



**CONSISTENTLY
DELIVERING**

 **AFRIMAT**[®]
LIMITED

**Audited summary
consolidated financial statements**
for the year ended 28 February 2023

2023



Core message



Strategy is working
and providing a
trajectory for
sustained long-term
growth

Substantial progress
made on strategic
projects

Company culture and high standard of
execution supports Group moats



1

WHY WE EXIST

*Consciously making a difference
through excellence with integrity*



Vision, values and way

Everything in an atmosphere of joy and positivity

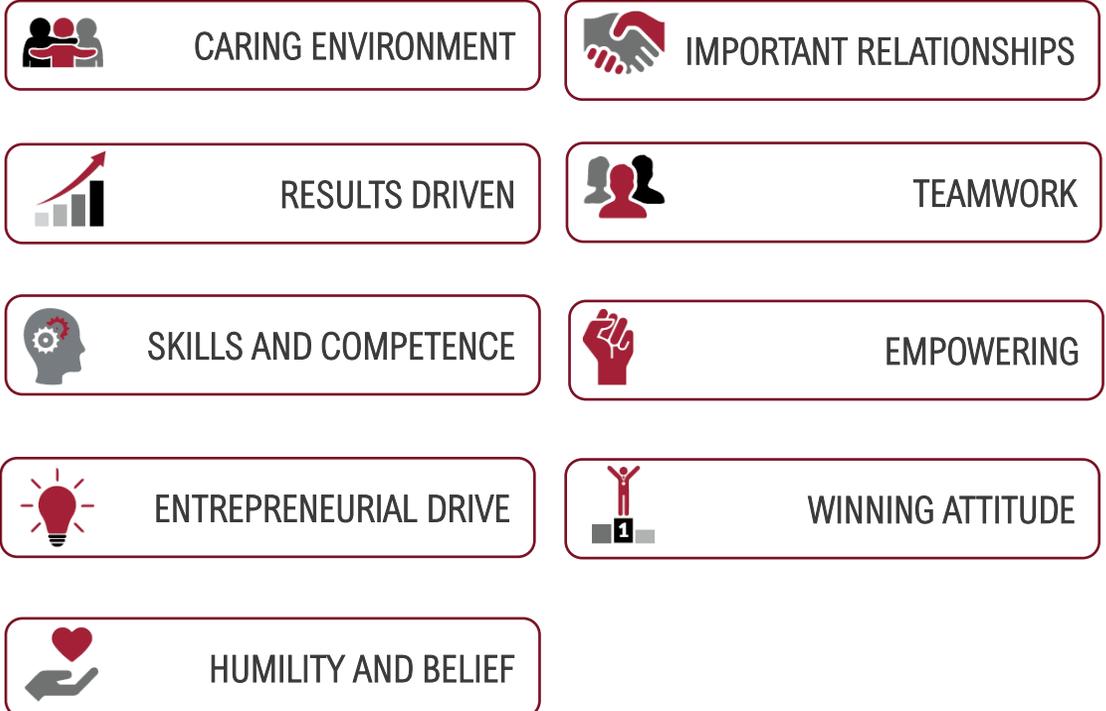
VISION

To be globally respected for excellence in unlocking and enhancing the earth's mineral potential to build a better world

VALUES

- Trust
- Accountability
- Integrity
- Teamwork
- Respect
- Safety
- Customer satisfaction

THE AFRIMAT WAY



2

WHAT WE DO



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

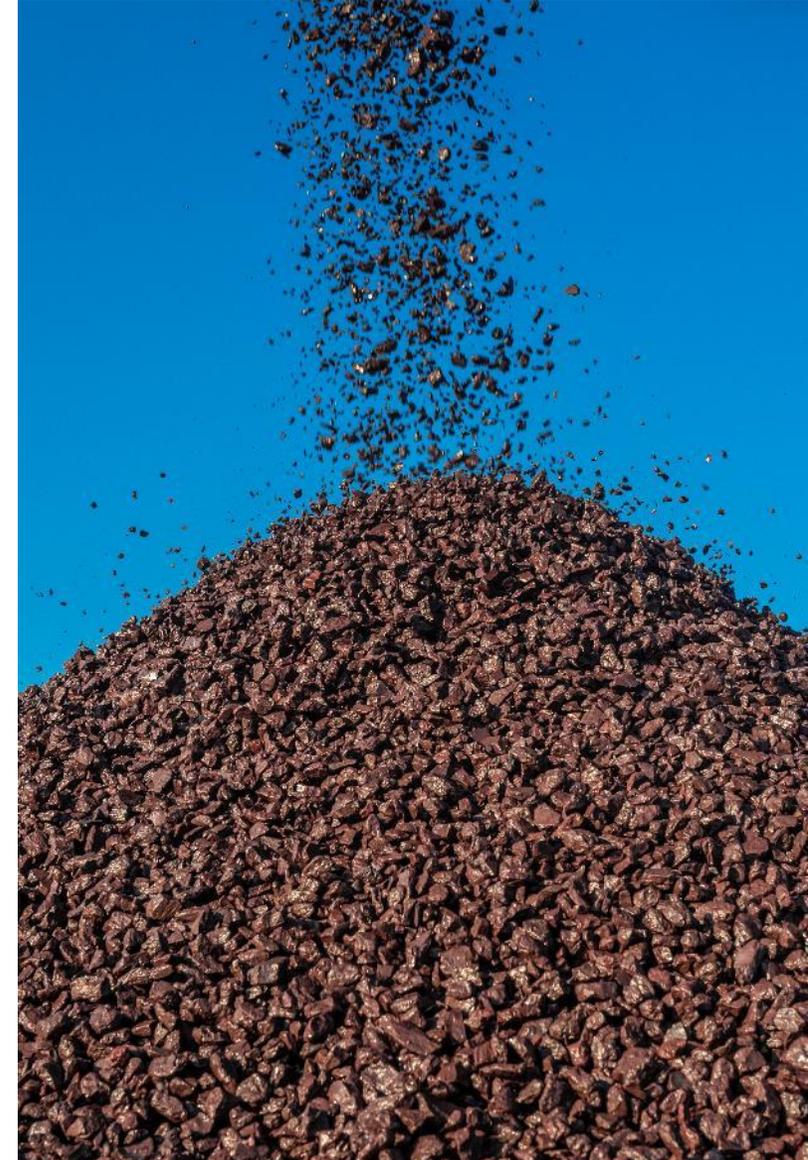
What we do

PAT CAGR of 18,9% (Feb 2009 – Feb 2023)



- Track record of excellence and core competence in mid-tier mining and materials supply
- Listed in the general mining sector
- Well diversified across different industries, commodities and processes to ensure consistent delivery
- Superb track record of acquiring, assimilating and then growing businesses
- Positioning towards longer life-of-mine (LOM) assets with increased volumes

Return on net operating assets 24% (2022: 33%)



Our portfolio

Structured for diversification



CONSTRUCTION MATERIALS



Aggregates | concrete products | readymix

- 30 commercial quarries
- 26 commercial readymix concrete plants
- Largest clinker ash processor in South Africa - 1,5 million tonnes
- 11 precast facilities

INDUSTRIAL MINERALS



Limestone | dolomite | industrial sands

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

BULK COMMODITIES



Iron ore | anthracite

- 3 iron ore mines
- 1 anthracite mine

FUTURE MATERIALS & METALS



Phosphate | vermiculite | rare earth elements

- Phosphate, vermiculite and rare earth minerals

Quarrying and open cast mining

More sophisticated processes

Highly-specialised processing

Rationale for and result of diversified structure

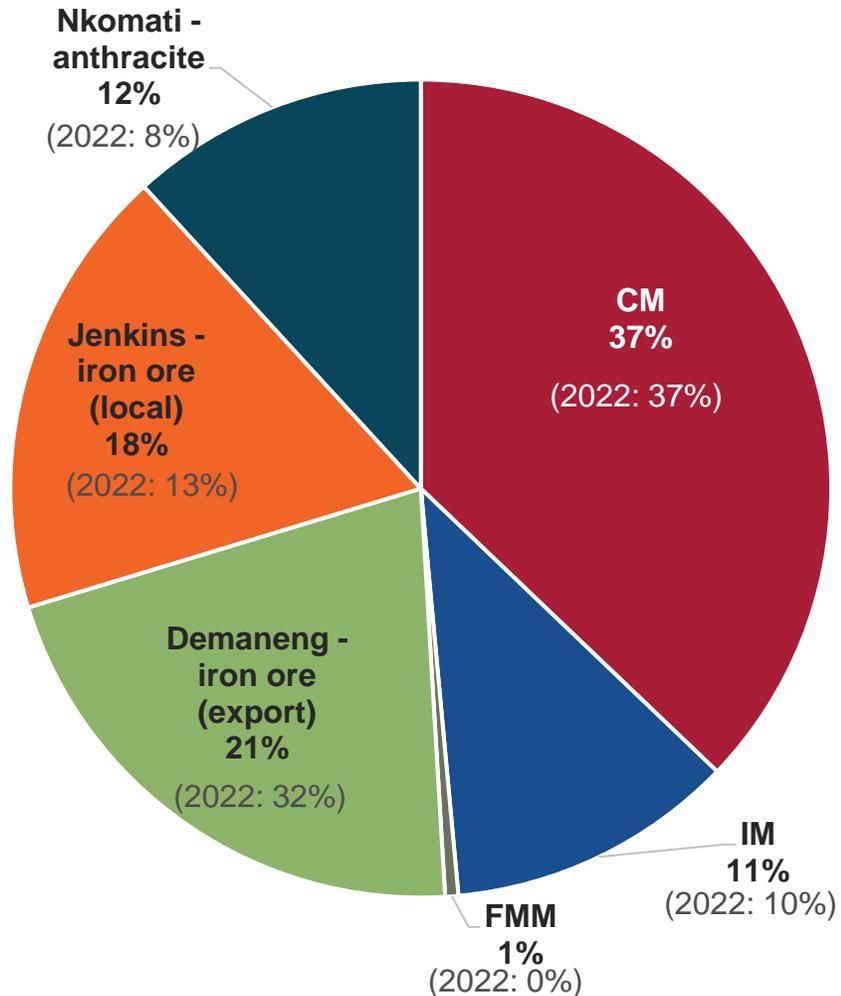
- Good blend of locally and internationally priced commodities
- Exposure to different currencies
- Exposure to different economic cycles
- Similar operational skills
- Smooth growth for more than a decade
- Allowing for longer life-of-mine
- Creates many opportunities



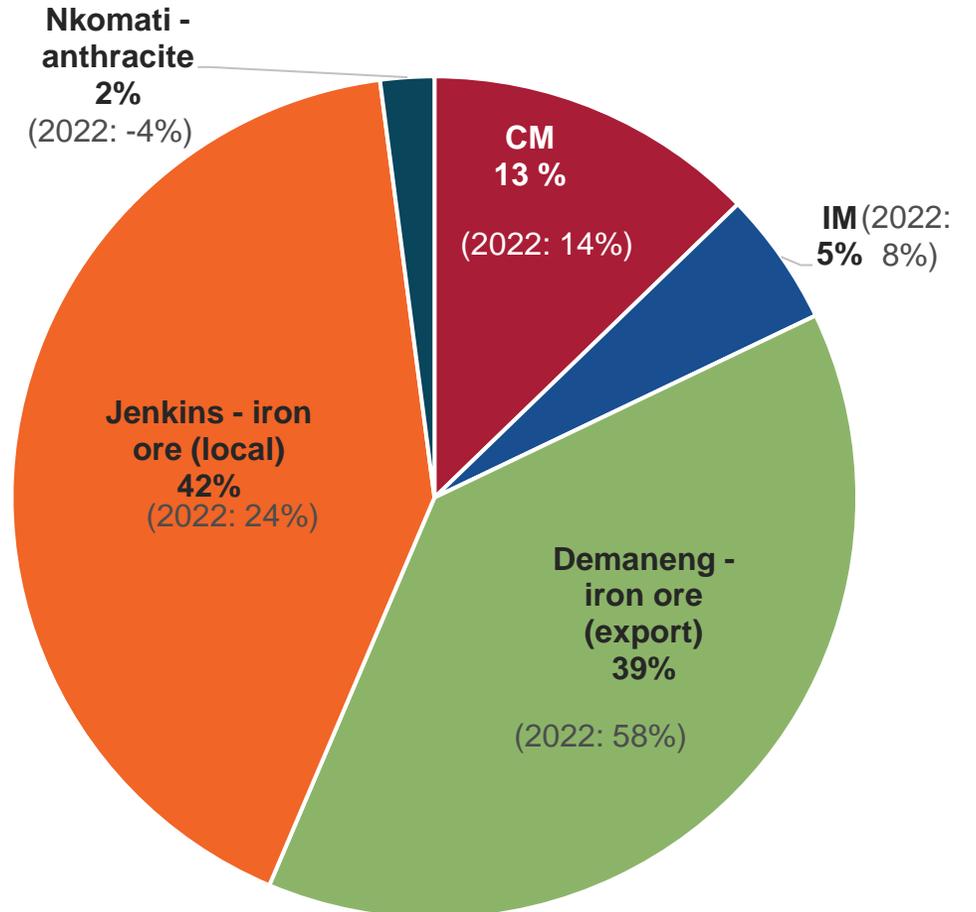
Deeper segmental diversification

A more sustainable mix in Bulk commodities

2023 revenue contribution



2023 Operating profit contribution



1 UNIQUE COMPETITIVE ADVANTAGE

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

2 RESPECT FOR CAPITAL AND ITS ALLOCATION

- Strong balance sheet
- RONA of 24%
- Consistent cash generation

3 EXECUTION

- Multi-discipline approach to project execution
 - Business development
- All teams provide input and back-up in their respective areas of expertise
 - Finance, legal, community relations, authority relations, logistics, marketing etc.
- Resilient, disciplined execution

1. Continuously improve performance from existing assets – operational efficiency
2. Ensure sustainable value from Nkomati anthracite mine
 - Implement a well-designed life-of-mine plan
3. Further increase the value from the Coza transaction
 - Increase volumes from Jenkins
 - Erect and commission the fixed crushing and screening plant
 - Start low volume production from Driehoekspan
4. Commence with the strategy implementation at Glenover

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 44 mining licenses, rehabilitation and carbon neutrality strategy



Meet an Afrimatter



Family background

- Umlazi KZN, from a big family of 12 siblings
- Mangosuthu University of Technology in Umlazi, studied Mechanical Engineering
- Kim is a proud mother of two boys

Afrimat journey

- Kim joined Afrimat in 2017 as a Mechanical Engineering Intern
- In 2019 she was appointed as a Plants-lady in Hluhluwe until March 2021
- Promoted to our first female Production Supervisor at the Mkhuzi Site
- Currently, Kim's journey with Afrimat continues as a Branch Manager in Ulundi ACP

Values

- Team-oriented and always seeks to cultivate a familial and trusting team
- Values important relationships with the Afrimat team
- Asserts her authority as leader as respectfully as possible

Why Afrimat

- Counts herself fortunate to be part of a team that shares the same drive and goals.
- Loves that in Afrimat you are not just a number; everyone is treated equally and supported. Even when she is the youngest woman among most of her colleagues (in a male-dominated industry), Afrimat makes her feel right at home!



