



CONSISTENTLY DELIVERING

A collage of four images: a large pile of red iron ore, a yellow mining truck, a long conveyor belt system, a hand holding wood chips, and an industrial processing plant.

**UNAUDITED CONDENSED
CONSOLIDATED INTERIM
FINANCIAL RESULTS**
for the six months ended 31 August 2023

Core message



Consistently
delivering good
results in a
challenging
environment

Substantial progress
on strategic projects
for sustained growth

Company culture and high standard of
execution supports Group moats



1

WHY WE EXIST

*Consciously making a difference
through excellence with integrity*





CARING ENVIRONMENT



IMPORTANT RELATIONSHIPS



RESULTS DRIVEN



TEAMWORK



SKILLS AND COMPETENCE



EMPOWERING



ENTREPRENEURIAL DRIVE



HUMILITY AND BELIEF



WINNING ATTITUDE

Everything in an atmosphere of joy and positivity

2

WHAT WE DO

A yellow Bell 1706E wheel loader is positioned in the foreground, facing away from the camera. It is situated in a mining or aggregate processing area. In the background, a conveyor belt system is visible, transporting material from a higher elevation down to a large pile of grey gravel. The scene is set against a backdrop of green, forested hills under a clear sky. The image is partially overlaid with a red geometric shape on the left side.

*A leading, empowered mid-tier
mining and materials supply company*

What we do

Growth through structured diversification



Construction Materials



Aggregates | readymix | concrete products

- **26** commercial quarries
- **21** commercial readymix concrete plants
- **2** clinker sources (largest clinker ash processor in South Africa – 1,5 million tonnes)
- **7** precast operations
- **5** sand mines

Industrial Minerals



Limestone | dolomite | industrial sands

- **2** limestone sources
- **2** dolomite sources
- **1** agricultural limestone mine

Bulk Commodities



Iron ore | anthracite | manganese

- **3** iron ore mines
- **1** anthracite mine
- **1** manganese source

Future Materials and Metals



Phosphate | vermiculite | rare earth elements

- phosphate, vermiculite and rare earth minerals

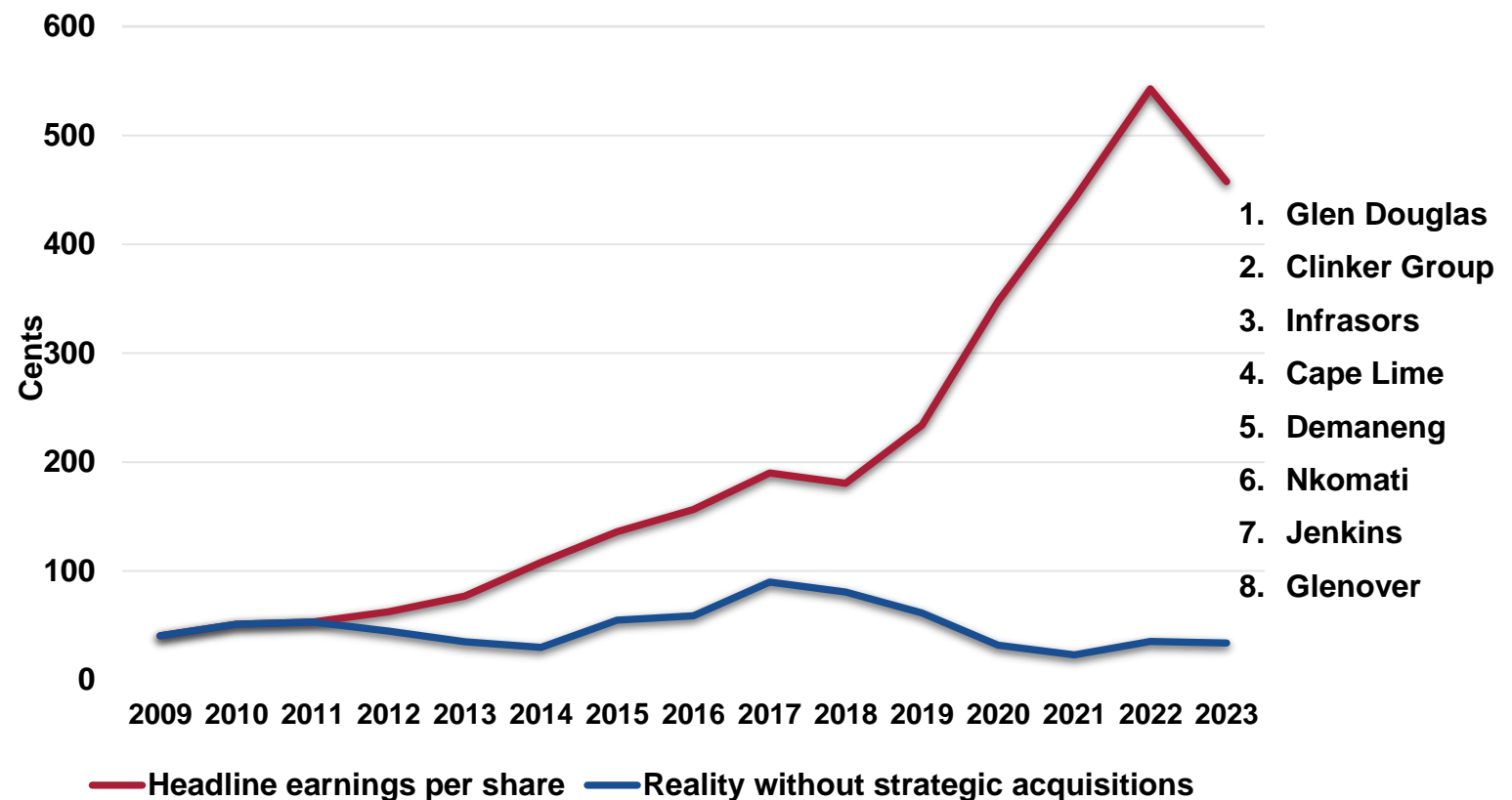
- **Track record of excellence and core competence in mid-tier mining and materials supply**
- **Well diversified across different industries, commodities and processes to ensure consistent delivery**
- **PAT CAGR of 18,9% (Feb 2009 – Feb 2023)**

Return on net operating assets 22,7% (HY2022: 27,4%)

Rationale for and result of diversified structure

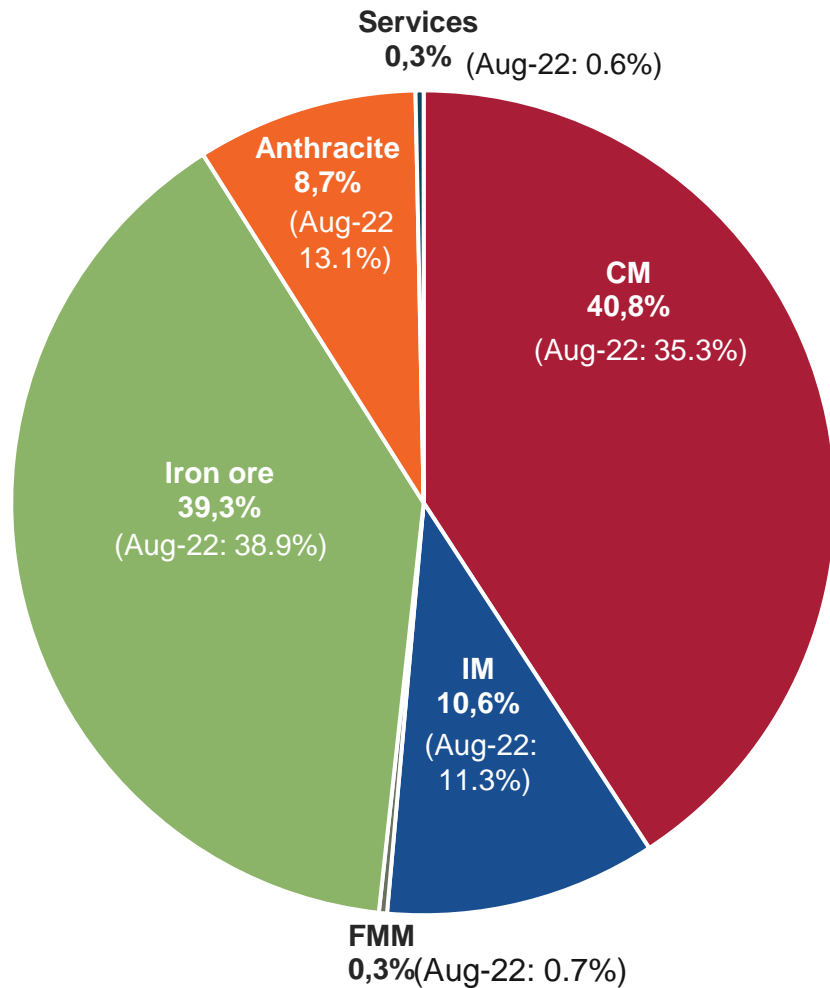
- Smooth growth for more than a decade
- Good blend of locally and internationally priced commodities
- Exposure to different currencies
- Exposure to different economic cycles
- Similar operational skills
- Creates many opportunities

Profit history with and without acquisitions

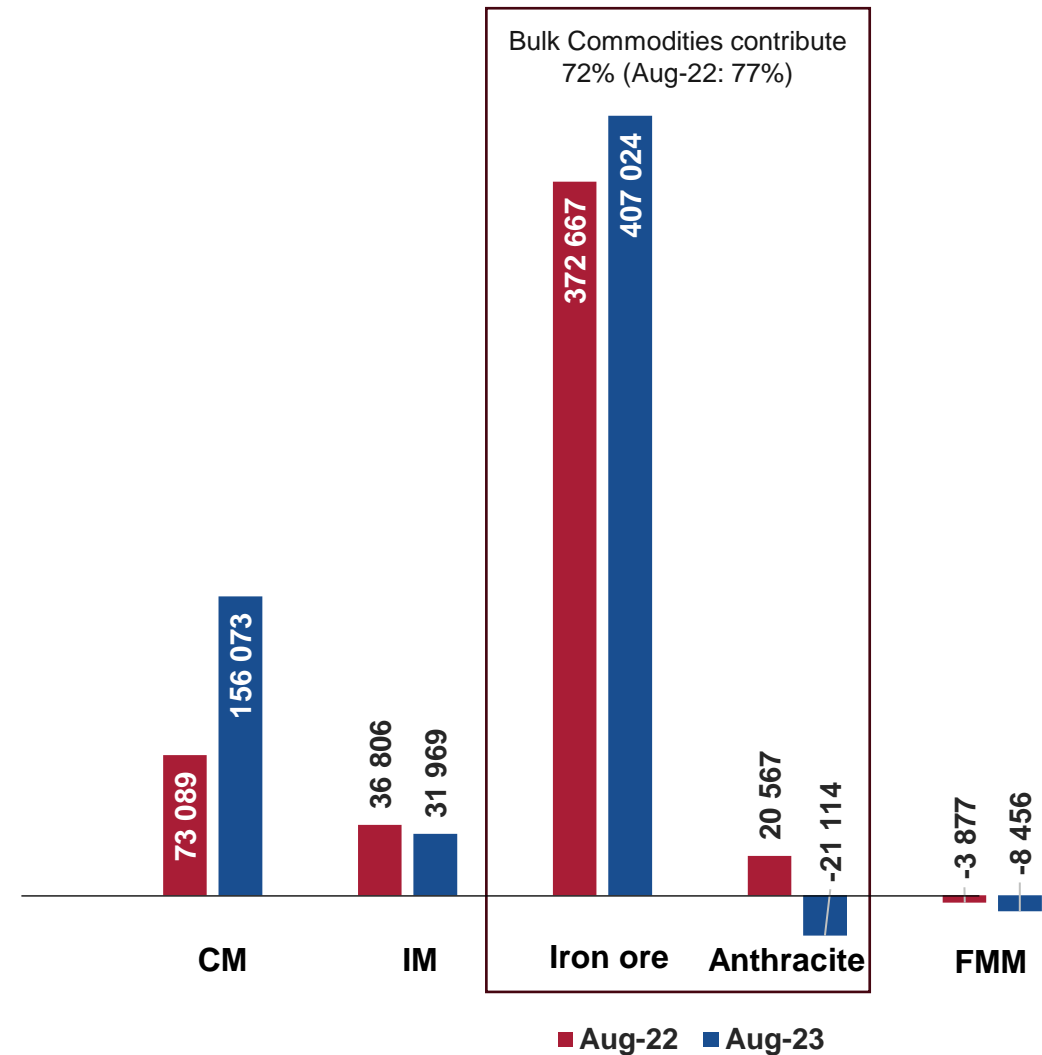


Deep segmental diversification

Aug-2023 revenue contribution



Operating profit (R'000)



1 UNIQUE COMPETITIVE ADVANTAGE

- Geographic location
- Unique metallurgy
- Structural cost advantage
- Culture

2 RESPECT FOR CAPITAL AND ITS ALLOCATION

- Strong balance sheet
- RONA of 22,7%
- Consistent cash generation

3 EXECUTION

- Multi-discipline approach to project execution
 - Engineering, IT, finance, legal, community relations, authority relations, logistics, marketing etc.
- Resilient, disciplined execution

- **Continuously improve performance from existing assets – operational efficiency**
- **Ensure sustainable value from Nkomati anthracite mine**
 - Implemented a well-designed life-of-mine plan with much better recent results delivered
- **Further increase the value from international and local iron ore**
 - Optimise value from available sources
- **Carefully advance strategy implementation and positioning at Glenover**
- **Integration and turn-around of Lafarge**



3

HOW WE DO IT



*Culture of care in all that we do
and a thriving entrepreneurial spirit*

Focus on job creation, training staff and ensuring a high standard of health and safety

Active community relations with investment in education, youth employment and infrastructure

ESG focus across 45 mining licenses, rehabilitation and carbon neutrality strategy



Meet an Afrimatter



Background

- Ruan grew up in Worcester
- Youngest of three children, with two older sisters
- Lost his father at the young age of 14
- After this, he faced the harsh realities of life as a young man, experiencing the challenges and strengths that came with it at an early age
- He is married and a father of two children.

