

**CONSISTENTLY DELIVERING**



**UNAUDITED CONDENSED  
CONSOLIDATED INTERIM  
FINANCIAL RESULTS**

for the six months ended 31 August 2023

Group revenue  
**up 9,6% to  
R2,8 billion**

Headline earnings  
per share  
(‘HEPS’) of  
**263,4 cents**

Interim dividend  
per share of  
**40,0 cents**

Operating profit  
margin **18,8%**

Net asset value  
(‘NAV’) per share  
**up 10,8% to  
2 750 cents**

Return on net  
operating assets  
**22,7%**

Net debt:equity  
ratio of **6,2%**

Net cash from  
operating  
activities of  
**R577,5 million**

# Commentary

## Introduction

The Group delivered a healthy result for the first six months of F2024. The strategy to diversify between commodities and revenue streams, coupled with stringent capital allocation, has enabled the Group to weather economic and commodity shocks.

For most of the 2023 calendar year and in the period under review, Afrimat invested substantially in projects that are expected to yield fruitful returns and further strengthen diversity and competitive advantage in the future. The Group managed the volatility of the iron ore price by diversifying into both international and local iron ore sales. In addition, the Group experienced an improved contribution from the Construction Materials segment.

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

## Financial results

Group revenue increased by 9,6% from R2,6 billion to R2,8 billion. Operating profit increased by 4,3% from R512,2 million to R534,1 million, resulting in an overall operating profit margin of 18,8%. Despite being impacted by loadshedding and a general economic slowdown in certain segments, the impact on the Afrimat Group is not material.

Headline earnings per share remained satisfactory with an increase of 4,4% from 252,2 cents to 263,4 cents.

The balance sheet of the Group remains strong with a net cash balance of R278,7 million. Net cash from operating activities of R577,5 million was generated. The debt:equity position remains favourable at 6,2% (February 2023: 4,7%).

## 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 and is made up of Construction Materials consisting of aggregates and concrete-based products, Industrial Minerals consisting of limestone, dolomite and industrial sand, 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, vermiculite and rare earth elements.

The **Bulk Commodities** segment, consisting of the iron ore mines and an anthracite mine, contributed 72,3% to the Group's operating profit.

The sustained strong performance was largely due to the advantages of diversification across the iron ore business. International iron ore sales volumes reduced by 10%, due to rail limitations. This decrease was offset by a favourable Rand/US\$ exchange rate and an increase in local iron ore sales volumes.

The iron ore mines recorded an overall increase of 29,7% in iron ore sales volumes compared to the same period in the previous year, with local sales tonnes increasing from 247 748 to 493 184 and international sales tonnes decreasing from 428 504 to 383 924. The segment has managed to generate a steady operating profit margin of 36,4% when compared to the prior period of 37,0%, despite the volatility of the iron ore price. Iron ore exports have continued to generate strong cash flow for the Group in line with the export allocation on the Saldanha rail line.

Driehoekspan which formed part of the Coza acquisition is being brought into production to maintain export volumes and add small volumes of manganese sales. The combined iron ore mines have a life of mine in excess of 15 years.

Optimised efficiencies continue to result in cost savings and in turn have countered the rise in input costs and fluctuations of the international iron ore price.

The Nkomati anthracite mine has contributed 18,1% to the segment's revenue for the period. It produces a high-quality product sold into the local market, as a replacement for imported anthracite, and is recognised as a consistent, reliable supplier of anthracite.

Extraction of the first anthracite from the underground mine and the establishment of two additional opencast pits will ensure a consistent feed to the plant. Although the ramp-up to steady state was slightly delayed, post the period end, processing volumes and logistics show steady improvement.

**Industrial Minerals** businesses across all regions delivered satisfactory results, however the impact of loadshedding was felt directly and also indirectly by certain customer customers which cut back on volumes and this resulted in a decrease in operating profit of 13,1% from R36,8 million to R32,0 million.

The **Construction Materials** segment experienced a significant improvement in operating profit which increased by 113,5% reaching R156,1 million from the previous comparable period of R73,1 million. Cost saving initiatives proved to be successful across the segment as well as an increase in activities resulting in a concurrent demand for products in roads, building and infrastructure projects. Revenue increased by 26,5% from R0,9 billion to R1,2 billion as a result of higher volumes during the current period.

**Future Materials and Metals** is a segment that was added to the Group's operational segments in the prior period 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 has begun with its first production during the period and is in a ramp-up phase.

The project is currently focused on the processing of high-grade phosphate and single superphosphate ('SSP'). The mine is in the final stages of building the SSP plant, with commissioning taking place towards the end of F2024.

Revenue of R9,0 million was generated by the segment, with start-up losses of R8,5 million. The Group is in the process of ramping up this operation, with site establishment and the construction of its high-grade phosphate plant already completed.

## **Business development**

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

## **Acquisitions**

### **Glenover Phosphate Proprietary Limited ('Glenover')**

On 21 June 2023 an addendum to the sale of shares agreement in respect of the Sale Claims and Glenover Shares ('Addendum') was entered into between the Company and the Glenover shareholders in terms of which the purchase consideration payable by Afrimat to the Glenover shareholders in respect of the Sale Claims and Glenover Shares (R300,0 million) will now be settled as follows:

- A first tranche payment in respect of the R150,0 million Sale Claims payable through the issue of Afrimat shares equivalent to R150 million (2 682 884 Afrimat shares were issued at a price of R55,91 on 12 July 2023 in this regard);
- A second tranche payment in respect of the R147,0 million Sale Claims payable in cash on 30 April 2024; and
- A cash consideration of R3,0 million payable in respect of the Glenover Shares, on fulfilment of the suspensive conditions.

The acquisition of the Glenover Shares is subject to the fulfilment of the following outstanding conditions precedent:

- Approval in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002 ('MPRDA'); and
- The completion of the 30 June 2023 audited financial statements and collation of all company documentation before or on 30 April 2024.

Upon payment of the first tranche in respect of the Sale Claims, the parties entered into a contract mining agreement whereby Afrimat became entitled to commence mining of other minerals.

### **Finctre Proprietary Limited and Rondawel Kaolin Proprietary Limited**

Afrimat entered into a Sale of Shares Agreement ('Agreement') to acquire 100% of the shares in Finctre Proprietary Limited ('Finctre'), a company that supplies kaolin clay to the local ceramic industry for a consideration of R5,2 million. The opencast mine is situated close to the town of Garies in the Northern Cape.