Kim Mzimela
Branch Manager (Ulundi ACP)

People management



2,668
employees

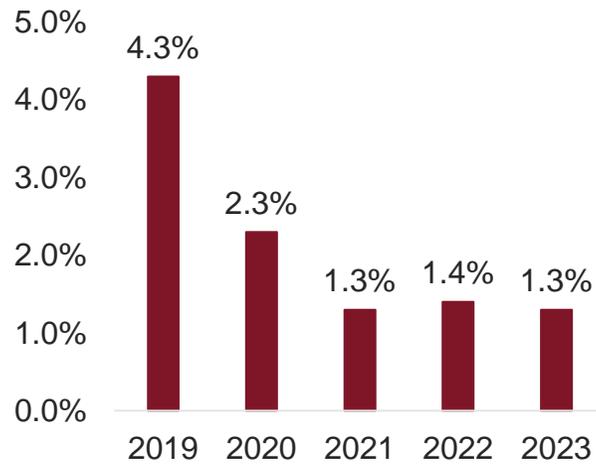
11,836 training
days

486 new
employees hired

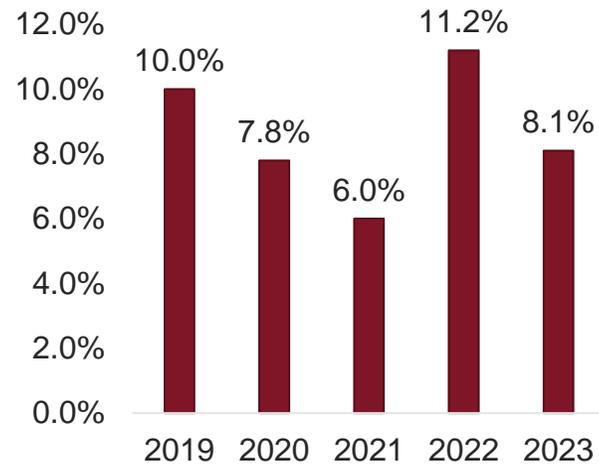
81 bursaries
awarded to staff

Staff wellness
programme

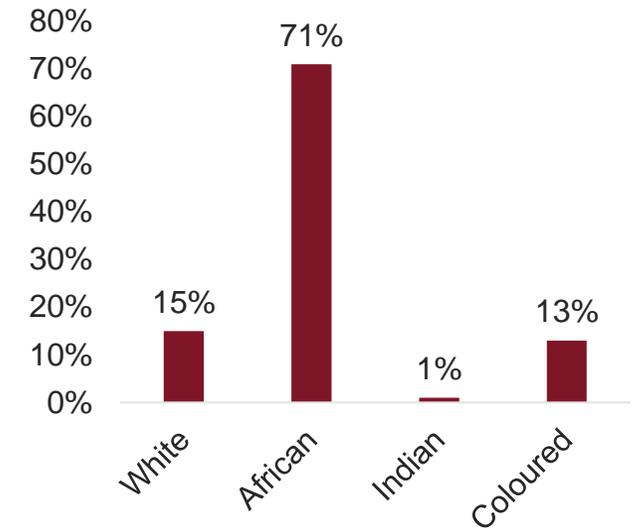
Absenteeism



Attrition

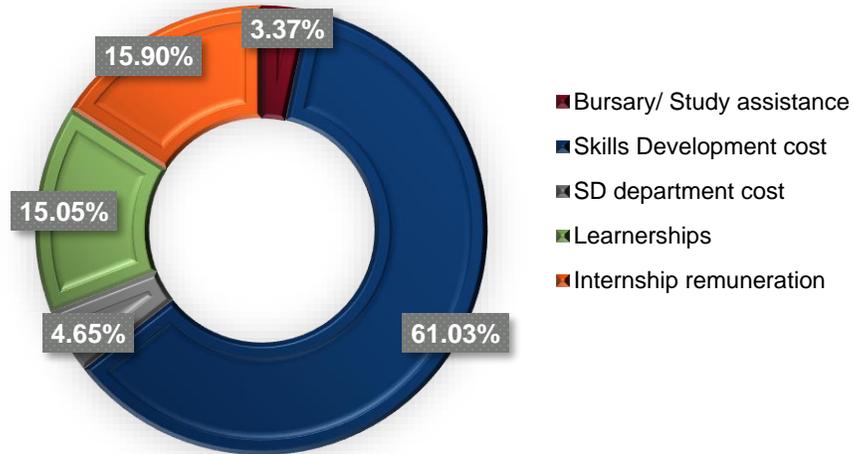


Staff composition

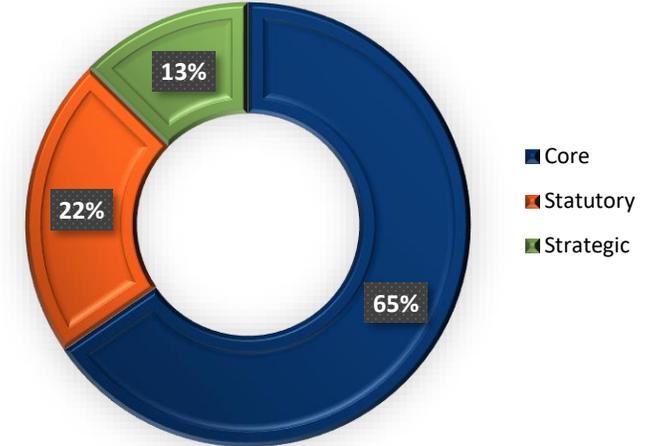


- Financial information

Learning and development F2023



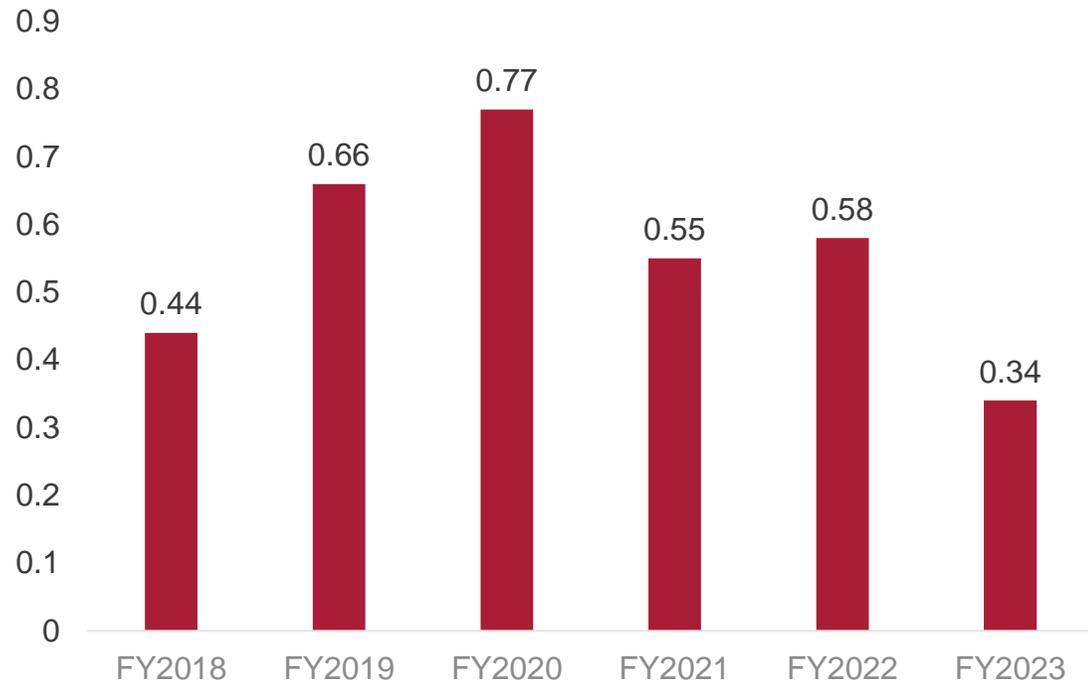
Skills development



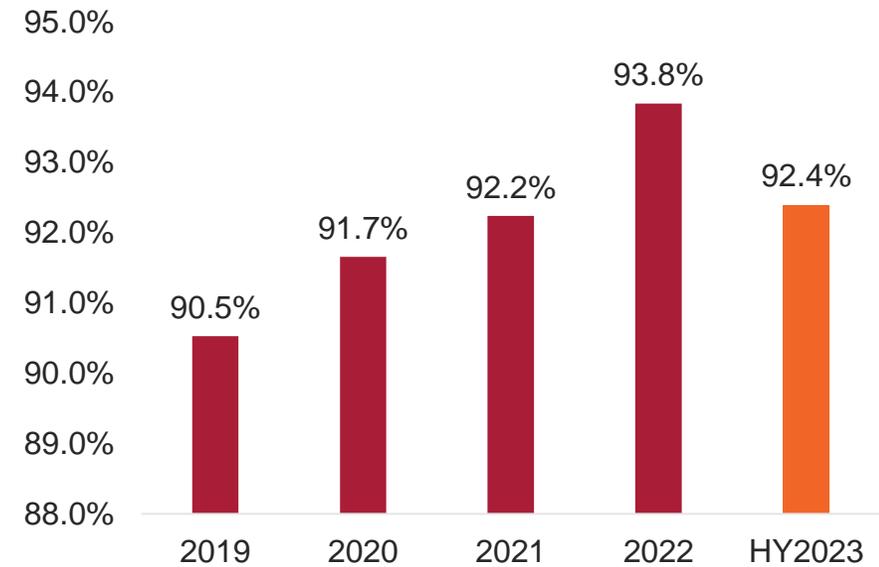
Description	F2023	F2022
Total cost for learning and development	R38.1 m	R30.1 m
Skills development cost as % payroll	5%	6%

- Agreement value of:
 - Study assistance - R2.6 m
 - Bursaries - R1.2 m

LTFR Progress



ASPASA ISHE Audits



- *The mines at Langvlei and Vredendal are included for the first time in the ASPASA audit*