Ruan Smit
Mine Manager



His Journey

- After he matriculated, he went into the workforce and worked at a civil engineering company in Gansbaai
- Getting a feel for the “real world” was eye-opening to see that the road to becoming independent and navigating a career is tough because he did not have opportunities at that time to develop
- This changed in 2006 when he found an advert from Afrimat (then Prima Klipbrekers) and got a job as a general worker and cleaner. For the first few months of his employment, through observation of his hard work and dedication, he was offered an opportunity to study Mechanical Engineering and graduated in 2011.
- Ruan was exposed to various operations and worked all over the plants where he learned directly from his supervisors and people around him. He did this because he was eager to learn and Afrimat provided him with the opportunities to grow.
- As a testament to his willingness to learn and hardworking nature he received more opportunities - in 2013 he did a leadership course at Stellenbosch University, in 2014 he was sent for the Management Development Program and also received the **Directors Award** (best student of the year), in 2016 he was selected to be part of the Senior Management Development Program at Stellenbosch University. He completed his Bachelor of Arts Honours degree in Business Management during the pandemic at the University of Lincoln in England, and finally he is now enrolled for a Master's in Business Administration (MBA).
- Ruan's remarkable journey of growth at Afrimat, starting as a general worker and ascending to the role of Mine Manager managing a few critical operations (Clinker Supplies, SA Block and Marble Hall Mine). His Afrimat journey, is testament to his unwavering eagerness to learn and seize every opportunity that comes his way.

The most valuable thing he learnt

- In his transformative journey, Ruan learned that life can be challenging, and opportunities aren't simply handed to us; he understood that everyone possesses a unique and often turbulent life story, and his path was no exception – a proper roller coaster ride. A significant obstacle presented itself when he was diagnosed with stage 1 Diabetes while being given the opportunity to pursue a Government Competency Certificate in Mechanical Engineering, administered by the Department of Mineral Resources.
- However, upon informing the authorities about his condition, he unfortunately couldn't pass the medical checks the department required. Rather than seeing this as a setback, Ruan perceived it as a chance for redirection. With unwavering determination, he shifted his focus to business management, a decision he now wholeheartedly appreciates as a pivotal and fulfilling step in his journey.

Why Afrimat and what drives him?

- Ruan's strong connection to Afrimat stems from his sense of ownership, viewing the company as a part of his own journey, having worked for the company since its inception by the founding company.
- He values Afrimat as a close-knit family, often sharing his experiences with friends, loved ones and colleagues.
- Ruan admires the company's culture, which fosters open communication, ensuring that anyone, regardless of their position, can voice their thoughts and receive both professional and personal support, reflecting the "Afrimat way."
- Although Afrimat was once a small enterprise, Ruan takes pride in the company's growth and is passionate about sharing its story while simultaneously growing alongside it.
- The unwavering support he has received at Afrimat has been a pivotal reason for his continued dedication to the company, as it reinforces his sense of belonging.
- His driving force lies in making a positive impact on others' lives, whether through financial means or by contributing to the company's culture, believing that inspiring people's engagement and making a difference is truly fulfilling.

2 824
employees

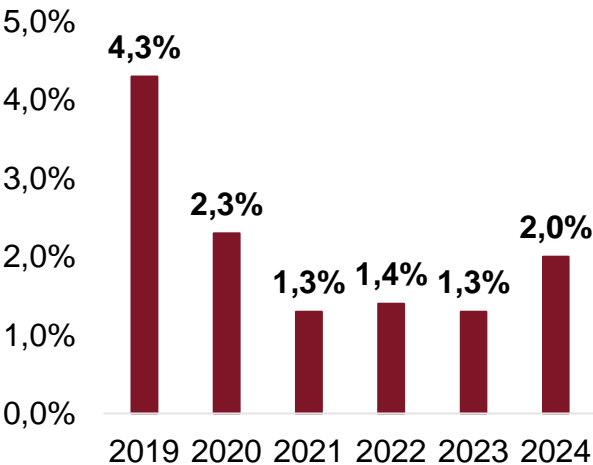
4 666
training days

464 new
employees hired

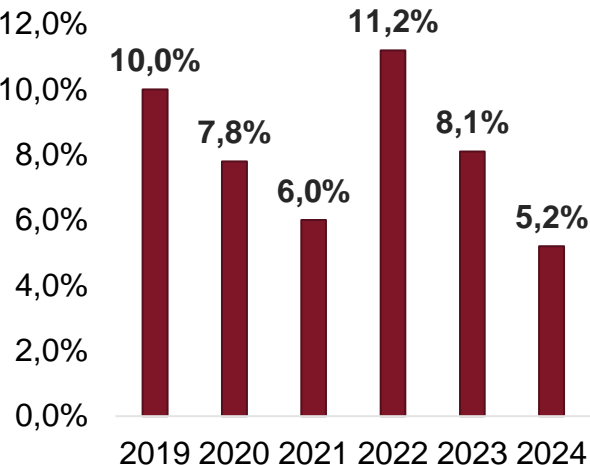
77 bursaries
awarded to staff

Staff wellness
programme

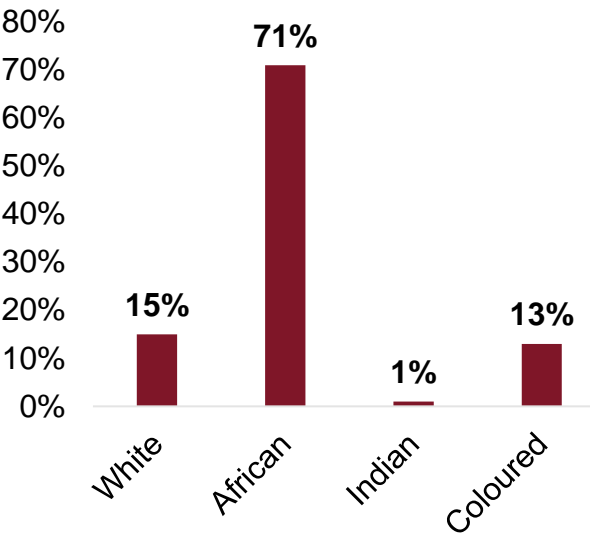
Absenteeism



Attrition



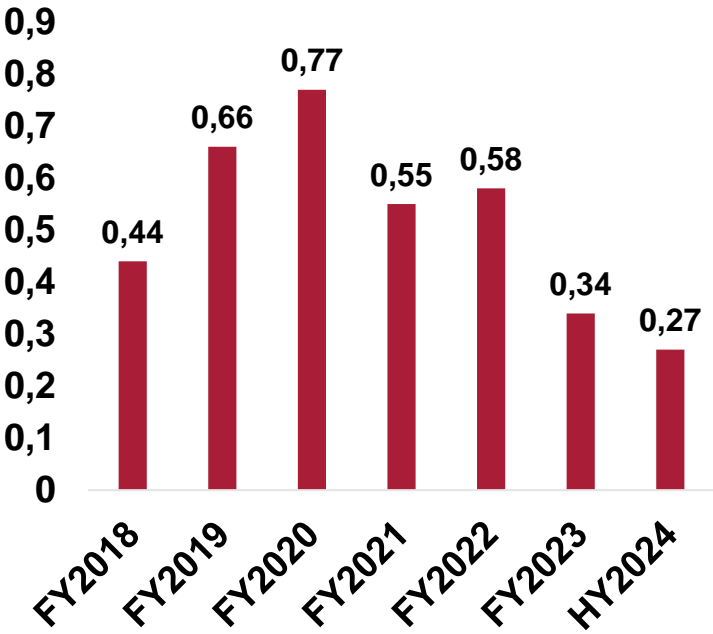
Staff composition



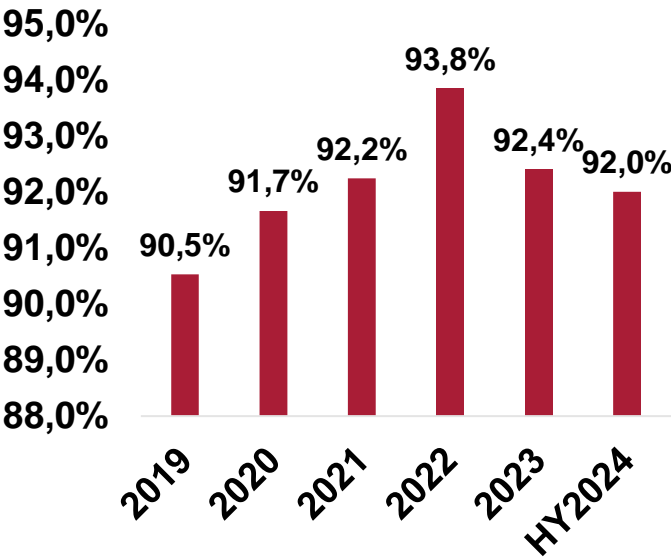
Approvals – permits, rights and licenses

| | |
|--|---|
| Mining rights | <ul style="list-style-type: none">• Moddergat – Environmental authorisation granted• Eckraal – Mining right renewal executed |
| Section 102 | <ul style="list-style-type: none">• Driefontein – approval for extension of mining area• Smalblaar – approval for extension of mining area• Philippi – approval for 3-metre-deep sand |
| Mining permits | <ul style="list-style-type: none">• Wolwekop mining permit granted |
| Section 11s | <ul style="list-style-type: none">• Glenover section 11 granted. DMRE amending the approval• Lafarge (20) applications |
| Environmental authorisations/basic assessment | <ul style="list-style-type: none">• Glenover environmental authorisation granted• Nkomati Block L basic assessment granted |
| WULA | <ul style="list-style-type: none">• Nkomati WULA approved• SA Block WULA approved• Ladysmith General Authorisation (GA) approved |
| Other approvals | <ul style="list-style-type: none">• Glenover SSP product registration |

