
SALUNGANO GROUP LIMITED

Incorporated in the Republic of South Africa

(Registration number 2005/006913/06)

Share code: SLG ISIN: ZAE000306890

("Salungano Group" or "the Company" or "the Group")

**UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2023**

Salient features

- Revenue of R1.606 billion (HY23: R2.322 billion)
- Mining volumes 2.1 million tonnes (HY23: 2.7 million tonnes)
- Gross profit R124 million (HY23: R167 million)
- EBITDA of R322 million (normalised EBITDA of -R81 million), (HY23: R181 million)
- Operating expense of R168 million (HY23: R184 million)
- Total net income R34 million (HY23: R81 million)
- Headline loss per share 90 cents (HY23: 19.64 cents)
- Earnings per share 8.19 cents (HY23: Loss per share 19.64 cents)
- Net Asset Value per share 37 cents (HY23: 178 cents)
- Gearing ratio 82% (HY23: 44%)
- Cash generated from operations R396 million (HY23: R262million)
- Ordinary cash dividend of Nil cents per ordinary share (HY23: Nil)

Financial results

Salungano Group's performance during the first half of FY2024 remained challenging. Whilst Neosho Trading 86 Proprietary Limited ("**Neosho**") (with reference to the Moabsvelden Colliery) contributed significantly towards the Group's profitability, the Elandspruit Colliery open cast operations ceased in July 2023 and the Vanggatfontein Colliery operated below capacity. As previously reported, the Khanyisa Colliery has reached its end of life of mine.

The Group continued to operate with only one Eskom contract, with the Elandspruit and Vanggatfontein Collieries continuing to supply Eskom through rectification into the Neosho contract. Sales volumes were 2.1 million tonnes (HY23: 2.7 million tonnes) resulting in a 30% decline in revenue to R1.6 billion (HY23: R2.3 billion).

Gross profit reduced by 26% to R124 million (HY23: R167 million). The gross profit percentage is 7.7% (HY23: 7.5%). The increase is due to higher proportion of crushed and screened coal being sold compared to processed coal, which slightly reduced the cost of sales in HY24.

Operating profit was R167 million (HY23: R16 million loss). This includes a non-recurring accounting gain of R403 million, accounted for as a deemed loss of control in terms of IFRS, given that the Group no longer met the requirements for control over Wescoal Mining at the end of the interim period. Excluding this non-recurring transaction, the adjusted operating loss amounted to R236 million, compared to a loss of R16 million in the comparative period. The adjusted loss includes depreciation and amortisation of R151 million (HY23: R191 million). EBITDA generated was R322 million (HY23: R181 million).

Finance costs amounted to R156 million (HY23: R98 million) including high lending finance costs and the unwinding of discount on provisions and other liabilities totalling R115 million (HY23: R65 million) representing a 77% increase. This increase is mainly due to a significant increase in the unwinding of the rehabilitation provision.

The decline in performance has resulted in a headline loss of 90 cents per share (HY23: a headline loss of 19.64 cents).

Despite the aforementioned setbacks, the Company remained focused on navigating through these difficulties and stabilised the business in the second half of the financial year.

Shareholders are advised that any forward looking statements provided herein are the responsibility of the directors and have not been reviewed or reported on by the Company's external auditor.

Results Announcement

This results announcement is the responsibility of the board of directors of Salungano, and is only a summary of the information contained in the unaudited condensed consolidated interim financial results for the six months ended 30 September 2023 ("**Results**") and does not contain full or complete details. The Results, as published on SENS, can be found on the Company's website at <https://salunganogroup.com/investors/annual-reports-and-results/> or accessed using the following JSE cloudlink: <https://senspdf.jse.co.za/documents/2024/jse/isse/SLGE/hy24.pdf>

Any investment decisions by investors and or shareholders should be based on consideration of the full announcement. These Results have not been audited or reviewed by the Company's auditors, SNG Grant Thornton Inc.

For and on behalf of the Board

Dr Humphrey Mathe
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Woodmead
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