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

Announcement of audited summary consolidated financial statements
for the year ended 28 February 2023

Highlights
- Group revenue up 4,9% to R4,9 billion
- Operating profit margin 19,6%
- HEPS 457,6 cents
- Net debt:equity ratio of 4,4%
- Final dividend per share of 110,0 cents
- Return on net operating assets 24,0%

COMMENTARY
BASIS OF PREPARATION
The short-form announcement is the responsibility of the directors and is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement was released on SENS on 18 May 2023. The full announcement can be found at:
https://senspdf.jse.co.za/documents/2023/jse/isse/AFT/FY23H2.pdf

Copies of the full announcement are also available for viewing on the Company's website www.afrimat.co.za or may also be requested at the Company's registered office, at no charge, during office hours and are also available for inspection at the offices of the Company's sponsor.

Any investment decision should be based on consideration of the full announcement published on the Company's website.

The financial statements have been prepared under the supervision of the Chief Financial Officer ('CFO'), PGS de Wit CA(SA).

While the short-form announcement itself is not audited or reviewed, the full announcement of which this announcement is a summary, has been independently audited by the Company's auditor, PricewaterhouseCoopers Inc. The Company's annual financial statements for the year ended 28 February 2023 have been audited by the Company's auditors, PricewaterhouseCoopers Inc., who expressed an unmodified audit opinion thereon.

The full auditor's report includes details of key audit matters and is available, along with the annual financial statements, on the Company's website at www.afrimat.co.za.

INTRODUCTION
The Group continues to remain resilient and delivered satisfactory results for the year ended 28 February 2023 supported by its diversification strategy. This strategy enabled the Group to largely compensate for the impact of factors such as poor market sentiment, inflationary cost pressures, electricity supply interruptions by Eskom and rising concerns of a global recession.

Strategic initiatives that contributed positively to the Group's performance were the successful commissioning of Jenkins iron ore mine ('Jenkins'), the turnaround of Nkomati anthracite mine ('Nkomati') and the ongoing continuous improvement initiatives at existing operations. Detractors to Group results were the decrease in iron ore prices and an economic slowdown which impacted the Construction Materials and Industrial Minerals businesses, coupled with a rise in input costs such as diesel, explosives and electricity.

Diversification, cost reductions, increased volumes from the mines coming online and efficiency improvement initiatives remain the cornerstone of the Group's strategy and are used to counter macro-economic impacts beyond management's control.

FINANCIAL RESULTS
Group revenue increased by 4,9% from R4,7 billion to R4,9 billion. Operating profit decreased by 13,3% from R1,1 billion to R1,0 billion, resulting in the operating profit margin declining from 23,7% to 19,6%. Operating expenses increased by 15,4% largely due to increased operating activity at Jenkins and Nkomati. A rise in future volumes, as these mines reach a steady state, is expected in the coming year.

Headline earnings per share declined by 15,7% from 542,9 cents to 457,6 cents.

Net cash from operating activities of R1,0 billion was generated, as well as R680,0 million from a successful equity raise during the year, resulting in the net debt:equity ratio decreasing from 12,1% to 4,4%.

The strong cash generation enables the Group to execute its growth strategy.

OPERATIONAL REVIEW
All operating units are strategically positioned to deliver outstanding service to customers while offering efficient protection against volatile local business conditions. The product range is wide, diversified and

growing. It is made up of Construction Materials consisting of aggregates and concrete-based products, Industrial Minerals consisting of limestone, dolomite and industrial sand and Bulk Commodities consisting of iron ore and anthracite. The Services segment consists of external logistical and mining services. The Group's latest addition, Future Materials and Metals consisting of phosphate, vermiculite and rare earth elements, has expanded the Group's product offering and national footprint.

The Bulk Commodities segment, consisting of the Demaneng and Jenkins iron ore mines, and the Nkomati anthracite mine, contributed 81,9% to the Group's operating profit. The excellent performance was largely due to increased volumes from Jenkins coming into production, the successful turnaround of Nkomati and cost-saving initiatives.