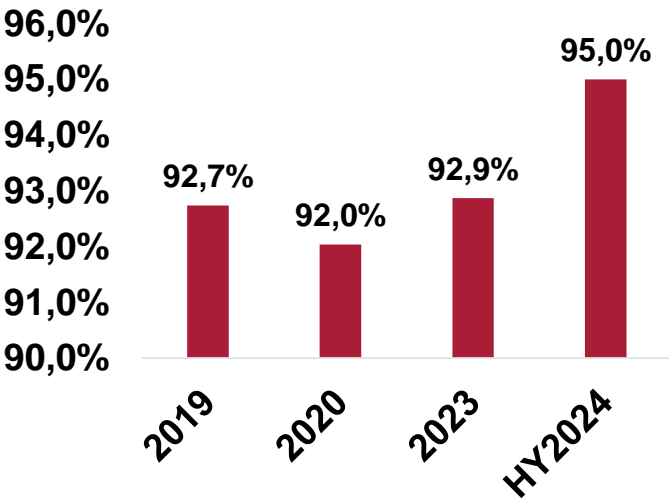
LTIFR progress



ASPASA ISHE Audits



ASPASA environmental compliance audits



75 sites
across
South
Africa

CSI spend
in F2023
R12,3 m

Two new classrooms at Unobhala Secondary School in rural KZN

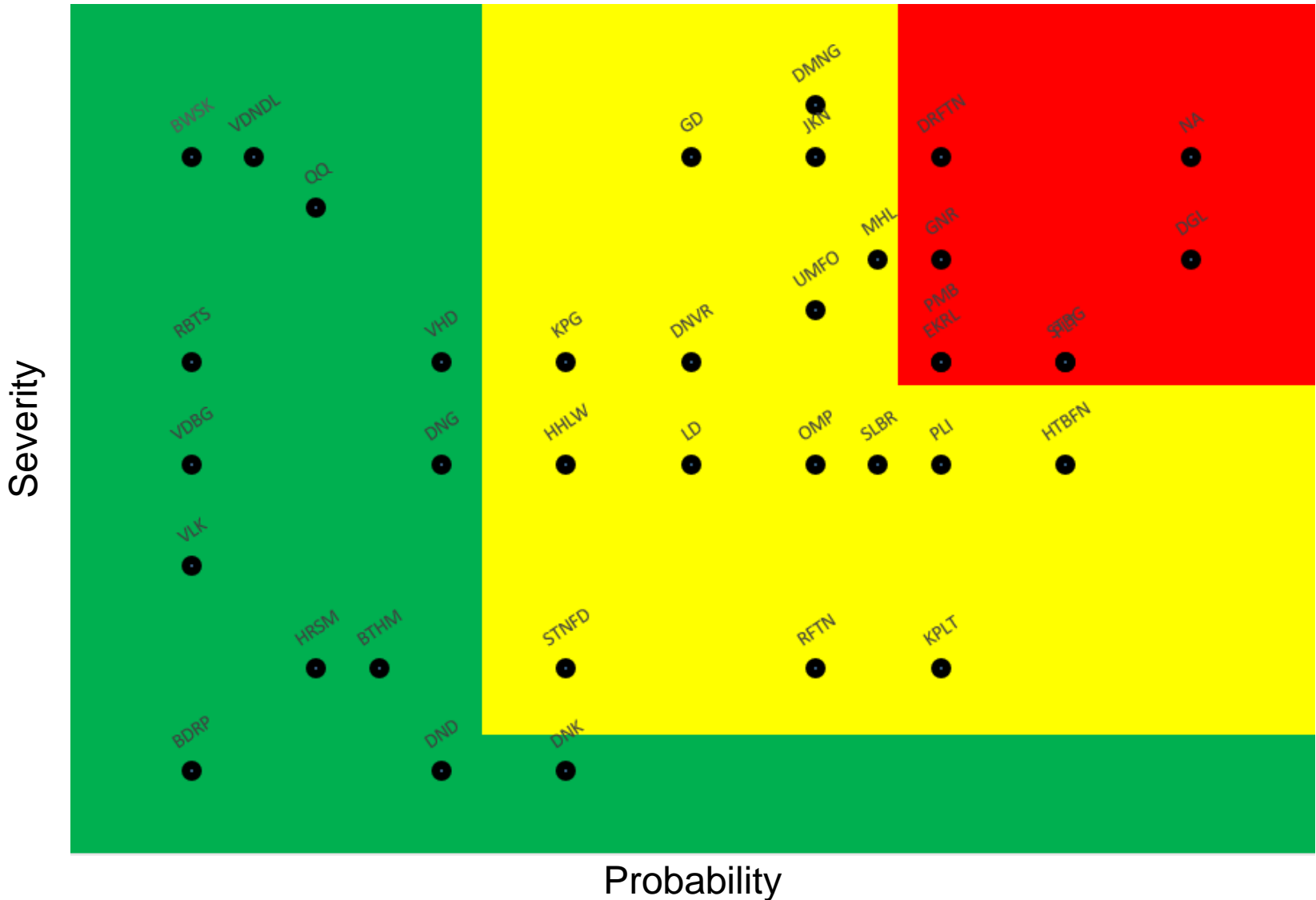


Education and empowering learners in Free State and KZN



Community relations - Risk matrix

Excellent relationships with the communities surrounding our mining operations and production plants

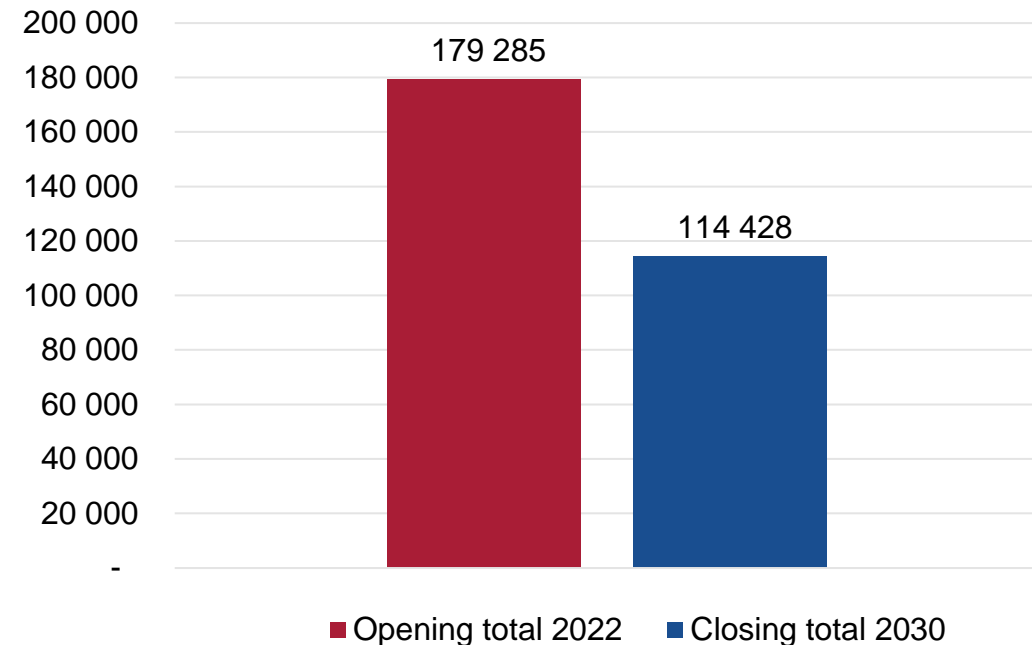


Carbon neutral strategy

Reduce carbon emissions by 32% by 2030



- Reduction in line with UN SDG's
- 2050 target carbon neutrality across operations



4

FINANCIAL OUTCOMES

*The financial scorecard supports
and encompasses the way we
diligently and methodically do things*



Core financial discipline to support growth

Entrenched
diversification
strategy
supported by
prudent capital
allocation

Strong cash
generation

Surplus cash supports acquisitions,
capex and consistent dividends

Continuous measurement against decisions taken



Financial highlights



Up 9,6% to R2,8 billion

Group revenue

263,4 cents

HEPS

40,0 cents per share

Interim dividend

18,8%

Operating profit margin

10,8% up to 2 750 cents

Net asset value

22,7%

Return on net
operating assets

6,2%

Net debt:equity ratio

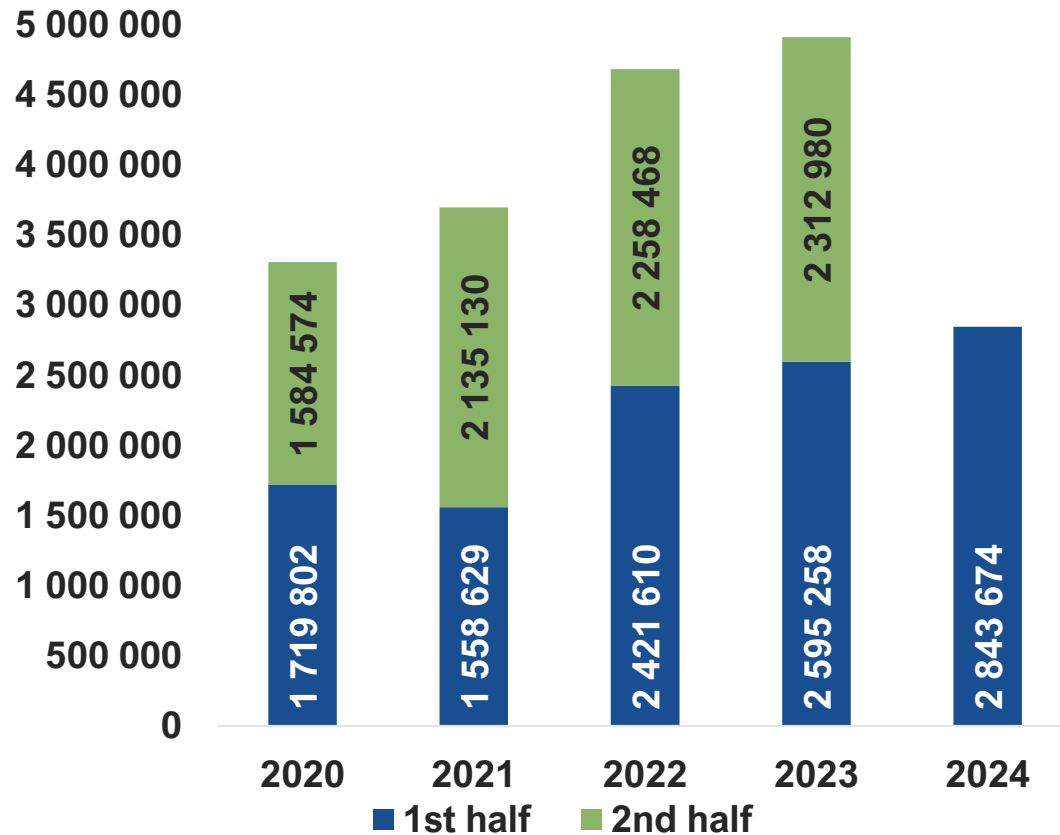
R577,5 million

Net cash from
operating activities

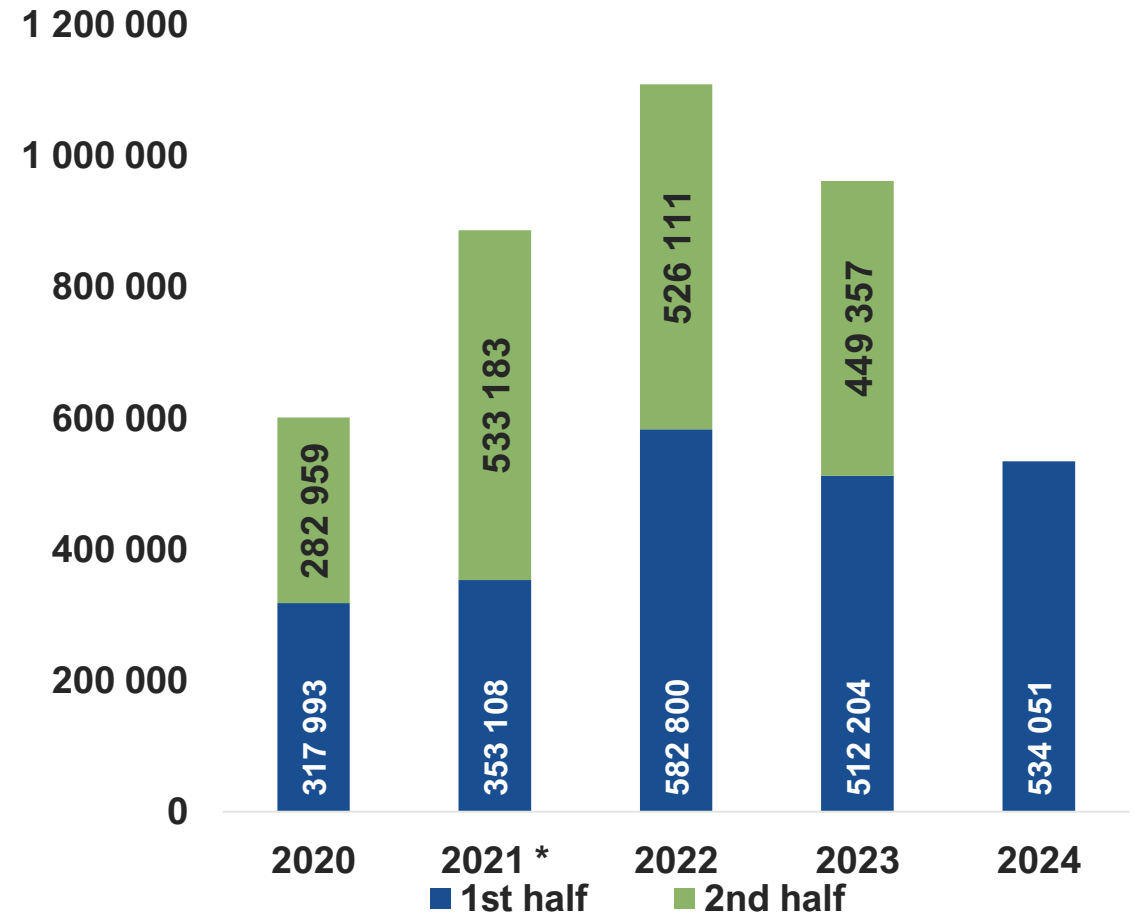


Revenue and operating profit

Revenue (R'000)



Operating profit (R'000)