In addition to the acquisition of Finctre, the Group also intends to buy Rondawel Kaolin Proprietary Limited ('Rondawel'), for a further R4,0 million once the mining right is issued. Rondawel has a mining permit to mine kaolin which is in the process of being converted to a mining right.

The acquisition of 100% of the shares in Rondawel is subject to the fulfilment of the following outstanding conditions precedent:

- Approval in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002 ('MPRDA') ('Section 11').

## Commentary (continued)

### Lafarge South Africa Holdings Proprietary Limited ('Lafarge')

Afrimat recently announced the exciting acquisition of 100% of the shareholding in Lafarge South Africa. The acquisition includes several well-positioned and resourced aggregate quarries, readymix batching plants, an integrated cement plant, cement grinding plants, cement depots and high-quality fly-ash sources, an important extender in the cement industry.

All necessary documentation pertaining to the conditions precedent have been submitted and approval from the South African Reserve Bank has been received. Afrimat is still awaiting approval of Section 11 and Competition Commission, which is expected to be received before the end of the F2024 financial year.

### Changes to Mineral Resources and Mineral Reserves

Afrimat's statement of Mineral Resources and Mineral Reserves as at 28 February 2023 is produced in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves ('SAMREC'). It should be noted that the Mineral Resources are reported inclusive of the Mineral Reserves. There has been no material change to Afrimat's Mineral Resources and Mineral Reserves as disclosed in the integrated annual report for the financial year ended 28 February 2023, other than depletion due to continued mining activities at the operations.

### B-BBEE

Afrimat's BEE shareholding, which includes shares held by the Afrimat BEE Trust and previously held shares recognised in terms of paragraph 3.8 of the B-BBEE COGP, equates to 28,2%.

Notwithstanding the fully empowered ownership platform in line with the Mining Charter requirements, the Group remains dedicated to enhancing all aspects of B-BBEE on an ongoing basis. Afrimat is committed to a bottom-up approach to transformation and successfully focused on sustained training, skills development and all-round employee upliftment in the financial year.

### Dividend

An interim gross dividend of 40,0 cents per share (August 2022: 40,0 cents) for the period was declared on 25 October 2023. The dividend payable to shareholders who are subject to dividend tax is 32,0 cents per share (August 2022: 32,0 cents per share).

### Employees and continued sustainability

During the period, the total number of employees employed by Afrimat rose to 2 824, with 177 new appointments within the past three months. Good employee relations were maintained in the Group, and no formal labour actions or disputes arose. Wage negotiations across the Group were concluded and settled within the budget.

Learning and development remains an integral part of the Group's success and focus. Afrimat proudly nurtures a pool of 137 learners and graduates, which serves as a valuable talent pipeline for the future. Furthermore, the Group actively supports talent development through the provision of 77 staff bursaries, and a recent addition of 30 senior and middle managers attending Afrimat's high level Leadership Development program with the Stellenbosch Business School.

Afrimat has 45 mining rights in place and a dedicated team to liaise with the respective governing bodies including the Department of Mineral Resources and Energy, the Department of Water and Sanitation and the Department of Environmental Affairs. Healthy relationships with the various authorities have been maintained. All the environmental authorisations applied for, were received within a reasonable time. The diversification strategy embarked on by Afrimat has created a need to liaise and build new relationships with the Department of Agriculture, Land Reform and Rural Development.

Afrimat is proud to have achieved another milestone on health and safety, with the lost time injury frequency rate reaching an all-time low of 0,27.

Work on the carbon neutrality strategy continues, with extensive studies having been undertaken to determine the main detractors. An initial renewable energy project to reduce carbon emissions at Glen Douglas Dolomite has been completed. Efficiency initiative drives are underway to reduce the fuel intensity of Afrimat's earth moving machines. A target is set to decrease carbon emissions by 32% by 2030. In line with a sector change to general mining, disclosure improvements are available on the Afrimat website relating to the Mineral Resources Register.

## Prospects

The Group is well positioned to capitalise on strategic initiatives and future opportunities. The Group's future growth will be driven by the successful execution of its proven strategy, recent acquisitions and a wider product offering to the market, with many exciting potential opportunities being investigated.

Afrimat continues to focus on sustainable diversification in all its segments. In the new Future Materials and Metals segment, the focus is to ramp up the production of high-grade phosphate as well as the SSP and to execute the next stages of the project as seamlessly as possible.

The continued implementation of the internal efficiency drives with new technology, has proven to be highly successful. These efficiency initiatives are aimed at countering inflationary mining cost increases.

The investment into the Nkomati anthracite mine by opening the underground shaft in addition to the two opencast pits is finalised and the focus is to reach a steady state of production as soon as possible. Volumes are expected to ramp up further in the second six months and the processing plant has been upgraded to take on the additional volumes. Accordingly, it is expected that there will be an improved performance from this asset in the second six months.

The Industrial Minerals segment successfully installed generators at Vredendal and Marble Hall, which are assisting in countering the impact of loadshedding. Given this investment, a recovery is expected by this segment.

Once all conditions precedent have been met for the Lafarge acquisition, this will broaden the Construction Materials segment significantly. Closure of the deal and the integration into Afrimat will be critical to the success of the acquisition and for this, Pieter de Wit, the current Chief Financial Officer (CFO) has been temporarily seconded as the integration officer. Andre Smith, the financial director of the Bulk Commodities segment, who has 17 years experience in various roles in Afrimat and is a qualified CA(SA), has been appointed as deputy CFO over the interim period.

The operating environment in South Africa remains challenging, but Afrimat continues to see value in its diversification strategy. Cost reductions and efficiency improvement initiatives remain the cornerstone of the Group to counter these economic impacts.

These financial statements may contain forward-looking statements that have not been reviewed nor reported on by the Company's auditors.

On behalf of the Board

**FM Louw**  
Chairman

**AJ van Heerden**  
Chief Executive Officer

25 October 2023

# Dividend Declaration

Notice is hereby given that an interim gross dividend, No. 33 of 40,0 cents per share, in respect of the six months ended 31 August 2023, was declared by the Board on Wednesday, 25 October 2023.

There are 159 690 957 shares in issue at the reporting date, of which 8 289 775 are held in treasury. The total dividend payable is R63,9 million (August 2022: R63,9 million).