The Jenkins iron ore mine is fully operational and together with the Demaneng mine sold 1 280 299 tonnes for F2023 (F2022: 1 190 132 tonnes). Although the operating profit decreased by 15,6% after the pullback of iron-ore prices from record levels in 2022 and a rise in input costs, a healthy operating profit margin of 40,3% was generated from the iron ore mines. The allocation of trains from Transnet is becoming more consistent. This segment is well-positioned to weather the volatility of the iron ore price because it is a low cost producer and has fixed pricing agreements for its inland iron ore and anthracite revenue.

During the year, the first blast was undertaken at Driehoekspan, the iron ore asset that will replace the Demaneng mine once it is mined out, which is expected to be in three years' time. Driehoekspan and Doornpan (as part of the Coza acquisition) are to be brought into production to maintain export volumes and have a combined life of mine in excess of 15 years.

Innovative technology solutions which optimise mine fleet efficiency were rolled out at Jenkins and Demaneng. This resulted in cost savings which countered, to an extent, the rise in the diesel price and the fall in the iron ore price.

The Nkomati anthracite mine has turned from initial start-up losses to being profitable from August 2021 and contributed 23,1% to the segment's revenue for the year. It produces a high-quality product sold into the local market, as a replacement for imported anthracite, and is recognised as a consistent, reliable supplier of anthracite. During F2023, volumes at Nkomati amounted to 317 943 tonnes (F2022: 219 845 tonnes).

The long-term sustainable life of mine plan is being enhanced through the opening of two opencast pits and the continued development of the underground operations. The first anthracite from these developments was extracted early in the new financial year. These planned new sources will reduce the overall average strip ratio compared to historical stripping ratios. This is a purposeful strategy to support greater diversification across the Bulk Commodities segment in both product range and income streams.

The integrated annual report will contain a Competent Persons Report with data on the reserves of the operating mines in the Bulk Commodities segment, in line with what is required now that Afrimat is listed in the general mining segment of the JSE.

Given the current economic operating conditions, Industrial Minerals businesses across all regions delivered satisfactory results. However, the impact of the economic slowdown was exacerbated by electricity supply interruptions resulting in a decrease in operating profit of 41,9% from R84,9 million to R49,4 million. This segment was also impacted by the acquisition of Agri Lime Proprietary Limited and Stony Lime Proprietary Limited (collectively 'Agri Lime') with a turnover of R131,9 million and an operating loss of R4,5 million included in the results.

The Construction Materials segment also felt the impact of the slowdown in economic activity. The overall reduction in construction activity and electricity supply interruptions caused operating profit to decrease by 17,7% from R157,5 million to R129,6 million.

Future Materials and Metals is the most recent segment to be added to the Group's operational segments in support of its diversification strategy.

Glenover is the segment's first project and it diversifies Afrimat's exposure wider than ferrous metals and aligns it to global trends such as the advancement of technology for decarbonisation (through rare earth minerals) and food security (through fertiliser products). Glenover is a greenfields project that has begun with its first production during the period and is in a ramp-up phase.

The project contains three essential businesses: (i) fertiliser for agricultural applications; (ii) vermiculite for various applications from industrial to horticulture; and (iii) rare earth elements, supporting technological advancements such as high-strength permanent magnets and battery technology.

Revenue of R25,2 million was generated by the segment, with start-up losses of R11,4 million. The Group is in the process of ramping up this operation, with site establishment already completed.

Looking ahead, careful project implementation and the rollout of a well thought-through strategy for Glenover will be a top priority. This is expected to include vermiculite processing, optimisation of the high-grade phosphate project and the implementation of the super single phosphate ('SSP') project. These product lines will add additional volumes in future.

The Afrimat Board approved a spend of R300,0 million needed to purchase all the shares in Glenover including the surface and mining rights. This is essential to support a long life of mine and a business case to optimise Glenover's value.

BUSINESS DEVELOPMENT

The Group's business development team remains a key component of the Group's growth strategy.

The team continues to identify opportunities in existing markets successfully and anticipated new high-growth areas in southern Africa.

PROSPECTS

The Group is well positioned to capitalise on strategic initiatives and future opportunities. The Group's future growth will be driven by the successful execution of its proven strategy, recent acquisitions and a wider product offering to the market, with many exciting potential opportunities being investigated.