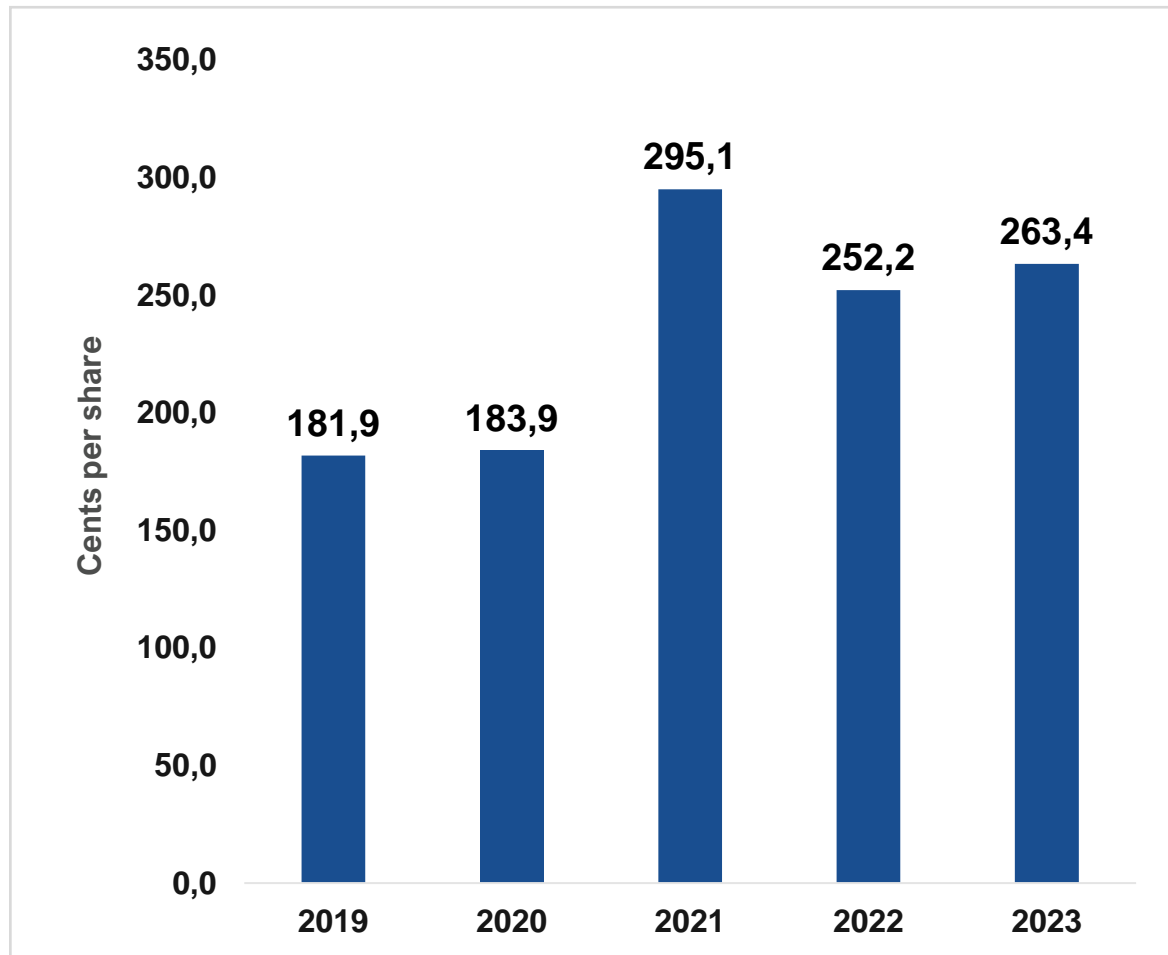
* As previously reported

Operating profit margin

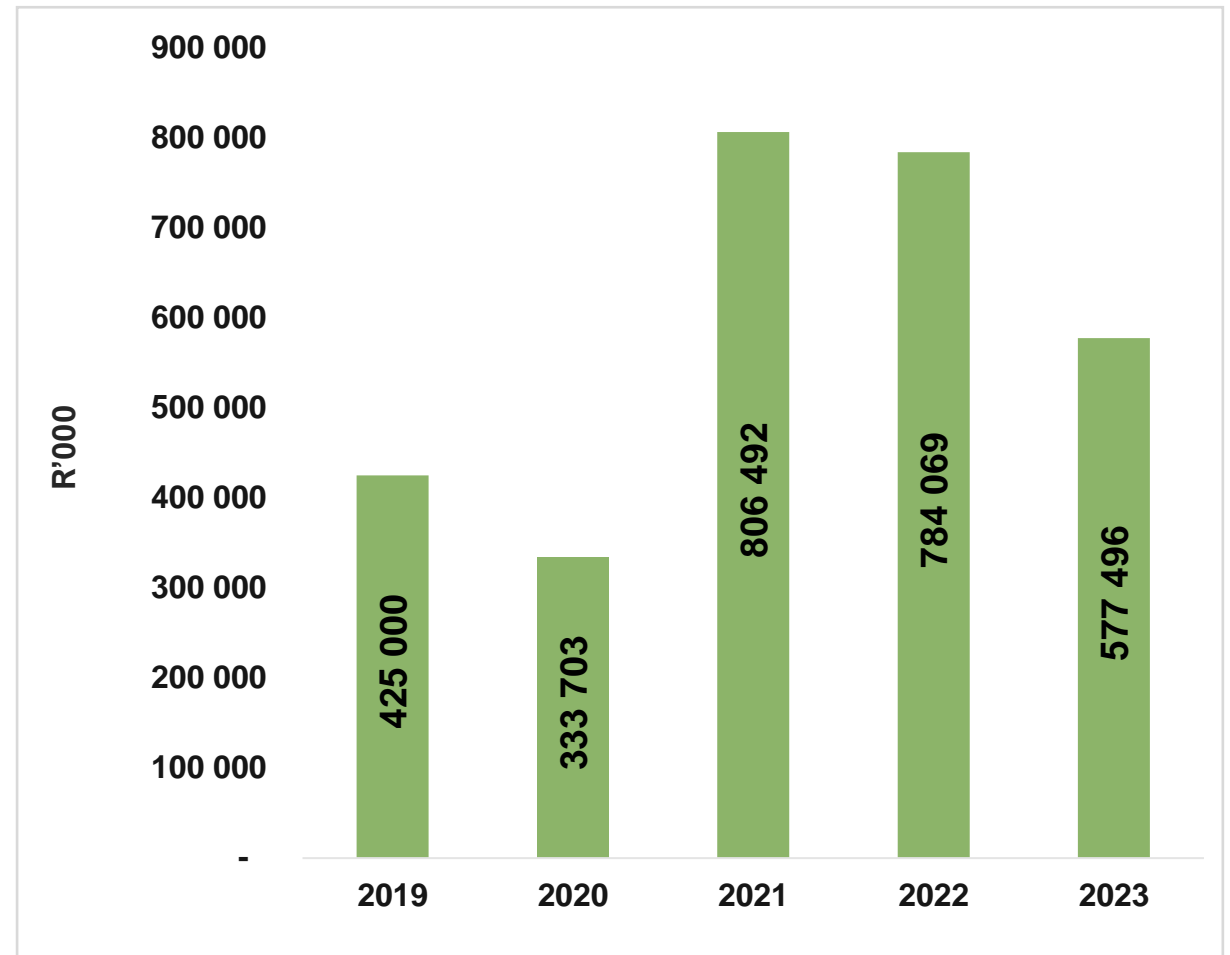
| Operating profit margin (%) | HY2024 | HY2023 | FY2023 |
|-----------------------------|--------------|--------------|--------------|
| Construction Materials | 13,5% | 8,0% | 7,2% |
| Industrial Minerals | 10,6% | 12,6% | 8,9% |
| Bulk Commodities | 28,3% | 29,1% | 31,8% |
| Future Material and Metals | (93,8)% | (21,8)% | (45,4)% |
| Overall | 18,8% | 19,7% | 19,6% |



HEPS (interim)



Net cash from operating activities (interim)



Effective tax rate HY2023: 27,1% (HY2022: 27,3%)

Statement of financial position

Assets



| R'000 | Unaudited Aug 2023 | Unaudited Aug 2022 | Audited Feb 2023* |
|---------------------------------------|-----------------------|-----------------------|----------------------|
| Property, plant and equipment | 3 686 756 | 2 970 787 | 3 335 996 |
| Intangible assets | 318 385 | 262 920 | 270 757 |
| Inventories | 728 117 | 622 756 | 671 503 |
| Trade and other receivables | 770 706 | 573 559 | 739 961 |
| Cash | 278 681 | 773 668 | 280 817 |
| Other assets / deferred tax | 551 341 | 434 513 | 398 340 |
| Non-current assets available for sale | - | 17 950 | - |
| Total assets | 6 333 986 | 5 656 153 | 5 697 374 |

* Restated due to measurement period adjustment with regards to the Eckraal Quarries acquisition.

Statement of financial position

Equities and liabilities



| R'000 | Unaudited Aug 2023 | Unaudited Aug 2022 | Audited Feb 2023* |
|---------------------------------------|-----------------------|-----------------------|-------------------|
| Total equity | 4 174 672 | 3 768 206 | 3 847 225 |
| Borrowings | 520 477 | 279 098 | 321 159 |
| Provisions | 296 990 | 274 711 | 290 960 |
| Overdraft | - | 952 | 1 578 |
| Trade and other payables | 885 496 | 749 032 | 707 721 |
| Other liabilities / deferred tax | 456 351 | 584 154 | 528 731 |
| Total equities and liabilities | 6 333 986 | 5 656 153 | 5 697 374 |

* Restated due to measurement period adjustment with regards to the Eckraal Quarries acquisition.

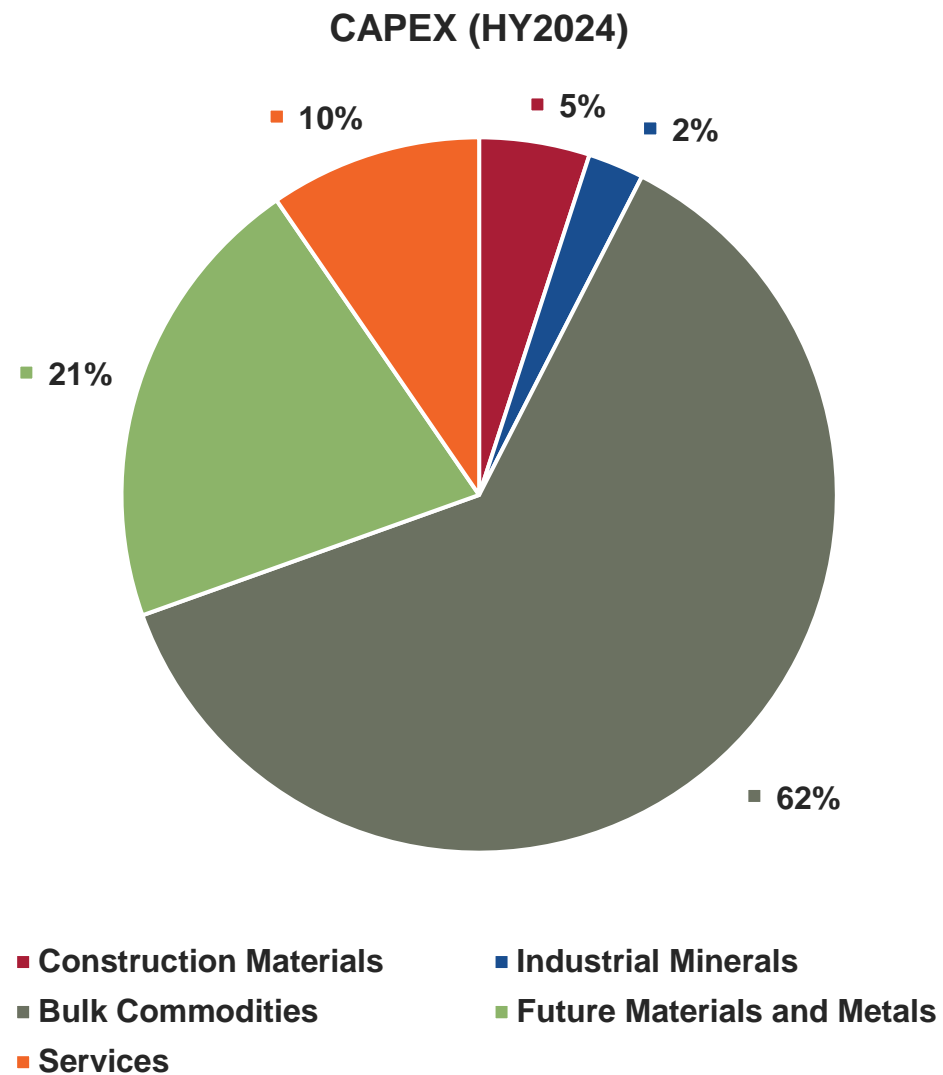
→ Debt:equity ratio HY 2023: 6,2% (HY 2022: (9,7)%)

Provision for iron ore pricing

| Trade and other receivables R'000 | Unaudited Aug 2023 | Unaudited Aug 2022 | Audited Feb 2023 |
|--|-----------------------|-----------------------|---------------------|
| Trade receivables – net | 581 685 | 487 016 | 426 327 |
| Trade receivables at fair value through profit or loss | 112 618 | 35 408 | 160 355 |
| Provision for final price adjustment | 11 567 | (35 408) | 35 990 |
| Other | 64 836 | 86 543 | 117 289 |
| | 770 706 | 573 559 | 739 961 |

| | Aug 2023 Month/spot | Jul 2023 Month/spot | Jun 2023 Month/spot |
|--|------------------------|------------------------|------------------------|
| Average actual iron ore price invoices at FOB (US\$) | 96 | 94 | 84 |
| Iron ore forward price at FOB (US\$) | 96 | 97 | 95 |
| Sales volume (tonnes) | 67 396 | 67 969 | 34 043 |