The Board has confirmed 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 32,0 cents and 40,0 cents per share, respectively. The income tax number of the Company is 9568738158.

Relevant dates of the interim dividend are as follows:

Last day to trade <i>cum</i> dividend	Tuesday, 21 November 2023
Commence trading <i>ex</i> -dividend	Wednesday, 22 November 2023
Record date	Friday, 24 November 2023
Dividend payable	Monday, 27 November 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 22 November and Friday, 24 November 2023, both dates inclusive.

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Change %	Audited year ended 28 February 2023 R'000
<b>Revenue</b>	<b>2 843 674</b>	<b>2 595 258</b>	<b>9,6</b>	<b>4 908 238</b>
Cost of sales	(1 870 239)	(1 728 672)		(3 208 384)
<b>Gross profit</b>	<b>973 435</b>	<b>866 586</b>	<b>12,3</b>	<b>1 699 854</b>
Operating expenses	(454 175)	(406 650)	11,7	(793 931)
Other income	7 937	12 810		15 988
Other net gains	12 965	37 026		42 150
Profit on disposal of property, plant and equipment	14 951	4 108		2 793
Loss on disposal of subsidiary (refer note 14)	(29 985)	–		–
Impairments (refer note 3)	–	(3 776)		(3 776)
Movement in expected credit loss allowance	8 923	2 100		(1 517)
<b>Operating profit</b>	<b>534 051</b>	<b>512 204</b>	<b>4,3</b>	<b>961 561</b>
Finance income	18 988	7 711		33 810
Finance costs	(32 520)	(30 034)		(60 508)
<b>Profit before tax</b>	<b>520 519</b>	<b>489 881</b>	<b>6,3</b>	<b>934 863</b>
Income tax expense	(140 934)	(133 785)		(269 382)
<b>Profit for the period</b>	<b>379 585</b>	<b>356 096</b>	<b>6,6</b>	<b>665 481</b>
<b>Profit attributable to:</b>				
Owners of the parent	379 052	354 196		661 320
Non-controlling interests	533	1 900		4 161
	<b>379 585</b>	<b>356 096</b>		<b>665 481</b>
<b>Other comprehensive income</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Exchange differences on translation of foreign operations	602	(9 398)		(16 005)
<b>Items that will not be reclassified to profit or loss</b>				
Net change in fair value of equity instruments at fair value through other comprehensive income	2	(14)		192
Income tax effect relating to these items	–	–		(17)
<b>Other comprehensive profit/(loss) for the period, net of tax</b>	<b>604</b>	<b>(9 412)</b>		<b>(15 830)</b>
<b>Total comprehensive income for the period</b>	<b>380 189</b>	<b>346 684</b>	<b>9,7</b>	<b>649 651</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	379 656	344 784		645 490
Non-controlling interests	533	1 900		4 161
	<b>380 189</b>	<b>346 684</b>		<b>649 651</b>
<b>Earnings per share:</b>				
Earnings per ordinary share (cents) (refer note 6)	253,9	252,4	0,6	457,1
Diluted earnings per ordinary share (cents) (refer note 6)	251,5	246,9	1,9	450,0

## Reconciliation of Headline Earnings

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Change %	Audited year ended 28 February 2023 R'000
Profit attributable to owners of the parent	379 052	354 196		661 320
Profit on disposal of property, plant and equipment attributable to owners of the parent	(14 951)	(4 108)		(2 793)
Loss on disposal of subsidiary (refer note 14)	29 985	–		–
Impairments (refer note 3)	–	3 776		3 776
Total income tax effects of adjustments	(795)	93		(275)
<b>Headline earnings</b>	<b>393 291</b>	<b>353 957</b>	<b>11,1</b>	<b>662 028</b>
Headline earnings per ordinary share ('HEPS') (cents)	263,4	252,2	4,4	457,6
Diluted HEPS (cents)	261,0	246,8	5,8	450,5



## Condensed Consolidated Statement of Financial Position

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Restated audited year ended 28 February 2023 R'000*
<b>Assets</b>			
<i>Non-current assets</i>			
Property, plant and equipment (refer note 4)*	3 686 756	2 970 787	3 335 996
Intangible assets*	318 385	262 920	270 757
Other financial assets (refer note 8)*	128 102	97 860	121 520
Deferred tax	264 631	321 336	260 808
Inventories**	216 154	–	212 569
<b>Total non-current assets</b>	<b>4 614 028</b>	<b>3 652 903</b>	<b>4 201 650</b>
<i>Current assets</i>			
Inventories*	511 963	622 756	458 934
Other financial assets (refer note 8)	153 609	1 687	9 128
Current tax receivable	4 999	13 630	6 884
Trade and other receivables (refer note 10.1)*	770 706	573 559	739 961
Cash and cash equivalents*	278 681	773 668	280 817
<b>Total current assets</b>	<b>1 719 958</b>	<b>1 985 300</b>	<b>1 495 724</b>
<b>Non-current assets available for sale</b>	<b>–</b>	<b>17 950</b>	<b>–</b>
<b>Total assets</b>	<b>6 333 986</b>	<b>5 656 153</b>	<b>5 697 374</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	898 427	952 086	939 435
Treasury shares (refer note 5)	(127 320)	(121 007)	(289 348)
Net issued stated capital	771 107	831 079	650 087
Other reserves	(45 353)	(65 628)	(64 611)
Retained earnings	3 437 161	2 992 242	3 249 771
Attributable to equity holders of the parent	4 162 915	3 757 693	3 835 247
Non-controlling interests*	11 757	10 513	11 978
<b>Total equity</b>	<b>4 174 672</b>	<b>3 768 206</b>	<b>3 847 225</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Borrowings (refer note 9)*	199 598	143 157	174 911
Other liability	10 533	1 455	5 094
Provisions	296 990	274 711	290 960
Deferred tax*	365 351	398 697	370 526
<b>Total non-current liabilities</b>	<b>872 472</b>	<b>818 020</b>	<b>841 491</b>
<i>Current liabilities</i>			
Other financial liabilities (refer note 11)*	17 382	129 872	136 684
Borrowings (refer note 9)	320 879	135 941	146 248
Current tax payable*	63 085	54 130	16 427
Trade and other payables (refer note 10.2)*	885 496	749 032	707 721
Bank overdraft*	–	952	1 578
<b>Total current liabilities</b>	<b>1 286 842</b>	<b>1 069 927</b>	<b>1 008 658</b>
<b>Total liabilities</b>	<b>2 159 314</b>	<b>1 887 947</b>	<b>1 850 149</b>
<b>Total equity and liabilities</b>	<b>6 333 986</b>	<b>5 656 153</b>	<b>5 697 374</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

\*\* Inventories classified as 'non-current assets' relates to the 'raw materials: phosphate stockpiles' purchased by Afrimat Phosphates Proprietary Limited from Glenover Phosphates Proprietary Limited (refer to SENS announcement on 9 December 2021). The company is in the process of ramping up its operation for the processing of these stockpiles and therefore this has been classified as non-current.