Social license
to operate

Access to market for local
small medium micro enterprises

Job readiness program



Renovation and extension of Steenbok clinic

75 sites across
South Africa

CSI spend in
F2023
R12,3 m



Madadeni community hall

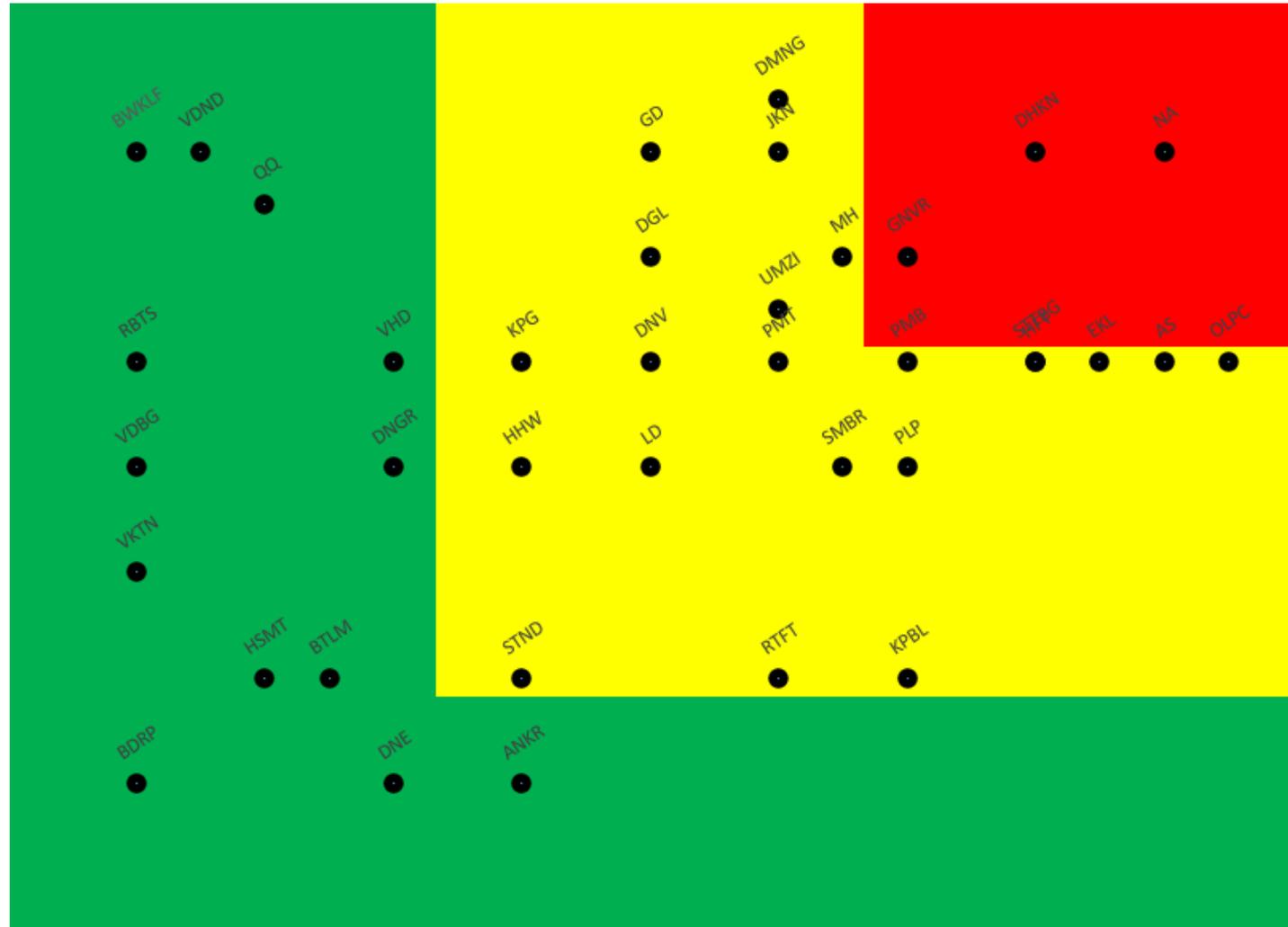


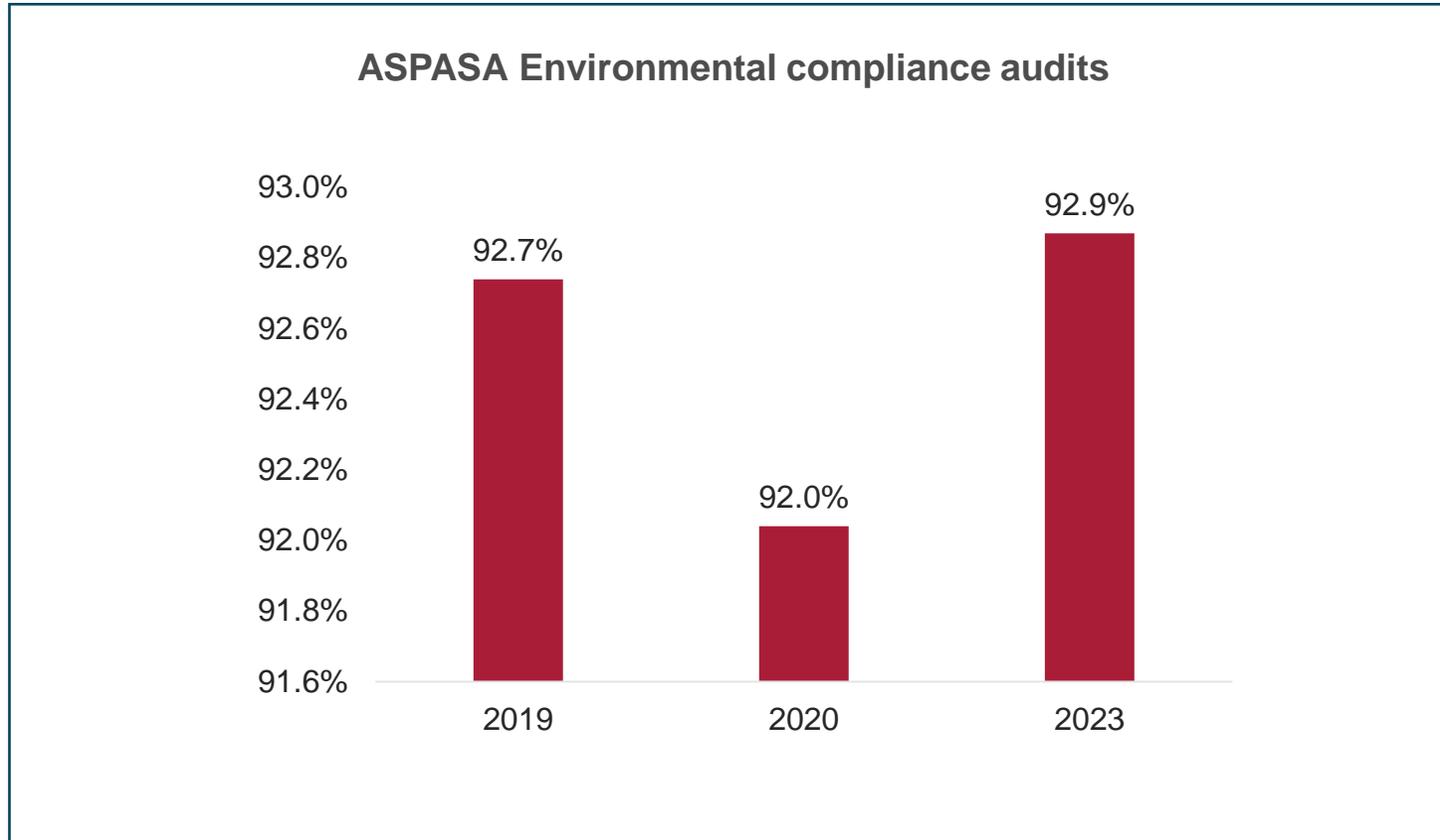
Early childhood development programme



Community relations - Risk matrix

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



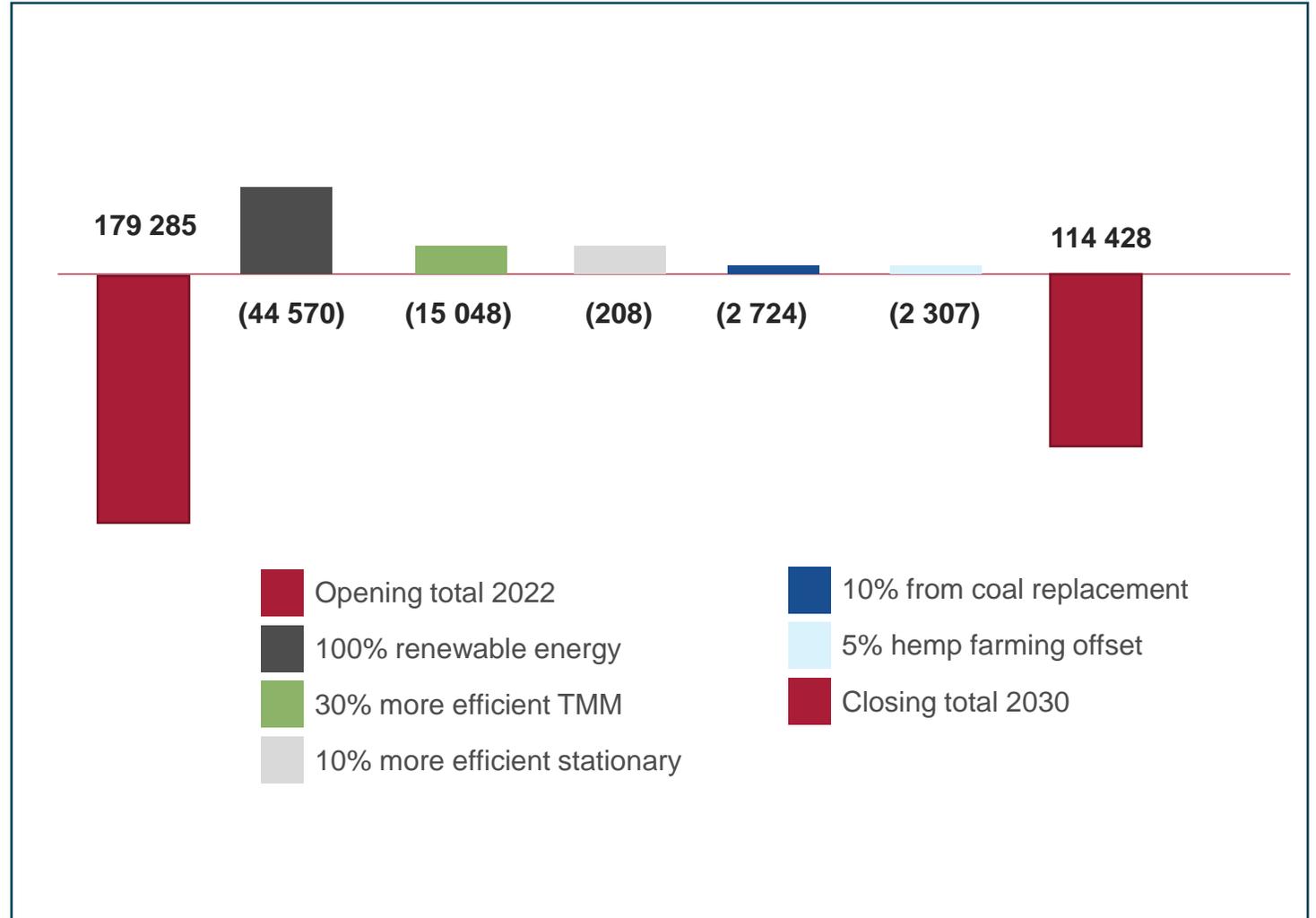


Carbon neutral strategy

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



Financial highlights



Up 4,9% to R4,9 billion

Group revenue

457,6 cents

HEPS

110,0 cents per share

Final dividend

19,6%

Operating profit margin

19,4% up to 2 591 cents

Net asset value

24,0%

Return on net operating assets

4,4%

Net debt:equity ratio

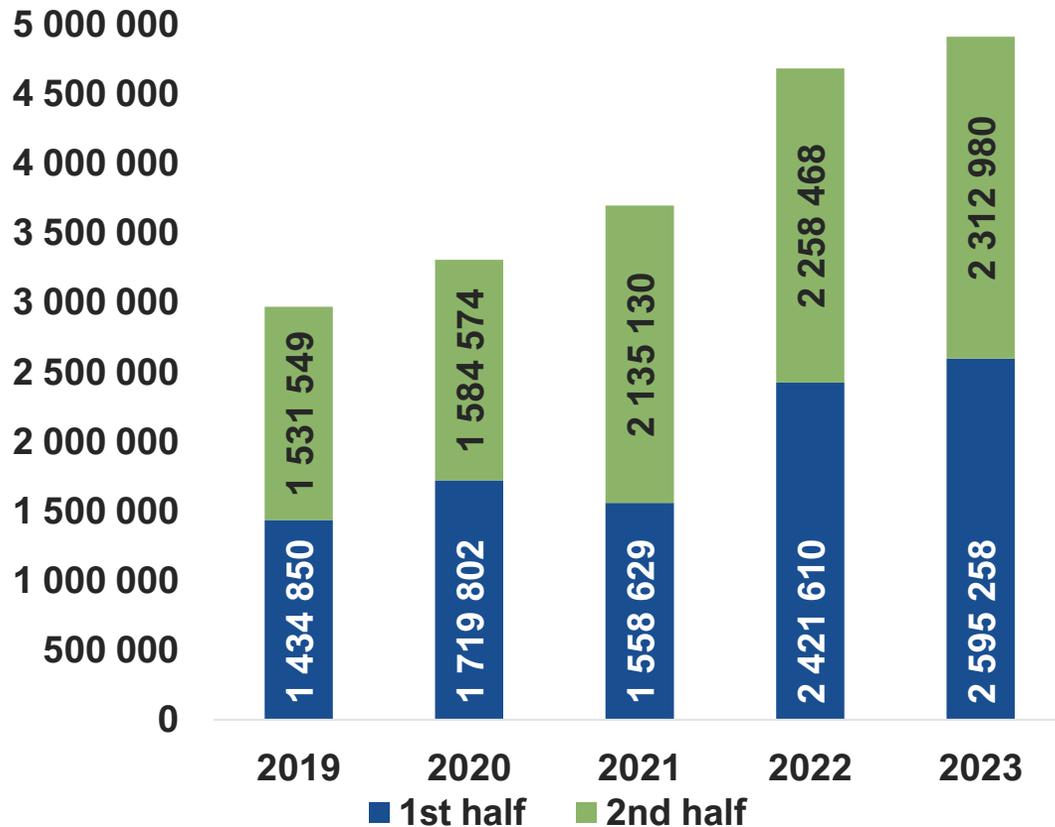
R1,0 billion

Net cash from operating activities

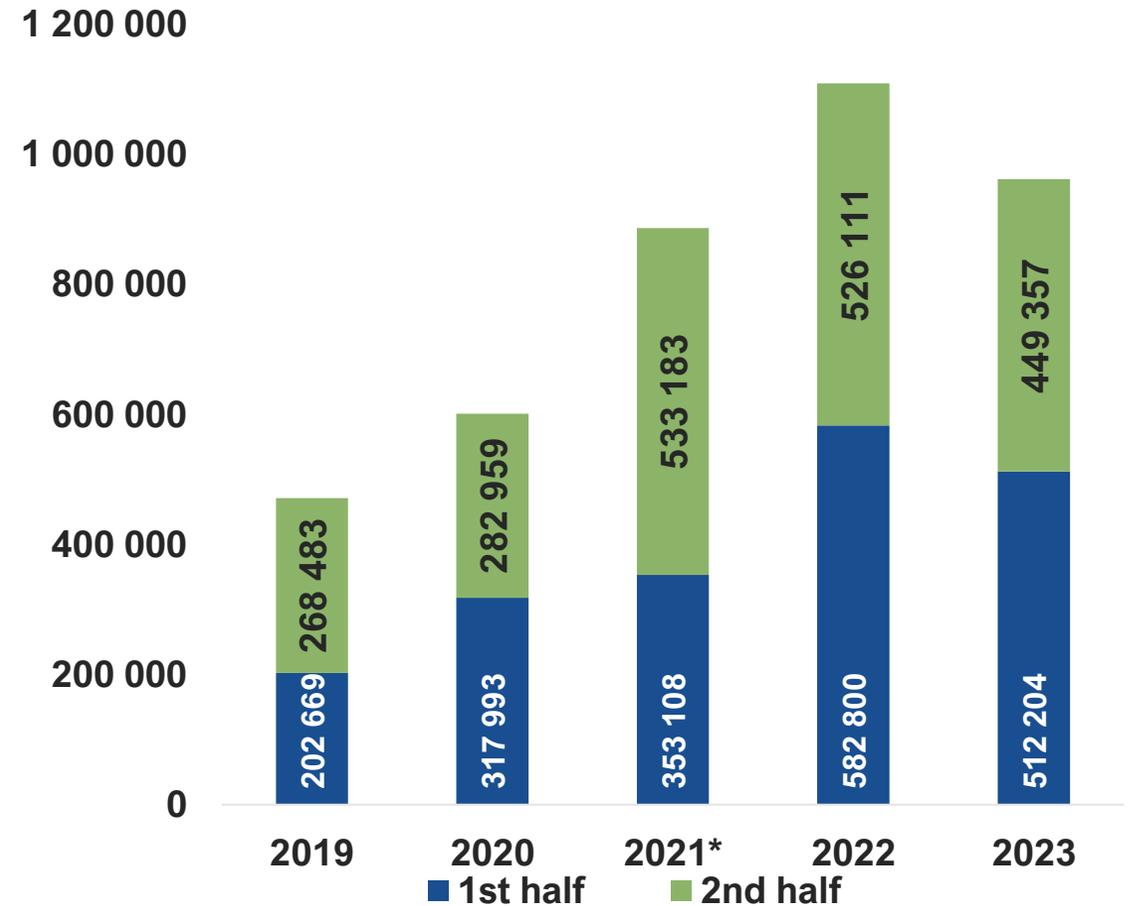


Revenue and operating profit

Revenue (R'000)



Operating profit (R'000)



