

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 unaudited condensed consolidated interim financial results for the period ended  
31 August 2023

#### Highlights

- Group revenue up 9,6% to R2,8 billion
- HEPS 263,4 cents
- Interim dividend 40,0 cents per share
- Operating profit margin 18,8%
- Net asset value ('NAV') per share 2 750 cents
- Net cash from operating activities of R577,5 million
- Return on net operating assets 22,7%
- Net debt:equity ratio of 6,2%

#### 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 unaudited condensed consolidated interim financial results for the period ended 31 August 2023 ('Interims') and does not contain full or complete details. The full Interims were released on SENS on 26 October 2023. The full Interims can be found at: <https://senspdf.jse.co.za/documents/2023/JSE/ISSE/AFT/FY24H1.pdf>. Copies of the full Interims are also available for viewing on the Company's website <https://www.afrimat.co.za/investment-case/financials/> or may 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 sponsor. Any investment decision should be based on the consideration of the full Interims published on the JSE cloudlink and the Company's website.

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

##### INTRODUCTION

The Group delivered a healthy result for the first six months of F2024. The strategy to diversify between commodities and revenue streams, coupled with stringent capital allocation, has enabled the Group to weather economic and commodity shocks.

For most of the 2023 calendar year and in the period under review, Afrimat invested substantially in projects that are expected to yield fruitful returns and further strengthen diversity and competitive advantage in the future. The Group managed the volatility of the iron ore price by diversifying into both international and local iron ore sales. In addition, the Group experienced an improved contribution from the Construction Materials segment.

Diversification and efficiency improvement initiatives remain the cornerstone of the Group's strategy and are used to counter economic impacts which are beyond the control of management.

##### FINANCIAL RESULTS

Group revenue increased by 9,6% from R2,6 billion to R2,8 billion. Operating profit increased by 4,3% from R512,2 million to R534,1 million, resulting in an overall operating profit margin of 18,8%. Despite being impacted by loadshedding and a general economic slowdown in certain segments, the impact on the Afrimat Group is not material.

Headline earnings per share remained satisfactory with an increase of 4,4% from 252,2 cents to 263,4 cents.

The balance sheet of the Group remains strong with a net cash balance of R278,7 million. Net cash from operating activities of R577,5 million was generated. The debt:equity position remains favourable at 6,2% (February 2023: 4,7%).

##### 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 and concrete-based products, Industrial Minerals consisting of limestone, dolomite and industrial sand, Bulk Commodities consisting of iron ore and anthracite. The Services segment consists of external logistical and mining services. Future Materials and Metals consists of phosphate, vermiculite and rare earth elements.

The Bulk Commodities segment, consisting of the iron ore mines and an anthracite mine, contributed 72,3% to the Group's operating profit.

The sustained strong performance was largely due to the advantages of diversification across the iron ore business. International iron ore sales volumes reduced by 10%, due to rail limitations. This decrease was offset by a favourable Rand/US\$ exchange rate and an increase in local iron ore sales volumes.

The iron ore mines recorded an overall increase of 29,7% in iron ore sales volumes compared to the same

period in the previous year, with local sales tonnes increasing from 247 748 to 493 184 and international sales tonnes decreasing from 428 504 to 383 924. The segment has managed to generate a steady operating profit margin of 36,4% when compared to the prior period of 37,0%, despite the volatility of the iron ore price. Iron ore exports have continued to generate strong cash flow for the Group in line with the export allocation on the Saldanha rail line.

Driehoekspan which formed part of the Coza acquisition is being brought into production to maintain export volumes and add small volumes of manganese sales. The combined iron ore mines have a life of mine in excess of 15 years.

Optimised efficiencies continue to result in cost savings and in turn have countered the rise in input costs and fluctuations of the international iron ore price.

The Nkomati anthracite mine has contributed 18,1% to the segment's revenue for the period. 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.

Extraction of the first anthracite from the underground mine and the establishment of two additional opencast pits will ensure a consistent feed to the plant. Although the ramp-up to steady state was slightly delayed, post the period end, processing volumes and logistics show steady improvement.

Industrial Minerals businesses across all regions delivered satisfactory results, however the impact of loadshedding was felt directly and also indirectly by certain customers which cut back on volumes and this resulted in a decrease in operating profit of 13,1% from R36,8 million to R32,0 million.

The Construction Materials segment experienced a significant improvement in operating profit which increased by 113,5% reaching R156,1 million from the previous comparable period of R73,1 million. Cost saving initiatives proved to be successful across the segment as well as an increase in activities resulting in a concurrent demand for products in roads, building and infrastructure projects. Revenue increased by 26,5% from R0,9 billion to R1,2 billion as a result of higher volumes during the current period.

Future Materials and Metals is a segment that was added to the Group's operational segments in the prior period 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 is currently focused on the processing of high-grade phosphate and single superphosphate ('SSP'). The mine is in the final stages of building the SSP plant, with commissioning taking place towards the end of F2024.