## Condensed Consolidated Statement of Cash Flows

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Restated audited year ended 28 February 2023 R'000*
<b>Cash flows from operating activities</b>			
Cash generated from operations	697 221	922 294	1 262 186
Finance income received	18 023	7 267	32 610
Finance costs paid	(22 151)	(17 906)	(41 704)
Tax paid	(115 597)	(127 586)	(265 773)
<b>Net cash inflow from operating activities</b>	<b>577 496</b>	<b>784 069</b>	<b>987 319</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment (refer note 4)	(409 413)	(428 411)	(810 610)
Proceeds on disposal of property, plant and equipment	14 311	16 078	20 670
Proceeds on disposal of non-current assets held for sale	–	5 000	23 340
Acquisition of businesses (refer notes 13.1 to 13.3)*	(3 313)	(29 100)	(30 448)
Proceeds on disposal of businesses (refer note 14)	12 821	–	–
Purchase of other financial assets	(5 997)	(9 179)	(35 932)
Repayment from other financial assets	8 401	4 051	10 990
<b>Net cash outflow from investing activities</b>	<b>(383 190)</b>	<b>(441 561)</b>	<b>(821 990)</b>
<b>Cash flows from financing activities</b>			
Repurchase of Afrimat shares (refer note 5)	(7 067)	(32 845)	(214 534)
Proceeds from borrowings (refer note 9.2)	200 000	55 188	75 453
Repayment of borrowings (refer note 9.2)	(94 798)	(468 211)	(560 508)
Capital elements of lease payments (refer note 9.2)	(2 684)	(5 588)	(7 018)
Proceeds from other financial liabilities (refer note 11)	624	120 000	120 000
Repayment of other financial liabilities (refer note 11)	(123 761)	(304)	(394)
Proceeds from equity raise**	–	680 000	680 000
Dividends paid (refer note 16.2)	(167 178)	(206 860)	(267 917)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(194 864)</b>	<b>141 380</b>	<b>(174 918)</b>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(558)	483 888	(9 589)
Cash, cash equivalents and bank overdrafts at the beginning of the period	279 239	288 828	288 828
<b>Cash, cash equivalents and bank overdrafts at the end of the period*</b>	<b>278 681</b>	<b>772 716</b>	<b>279 239</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

\*\* Proceeds from equity raise relates to the launch of an equity raise of R680,0 million, through the issue of new ordinary shares, performed on 28 July 2022.

## Condensed Consolidated Statement of Changes in Equity

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non- controlling interests R'000	Total equity R'000
<b>Balance at 1 March 2022</b>	315 886	(109 030)	(38 498)	2 829 609	9 233	3 007 200
<b>Total comprehensive income</b>						
Profit for the period	–	–	–	354 196	1 900	356 096
Other comprehensive loss for the period	–	–	(9 412)	–	–	(9 412)
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	(14)	–	–	(14)
Income tax effect	–	–	–	–	–	–
Exchange differences on translation of foreign operations	–	–	(9 398)	–	–	(9 398)
<b>Total comprehensive (loss)/income</b>	–	–	(9 412)	354 196	1 900	346 684
<b>Transactions with owners of the parent</b>						
<b>Contributions and distributions</b>						
Share-based payment expense for the period	–	–	15 243	–	–	15 243
Deferred tax on share-based payments	–	–	(18 714)	–	–	(18 714)
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax	(43 800)	20 868	(14 247)	14 247	–	(22 932)
Purchase of treasury shares (refer note 5)	–	(32 845)	–	–	–	(32 845)
Issue of stated capital	680 000	–	–	–	–	680 000
Dividends paid (refer note 16.2)	–	–	–	(205 810)	(1 050)	(206 860)
<b>Total contributions and distributions</b>	636 200	(11 977)	(27 130)	162 633	850	760 576
<b>Additional non-controlling interest acquired through acquisition of businesses:</b>						
– Stony Lime Proprietary Limited (refer note 13.3)	–	–	–	–	430	430
<b>Total changes in ownership interests</b>	–	–	–	–	430	430
<b>Total transactions with the owners of the parent</b>	636 200	(11 977)	(27 130)	162 633	1 280	761 006
<b>Balance at 31 August 2022</b>	952 086	(121 007)	(65 628)	2 992 242	10 513	3 768 206
<b>Balance at 1 March 2022</b>	315 886	(109 030)	(38 498)	2 829 609	9 233	3 007 200
<b>Total comprehensive income</b>						
Profit for the year	–	–	–	661 320	4 161	665 481
Other comprehensive loss for the year	–	–	(15 830)	–	–	(15 830)
Net change in fair value of equity instruments at fair value through other comprehensive income	–	–	192	–	–	192
Income tax effect	–	–	(17)	–	–	(17)
Exchange differences on translation of foreign operations	–	–	(16 005)	–	–	(16 005)
<b>Total comprehensive (loss)/income</b>	–	–	(15 830)	661 320	4 161	649 651
<b>Transactions with owners of the parent</b>						
<b>Contributions and distributions</b>						
Share-based payment expense for the year	–	–	29 291	–	–	29 291
Deferred tax on share-based payments	–	–	(14 465)	–	–	(14 465)
Purchase of treasury shares (refer note 5)	–	(214 534)	–	–	–	(214 534)
Issue of stated capital	680 000	–	–	–	–	680 000
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax	(56 451)	34 216	(25 109)	25 109	–	(22 235)
Dividends paid (refer note 16.2)	–	–	–	(266 267)	(1 650)	(267 917)
<b>Total contributions and distributions</b>	623 549	(180 318)	(10 283)	(241 158)	(1 650)	190 140
<b>Additional non-controlling interest acquired through acquisition of businesses:</b>						
– Stony Lime Proprietary Limited (refer note 13.3)	–	–	–	–	478	478
– Eckraal Quarries Proprietary Limited (refer note 13.2)*	–	–	–	–	(244)	(244)
<b>Total changes in ownership interests</b>	–	–	–	–	234	234
<b>Total transactions with owners of parent</b>	623 549	(180 318)	(10 283)	(241 158)	(1 416)	190 374
<b>Restated balance at 28 February 2023</b>	939 435	(289 348)	(64 611)	3 249 771	11 978	3 847 225