* As previously reported

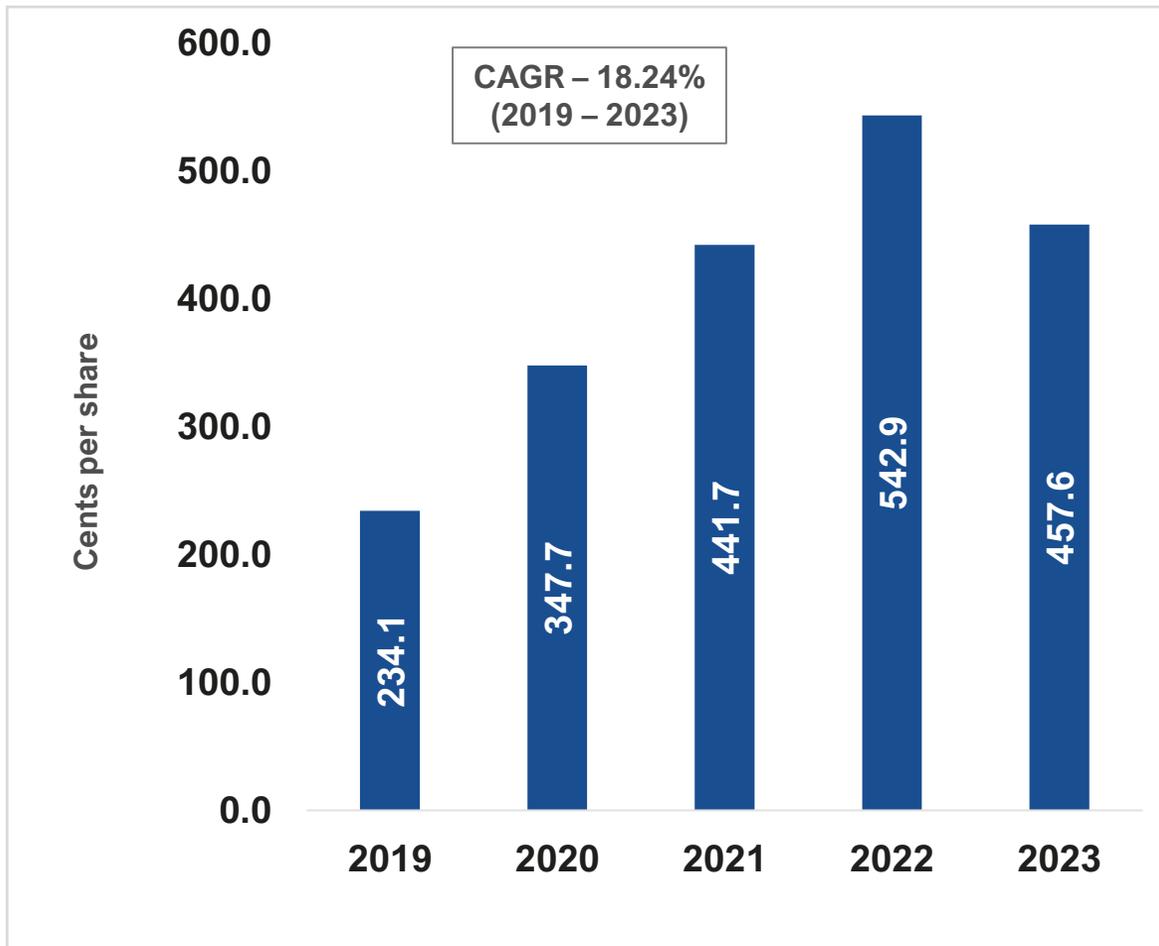
Operating profit margin

Operating profit margin	FY2023	FY2022	FY2021*
Construction Materials	7,2%	9,0%	6,6%
Bulk Commodities	31,8%	35,7%	46,4%
Industrial Minerals	8,9%	18,0%	10,8%
Overall	19,6%	23,7%	24,0%

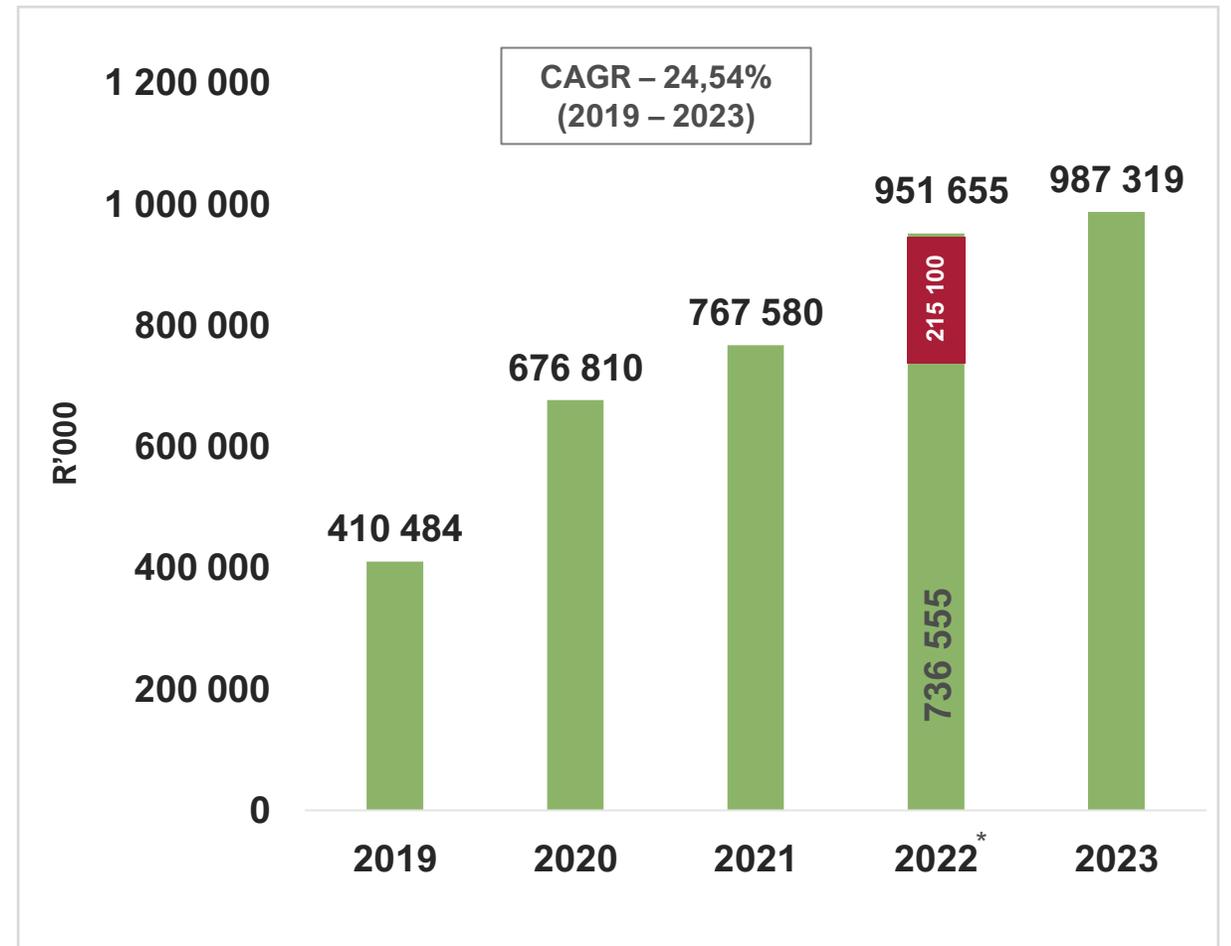
* As previously reported



HEPS (full year)



Net cash from operating activities (full year)



* Includes the acquisition of stockpiles of Glenover "sale of asset agreement"

Statement of financial position

Assets



R'000	Audited Feb 2023	Audited Feb 2022
Property, plant and equipment	3 326 059	2 696 448
Intangible assets	260 252	213 335
Inventories	673 339	568 266
Trade and other receivables	742 060	793 343
Cash	281 037	290 633
Other assets / deferred tax	398 385	464 222
Non-current assets held for sale	-	20 050
Total assets	5 681 132	5 046 297

Statement of financial position

Equities and liabilities



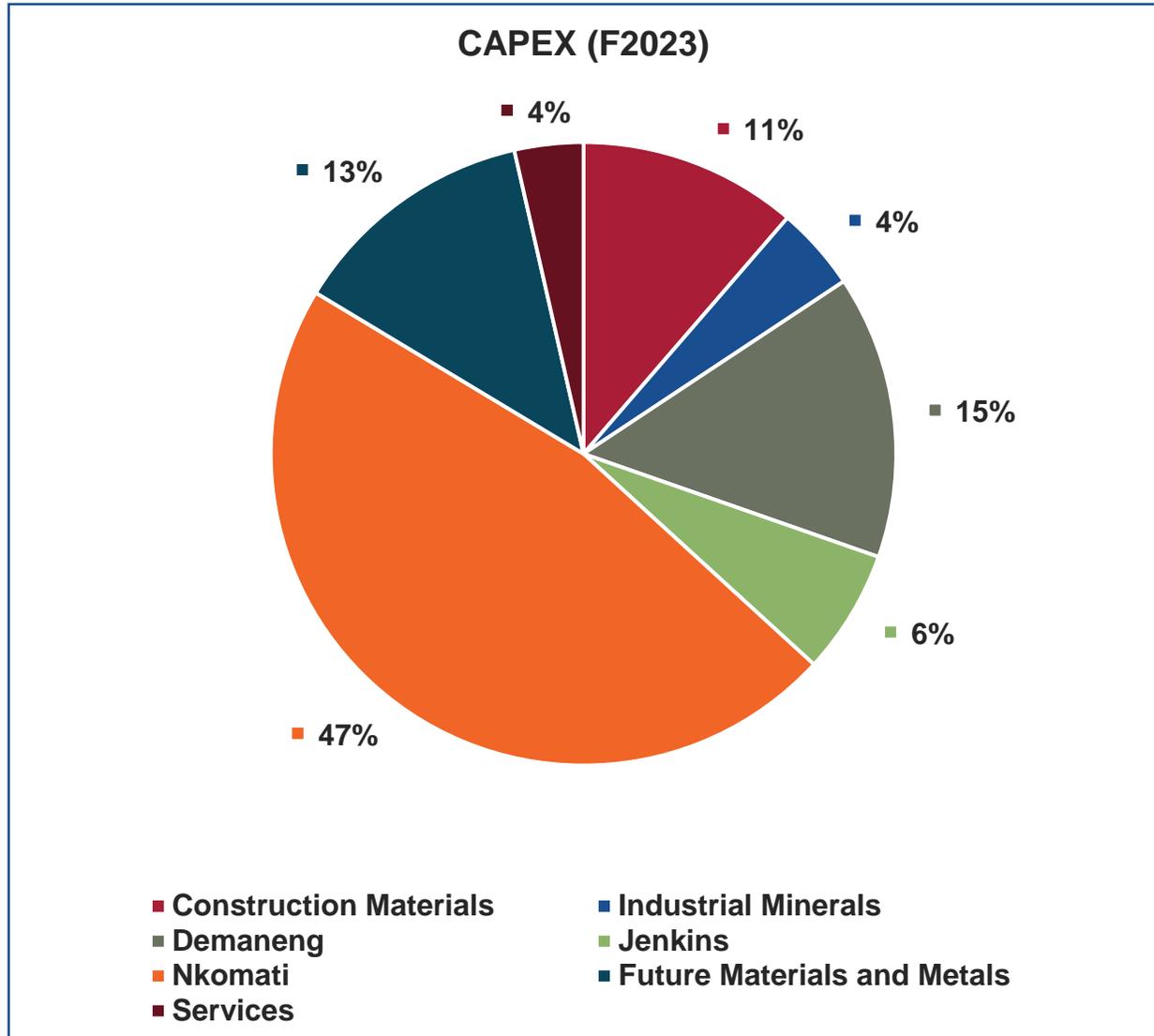
R'000	Audited Feb 2023	Audited Feb 2022
Total equity	3 849 014	3 007 200
Borrowings	312 576	643 826
Provisions	290 960	265 252
Overdraft	-	1 805
Trade and other payables	703 870	663 729
Other liabilities / deferred tax	524 712	464 485
Total equities and liabilities	5 681 132	5 046 297

Debt:equity ratio improved to 4,4% (2022: 12,1%)

Provision for iron ore pricing

Trade and other receivables R'000	Audited Feb 2023	Audited Feb 2022
Trade receivables – net	428 426	427 387
Trade receivables at fair value through profit or loss	160 355	142 362
Provision for final price adjustment	35 990	122 967
Other	117 289	100 627
Total trade and other receivables	742 060	793 343

Total capital expenditure



■ Bulk Commodities

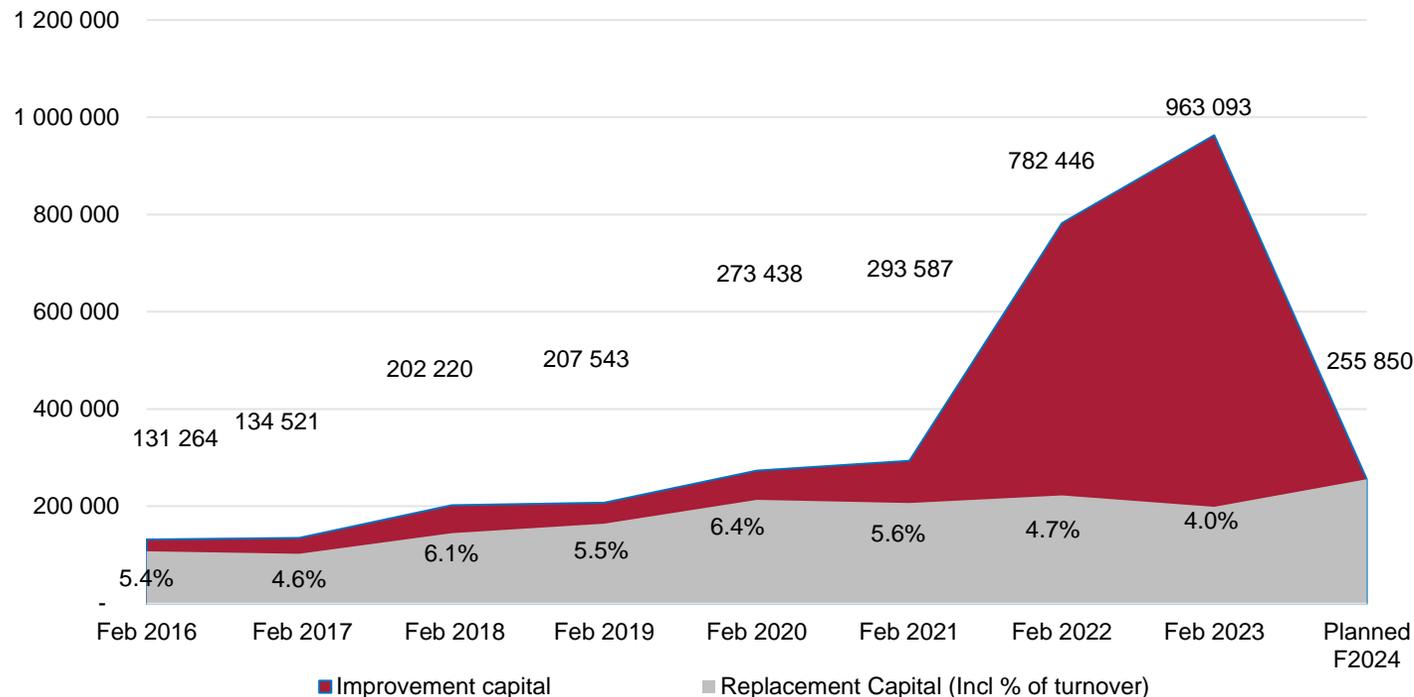
- Developing of an underground mine and opening of two opencast pits at Nkomati mine
- Mine development cost to access additional source at Demaneng mine
- Completion and commissioning of fixed crushing plant at Jenkins mine