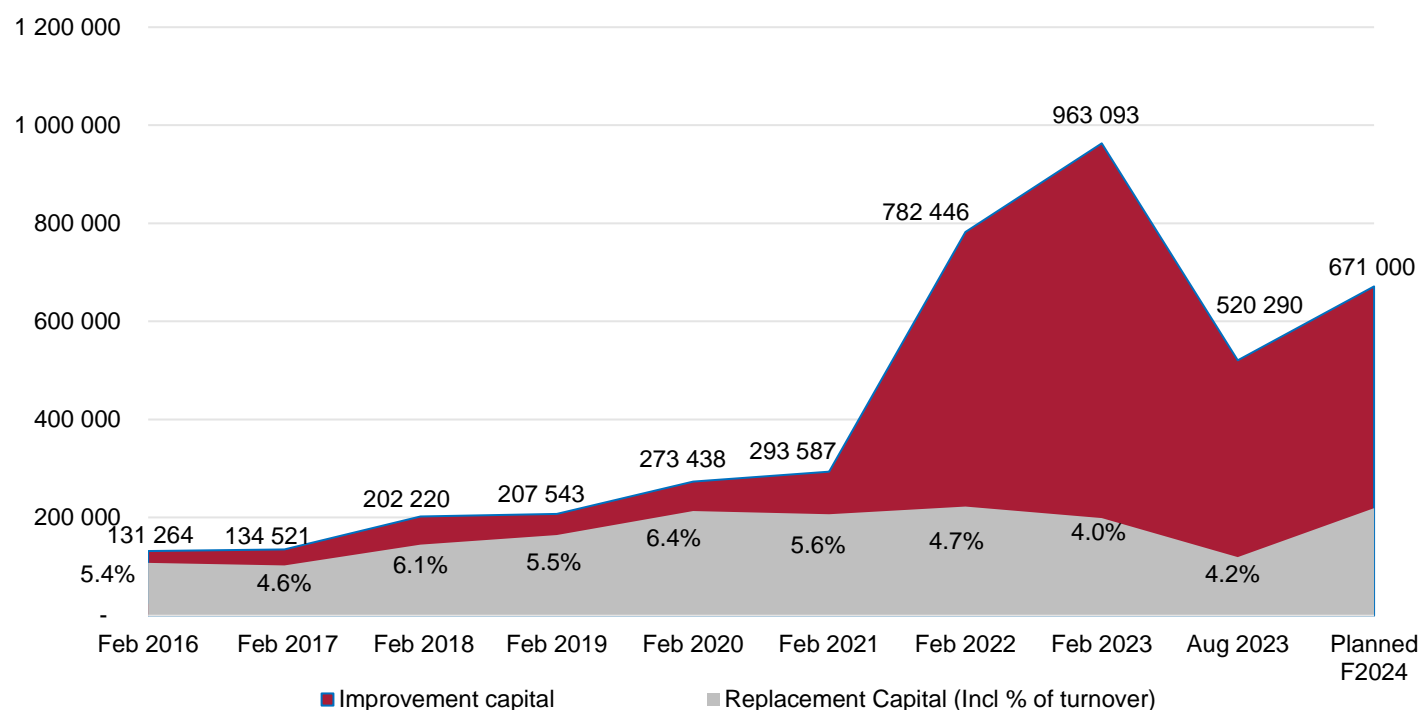
Total capital expenditure



- **Site establishment and plant upgrades**
 - R16,7 million – iron ore mines
 - R10,0 million – anthracite mine
 - R104,6 million – Afrimat Phosphates
- **Capital expenditure**
 - R190,5 million – anthracite mine for two opencast pits and work performed on opening of underground mine
 - R54,2 million – iron ore mines

Total capital expenditure

Capital Expenditure 2016 - Planned 2024 (R'000)



| Improvement capital | Unaudited Aug 2023 | Feb 2023 |
|--|--------------------|---------------|
| Nkomati (developing of underground mine and other mine development, including stripping costs, etc.) | R210 m | R432 m |
| Jenkins | R6 m | R62 m |
| Demaneng (further opening of pit) | R54 m | R103 m |
| Afrimat Phosphates | R107 m | R118 m |
| Glen Douglas (solar plant) | - | R25 m |
| Other (<R20 m) | R125 m | R23 m |
| Total improvement capital | R520 m | R763 m |

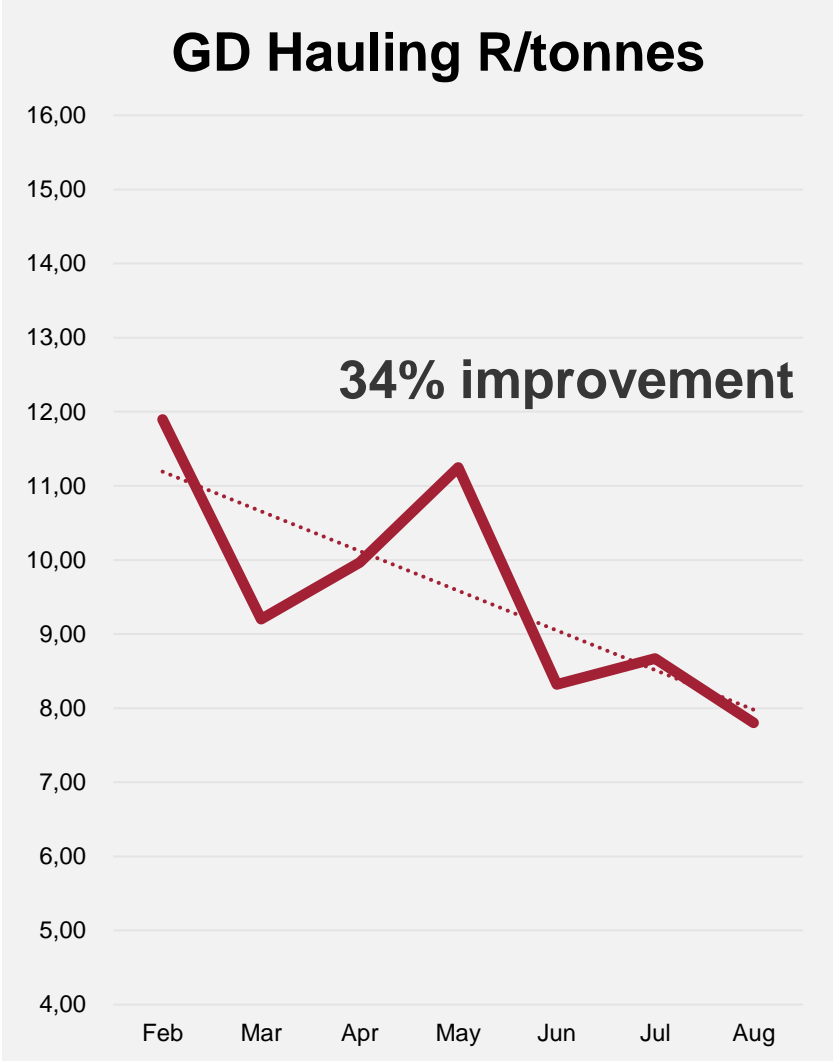
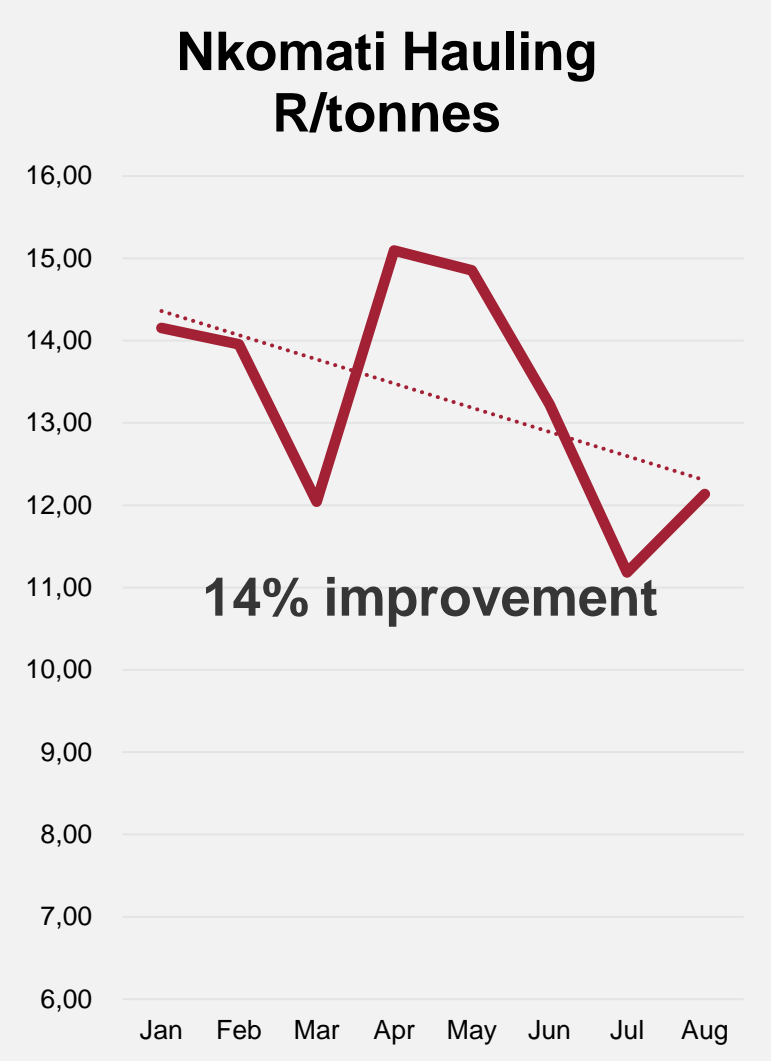
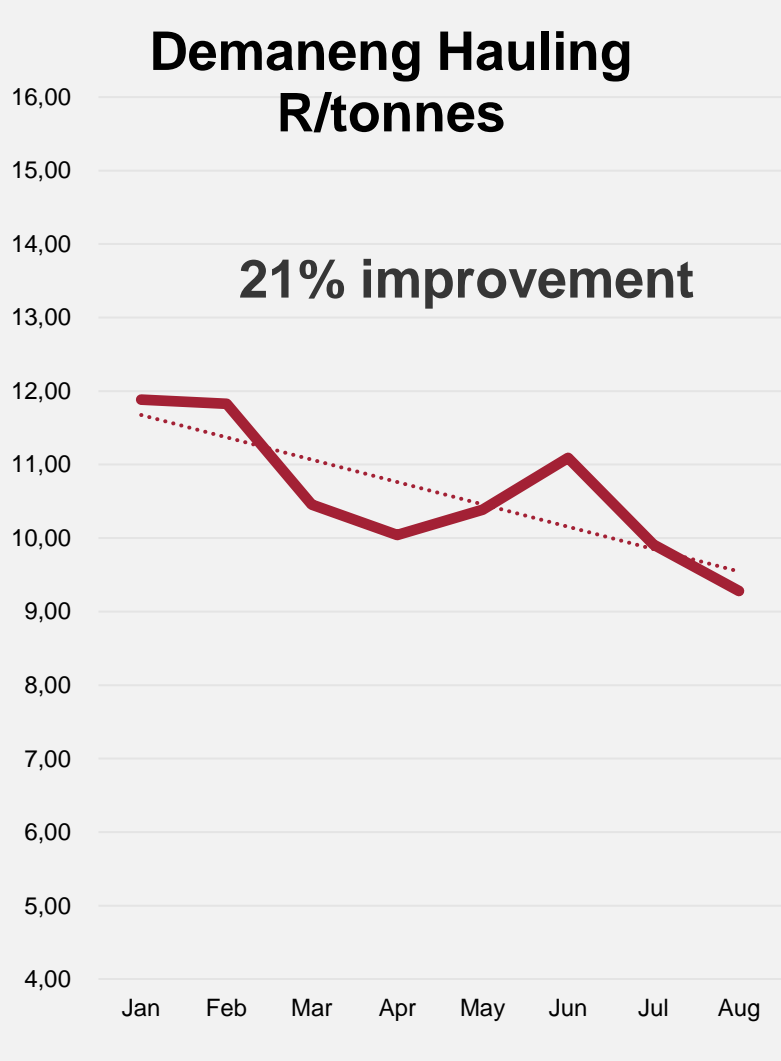
5

SEGMENTAL PERFORMANCE

The value of diversification

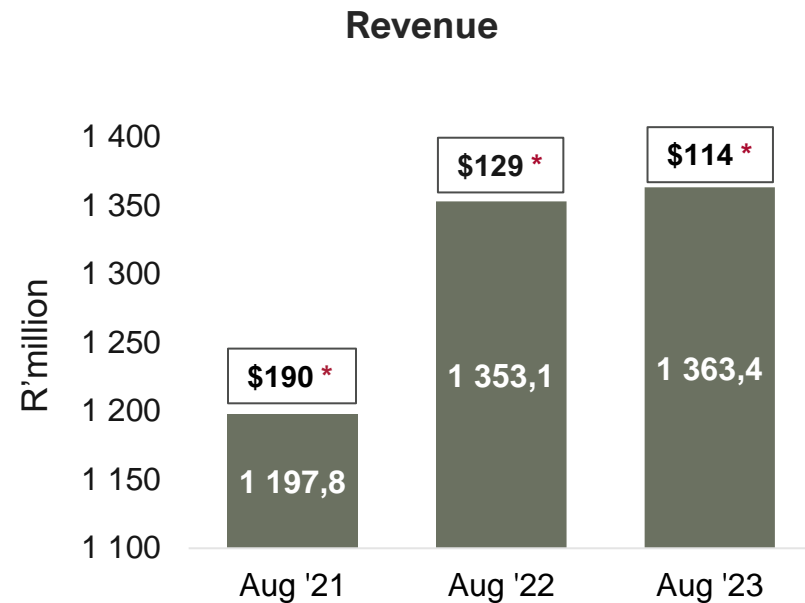


Fleet efficiency drive tonnes per machine hour

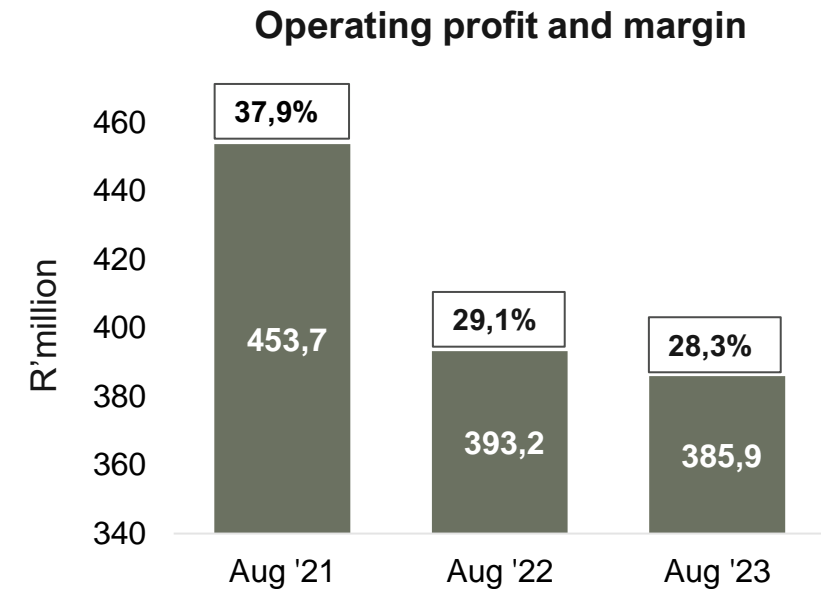




Solid performance based on diversification



- Revenue flat
- International iron ore volumes down 10% due to Transnet
- Local iron ore volumes increased
- Investment into Nkomati with additional open cast and underground pits opened to minimise mining disruptions