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

## Condensed Consolidated Statement of Changes in Equity (continued)

	Stated capital R'000	Treasury shares R'000	Other reserves R'000	Retained earnings R'000	Non- controlling interests R'000	Total equity R'000
<b>Restated balance at 1 March 2023</b>	939 435	(289 348)	(64 611)	3 249 771	11 978 3	847 225
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	379 052	533	379 585
Other comprehensive income for the period	-	-	604	-	-	604
Net change in fair value of equity instruments at fair value through other comprehensive income	-	-	2	-	-	2
Income tax effect	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	602	-	-	602
<b>Total comprehensive income</b>	-	-	604	379 052	533	380 189
<b>Transactions with owners of the parent</b>						
<b>Contributions and distributions</b>						
Share-based payment expense for the period	-	-	10 715	-	-	10 715
Deferred taxation on share-based payments	-	-	(10 651)	-	-	(10 651)
Purchase of treasury shares (refer note 5)	-	(7 067)	-	-	-	(7 067)
Issue of stated capital**	154 546	-	-	-	-	154 546
Repurchase of shares**	(137 770)	137 770	-	-	-	-
Settlement of employee Share Appreciation Rights exercised, Forfeitable Share Plan vested and reserve transfer, net of tax	(57 784)	31 325	(14 715)	14 715	-	(26 459)
Dividends paid (refer note 16.2)	-	-	-	(165 828)	(1 350)	(167 178)
Disposal of subsidiary (refer note 14)	-	-	33 305	(40 549)	-	(7 244)
<b>Total contributions and distributions</b>	(41 008)	162 028	18 654	(191 662)	(1 350)	(53 338)
Additional non-controlling interest acquired due to:						
- Hislop International	-	-	-	-	9	9
Non-controlling interest disposed of:						
- Afrimat Mozambique Limitada (refer note 14)	-	-	-	-	587	587
<b>Total changes in ownership interests</b>	-	-	-	-	596	596
<b>Total transactions with the owners of the parent</b>	(41 008)	162 028	18 654	(191 662)	(754)	(52 742)
<b>Balance at 31 August 2023</b>	898 427	(127 320)	(45 353)	3 437 161	11 757 4	174 672

\*\* During the period, the Group repurchased 2 828 790 ordinary shares. Subsequently, 2 682 884 shares were issued at a price of R55,91, equating to R150,0 million, to the Glenover Shareholders for the first tranche payment settlement in respect of the Sale Claims and Glenover Shares.

## Notes

### 1. Basis of preparation

The unaudited condensed consolidated interim financial results ('financial statements') for the six months ended 31 August 2023 ('the period') are prepared in accordance with the requirements of the JSE Limited ('JSE') Listings Requirements ('the Listings Requirements') for interim results, and the requirements of the Companies Act. The Listings Requirements require interim results to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS') and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies applied in the preparation of the financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements for the year ended 28 February 2023.

The financial statements have not been audited or reported on by Afrimat's auditors, PricewaterhouseCoopers Inc., and have been prepared under the supervision of the Chief Financial Officer ('CFO'), PGS de Wit CA(SA).

### 2. Segment information

The segments of the Group have been identified by business segment. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors. Aggregation of segments has been determined on the basis of product outputs with similar attributes; by considering the nature of products and services, production processes and the type of class of customer for the product and services.

There are five main operational segments based on the market use of products.

The principal services and products of each of these segments are as follows:

- Construction Materials: Comprises aggregates and concrete-based products;
- Industrial Minerals: Comprises limestone, dolomite and industrial sand;
- Bulk Commodities: Comprises iron ore and anthracite;
- Future Materials and Metals: Comprises phosphate; and
- Services: Comprises Group shared services including IT services, consulting services and external logistical and mining services.

	Split six months ended 31 August 2023 %	Unaudited six months ended 31 August 2023 R'000	Split six months ended 31 August 2022 %	Unaudited six months ended 31 August 2022 R'000	Split year ended 28 February 2023 %	Audited year ended 28 February 2023 R'000
<b>Revenue</b>						
<b>External revenue</b>						
Construction Materials	40,8	1 159 973	35,3	916 613	36,9	1 809 333
Industrial Minerals	10,6	302 223	11,3	292 630	11,3	553 889
Bulk Commodities*	47,9	1 363 434	52,1	1 353 087	50,5	2 480 355
– Iron Ore		1 116 877		1 008 456		1 906 687
– Anthracite		246 557		344 631		573 668
Future Materials and Metals	0,4	9 014	0,7	17 764	0,5	25 215
Services	0,3	9 030	0,6	15 164	0,8	39 446
		2 843 674		2 595 258		4 908 238
<b>Inter-segmental revenue</b>						
Construction Materials	4,1	12 896	24,6	51 880	12,2	55 897
Industrial Minerals	1,1	3 654	1,8	3 771	1,3	6 210
Bulk Commodities	–	–	–	–	–	–
Future Materials and Metals	–	–	–	–	–	–
Services	94,8	302 547	73,6	154 861	86,5	396 752
		319 097		210 512		458 859

\* The reporting components within the Bulk Commodities segment has changed from being reported on 'per operation' to 'per commodity'. When additional commodities are added, this will make the analysis of the commodities simpler.