■ Future Materials and Metals

- Acquisition of Vermiculite Mining Right, R34,9 m and site establishment costs

Total capital expenditure

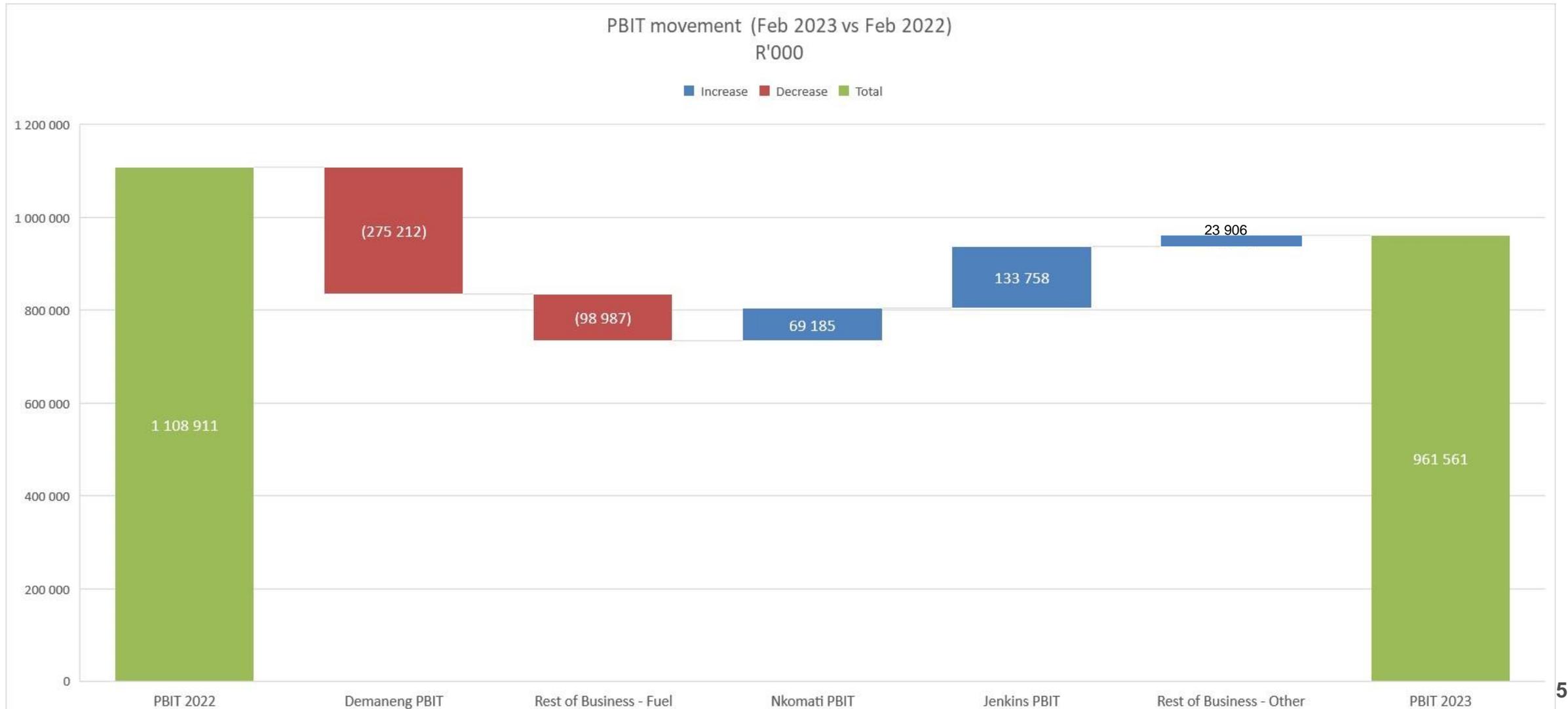
Capital Expenditure 2016 - Planned 2024 (R'000)



Improvement capital	Feb 2023	Feb 2022
Nkomati (developing of underground mine and other mine development, etc.)	R432 m	R54 m
Jenkins	R62 m	R400 m*
Demaneng (further opening of pit)	R103 m	R39 m
Afrimat Phosphates	R118 m	Rnil
Glen Douglas (solar plant)	R25 m	Rnil
Other (<R20 m)	R23 m	R67 m
Total improvement capital	R763 m	R560 m

* Including the acquisition of Coza mining asset

PBIT movement



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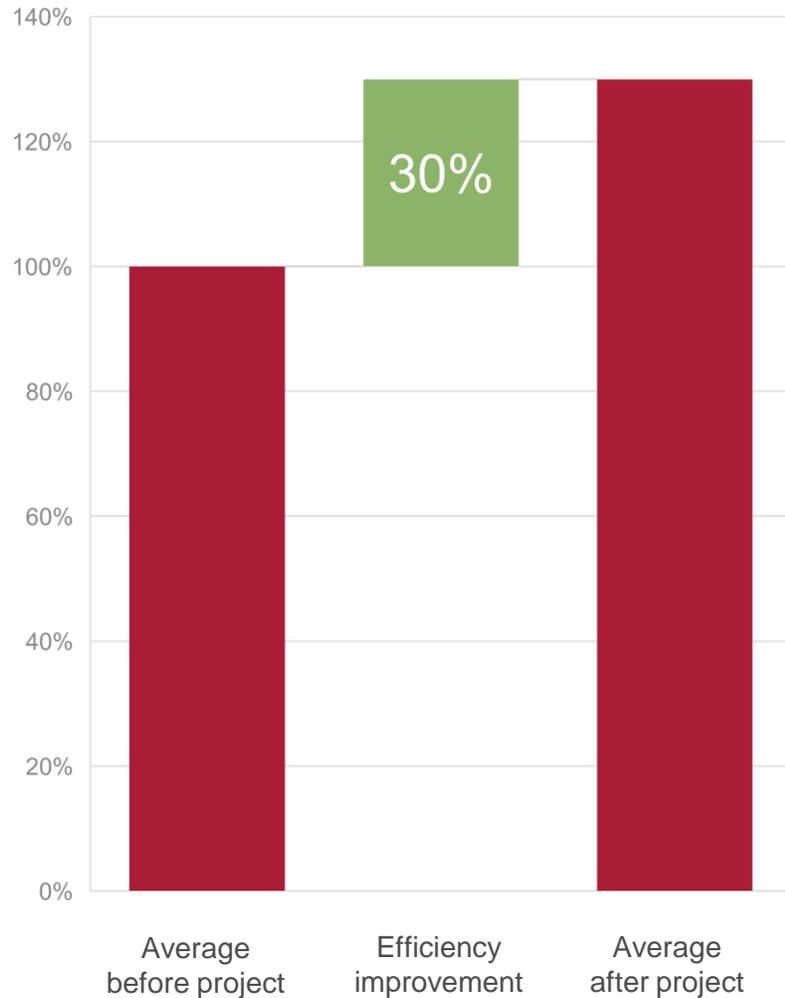
SEGMENTAL PERFORMANCE

The value of diversification

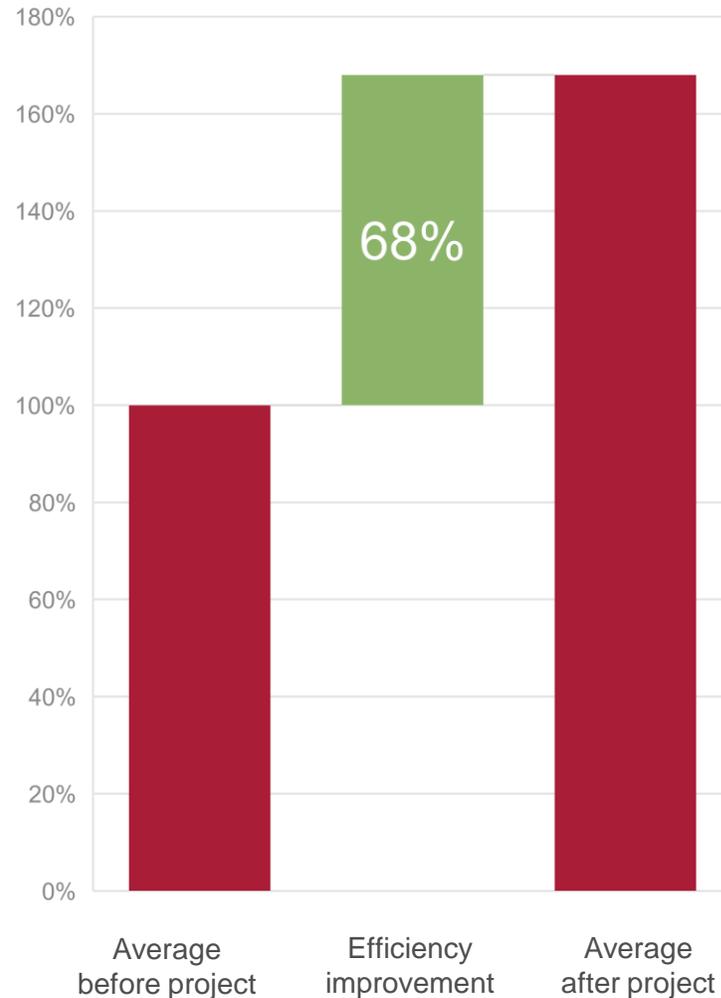


Fleet efficiency drive tons per machine hour

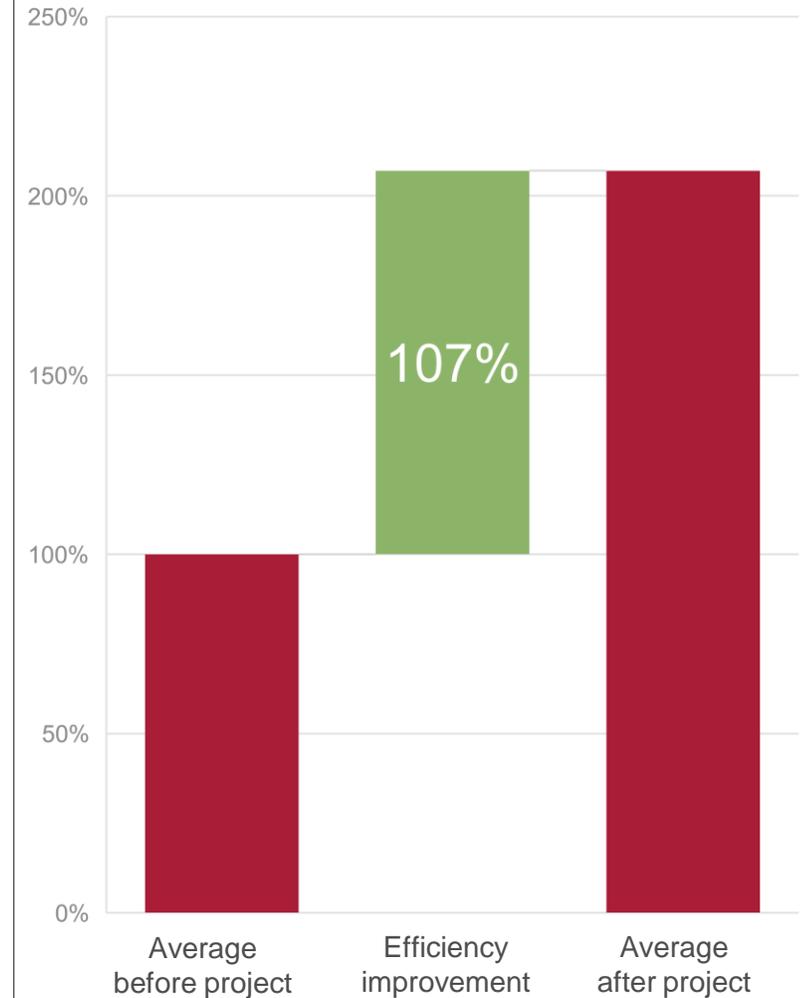
Nkomati



Jenkins

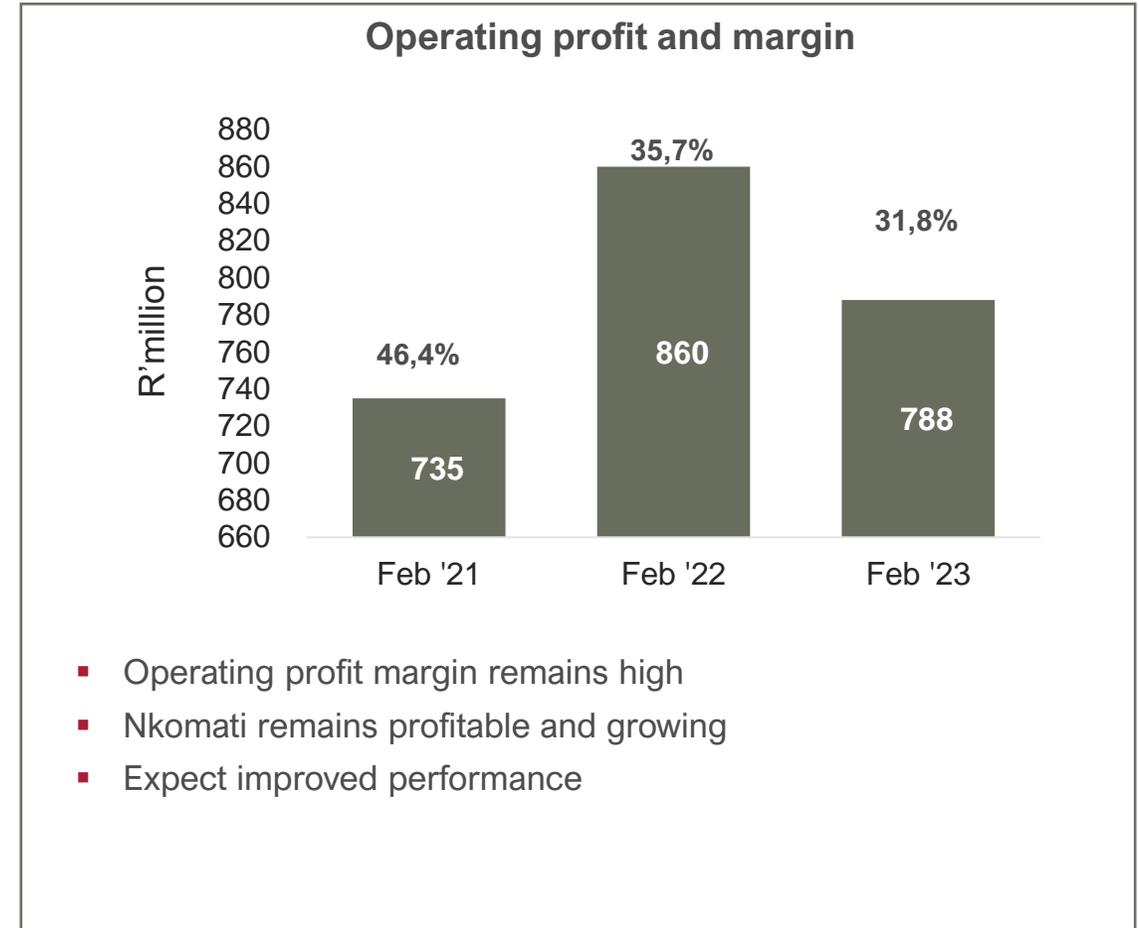
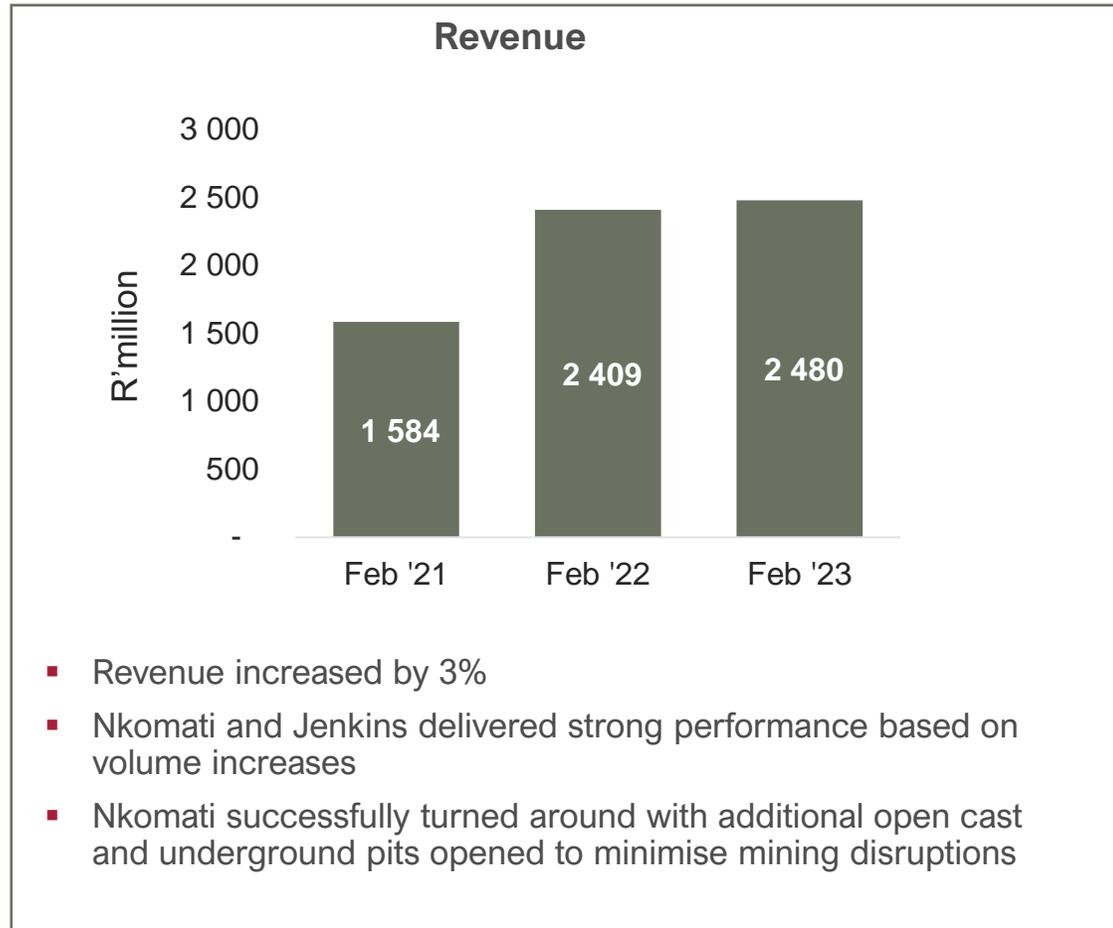