- Operating profit margin remains high
- Local iron ore blending helps mix
- Strategic investment into Nkomati, with steady state reached after period close

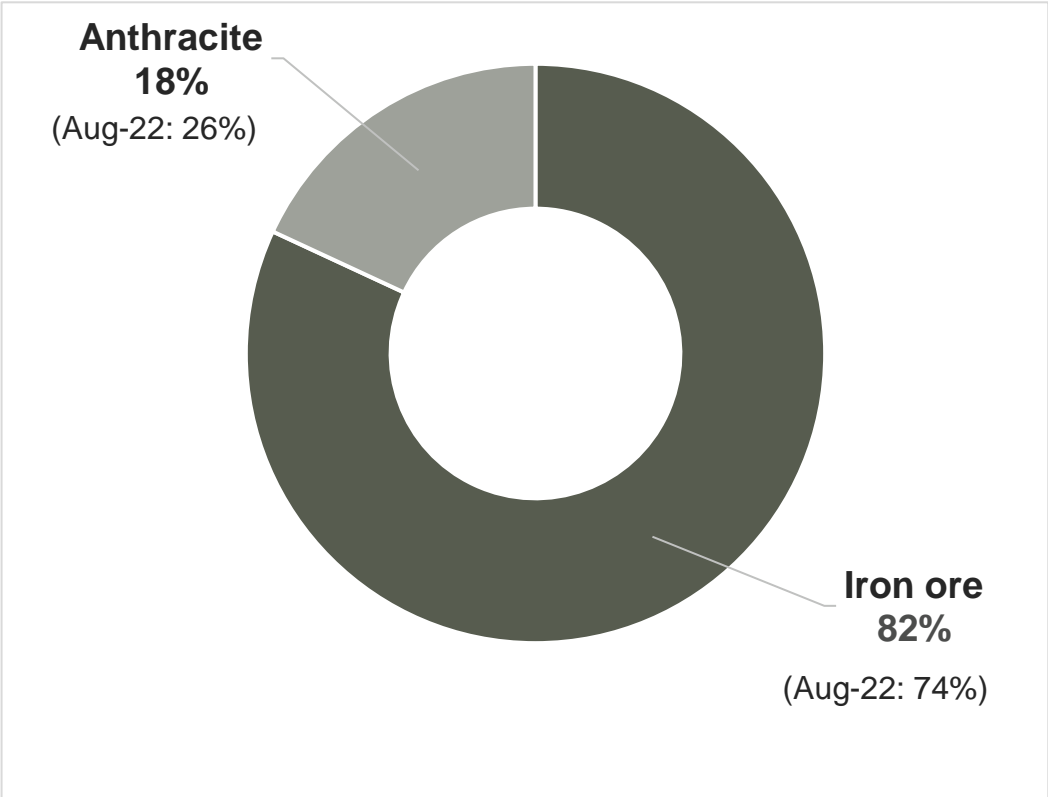
* Average US\$ for each respective period

Composition of bulk commodities (HY2023)

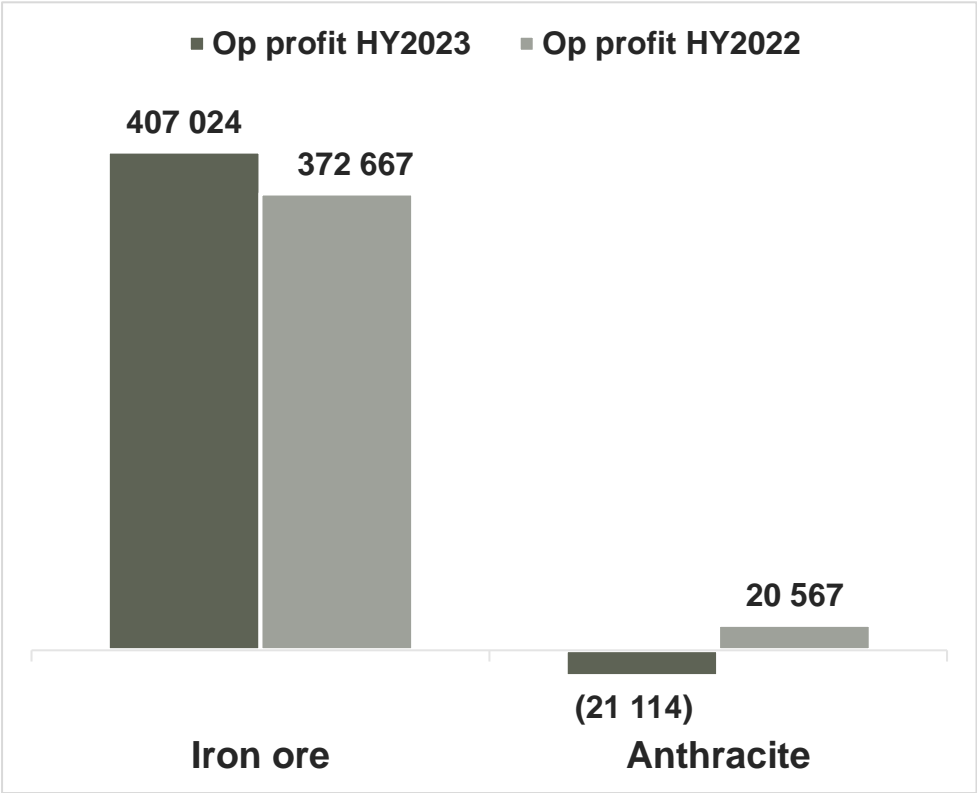


Segment contributed 48% of revenue and 72% of operating profit

Revenue contribution



Operating profit (R'000)



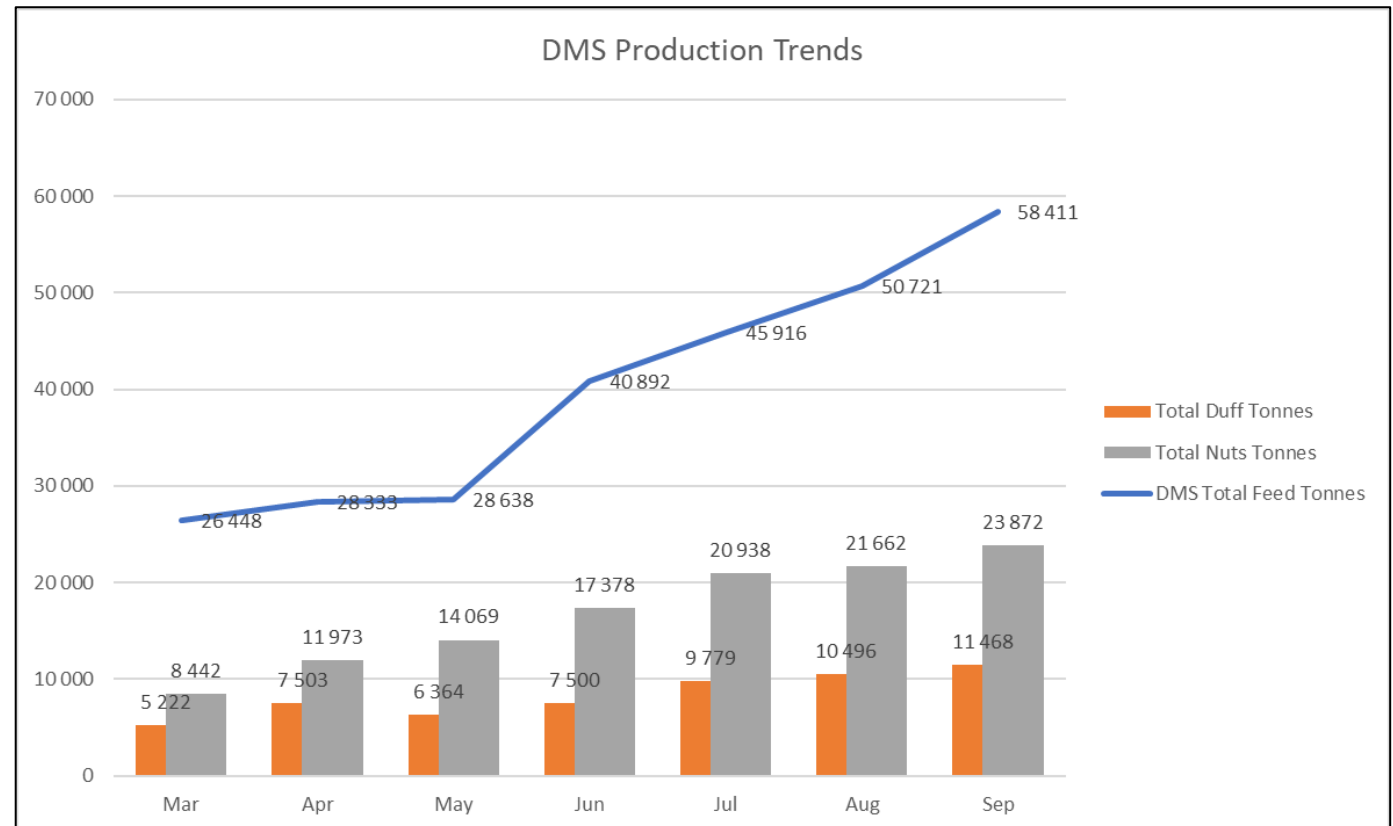
Anthracite

Life of mine: 20 years
Market: Domestic
Location: Mpumalanga



- Underground mine established
- Long-term life of mine (two opencast pits and an underground operation) ensures sustainability
- Volumes are ramping up according to plan
- Fixed-price contract

| | Amount (R m) |
|-------------------------|--------------|
| Remaining planned spend | 67 |
| Capex spent (HY1 F2022) | (14) |
| Capex spent (F2022) | (54) |
| Capex spent (F2023) | (451) |
| Capex spent (HY1 F2024) | (210) |



Iron ore

Life of mines:
Market:
Location:

20 years
Domestic & international
Northern Cape

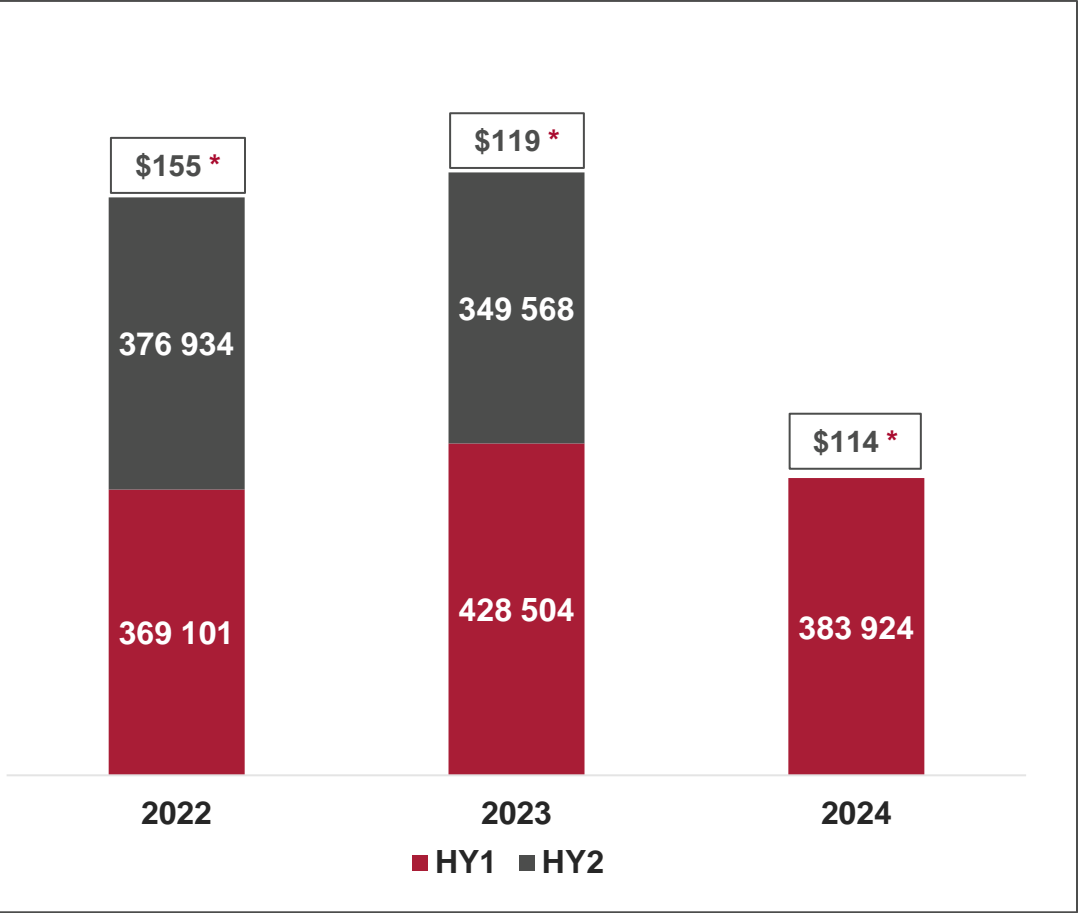


- Rand value sales realisation was good
- Lost roughly 10% in international volumes due to Transnet performance, which was compensated by Rand/US\$ exchange and local iron ore volumes increasing