## Notes (continued)

	Split six months ended 31 August 2023 %	Unaudited six months ended 31 August 2023 R'000	Split six months ended 31 August 2022 %	Unaudited six months ended 31 August 2022 R'000	Split year ended 28 February 2023 %	Restated audited year ended 28 February 2023 R'000 <sup>^</sup>
<b>2. Segment information</b>						
(continued)						
<b>Total revenue</b>						
Construction Materials	37,1	1 172 869	34,5	968 493	34,8	1 865 230
Industrial Minerals	9,7	305 877	10,6	296 401	10,4	560 099
Bulk Commodities*	43,1	1 363 434	48,2	1 353 087	46,2	2 480 355
– Iron Ore		1 116 877		1 008 456		1 906 687
– Anthracite		246 557		344 631		573 668
Future Materials and Metals Services	0,3	9 014	0,6	17 764	0,5	25 215
	9,8	311 577	6,1	170 025	8,1	436 198
		3 162 771		2 805 770		5 367 097
<b>Operating profit</b>						
Construction Materials	29,2	156 073	14,3	73 089	13,5	129 603
Industrial Minerals	6,0	31 969	7,2	36 806	5,1	49 387
Bulk Commodities*	72,3	385 910	76,8	393 234	81,9	787 653
– Iron Ore		407 024		372 667		767 899
– Anthracite		(21 114)		20 567		19 754
Future Materials and Metals Services**	(1,6)	(8 456)	(0,8)	(3 877)	(1,2)	(11 437)
	(5,9)	(31 445)	2,5	12 952	0,7	6 355
		534 051		512 204		961 561
<b>Operating profit margin on external revenue (%)</b>						
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 Materials and Metals		(93,8)		(21,8)		(45,4)
Overall contribution		18,8		19,7		19,6
<b>Other information</b>						
<b>Assets</b>						
Construction Materials <sup>^</sup>		1 265 787		1 324 371		1 279 731
Industrial Minerals		505 184		626 522		621 007
Bulk Commodities		2 643 468		1 827 419		2 389 604
Future Materials and Metals Services		470 271		318 658		369 683
Unallocated <sup>^</sup>		202 178		208 043		180 485
		1 247 098		1 351 140		856 864
		6 333 986		5 656 153		5 697 374
<b>Liabilities</b>						
Construction Materials <sup>^</sup>		451 667		373 070		396 014
Industrial Minerals		145 672		128 875		59 901
Bulk Commodities		387 283		309 752		432 539
Future Materials and Metals Services		7 841		5 479		2 877
Unallocated <sup>^</sup>		142 170		138 526		133 597
		1 024 681		932 245		825 221
		2 159 314		1 887 947		1 850 149
<b>Depreciation and amortisation</b>						
Construction Materials		46 272		55 069		97 993
Industrial Minerals		13 565		10 545		24 850
Bulk Commodities		74 988		124 123		184 588
Future Materials and Metals Services		2 882		1 422		3 579
		31 236		19 697		49 670
		168 943		210 856		360 680

<sup>^</sup> Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

\* The reporting components within the Bulk Commodities segment has changed from being reported on 'per operation' to 'per commodity'. When additional commodities are added, this will make the analysis of the commodities simpler.

\*\* Included in 'Services' operating profit is a loss on disposal of subsidiary of R30,0 million, refer note 14 for further disclosure.

	<b>Unaudited six months ended 31 August 2023 R'000</b>	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
<b>2. Segment information</b> (continued)			
<b>Capital expenditure (excluding acquisitions through business combinations)</b>			
Construction Materials	25 979	62 477	108 969
Industrial Minerals	13 165	53 854	41 851
Bulk Commodities	322 647	287 293	654 766
Future Materials and Metals Services	108 626	75 234	123 244
	49 873	8 706	34 263
	<b>520 290</b>	487 564	963 093

	<b>Unaudited six months ended 31 August 2023 R'000</b>	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
<b>3. Impairments</b>			
Impairment of property, plant and equipment	–	3 776	3 776

During the F2022 financial reporting year, an impairment of R9,7 million was recognised in respect of irrecoverable property, plant and equipment, which was the result of an attack by non-state armed groups occurred in the Palma District, Cabo Delgado Province, Mozambique. During the previous reporting year, a further impairment of R3,8 million was recognised.

	<b>Unaudited six months ended 31 August 2023 R'000</b>	Unaudited six months ended 31 August 2022 R'000	Restated audited year ended 28 February 2023 R'000*
<b>4. Property, plant and equipment</b>			
Land and buildings	133 065	114 828	126 442
Leasehold property	11 180	11 430	12 145
Plant and machinery*	1 175 139	1 055 524	1 088 404
Motor vehicles*	606 973	501 418	571 340
Office and computer equipment*	18 408	14 188	15 638
Dismantling costs	14 646	13 795	13 769
Mining assets*	1 563 693	1 224 749	1 458 597
Stripping assets	117 813	9 295	15 128
Right-of-use assets*	45 839	25 560	34 533
	<b>3 686 756</b>	2 970 787	3 335 996

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

The increase in 'Plant and machinery' relates to site establishment costs and plant upgrades performed at the various businesses; iron ore mines R16,7 million, anthracite mine R18,0 million, Afrimat Phosphates Proprietary Limited R104,6 million.

The increase in 'Mining assets' relates to capital expenditure, R73,1 million, of the opening of two opencast pits and work performed on the opening of the underground mine of Nkomati, R54,2 million of Afrimat Iron Ore Proprietary Limited.

The increase in 'Stripping assets' relates to the further mine development at Nkomati of R109,4 million.

Depreciation	168 010	209 729	358 815
Amortisation	933	1 127	1 865
	<b>168 943</b>	210 856	360 680

## Notes (continued)

	Number of shares		
	Unaudited six months ended 31 August 2023	Unaudited six months ended 31 August 2022	Audited year ended 28 February 2023
<b>5. Treasury shares</b>			
Opening balance	11 669 542	8 200 736	8 200 736
Utilised for Share Appreciation Rights exercised	(568 926)	(407 700)	(430 850)
Utilised for settlement of employee Forfeitable Share Plan shares vested	(114 351)	(109 700)	(482 400)
Repurchase of shares*	(2 828 790)	–	–
Purchased during the period/year	132 300	594 434	4 382 056
<b>Closing balance</b>	<b>8 289 775</b>	<b>8 277 770</b>	<b>11 669 542</b>

	Number of shares		
	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
Opening balance	(289 348)	(109 030)	(109 030)
Utilised for Share Appreciation Rights exercised	27 705	17 741	18 542
Utilised for settlement of employee Forfeitable Share Plan shares vested	3 620	3 127	15 674
Repurchase of shares*	137 770	–	–
Purchased during the period/year	(7 067)	(32 845)	(214 534)
<b>Closing balance</b>	<b>(127 320)</b>	<b>(121 007)</b>	<b>(289 348)</b>

\* During the period, the Group repurchased 2 828 790 ordinary shares. Subsequently, 2 682 884 shares were issued at a price of R55,91, equating to R150,0 million, to the Glenover Shareholders for the first tranche payment settlement in respect of the Sale Claims and Glenover Shares.

