received in F2022	(12 821)
Less: Cash and cash equivalents disposed of	–
Cash inflow	3 033

14.2 Afrimat Logistics Limitada

During the prior year, the Group entered into an agreement to dispose of its total shareholding in Afrimat Logistics Limitada ('ALL'), consisting of 51,0% to an external third party for a total purchase consideration of USD 1. The Group subsequently lost effective control over ALL on 1 November 2023. The company was previously included in the Construction Materials segment.

Details of the disposal are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets over which control was lost	
Trade and other receivables	169
Non-controlling interest	236
Net assets disposed of	405
Loss on disposal of subsidiary	
Consideration*	–
Net assets disposed of	(405)
Loss on disposal	(405)
Analysis as per Statement of Cash Flows:	
Total cash flow on disposal of subsidiary	–
Less: Cash and cash equivalents disposed of	–
Cash inflow	–

* *The purchase price payable by the purchaser for the sale of shares shall be a nominal consideration of USD 1, on the basis that the assets and liabilities of the company have a net zero value. For the purposes of the agreement, the seller waives the right to receive payment of the nominal purchase price.*

14. DISPOSAL OF BUSINESSES (continued)

14.3 Stony Lime Proprietary Limited

During the prior year, the Group terminated the contract mining agreement with Kalaka Mining Proprietary Limited which resulted in the Group losing effective control over Stony on 30 November 2023. Furthermore, due to the non-fulfilment of the outstanding CP, being, ministerial consent obtained in writing, the Group will no longer purchase 74,0% of the shares in Stony. Therefore, the consideration previously paid into an escrow account of R33,5 million was transferred back to the Company. The company was previously included in the Industrial Minerals segment.

Details of the disposal are as follows:

	Total 2024 R'000
Carrying amount/fair value of net assets over which control was lost	
Property, plant and equipment	24
Trade and other receivables	103
Cash and cash equivalents	84
Trade and other payables	(320)
Other financial liabilities	(2 686)
Non-controlling interest	(478)
Goodwill	17 183
Net assets disposed of	13 910
Loss on disposal of subsidiary	
Consideration	
– Cash	33 500
Net assets disposed of	(13 910)
Profit on disposal	19 590
Analysis as per Statement of Cash Flows:	
Total cash flow on disposal of subsidiary	33 500
Less: Cash and cash equivalents disposed of	(84)
Cash inflow	33 416

15. FAIR VALUE ESTIMATION

Fair value determination

The following table presents the financial assets and liabilities that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000
At 31 August 2024			
Assets			
At fair value through other comprehensive income			
Equity securities*	**79**	**–**	**–**
Environmental funds**	**–**	**10 547**	**–**
At fair value through profit or loss			
Unit trusts**	**–**	**102 134**	**–**
Trade receivables***	**–**	**73 964**	**–**
Total assets	**79**	**186 645**	**–**
Liabilities			
Other liability*#	**(31 849)**	**–**	**–**
Total liabilities	**(31 849)**	**–**	**–**
At 31 August 2023			
Assets			
At fair value through other comprehensive income			
Equity securities*	68	–	–
Environmental funds**	–	3 567	–
At fair value through profit or loss			
Unit trusts**	–	95 189	–
Trade receivables***	–	124 185	–
Total assets	68	222 941	–
Liabilities			
Other liability*#	(10 533)	–	–
Total liabilities	(10 533)	–	–

15. FAIR VALUE ESTIMATION (continued)

Fair value determination (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000
At 29 February 2024			
Assets			
At fair value through other comprehensive income			
Equity securities*	69	–	–
Environmental funds**	–	10 143	–
At fair value through profit or loss			
Unit trusts**	–	93 438	–
Trade receivables***	–	77 191	–
Total assets	69	180 772	–
Liabilities			
Other liability*#	(19 979)	–	–
Total liabilities	(19 979)	–	–

\# *Other liability relates to the cash-settled Forfeitable Share Plan of the Group.*

* *The fair value was based on quoted market prices at the end of the reporting period.*

** *The fair value was derived using the adjusted net asset method. The adjusted net asset method determines the fair value of the investment by reference to the fair value of the individual assets and liabilities recognised in the unit trust's/environmental fund's Statement of Financial Position.*

*** *Trade receivables/payables measured at fair value relates to Afrimat Iron Ore Proprietary Limited. The fair value was determined using the three-month forward-looking iron ore prices and foreign exchange rates as at the end of the reporting period (refer note 10).*

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
16. DIVIDENDS			
16.1 Afrimat Limited dividends paid/declared in respect of the current year profits			
Interim dividend declared/paid	**15 969**	63 876	63 876
Final dividend declared	**–**	–	175 691
	15 969	63 876	239 567
16.2 Dividends cash flow			
Current year interim dividend paid	**–**	–	63 876
Previous year final dividend paid	**245 924**	175 691	175 691
Dividends received on treasury shares	**(8 739)**	(9 863)	(12 231)
	237 185	165 828	227 336
Dividends paid by subsidiaries to non-controlling shareholders	**3 256**	1 350	1 925
	240 441	167 178	229 261

	Unaudited six months ended 31 August 2024 R'000	Unaudited six months ended 31 August 2023 R'000	Audited year ended 29 February 2024 R'000
17. CASH (USED IN)/GENERATED FROM OPERATIONS			
Profit before tax	**482 518**	520 519	1 113 408
Adjustments for:			
Depreciation and amortisation	**274 054**	168 943	369 429
Gain on bargain purchase (refer note 13.1)	**(262 743)**	–	–
Other non-cash items	**(15 585)**	4 962	88 948
Changes in working capital:			
Increase in inventories	**(250 841)**	(72 538)	(175 613)
Increase in trade and other receivables	**(171 277)**	(52 109)	(54 580)
(Decrease)/increase in trade and other payables	**(187 559)**	127 444	209 791
	(131 433)	697 221	1 551 383

18. EVENTS AFTER REPORTING DATE

Salene Manganese Proprietary Limited ('Salene')

Afrimat entered into a mining right variation, operating and off-take agreement ('Agreement') with Salene ('seller') on 6 June 2024. The seller has agreed to sell all iron ore ('Asset') comprised within the run-of-mine ('RoM') which is located in, on and under a specified area to Afrimat.

