

## **AFRIMAT LIMITED**

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



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## **AFRIMAT BUSINESS UPDATE AND PRE-CLOSE BRIEFING SESSION**

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Afrimat is a successful multi-commodity, mid-tier mining company that produces and supplies construction materials, cement, iron ore, anthracite, phosphate, and high-quality industrial minerals. The Company's entrepreneurial culture ensures sustainability and profitability through strategic focus, careful planning, and meticulous execution. Afrimat's long-term growth strategy is underpinned by a diversified asset base in the mining, quarrying and related industries. The Company is renowned for acquiring distressed assets and turning them into profitable and sustainable businesses.

The Company's management has consistently communicated to the market over the years and, in keeping with this transparency, has already mentioned that the 2025 financial year ("FY2025") brought its share of challenges, which were successfully navigated towards the end of FY2025 to ensure sustainability and returned performance for the next financial year, FY2026.

While many impacts were not entirely within management's control, this did not stop the businesses from being extremely resourceful. Substantial work was done to ensure a strong foundation on which Afrimat can continue building.

### **Construction Materials**

Lafarge South Africa, Afrimat's most recent acquisition, has successfully been integrated into the Company. Strong performance from the traditional aggregate quarries and ash business will ensure that the Construction Materials (Aggregates) segment achieves a better result than last year.

The **cement** operations were successfully revitalised and are now functioning at acceptable levels. Afrimat is regaining market share, and the trend remains positive. The cement kilns have benefitted from extensive maintenance and are operating both efficiently and dependably, ensuring that Afrimat can operate with back-up capacity.

### **Industrial Minerals**

The Industrial Minerals business has made a significant recovery and is back to its previous performance levels. The ongoing suspension of loadshedding, along with optimistic signs of economic growth, bodes well for this business and its clients.

### **Bulk Commodities**

Afrimat has made extensive progress at **Nkomati** and is pleased to announce that part of the Environmental Impact Assessment ("**EIA**") for the full Life of Mine Plan has been received. Aside from the EIA allowing for more optimal open-pit mining to take place, Nkomati made progress on many fronts, including:

1. the introduction of a more efficient mining fleet;

2. the reorganisation of the mining team, including a new management structure;
3. an Eskom powerline being moved to allow for more fluid open-pit mining;
4. the relocation of 91 graves and 38 houses; and
5. increased marketing activity on the export bouquet.

Underground mining operations were relocated to a safer area and together with gains from the adjustments mentioned above, in January 2025, Nkomati returned to profitability, and February is expected to yield a similarly positive outcome. No secondary products were exported in the latter half of the financial year due to the closure of the border with Mozambique, which restricted access to the Maputo port. This led to a delay in export shipments. Fortunately, the border has reopened, and Afrimat has secured commitments for up to 80% of the new financial year's export volume.

Poor rail performance continues to impact **export iron ore** volumes. Volumes align with the previous financial year, which is good news to an extent because volumes have not deteriorated, and a good relationship remains in place with Afrimat and its subsidiaries' ("**Group**") marketing partner. However, overall volumes remain 20% below Afrimat's rail allocation. International iron ore prices have remained lower than last year's comparative period, although it has been increasing slightly over the past six weeks.

**Local iron ore volumes** suffered a 70% retraction in Q1 of 1HY2025 due to significantly reduced volumes taken up by ArcelorMittal South Africa ("**AMSA**"). Pleasingly, for part of Q2 and 2HY2025, volumes recovered well. Afrimat remains in active and constant discussions with AMSA to understand their requirements fully and to support them with innovative raw material solutions irrespective of the Longs business' operational status.

### **Future Materials and Metals**

The test work on the rare earths component is nearing completion and showing positive results. Afrimat is perusing the final design of the process to ensure it capitalises on the inherent competitive advantage of the Glenover resource. On the phosphate side, the plant is now operational, with ramp-up progressing well, although slower than projected.

### **Looking forward**

The successful integration of Lafarge has strengthened Afrimat's already strong foundation. Management's focus on "Consistently Delivering", guided by a strong leadership focus, remains central to all strategic initiatives. These initiatives are designed to ensure that FY2026 delivers to expectations.

With the expanded EIA in place, flexible mining at Nkomati will make a meaningful difference, supported by the strategic changes that have been implemented as outlined.

The Construction Materials segment is benefitting from a strong aggregates performance whilst steadily reducing cement losses, and margin recovery is encouraging.

Management thus remains confident that the majority of the Company's metrics have turned and bode well for a better financial result in the coming year.

Changes in the iron ore market, given the Rand value received on iron ore exports and the volume reduction from AMSA in the first half of the financial year, did, however, severely impact Afrimat. In addition, losses from cement and weaker-than-expected performance from anthracite will mean that the full FY2025 results will be lower than those of the previous period.

### **Pre-close briefing session**

Afrimat shareholders are advised that the Company will host a pre-close briefing session relating to its business activities for the year ended 28 February 2025 via a virtual discussion from 12:00 to 13:00 on Thursday, 20 February 2025.

Shareholders interested in attending the briefing session should contact Keyter Rech Investor Solutions at [antoinette@kris.co.za](mailto:antoinette@kris.co.za) for the link.

A recording of the session can be requested by contacting Keyter Rech Investor Solutions at the abovementioned email address.

### **Further update**

Afrimat will update the market in April 2025 once management has greater certainty about the Company's financial position.

This announcement contains forward-looking statements based on Afrimat's current beliefs and expectations of future events. The financial information contained in this announcement has not been reviewed by the Group's external auditors.

Cape Town  
17 February 2025

Sponsor  
Valeo Capital (Pty) Ltd