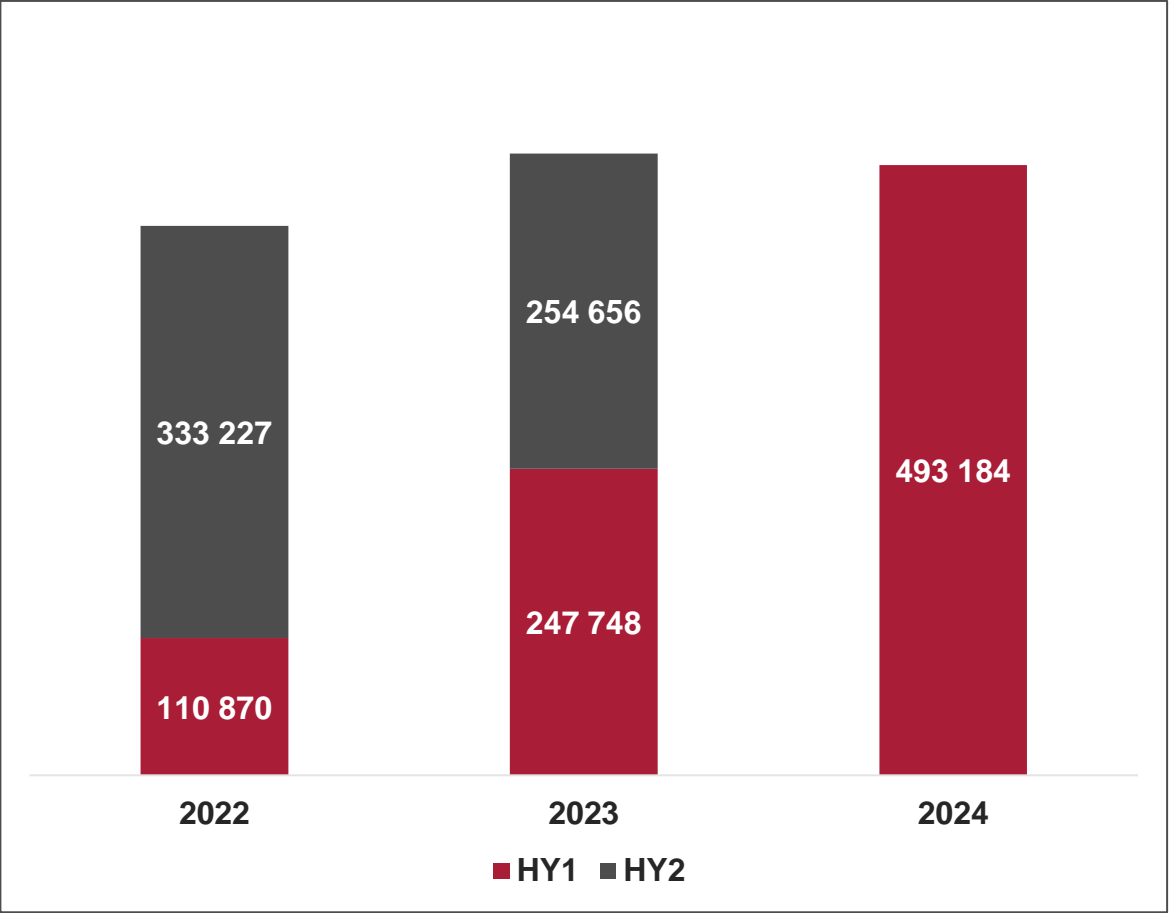
| | Amount (R m) |
|-------------------------|--------------|
| Remaining planned capex | 34 |
| Capex spent (HY1 2022) | (31) |
| Capex spent (F2022) | (79) |
| Capex spent (F2023) | (65) |
| Capex spent (F2024) | (98) |



International volumes achieved (tonnes)

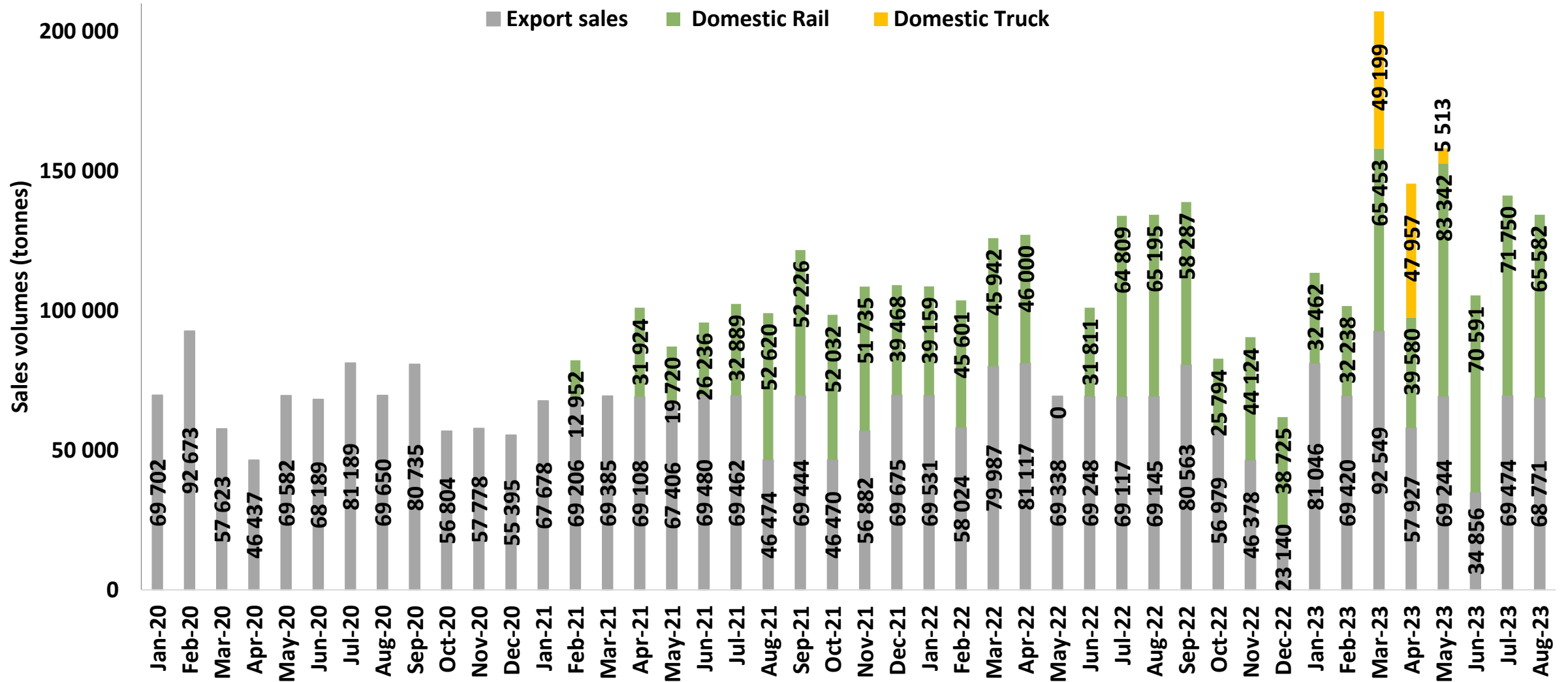


Local volumes achieved (tonnes)



* Average US\$ for each respective period

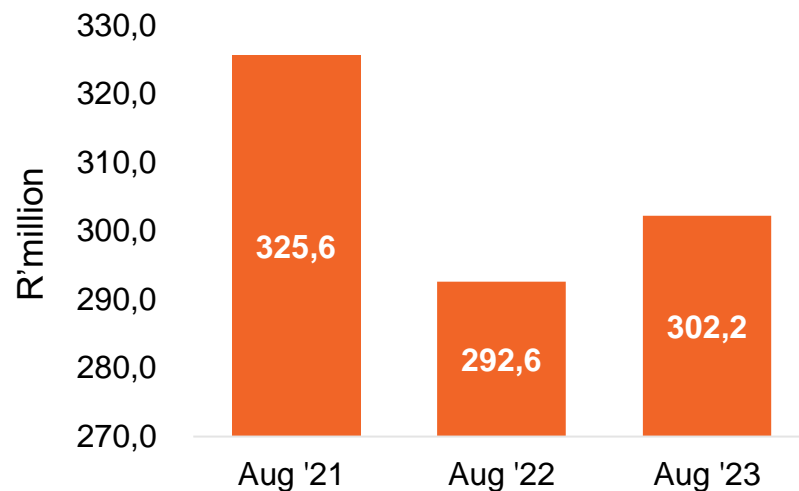
International and local iron ore sales





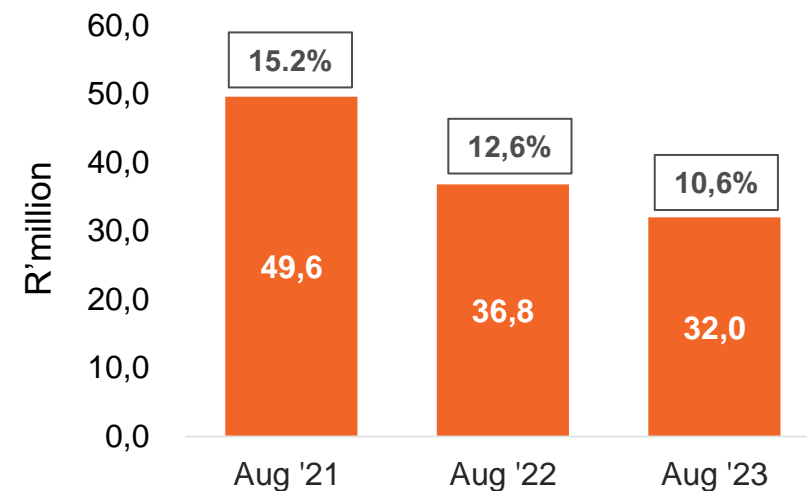
Delivered satisfactory results

Revenue



- Revenue increased by 3%
- Loadshedding affected operations and indirectly two clients cut back on orders due to loadshedding
- Invested in generators to ensure ongoing production

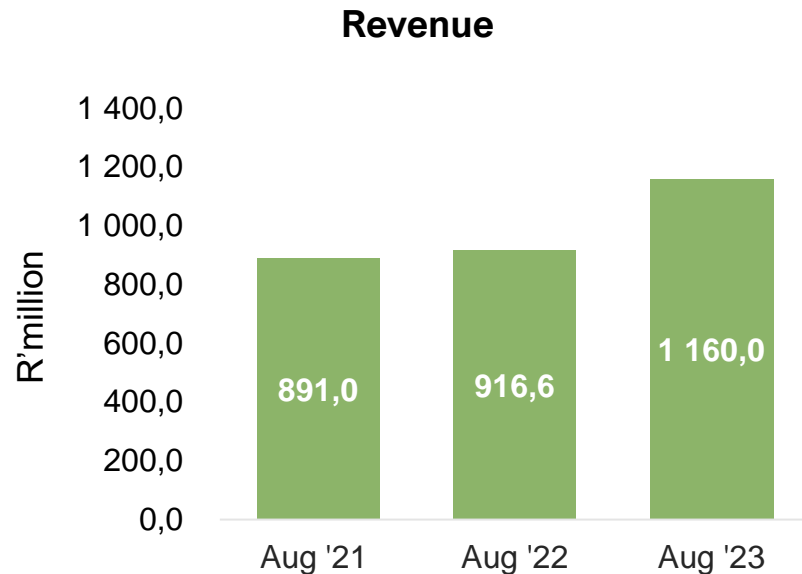
Operating profit and margin



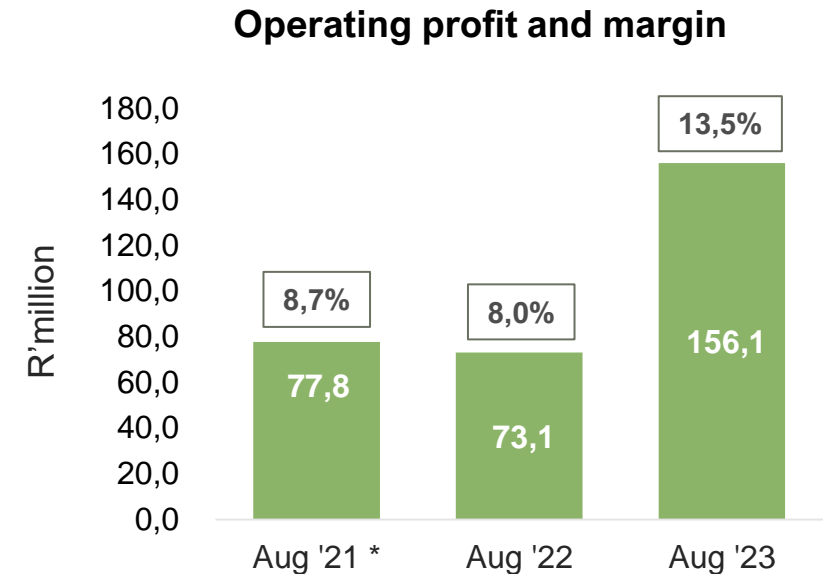
- Operating profit decreased by 13%
- Impacted by loadshedding
- Generators installed and positively contributing to additional productivity