Glen Douglas





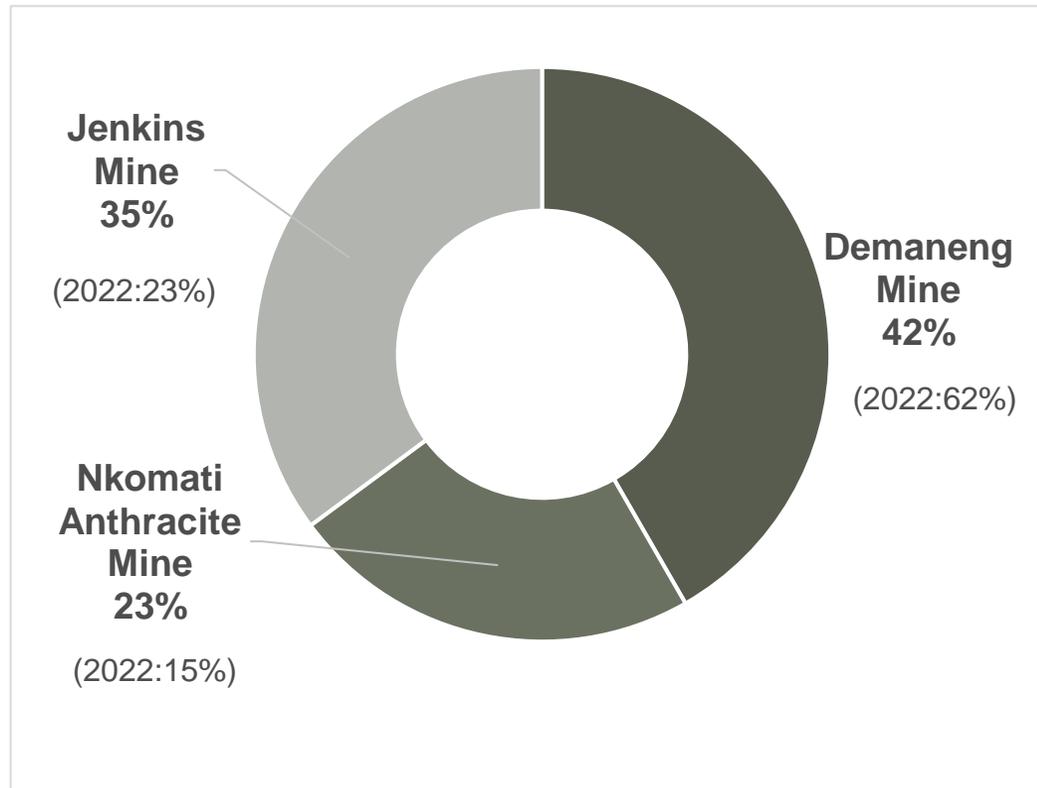
Another excellent performance based on product diversification



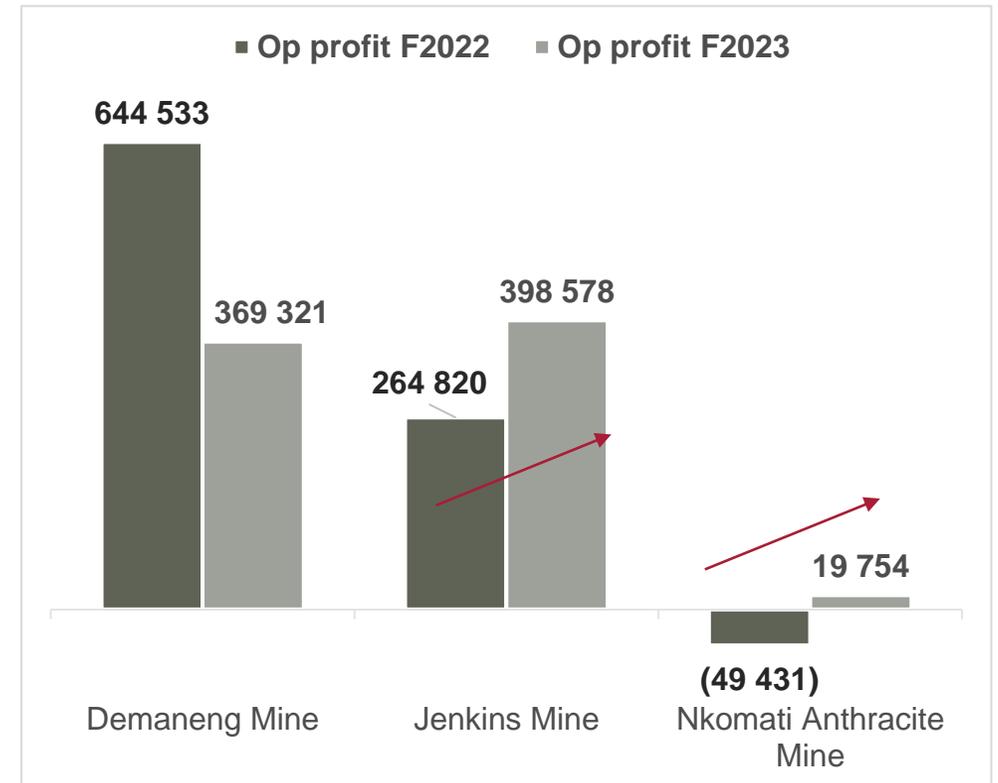
Composition of bulk commodities (F2023)

Segment contributed 51% of revenue and 82% of operating profit

Revenue contribution



Operating profit (R'000)



Nkomati anthracite mine

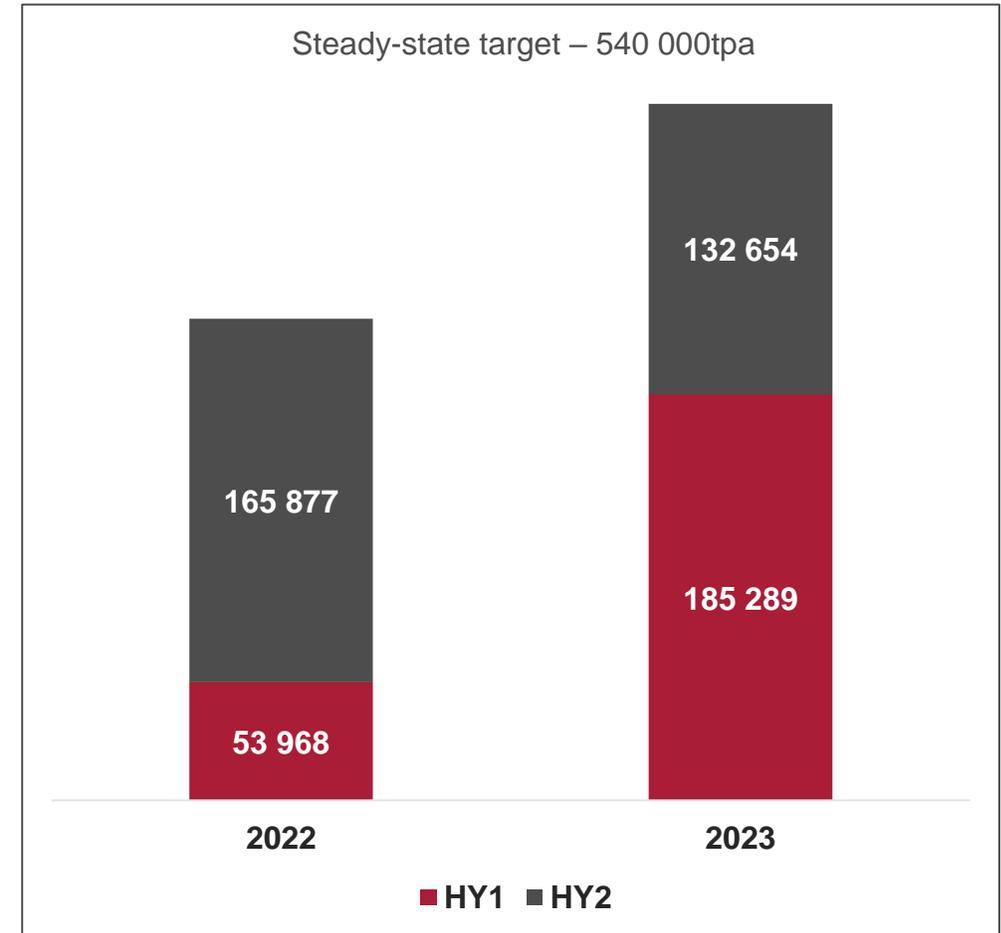
Life of mine: 20 years
 Market: Domestic
 Location: Mpumalanga



- Profitable with increased volumes to come
- Contributed 23,1% to the segment revenue
- Long-term life of mine enhanced by opening two opencast pits and underground operations
- New sources are expected to reduce overall stripping ratio
- Fixed-price contract

	Amount (R m)
Remaining planned spend	76
Capex spent (HY1 2022)	(14)
Capex spent (F2022)	(54)
Capex spent (F2023)	(451)

Volumes achieved (tonnes)



Jenkins iron ore mine

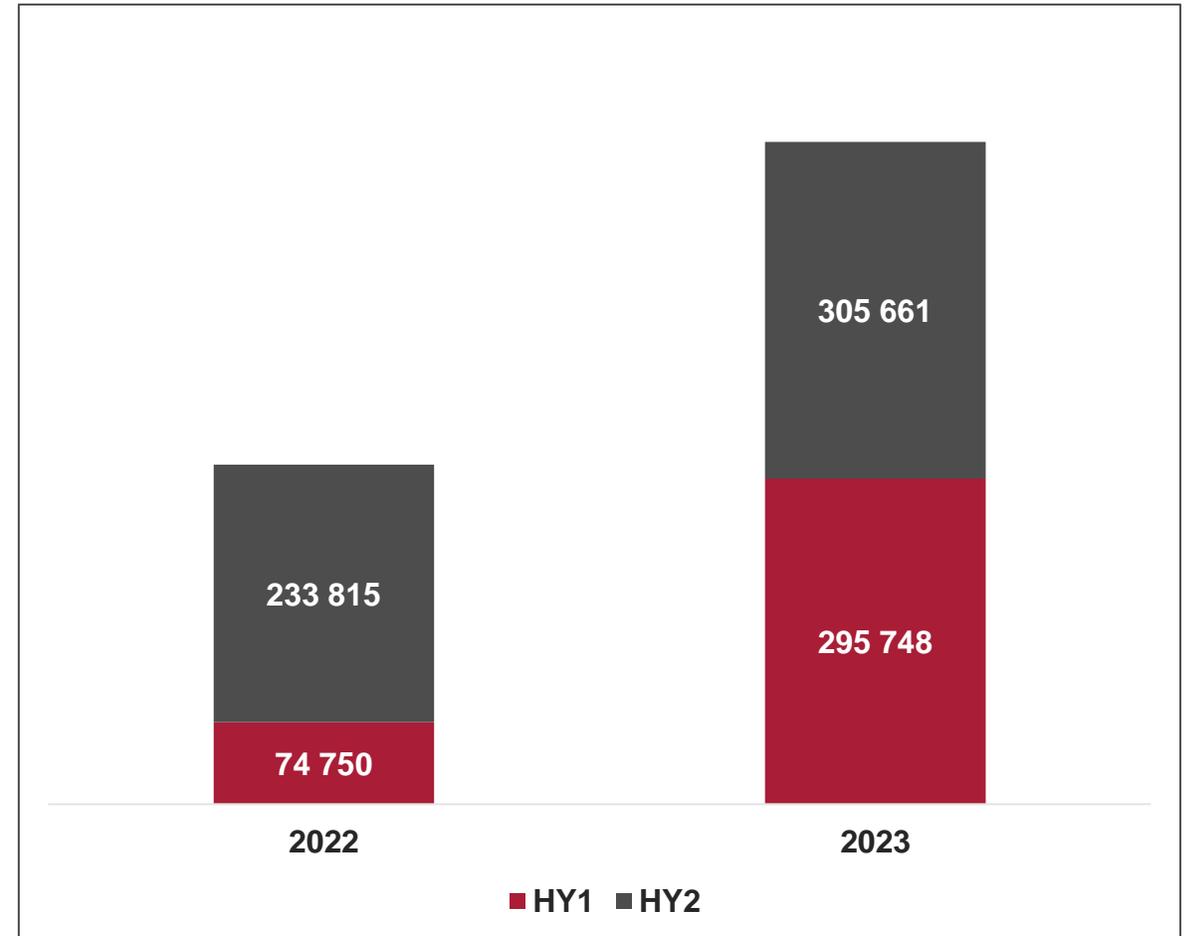
Life of mine: 11 years
 Market: Domestic
 Location: Northern Cape



