

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: ZAE00086302

Announcement of audited consolidated financial statements for the year ended 29 February 2024

#### Highlights

- HEPS up 24,0% to 567,3 cents
- Group revenue up 23,9% to R6,1 billion
- Operating profit margin 18,9%
- Net debt:equity ratio of 1,4%
- Final dividend per share of 154,0 cents
- Return on net operating assets 25,6%
- Operating profit up 19,8% to R1,2 billion

#### COMMENTARY

##### BASIS OF PREPARATION

The short-form announcement is the responsibility of the directors and is only a summary of the information in the annual financial statements for the year ended 29 February 2024 and does not contain full or complete details. The annual financial statements can be found at:

<https://senspdf.jse.co.za/documents/2024/jse/isse/AFT/FY24H2.pdf>

Copies of the annual financial statements are also available for viewing on the Company's website at <https://www.afrimat.co.za/investment-case/financials/#78-100-wpfd-integrated-reports>.

Any investment decision should be based on consideration of the annual financial statements published on the Company's website and on SENS, as a whole, as the information in this short-form announcement does not contain full or complete details.

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 annual financial statements for the year ended 29 February 2024 of which this announcement is a summary, have been independently audited by the Company's auditor, 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](http://www.afrimat.co.za).

#### INTRODUCTION

The Group continues to remain resilient and delivered impressive results for the year ended 29 February 2024, supported by its robust diversification strategy. This strategy, designed to ensure diversity between commodities and revenue streams, has proven its worth in enabling the Group to weather economic and commodity fluctuations.

During the first half of the financial year, Afrimat invested substantially in projects that are expected to yield fruitful returns and further strengthen diversity and competitive advantage in the future. One such project was the Nkomati Anthracite Mine ('Nkomati'), which delivered a wholesome return at year end.

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

#### FINANCIAL RESULTS

Group revenue increased by 23,9% from R4,9 billion to R6,1 billion. Operating profit increased by 19,8% to total R1,2 billion (2023: R961,6 million) delivering an operating profit margin for the Group of 18,9%. The diversified position Afrimat has adopted, together with the efficiency projects that are in place, helped the Group to counter impactful economic headwinds.

Headline earnings per share strengthened by 24,0% to 567,3 cents from 457,6 cents.

Afrimat continues to focus strongly on cash generation and preservation. The balance sheet of the Group remains strong with cash and cash equivalents at the end of the year of R504,7 million, an improvement of 80,7% on the previous year. Net cash from operating activities of R1,2 billion was generated. The debt:equity position remains exceptionally strong at 1,4% compared to 4,5% in 2023. It is expected that this ratio will increase as the Lafarge integration takes place. Afrimat will simultaneously ensure that cash generation is strong to quickly pay back debt.

#### 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, 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. Future Materials and Metals consists of phosphate and rare earth elements.

The Bulk Commodities segment, made up of the iron ore mines and an anthracite mine, contributed 83,1%

to the Group's operating profit. This positioning benefited from the stellar performance of Nkomati, which recovered strongly in the second half of the year with healthy market volumes. The quality of the anthracite produced is sought after in the market as a substitute for imports.

In the year under review, Nkomati contributed 14,6% of the operating profit for the Group. Investment into the mine has enabled the first extraction of anthracite from the underground mine and the establishment of two additional opencast pits which ensure a consistent feed to the plant. The second half of the year delivered an increase in processing volumes.

The dip in the iron ore price in the last quarter of the year did impact the overall results, but despite this, a favourable Rand/US\$ exchange rate and efficiencies assisted.

The iron ore mines recorded an overall increase of 24,3% in iron ore sales volumes compared to the previous year, with local sales tonnages increasing from 502 404 to 882 168 and international sales tonnages decreasing from 778 072 to 709 709. The slowdown in export volumes was due to limitations on the export rail line. Challenges on the domestic rail line were successfully countered by trucking products from the mine, with the Group able to supply additional volumes of iron ore into the domestic market as a result.

The segment continues to generate a strong operating profit margin of 32,4%, inline with the previous year of 31,8%. Iron ore exports have continued to generate strong cash flow for the Group.

Industrial Minerals businesses, which account for roughly 1,2% of the Group's operating profit, delivered a disappointing result, with revenue and operating profit reducing to R554,5 million and R13,8 million, respectively. Diesel generators installed to keep operations producing have been successful but the overall loadshedding impact on the segments' clients and respective industries is being felt in reduced demand.

The Construction Materials segment experienced a 22,3% increase in revenue from R1,8 billion to R2,2 billion and an improvement in operating profit of 111,0% to R273,5 million compared to the previous year of R129,6 million. The increased revenue is the result of increased demand from the road and rail industries. The increased operating profit was further driven by successful efficiency improvement programmes.

Future Materials and Metals is a segment that was added to the Group's operational segments in the prior year 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 began with production of its first product during the year to be ready and positioned to take advantage of the upcoming agricultural season.

Revenue improved in the second half of the year and total revenue of R31,3 million was produced. Start-up losses are still incurred with an operating loss of R12,9 million recognised at year end.