The Afrimat BEE Trust (indirectly through Afrimat Empowerment Investments Proprietary Limited) holds, on an unencumbered basis, 6 863 194 (August 2022: 6 755 744) shares amounting to R70,0 million (August 2022: R64,3 million) representing 4,29% (August 2022: 4,23%) of the issued share capital of the Company.

Afrimat Management Services Proprietary Limited ('AMS') shareholding is as follows:

- 797 299 (August 2022: 1 307 500) shares, as nominee for the absolute benefit of the participants of the Company's Forfeitable Share Plan ('FSP') amounting to R26,7 million (August 2022: R28,4 million);
- 629 282 (August 2022: 214 526) shares held in AMS are held for the purposes of the Company's Share Appreciation Rights scheme ('SAR') amounting to R30,6 million (August 2022: R28,3 million).

	Number of shares		
	Unaudited six months ended 31 August 2023	Unaudited six months ended 31 August 2022	Audited year ended 28 February 2023
<b>6. Earnings per share</b>			
<b>Number of shares in issue</b>			
Total shares in issue	159 690 957	159 718 929	159 718 929
Treasury shares (refer note 5)	(8 289 775)	(8 277 770)	(11 669 542)
<b>Net shares in issue</b>	<b>151 401 182</b>	<b>151 441 159</b>	<b>148 049 387</b>
Weighted average number of net shares in issue	149 320 956	140 358 540	144 687 291
Diluted weighted average number of shares	150 698 914	143 438 054	146 948 943
Profit attributable to ordinary shareholders (R'000)	379 052	354 196	661 320
Earnings per ordinary share (cents)	253,9	252,4	457,1
Diluted earnings per ordinary share (cents)	251,5	246,9	450,0

During the prior year an equity raise of R680,0 million, through the issue of 13 372 665 new ordinary shares at R50,85 per share, was performed on 28 July 2022. These shares were issued under the Company's general authority to issue new shares for cash.



	<b>Unaudited six months ended 31 August 2023</b>	Unaudited six months ended 31 August 2022	Restated audited year ended 28 February 2023*
<b>7. Financial position ratios</b>			
<b>7.1 Net asset value ("NAV") per share</b>			
<b>Number of shares in issue</b>			
Total shares in issue	159 690 957	159 718 929	159 718 929
Treasury shares (refer note 5)	(8 289 775)	(8 277 770)	(11 669 542)
<b>Net shares in issue</b>	<b>151 401 182</b>	<b>151 441 159</b>	<b>148 049 387</b>
Shareholders' funds attributable to owners of the parent (R'000)	4 162 915	3 757 693	3 835 247
<b>Total NAV per share (cents)</b>	<b>2 750</b>	<b>2 481</b>	<b>2 591</b>
<b>7.2 Tangible net asset value ("TNAV") per share</b>			
Shareholders' funds attributable to owners of the parent (R'000)	4 162 915	3 757 693	3 835 247
Intangible assets and goodwill (R'000)*	(318 385)	(262 920)	(270 757)
<b>Total TNAV (R'000)*</b>	<b>3 844 530</b>	<b>3 494 773</b>	<b>3 564 490</b>
<b>Total TNAV per share (cents)*</b>	<b>2 539</b>	<b>2 308</b>	<b>2 408</b>
<b>7.3 Net debt:equity</b>			
Total borrowings and other financial liabilities (R'000)*	537 859	408 970	457 843
Net cash (R'000)*	(278 681)	(772 716)	(279 239)
Net debt/(cash) (R'000)*	259 178	(363 746)	178 604
<b>Net debt:equity ratio (%)*</b>	<b>6,2</b>	<b>(9,7)</b>	<b>4,7</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

	<b>Unaudited six months ended 31 August 2023 R'000</b>	Unaudited six months ended 31 August 2022 R'000	Restated audited year ended 28 February 2023 R'000*
<b>8. Other financial assets</b>			
Financial assets at fair value through other comprehensive income	3 635	3 425	3 634
Financial assets at fair value through profit or loss*	95 189	75 247	86 981
Financial assets at amortised cost*	182 887	20 875	40 033
	<b>281 711</b>	<b>99 547</b>	<b>130 648</b>
Non-current other financial assets*	128 102	97 860	121 520
Current other financial assets	153 609	1 687	9 128
	<b>281 711</b>	<b>99 547</b>	<b>130 648</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

The increase in 'Financial assets at amortised cost' relates to the purchase of the Sale Claims from Glenover of R150,0 million. Refer to note 15 for fair value disclosure of other financial assets.

## Notes (continued)

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Restated audited year ended 28 February 2023 R'000*
<b>9. Borrowings</b>			
<b>9.1 Capital net movement</b>			
Opening balance	321 159	643 826	643 826
New borrowings*	296 800	107 043	244 859
Finance cost	2 760	2 028	3 667
Repayments	(100 242)	(473 799)	(571 193)
<b>Closing balance</b>	<b>520 477</b>	<b>279 098</b>	<b>321 159</b>
<i>Analysis as per Statement of Financial Position:</i>			
Borrowings non-current*	199 598	143 157	174 911
Borrowings current	320 879	135 941	146 248
	<b>520 477</b>	<b>279 098</b>	<b>321 159</b>
<b>9.2 Analysis as per Statement of Cash Flow</b>			
Total opening balance borrowings	321 159	643 826	643 826
Borrowings raised	200 000	55 188	75 453
Borrowings raised – non-cash	96 800	51 855	169 406
Medium-term loans	–	3 088	4 872
Instalment sale agreements	85 762	43 363	145 679
Additions through business combinations (refer notes 13.1 to 13.3)*	2 451	5 404	14 939
Lease liabilities	8 587	–	3 916
Repayments	(97 482)	(473 799)	(567 526)
Instalment sale agreements and medium-term loan	(94 798)	(468 211)	(560 508)
Lease liabilities	(2 684)	(5 588)	(7 018)
Repayments – non-cash	–	2 028	–
Lease liabilities	–	2 028	–
<b>Total closing balance borrowings</b>	<b>520 477</b>	<b>279 098</b>	<b>321 159</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

During the current period, the revolving credit facility ("RCF") with Standard Bank of South Africa ("SBSA") and ABSA Group Limited ("ABSA") of R100,0 million, which bore interest at the three-month Jibar overnight deposit rate plus 1,7%, payable quarterly in arrears, was cancelled.