Revenue of R9,0 million was generated by the segment, with start-up losses of R8,5 million. The Group is in the process of ramping up this operation, with site establishment and the construction of its high-grade phosphate plant already completed.

#### BUSINESS DEVELOPMENT

New business development remains a key component of the Group's growth strategy. The dedicated business development team continues to successfully identify and pursue opportunities in existing markets, as well as in 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 its segments. In the new Future Materials and Metals segment, the focus is to ramp up the production of high-grade phosphate as well as the SSP and to execute the next stages of the project as seamlessly as possible.

The continued implementation of the internal efficiency drives with new technology, has proved to be highly successful. These efficiency initiatives are aimed at countering inflationary mining cost increases.

The investment into the Nkomati anthracite mine by opening the underground shaft in addition to the two opencast pits is finalised and the focus is to reach a steady state of production as soon as possible. Volumes are expected to ramp up further in the second six months and the processing plant has been upgraded to take on the additional volumes. Accordingly, it is expected that there will be an improved performance from this asset in the second six months.

The Industrial Minerals segment successfully installed generators at Vredendal and Marble Hall, which are assisting in countering the impact of loadshedding. Given this investment, a recovery is expected by this segment.

Once all conditions precedent have been met for the Lafarge acquisition, this will broaden the Construction Materials segment significantly. Closure of the deal and the integration into Afrimat will be critical to the success of the acquisition and for this, Pieter de Wit, the current CFO has been temporarily seconded as the integration officer. Andre Smith, the financial director of the Bulk Commodities segment, who has

17 years' experience in various roles in Afrimat and is a qualified CA(SA), has been appointed as deputy CFO over the interim period.

The operating environment in South Africa remains challenging, but Afrimat continues to see value in its diversification strategy. Cost reductions and efficiency improvement initiatives remain the cornerstone of the Group to counter these economic impacts.

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, 25 October 2023

#### FINANCIAL SUMMARY

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Change %	Audited year ended 28 February 2023 R'000
Revenue	2 843 674	2 595 258	9,6	4 908 238
Operating profit	534 051	512 204	4,3	961 561
Profit attributable to shareholders	379 585	356 096	6,6	665 481
Earnings per ordinary share (cents)	253,9	252,4	0,6	457,1
Diluted earnings per ordinary share (cents)	251,5	246,9	1,9	450,0
Headline earnings per ordinary share ('HEPS') (cents)	263,4	252,2	4,4	457,6
Diluted HEPS (cents)	261,0	246,8	5,8	450,5
Dividends per share (cents)	40,0	40,0	-	150,0
Net cash from operating activities	577 496	784 069	(26,3)	987 319
Net asset value per share ('NAV') (cents)	2 750	2 481	10,8	2 591
Net debt:equity ratio (%)	6,2	(9,7)	(163,9)	4,7
<b>SEGMENTAL INFORMATION</b>				
External revenue				
Construction Materials	1 159 973	916 613		1 809 333
Industrial Minerals	302 223	292 630		553 889
Bulk Commodities	1 363 434	1 353 087		2 480 355
Future Materials and Metals	9 014	17 764		25 215
Services	9 030	15 164		39 446
	2 843 674	2 595 258		4 908 238
Operating profit				
Construction Materials	156 073	73 089		129 603
Industrial Minerals	31 969	36 806		49 387
Bulk Commodities	385 910	393 234		787 653
Future Materials and Metals	(8 456)	(3 877)		(11 437)
Services	(31 445)	12 952		6 355
	534 051	512 204		961 561
Operating profit margin on external revenue (%)				
Construction Materials	13,5	8,0		7,2
Industrial Minerals	10,6	12,6		8,9
Bulk Commodities	28,3	29,1		31,8
Future Materials and Metals	(93,8)	(21,8)		(45,4)
Overall contribution	18,8	19,7		19,6

#### DIVIDEND DECLARATION

Notice is hereby given that an interim gross dividend, No. 33 of 40,0 cents per share, in respect of the six months ended 31 August 2023, was declared by the Board on Wednesday, 25 October 2023.

There are 159 690 957 shares in issue at the reporting date, of which 8 289 775 are held in treasury. The total dividend payable is R63,9 million (August 2022: 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 32,0 cents and 40,0 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, 21 November 2023

Commence trading ex-dividend  
Record date  
Dividend payable

Wednesday, 22 November 2023  
Friday, 24 November 2023  
Monday, 27 November 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 November and Friday, 24 November 2023, both dates inclusive.

Announcement date: 26 October 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\*# (Lead Independent Director)  
JHP van der Merwe\*#  
S Tuku\*#  
NAS Kruger\*#  
\* Non-executive director  
# Independent

Registered office

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Tyger Valley  
7530  
(PO Box 5278, Tyger Valley, 7536)

Sponsor

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Paardevlei Specialist Centre  
Somerset West  
7130

Auditor

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Trumali Park  
Cnr. Trumali Street and R44  
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