- Fully operational
- Producing at required capacity
- Innovative technology solutions to optimise mine fleet efficiencies

	Amount (R m)
Remaining planned capex	30
Capex spent (HY1 2022)	(31)
Capex spent (F2022)	(79)
Capex spent (F2023)	(65)

Volumes achieved (tonnes)



Demaneng iron ore mine

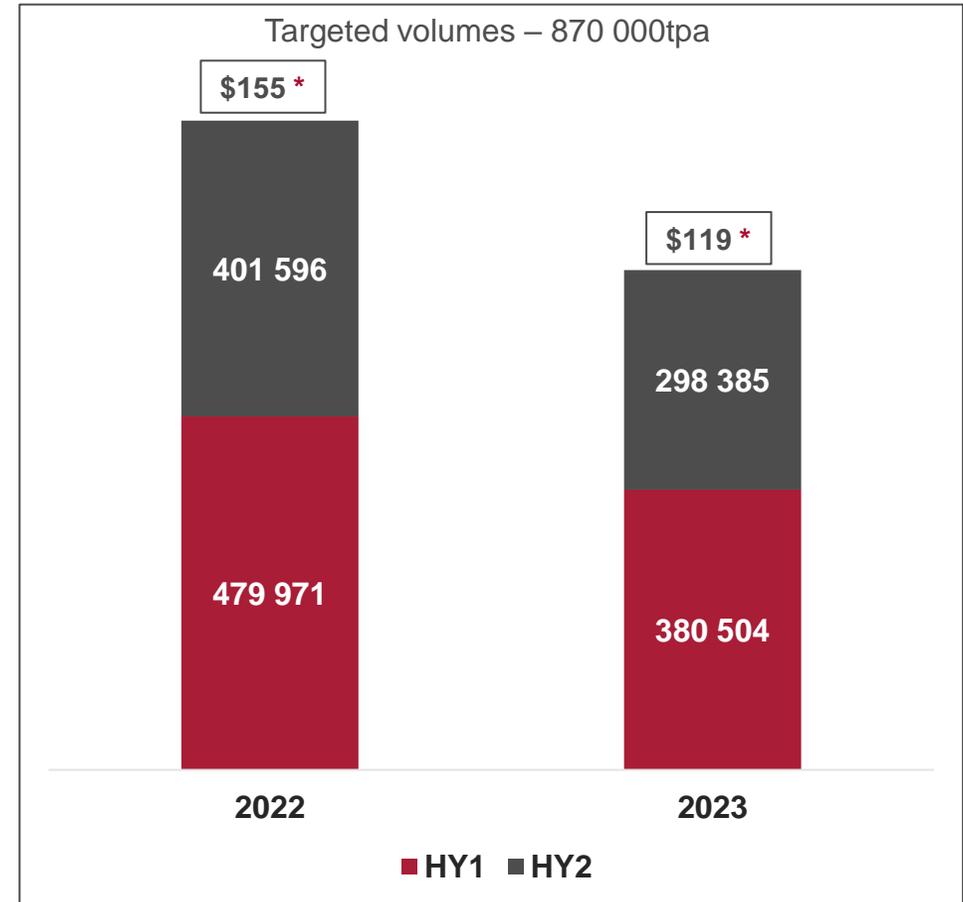
Life of mine: 4 years
 Market: International export
 Location: Northern Cape



- Lower international iron ore price
- Approaching end of LOM with slightly higher strip ratio
- Remain pleased with the performance
- Transnet provision of trains more consistent
- Driehoekspan in development phase and will start to contribute to the Northern Cape iron ore blend

	Amount (R m)
Capex spent (HY1 2022)	(15)
Capex spent (FY 2022)	(39)
Capex spent (FY 2023)	(135)*

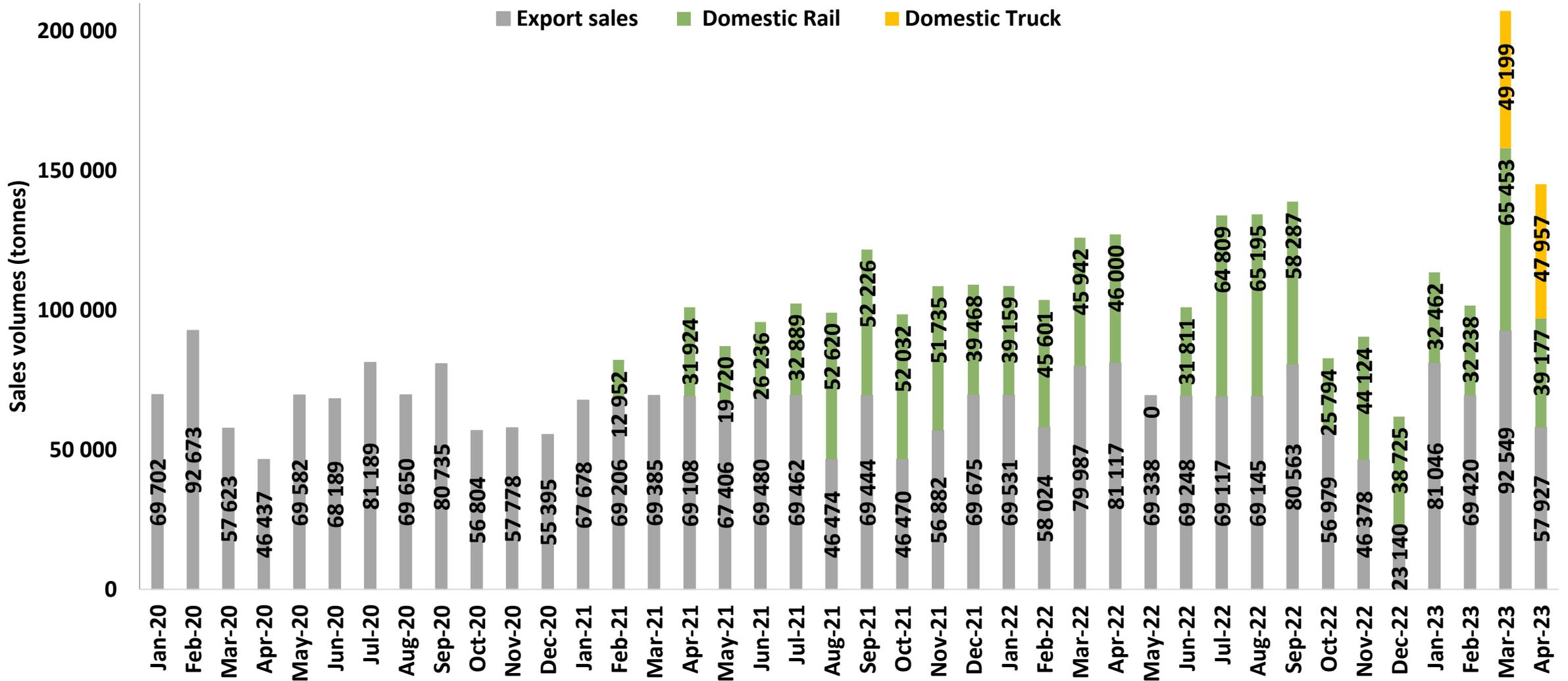
Volumes achieved (tonnes)



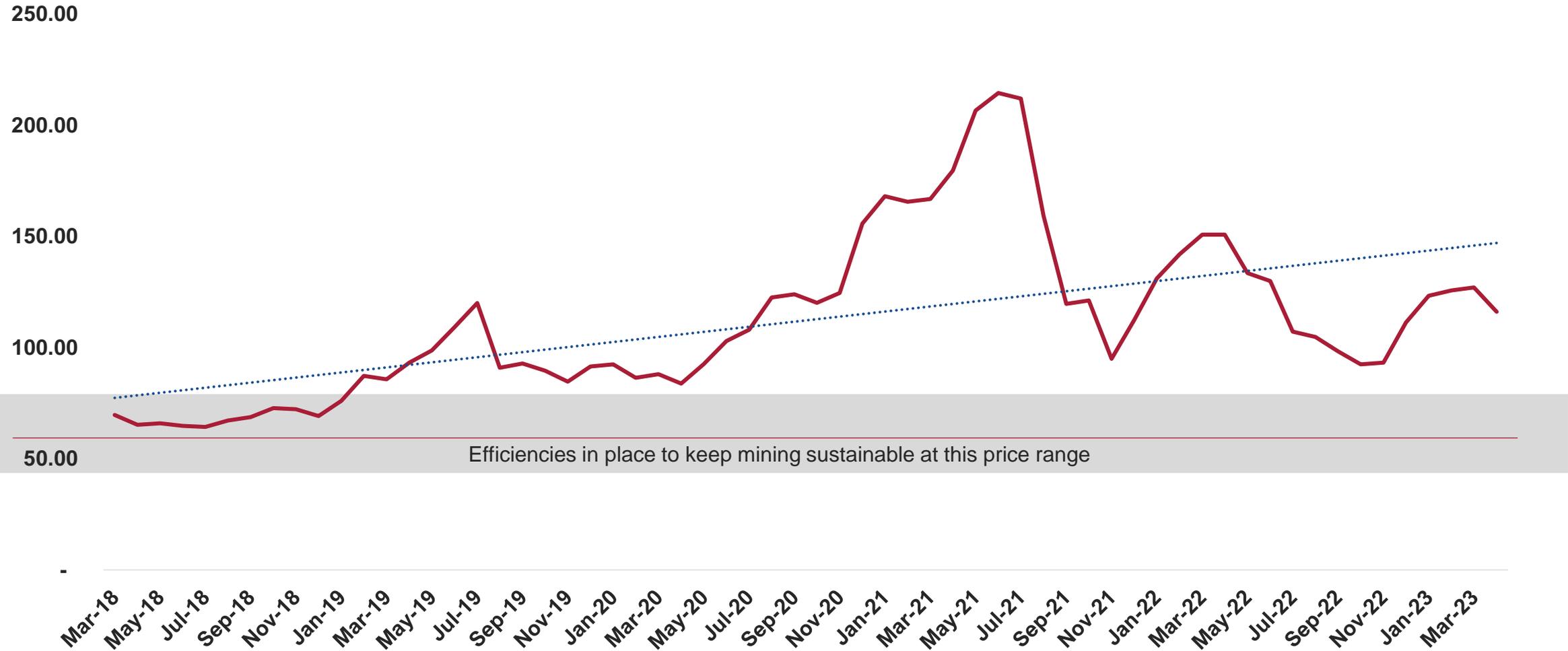
* Average US\$ for each respective period

* Mine development cost to access additional source to extend life of mine

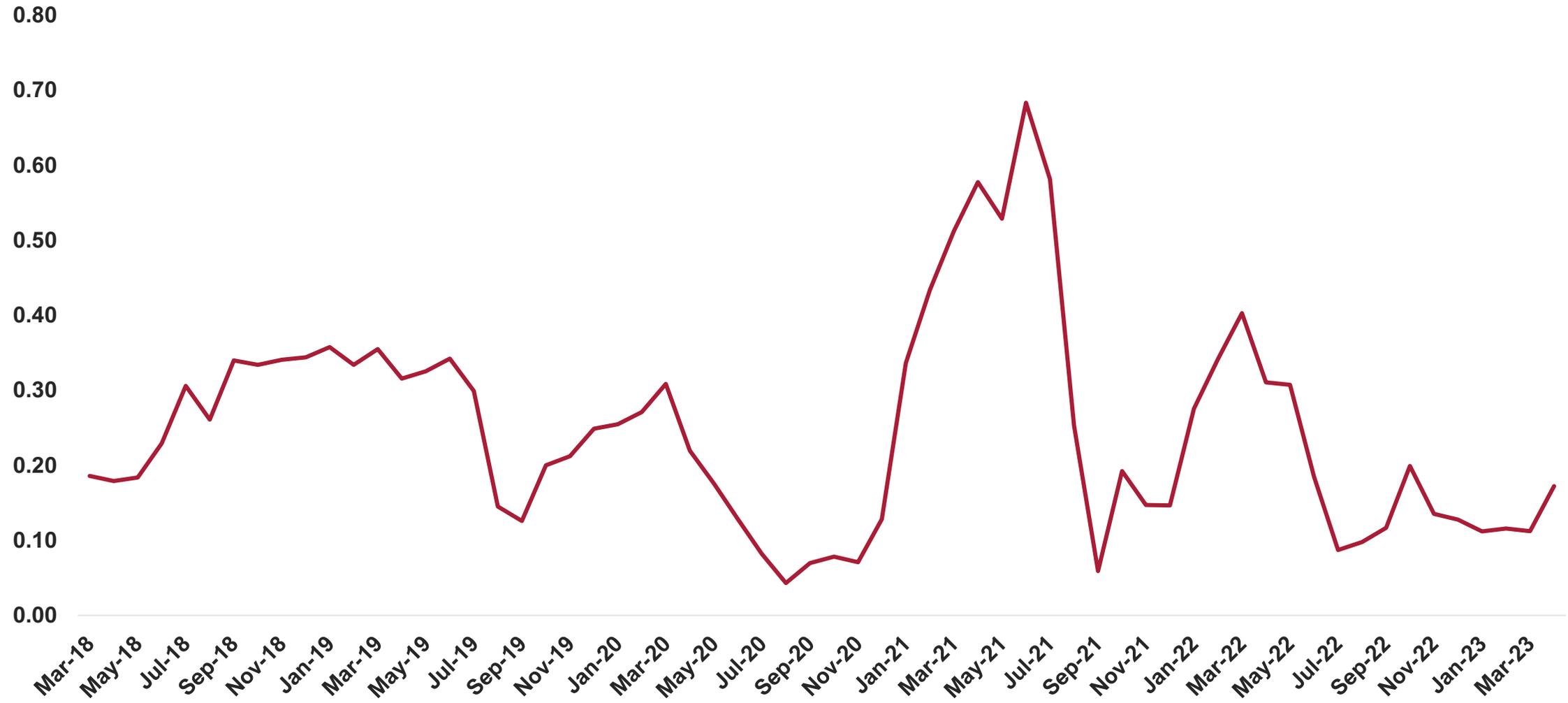
Iron ore sales by rail



62% FE Platts index price (USD)