Significant improvement in profitability supported by margin recovery

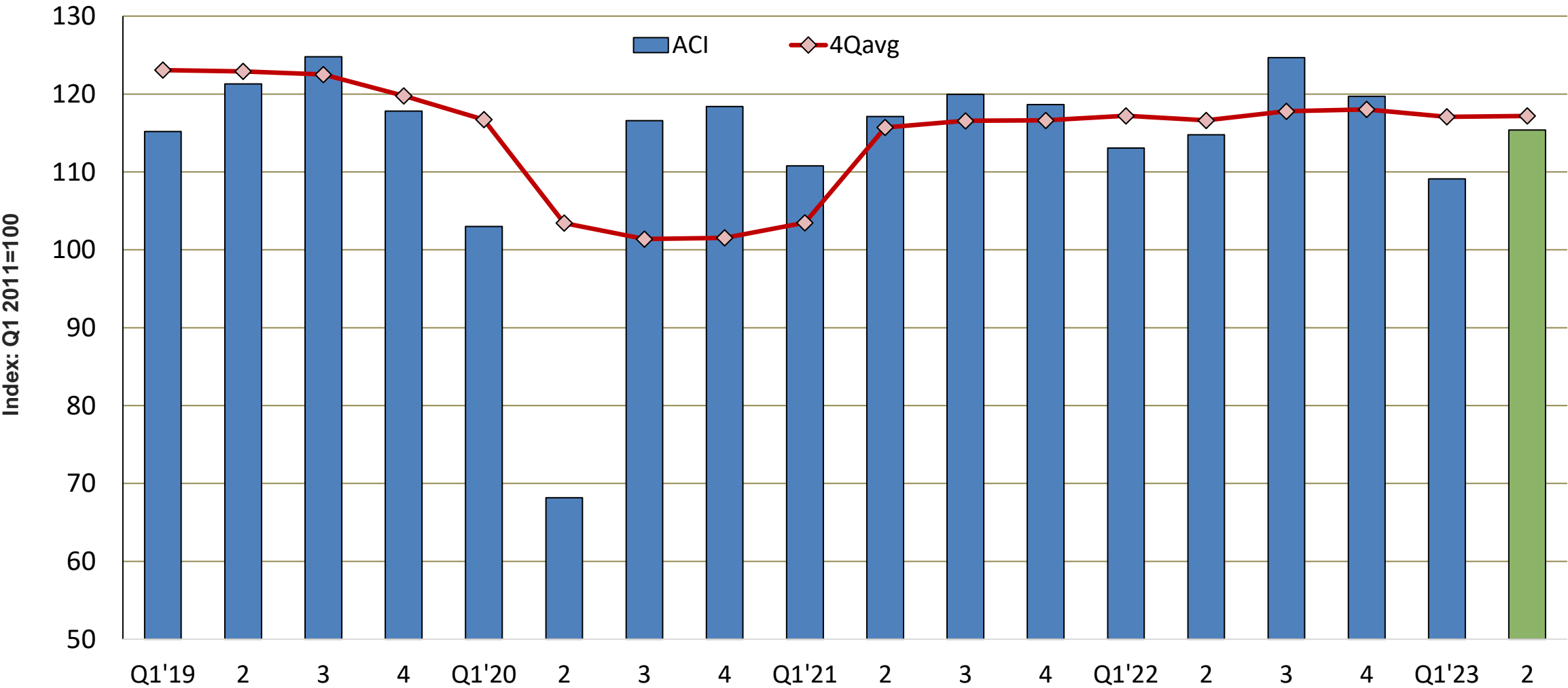


- Revenue increased by 27%
- Greater demand from across the country in construction project



- Operating profit increased by 114%
- Stringent efficiency drives ensure operating profit and margin improvement

Afrimat Construction Index – Q2 2023



Assets

- Excellent quarries
- Very good fly-ash business
- Well-positioned cement grinding plants and depots
- Integrated cement plant
- Readymix batching plants

Transaction

- Purchase consideration: \$6 million
- Net asset value: R1.4 billion
- R500 million loan repayment on closing date
- R400 million loan repayment after 12 months
- Conditions precedent: *
 - Competition Commission approval
 - Section 11 approval from DMRE
 - Reserve Bank approval (received)

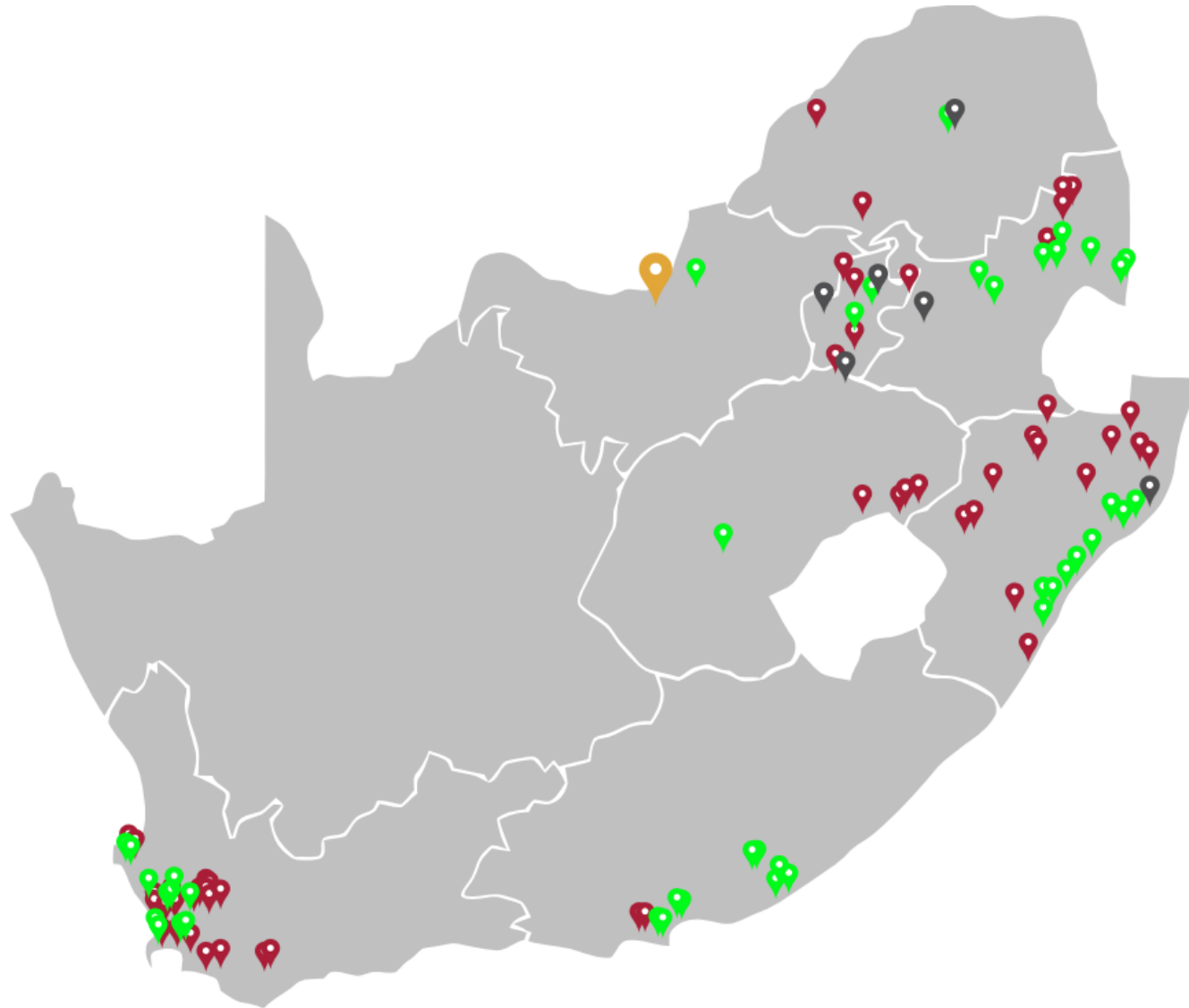
* All documentation submitted

Long life-of-mine assets
Well-designed, good quality plants and equipment

Rationale

- Good time to act – market low but turning
- Good synergies exist
- Good investment return expected
- Very good assets, especially quarries and fly-ash

Afrimat Constructions Materials and Lafarge combined footprint



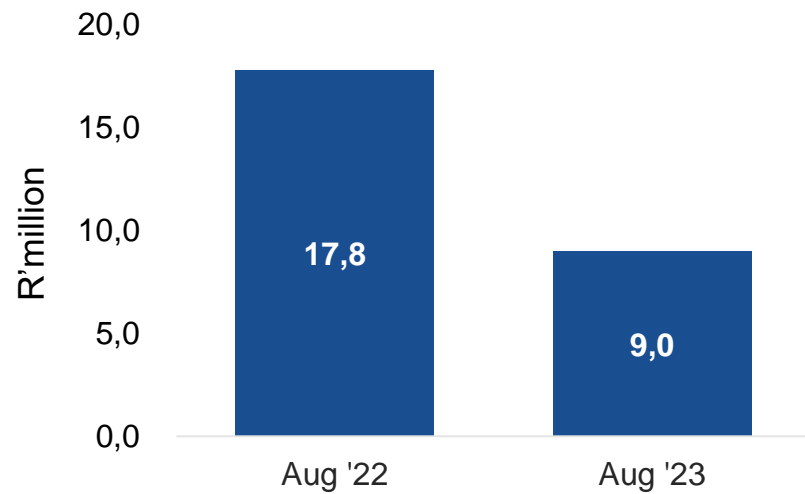
Combined footprint

- **35** active quarries
 - 6 mothballed
- **41** readymix concrete sites
- **6** brick-and-block operations
- **2** clinker sources
- **5** sand mines
- Cement
 - **1** integrated plant
 - **2** grinding plants
 - **2** depots
- Fly-ash
 - Lethabo
 - Matla



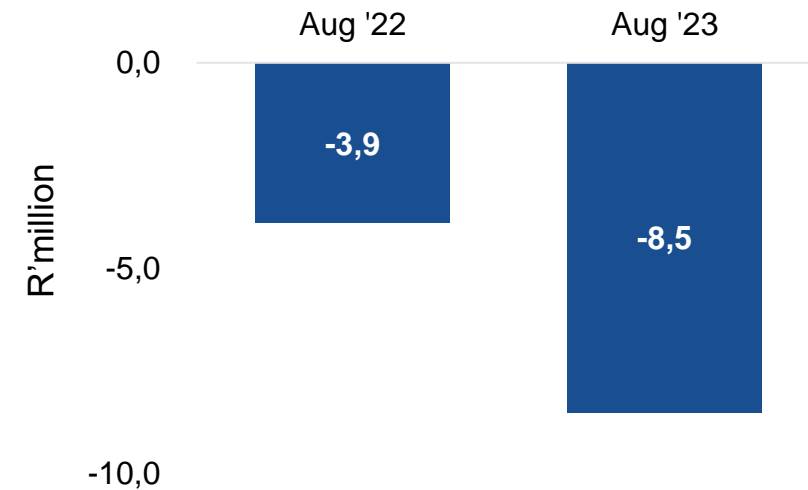
Ramp up of operation in progress

Revenue



- Site establishment completed

Operating profit and margin



- Start-up losses of R8.5 m
- Operations being commissioned

- **Aligned with long term global trends (growth sectors)**
 - Energy transition
 - Food security (agriculture)
- **Enhance the diversification strategy**
 - Commodity/product (multiple commodities)
 - Processing (innovation)
 - Foreign currency revenue
- **Good inherent resource characteristics**
 - Stockpiles
 - High in situ phosphate quality (very low cadmium contaminant levels)
 - Good rare earth qualities
- **New growth platform (downstream value-chain opportunities, including strategic partnerships)**

- **High Grade Phosphate** (agriculture)
 - Market development underway
 - Granulation facility commissioned
 - High Grade plant commissioned
- **Single Super Phosphate** (agriculture)
 - Construction in progress: Commissioning November 2023 (ramp up until March 2024)
 - SSP product registration approved
 - Production capacity: 60 000 tonnes per annum
 - Market development underway – prospects look positive
- **Vermiculite** (industrial, fire protection, horticulture, insulation)
 - Resource verification and block models completed
 - Basic Assessment approved
 - Bulk sample testing expected mid H2 F2024
 - Inform plant design for a 60 000 tonnes facility
 - Market very optimistic

Glenover (stage 2)

Rare earth minerals and phosphate enhancements



- **Evaluating strategic options for rare earth minerals**
- **Optimising business case**
- **Evaluating various technologies**
- **Investigating strategic partnerships**

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FUTURE OUTLOOK



*An increase in volumes and more
acquisition opportunities*

- **Remain vigilant, react quickly and keep employees safe**
- **Expectation is a solid recovery in the Nkomati anthracite operation**
- **Maintain consistency in both local and international iron ore operations**
- **Drive Glenover strategy and commission P-Concentrate and SSP production**
- **Efficiency drive and improved market should ensure solid performance in Construction Materials**
- **Close Lafarge deal and ensure integration**
 - **Awaiting Competition Commission approval**
- **Industrial Minerals should deliver recovered results due to investments to counter loadshedding**
- **Maintain good cash flow and capitalise on strategic initiatives and future opportunities**

Core message



Consistently
delivering good
results in a
challenging
environment

Substantial progress
on strategic projects
for sustained growth

Company culture and high standard of
execution supports Group moats



| | |
|---------------|---|
| April 2024 | Trading update |
| May 2024 | Announcement of annual results |
| June 2024 | Investor open day Integrated annual report posted |
| August 2024 | Annual general meeting |
| October 2024 | Trading update |
| October 2024 | Announcement of interim results and interim dividend |
| December 2024 | Interim dividend payment |

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