Afrimat continues to focus on sustainable diversification in all five segments. In the new Future Materials and Metals segment, the focus is to ramp up the production of high-grade phosphate and to execute the next stages of the project as seamlessly as possible.

The Bulk Commodities segment has implemented an internal efficiency drive with new technology, which has proven to be highly successful. These solutions will now be implemented throughout the Group to improve efficiencies and margins further. These efficiency initiatives are aimed at countering inflationary mining cost increases.

The Group has Driehoekspan and Doornpan iron ore assets to bring online once Demaneng volumes begin to reduce. This should be within the next three years. To optimise production, the Nkomati anthracite mine is in the process of opening up two opencast mine areas as well as an underground access point. Volumes are expected to ramp up and the processing plant can take on additional production.

Increased volumes from Nkomati and Jenkins, which are not exposed to international iron ore price volatility, effectively buffer the Group against potential downturns in export iron ore prices.

In the Industrial Minerals and Construction Materials segments, market and product development continue to take place in response to customer needs. Operational efficiency initiatives aimed at expanding volumes, reducing costs and developing the required skill levels across all staffing categories, remain a key focus for the Group.

The operating environment in South Africa remains challenging, but Afrimat continues to see value in its diversification strategy. The structural decline in the public sector's contribution to fixed investment and infrastructure remains a concern for the Group.

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

Wednesday, 17 May 2023

FINANCIAL SUMMARY*

	Audited year ended 28 February 2023 R'000	Audited year ended 28 February 2022 R'000	Change %
Revenue	4 908 238	4 680 078	4,9
Operating profit	961 561	1 108 911	(13,3)
Profit attributable to shareholders	665 481	775 168	(14,2)
Earnings per ordinary share (cents)	457,1	560,7	(18,5)
Diluted earnings per ordinary share (cents)	450,0	546,6	(17,7)
Headline earnings per ordinary share ('HEPS') (cents)	457,6	542,9	(15,7)
Diluted HEPS (cents)	450,5	529,2	(14,9)
Final dividends per share (cents)	110,0	146,0	(24,7)
Net cash from operating activities	987 319	736 555	34,0
Net asset value per share ('NAV') (cents)	2 591	2 170	19,4
Net debt:equity ratio (%)	4,4	12,1	(63,6)
SEGMENTAL INFORMATION**			
External revenue			
Construction Materials	1 809 333	1 751 942	
Industrial Minerals	553 889	471 560	
Bulk Commodities	2 480 355	2 408 710	
Future Materials and Metals	25 215	2 964	
Services	39 446	44 902	
	4 908 238	4 680 078	

Operating profit		
Construction Materials	129 603	157 524
Industrial Minerals	49 387	84 946
Bulk Commodities	787 653	859 922
Future Materials and Metals	(11 437)	(2 174)
Services	6 355	8 693
	961 561	1 108 911
Operating profit margin on external revenue (%)		
Construction Materials	7,2	9,0
Industrial Minerals	8,9	18,0
Bulk Commodities	31,8	35,7
Future Materials and Metals	(45,4)	(73,3)
Overall contribution	19,6	23,7

* This information has not been audited or reviewed, but is extracted from audited financial statements.
** During the year the Group reallocated various businesses within the operational segments in order to report in a manner consistent with the internal reporting provided to the chief operating decision-maker. F2022 reallocations were due to an internal restructure performed during the year.

DIVIDEND DECLARATION

Notice is hereby given that a final gross dividend, No. 32 of 110,0 cents per share, in respect of the year ended 28 February 2023, was declared on Wednesday, 17 May 2023. There are 159 718 929 shares in issue at the reporting date, of which 11 669 542 are held in treasury. The total dividend payable is R175,7 million (2022: R213,7 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 88,0 cents and 110,0 cents per share, respectively. The income tax number of the Company is 9568738158.

Relevant dates to the final dividend are as follows:

Last day to trade cum dividend	Tuesday, 6 June 2023
Commence trading ex-dividend	Wednesday, 7 June 2023
Record date	Friday, 9 June 2023
Dividend payable	Monday, 12 June 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 June 2023 and Friday, 9 June 2023, both dates inclusive.

Announcement date: 18 May 2023

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*#
JHP van der Merwe*#
NAS Kruger*#
S Tuku*#
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# Independent

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