Lump premium (USD)



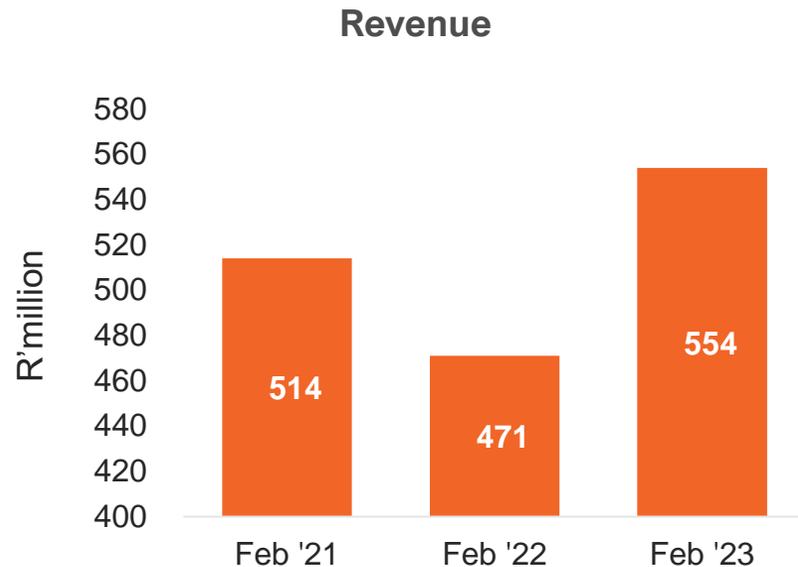
Freight rate China (USD)

Avg. Platts South Africa - China Capesize

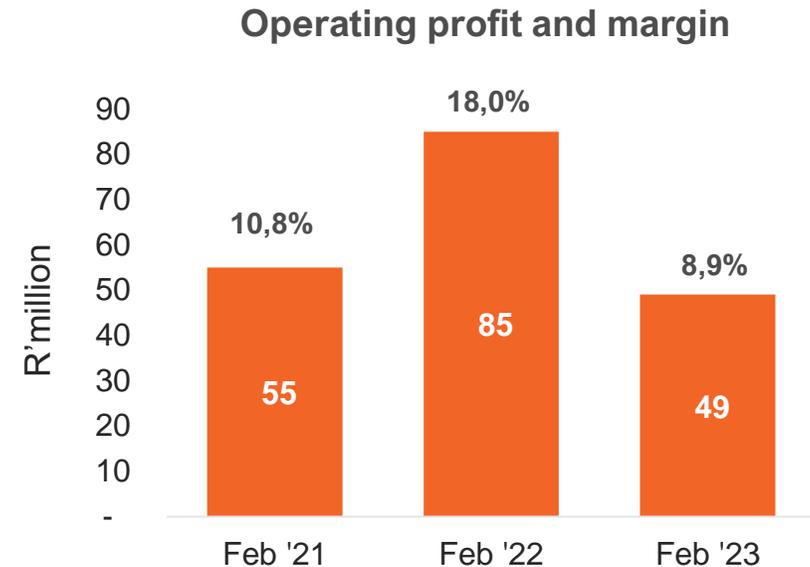




Delivered satisfactory results across all regions



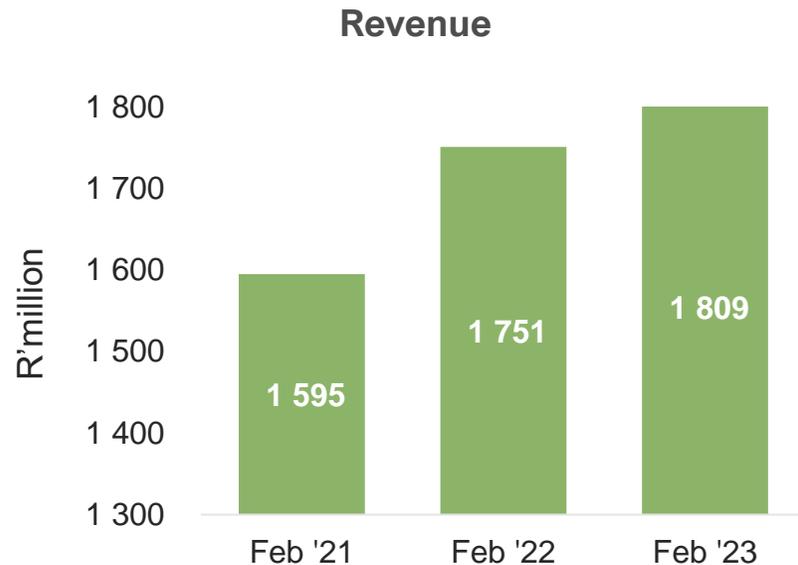
- Revenue increased by 18%
- Impacted by economic slowdown and load shedding
- Agrilime revenue included (R132 m)



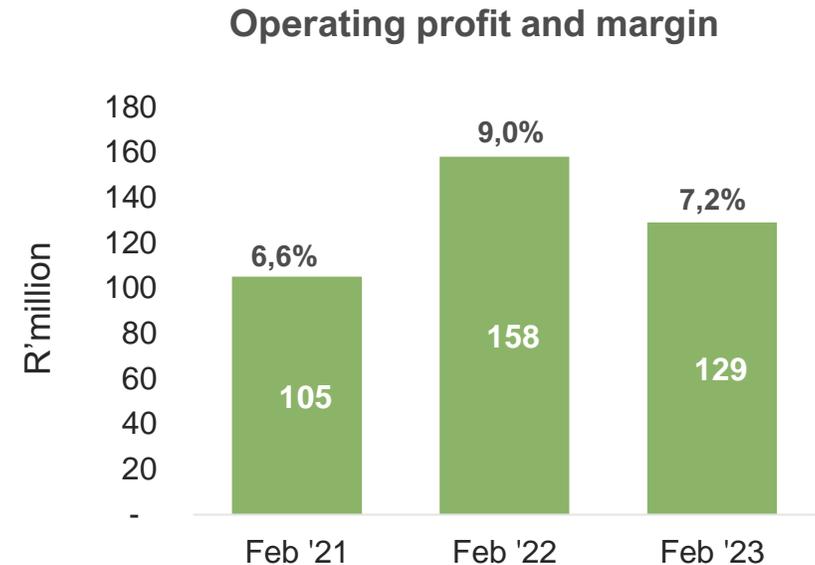
- Operating profit decreased by 42%
- Agrilime losses included R4,5 m



Suffered impact of economic slowdown



- Revenue increased by 3%



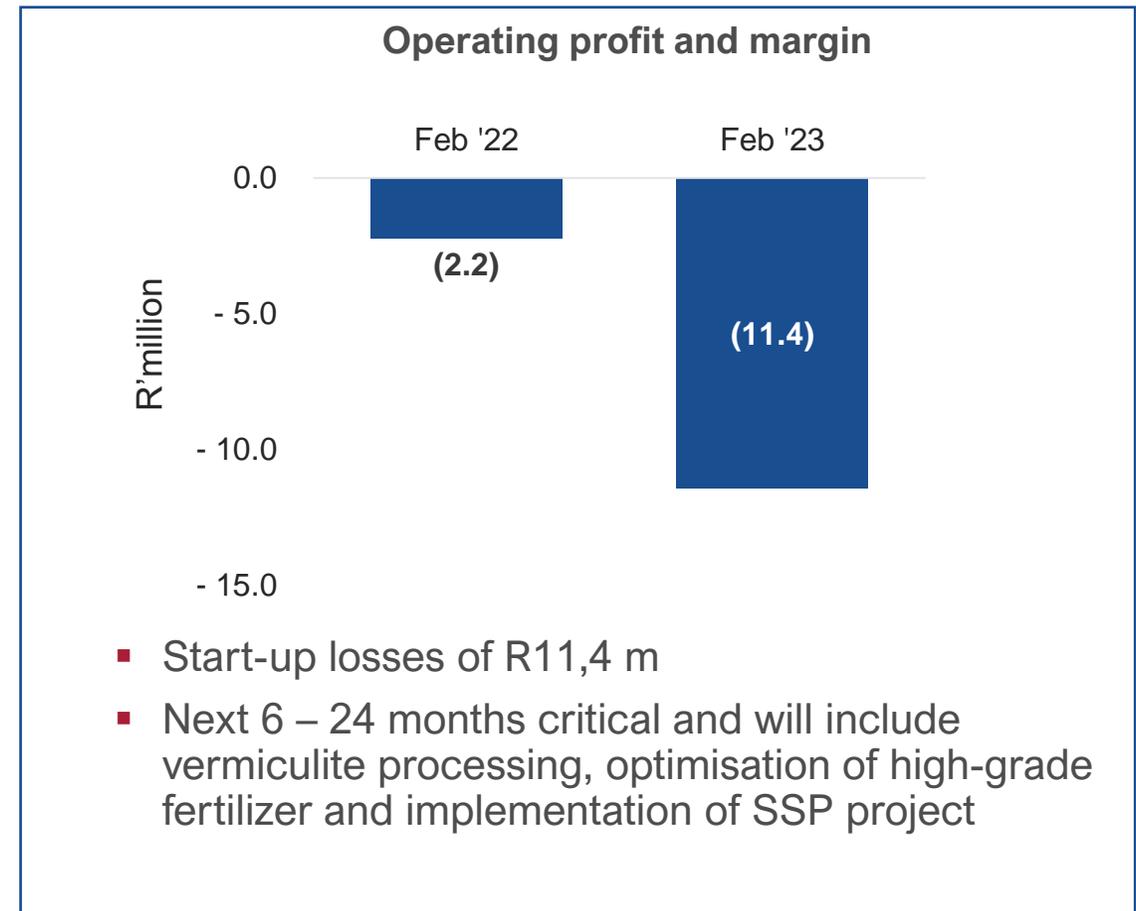
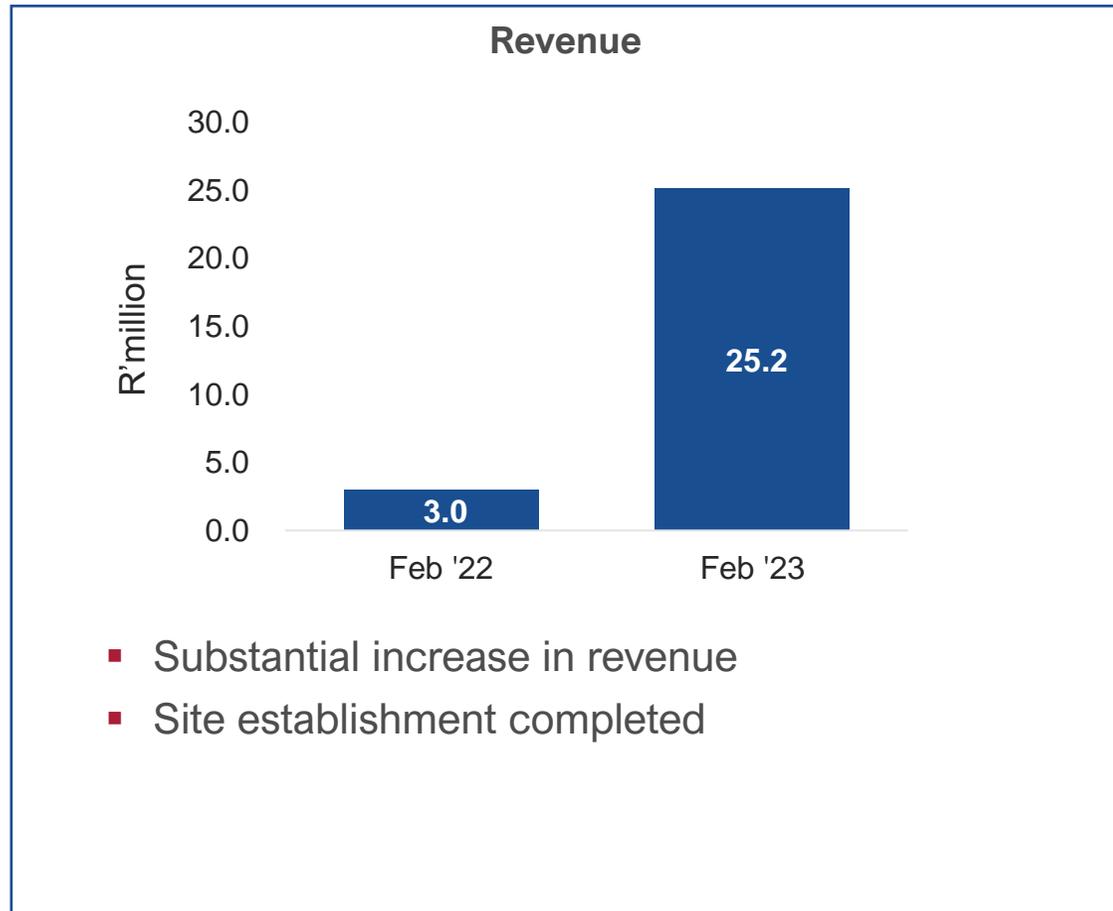
- Operating profit decreased by 18%
- Efficiency drives performing well but not sufficient to counter overall reduction in construction activity and diesel price increase

Afrimat Construction Index – Q4 2022





Ramp up of operation in progress



General

- Site layout completed, infrastructure established; and
- Electrical reticulation project to be completed by July 2023.

HG Phosphate

- In production
- Market development underway

SSP

- Commissioning of final plant expected by November 2023 with ramp up from December 2023 to March 2024
- Production capacity on 60 000 tons per annum
- SSP profit margin in line with current achieved overall group operating profit margin
- Performing further test work to improve plant performance and product quality

Vermiculite

- Resource verification and block models completed
- Bulk sample testing expected mid H2 F2024
- Market very optimistic

Stage 2

- Optimising business case through further test work;
- Considering various technologies to ensure best alternative selection.

Risks

- Execution risk
- Regulatory compliance risk (incl. product and other license and registrations)
- Market risk and
- Community risk

6

FUTURE OUTLOOK

A red and white Sandvik Leopard 650D crawler drill rig is positioned on a sandy beach. The rig's mast is extended vertically. The background features a sunset sky with orange and pink clouds over the ocean. The rig has "SANDVIK" and "LEOPARD" branding visible on its side.

*An increase in volumes and more
acquisition opportunities*

- Remain vigilant, react quickly and keep employees safe
- Strong projects to execute on like Jenkins, Nkomati and Driehoekspan to advance steady-state
- Industrial Minerals to maintain momentum with market and product development
- Construction Materials to be bulked up when potential acquisitions are identified
- Future Materials and Metals making good progress at Glenover on implementing first phases of phosphate mining and working further on strategy to extract value
- Maintain good cash flow and capitalise on strategic initiatives and future opportunities

Core message

Strategy is working and providing a trajectory for sustained long-term growth

Substantial progress made on strategic projects

Company culture and high standard of execution support Group moats



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