

AFRIMAT LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2006/022534/06)

Share code: AFT

ISIN: ZAE000086302

("Afrimat" or "the Company")



ACQUISITION OF LAFARGE SOUTH AFRICA

1. INTRODUCTION

Shareholders are referred to the cautionary announcement released on SENS on 1 June 2023 and are advised that on 19 June 2023, the Company entered into a share purchase agreement ("**Share Purchase Agreement**") with a Holcim Group subsidiary, Caricement B.V. ("**Seller**"), in terms of which the Company will acquire 100% of the issued share capital of Lafarge South Africa Holdings Proprietary Limited ("**LSA**") held by the Seller and, as a consequence, all of LSA's subsidiaries (LSA and its subsidiaries, collectively the "**LSA Group**"), for a purchase consideration as set out in paragraph 4 below ("**Acquisition**").

2. THE BUSINESS OF LAFARGE

As part of the Holcim Group, the LSA 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.

3. RATIONALE FOR THE ACQUISITION

The construction materials division of Afrimat and its subsidiaries ("**the Afrimat Group**") supplies a wide variety of aggregates and concrete-based products to the market, and the Afrimat Group, in response to customer demand, continues to focus on market and product development within this segment. In addition, a key focus of the Afrimat Group is its operational efficiency initiatives, which are aimed at expanding volumes, reducing costs and developing the required skill levels across all staffing categories. Consequently, the Acquisition is in line with the Afrimat Group's strategy to expand the current national footprint and products and to drive efficiencies within the construction materials segment.

4. CONSIDERATION

The Acquisition has been structured as a locked box transaction with effect from 31 December 2022 and the purchase consideration payable in respect of the Acquisition is an amount of \$6 million less any amounts categorised as leakage under the Share Purchase Agreement ("**Sale Price**"). The Sale Price is payable in cash on the Closing Date.

In addition to the Sale Price, the Company has agreed to repay or procure the repayment of the loan amounts owing by LSA to the Seller, equating to R900 million ("**Seller Group Loan**"). The Company will, on the Closing Date, pay the Seller an amount of R500 million of the Seller Group Loan in cash, leaving an outstanding balance of R400 million

(“**Outstanding Seller Group Loan**”). The Outstanding Seller Group Loan will be interest free and will be repaid by no later than twelve months after the Closing Date. The Seller Group Loan will, on the Closing Date, be converted into Euro.

5. EFFECTIVE DATE OF THE ACQUISITION

The effective date of the Acquisition will be the closing date, which date shall be the 10th business day after all the conditions precedent, as set out below, have been fulfilled (“**Closing Date**”).

6. CONDITIONS PRECEDENT

The Acquisition is subject to the fulfilment or waiver of the following conditions precedent (“**Conditions Precedent**”) by no later than the Closing Date:

- the requisite Competition Authorities approve the implementation of the Acquisition, as provided for in the Share Purchase Agreement;
- the Minister of Mineral Resources and Energy of South Africa approves the Acquisition in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002, as provided for in the Share Purchase Agreement; and
- the Financial Surveillance Department of the South African Reserve Bank approves the Acquisition in terms of the Exchange Control Regulations, as provided for in the Share Purchase Agreement.

7. SIGNIFICANT TERMS OF THE AGREEMENT

The Share Purchase Agreement contains limited representations and warranties by the parties in favour of each other.

8. FINANCIAL INFORMATION

In terms of the latest unaudited consolidated management accounts of LSA Group (based on the audited financial statements of the underlying entities for the financial year ended 31 December 2022), the net asset value amounted to R1,4 billion (2021: R2,3 billion), while the attributable profit before interest, taxation, depreciation and amortisation amounted to R38 million (2021: R311 million) for the year ended 31 December 2022.

9. CLASSIFICATION OF THE ACQUISITION

The Acquisition constitutes a category 2 transaction in terms of the JSE Limited Listings Requirements.

10. OTHER

For purposes of paragraph 9.16 of the JSE Limited Listings Requirements, the Company shall ensure that after the Closing Date nothing in the constitutional documents of LSA will, in any way, frustrate or relieve the Company from its compliance with the JSE Limited Listings Requirements.

Sponsor and corporate
advisor
Valeo Capital (Pty) Limited