The sale of the Asset will comprise two phases:

- Phase one: pending phase two becoming effective, Salene as holder of the Mining Right over the Asset:
  (i) will appoint Afrimat to mine the RoM situated in, on and under the specified area for and on behalf of Salene; and
  (ii) will sell the RoM to Afrimat.
- Phase two: Afrimat and the seller will lodge simultaneous applications under section 102 of the Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002) whereby Salene will excise the specified area from the Mining Right and Afrimat will add the specified area to its mining right.

The Agreement is subject to the fulfilment of the following outstanding conditions precedent ('CP'):

- All legal liability and appointments under the Mine, Health and Safety Act, 1996 (Act 29 of 1996), for and in relation to the mining operations are transferred to Afrimat, to the extent permissible in law; and
- All authorisations required for the implementation of phase one are obtained.

All CPs were met to acquire the Asset and became effective on 1 September 2024.

The purchase consideration is structured as follows:

- An initial upfront payment of R100,0 million; payable within 10 business days of the effective date;
- A monthly variable deferred payment calculated in terms of a formula stipulated in the Agreement for a period of 60 months.

During September 2024, the initial upfront payment and first deferred payment were made.

19. GOING CONCERN

The directors have assessed the Group's ability to continue as a going concern, as the current liabilities exceed current assets. The directors believe that the Group has adequate cash flow resources to meet its short term obligations. The revolving credit facility ('RCF') which is included in current liabilities, due to its interest and repayment period being calculated quarterly, is available to the Company for a term of 5 years. Additionally the Group has access to undrawn financing facilities of R1,1 billion. Based on these factors, the directors is satisfied that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The following impacts, outside of the control of management, have been considered:

Transnet

The poor and deteriorating performance of the national rail carrier Transnet is not only impacting Afrimat, but all mining operations across South Africa. To counter this impact, Afrimat executives dedicate time in forums to assist as part of a public/private collaborative effort.

20. CONTINGENCIES

Guarantees

Guarantees to the value of R608,8 million (August 2023: R61,5 million) were supplied by SBSA to various parties, including the Department of Mineral Resources and Energy ('DMRE') and Eskom, respectively during the period under review. The increase in guarantees from SBSA relates to an amount of €19,7 million for Holderfin B.V. (sole shareholder of Caricement – previous shareholders of Lafarge), for the consideration payable, refer note 13.1.

Guarantees to the value of R25,6 million (August 2023: R66,1 million) were supplied by First National Bank Limited ('FNB') to various parties, including the DMRE and Eskom, during the period under review.

Guarantees to the value of R0,9 million (August 2023: R0,9 million) by ABSA Bank Limited ('ABSA'), R444,7 million (August 2023: R323,0 million) by Centriq Insurance Innovation ('Centriq') and R2,7 million (August 2023: R2,7 million) by SGI Guarantee Acceptances Proprietary Limited were supplied to various parties, including the DMRE, Eskom and Chevron South Africa Proprietary Limited. The value of Centriq guarantees has increased due to the proportionate increase in quantum calculations affected by National Environmental Management Act ('NEMA') requirements.

The majority of these guarantees are in respect of environmental rehabilitation and will only be payable in the event of default by the Group.

Other

A contingent liability exists due to the uncertain timing of cash flows with regards to future local economic development ('LED') commitments made to the DMRE in respect of companies with mining rights. These commitments are dependent on the realisation of the future agreed upon LED projects. Future commitments amount to R16,6 million (August 2023: R22,3 million). An accrual has been raised in respect of commitments made up to end of the reporting period.

The Company received notice on 31 March 2017 from the Competition Commissioner that it had referred a complaint to the Competition Tribunal, alleging that the Company, through its wholly owned subsidiary, Clinker Supplies Proprietary Limited ('Clinker'), had engaged in an abuse of dominance by allegedly charging excessive prices. After taking legal advice and considering the complaint, the Company is of the opinion that there is no merit to the complaint and will therefore vigorously defend itself before the Competition Tribunal. The Competition Commission is ordering an administrative penalty equal to 10% of affected turnover for F2016 which equates to R16,3 million. The Company still awaits a final hearing date to be set by the Tribunal.

Directors
FM Louw*# (Chairman)
AJ van Heerden◊ (CEO)
PGS de Wit◊ (CFO)
C Ramukhubathi◊
MG Odendaal◊
GJ Coffee*#
L Dotwana*
PRE Tsukudu*#
JF van der Merwe*# (Lead Independent Director)
JHP van der Merwe*#
S Tuku*#
NAS Kruger*#
* *Non-executive director*
\# *Independent*
◊ *Executive director*

Registered office
Tyger Valley Office Park No. 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Sponsor
Valeo Capital Proprietary Limited
Unit 12, Paardevlei Specialist Medical Centre
Somerset West, 7130

Auditor
PricewaterhouseCoopers Inc.
1st Floor, Trumali Forum Building, Trumali Park
Corner Trumali Street and R44
Stellenbosch, 7600
(PO Box 57, Stellenbosch, 7599)

Transfer secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Company secretary
C Burger
Tyger Valley Office Park No. 2
Corner Willie van Schoor Avenue and Old Oak Road
Tyger Valley, 7530
(PO Box 5278, Tyger Valley, 7536)

Announcement date
24 October 2024