#### BUSINESS DEVELOPMENT

The Group's business development team remains a key component of the Group's strategy. The team continues to identify opportunities in existing markets successfully and anticipated new high-growth areas in southern Africa.

#### PROSPECTS

Afrimat will continue to fortify its diversified position to ensure sustainability and growth into the future. It now has different project maturing profiles and the current focus is on implementation to ensure optimal value. Given this, the Group will remain cautious and prudent in all capital allocation decisions.

The anthracite mine is improving consistently towards steady state. Iron ore sales remain reliant on efficient logistics solutions and the Group is actively involved with industry initiatives to improve the export rail system. The domestic rail system remains a concern, although road transport has proven to be a viable but more expensive solution.

In the Future Materials and Metals segment, the Glenover project is a long-term investment. Commissioning of the Single Super Phosphate ('SSP') plant ensures that product is ready for the agricultural planting season and markets can now be broadened.

The integration of the Lafarge transaction brings Afrimat full circle to its origins in quarrying again, and the additional products, together with a broader national footprint, could positively alter the delivery capability of the Group and the Construction Materials segment. This is an exciting project which is expected to deliver good results in future.

Clients of the Industrial Minerals segment are finding the loadshedding schedule tough and it is hoped that a recovery to normal volume levels will be reached soon.

The operating environment in South Africa remains challenging, but Afrimat continues to see value in its diversification strategy. Stringent capital allocation, efficiency improvement initiatives and a strongly diversified portfolio remain the cornerstone of the Group.

These financial statements may contain forward-looking statements that have not been reviewed or

reported on by the Company's auditors.

On behalf of the Board

FM Louw  
Chairman

AJ van Heerden  
Chief Executive Officer

Wednesday, 15 May 2024

#### FINANCIAL SUMMARY\*

	Results for the year ended 29 February 2024 R'000	Results for the year ended 28 February 2023 R'000	Change %
Revenue	6 083 280	4 908 238	23,9
Operating profit	1 152 365	961 561	19,8
Profit attributable to shareholders	788 716	665 481	18,5
Earnings per ordinary share (cents)	520,3	457,1	13,8
Diluted earnings per ordinary share (cents)	514,4	450,0	14,3
Headline earnings per ordinary share ( 'HEPS' ) (cents)	567,3	457,6	24,0
Diluted HEPS (cents)	560,7	450,5	24,5
Final dividends per share (cents)	154,0	110,0	40,0
Net cash from operating activities	1 237 004	987 319	25,3
Net asset value per share ( 'NAV' ) (cents)	3 004	2 591	15,9
Net debt:equity ratio (%)	1,4	4,5	(68,9)
SEGMENTAL INFORMATION			
External revenue			
Construction Materials	2 212 760	1 809 333	
Industrial Minerals	554 546	553 889	
Bulk Commodities	2 957 816	2 480 355	
Future Materials and Metals	31 266	25 215	
Services	326 892	39 446	
	6 083 280	4 908 238	
Operating profit			
Construction Materials	273 448	129 603	
Industrial Minerals	13 803	49 387	
Bulk Commodities	957 775	787 653	
Future Materials and Metals	(12 851)	(11 437)	
Services#	(79 810)	6 355	
	1 152 365	961 561	
Operating profit margin on external revenue (%)			
Construction Materials	12,4	7,2	
Industrial Minerals	2,5	8,9	
Bulk Commodities	32,4	31,8	
Future Materials and Metals	(41,1)	(45,4)	
Overall contribution	18,9	19,6	

\* This information has not been audited or reviewed, but is extracted from audited annual financial statements.

# Included in the Services segment are once-off items that were added back for HEPS amounting to R66,8 million.

#### DIVIDEND DECLARATION

Notice is hereby given that a final gross dividend, No. 34 of 154,0 cents per share, in respect of the year ended 29 February 2024, was declared on Wednesday, 15 May 2024. There are 159 690 957 shares in issue at the reporting date, of which 8 509 520 are held in treasury. The total dividend payable is R245,9 million (2023: R175,7 million). The Board has confirmed by resolution 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 123,2 cents and 154,0 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, 4 June 2024
Commence trading ex-dividend	Wednesday, 5 June 2024
Record date	Friday, 7 June 2024
Dividend payable	Monday, 10 June 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 June 2024 and Friday, 7 June 2024, both dates inclusive.

Announcement date: 16 May 2024

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\*#

\* Non-executive director

# Independent

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Tyger Valley

7530

(PO Box 5278, Tyger Valley, 7536)

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Unit 12, Paardevlei Specialist Centre

Somerset West

7130

Auditor

PricewaterhouseCoopers Inc.

1st Floor Trumali Forum Building

Trumali Park Corner Trumali Street and R44

Stellenbosch

7600

(PO Box 57, Stellenbosch, 7599)

Transfer secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers

15 Biermann Avenue

Rosebank

2196

(Private Bag X9000, Saxonwold, 2132)

Company Secretary

C Burger

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