During August 2023, the Group acquired a R600,0 million RCF with SBSA. The utilised portion was R200,0 million as at 31 August 2023. The facility bears interest at the three-month Jibar overnight deposit rate plus 1,6%, payable quarterly in arrears.

On 16 January 2023, the Group acquired a US\$5,0 million revolving credit facility with Absa Bank (Mauritius) Limited. The utilised portion of the facility was US\$Nil as at 31 August 2023 (February 2023: US\$1,1 million). The facility bears interest at the daily Secured Overnight Financing Rate ("OFR"), compounded monthly, plus a margin of 2,5%.

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Restated audited year ended 28 February 2023 R'000*
<b>10.1 Trade and other receivables</b>			
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
<b>Total trade and other receivables</b>	<b>770 706</b>	<b>573 559</b>	<b>739 961</b>
<b>10.2 Trade and other payables</b>			
Trade payables*	446 234	398 597	403 943
Provision for final price adjustment	–	18 809	–
Other**	439 262	331 626	303 778
<b>Total trade and other payables</b>	<b>885 496</b>	<b>749 032</b>	<b>707 721</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

\*\* Included are amounts of R52,8 million, R21,0 million and R4,5 million relating to the consideration payable for the Fincrete, Eckraal and Agri Lime acquisition, respectively. Refer notes 13.1 to 13.3 for further details.

The provision for final price adjustment relates to the customer in Afrimat Iron Ore Proprietary Limited, Kumba International Trading S.A.R.L ('Kumba'). In terms of the agreement, commodity prices used in the invoice issued at revenue recognition date (i.e. the designated point of delivery (FOB)) are based on the average daily prices with reference to the IODEX for the prior month. A final price adjustment is made, three months following revenue recognition based on the average market price of the third-month period.

The amount of revenue recognised is based on the best estimate of the amount expected to be received and therefore a monthly provision for the final price adjustment is recognised, based on the relevant forward-looking iron ore prices.

Extract of forward-looking variables applicable on 31 August 2023:

	August 2023	July 2023	June 2023
	Three-month/ spot	Two-month/ spot	One-month/ spot
Average actual iron ore price invoiced 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

Refer note 15 for further details on fair value methodology.

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Restated audited year ended 28 February 2023 R'000*
<b>11. Other financial liabilities</b>			
Glencore Operations South Africa Proprietary Limited	–	120 000	120 000
Net capital proceeds owing to Afrimat BEE Trust participants	6 639	7 185	6 960
Other financial liabilities	9 642	2 687	4 752
Acquired through business combinations (refer notes 13.1 to 13.3)*	1 101	–	4 972
<b>Closing balance</b>	<b>17 382</b>	<b>129 872</b>	<b>136 684</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

In the prior period, a loan agreement was entered into between Glencore Operations South Africa Proprietary Limited ('Glencore') and Nkomati Anthracite Proprietary Limited ('Nkomati'), whereby Glencore advanced R120,0 million to Nkomati. The loan was interest free and was repaid during the current period in four equal instalments of R30,0 million on 1 May 2023, June 2023, July 2023 and August 2023. The loan was secured by a guarantee issued to Glencore to the amount of R120,0 million by First National Bank ('FNB'), refer note 19.

## Notes (continued)

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
<b>12. Authorised capital expenditure</b>			
<b>Contracted after year-end, but not provided for</b>			
Property, plant and equipment	–	–	18 511
<b>Not yet contracted for</b>			
Property, plant and equipment	113 934	58 062	237 339
<b>Total authorised capital expenditure</b>	<b>113 934</b>	<b>58 062</b>	<b>255 850</b>

Authorised capital expenditure is to be funded from surplus cash and bank financing.

## 13. Business combinations

### Acquisition of businesses

#### 13.1 Fincrete Proprietary Limited and Rondawel Kaolin Proprietary Limited

Afrimat entered into a Sale of Shares Agreement ('Agreement') to acquire 100% of the shares in Fincrete Proprietary Limited ('Fincrete'), a company that supplies kaolin clay to the local ceramic industry for a consideration of R5,2 million. The opencast mine is situated close to the town of Garies in the Northern Cape.

In addition to the acquisition of Fincrete, the Group also intends to buy Rondawel Kaolin Proprietary Limited ('Rondawel'), the company for R4,0 million once the mining right is issued. Rondawel has a mining permit to mine kaolin which is in the process of being converted to a mining right.

The acquisition of 100% of the shares in Rondawel is subject to the fulfilment of the following outstanding conditions precedent ('CP'):

- Approval in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002.

For the interim period the Group entered into a contractors agreement with Rondawel, allowing the Group to undertake all activities in conducting the operations of Rondawel, including but not limited to mining, processing, logistics, marketing and selling. Effective management and control of the operations through its appointment as contractor in terms of the agreement was obtained by the Group effectively from 1 July 2023.

Details of the purchase consideration are as follows:

	Total 2024 R'000
Cash paid	3 514
Other financial liabilities assumed*	1 700
Consideration payable**	4 000
Contingent consideration***	48 786
<b>Total purchase consideration</b>	<b>58 000</b>

\* Other financial liabilities assumed consists of two loans of R850 000 each. A loan at Nedbank Limited of R850 000, repayable monthly over a three-year period with an interest rate of prime plus 5% and a loan at Capitec Business Bank of R850 000, repayable monthly over a three-year period with an interest rate of prime plus 1%.

\*\* Consideration payable is attributed to the acquisition of Rondawel once all conditions precedent have been met.

\*\*\* As part of the Agreement for Fincrete, there is an 'agterskot period' which may trigger an 'agterskot payment', which is a period commencing at the end of the initial production period (18 months after the CPs have been met), for a period of three years. This agterskot payment also known as a contingent consideration will be payable if the earnings of Fincrete reach a certain level based on a formula determined in the Agreement.

### 13. Business combinations (continued)

#### Acquisition of businesses (continued)

##### 13.1 Fincrete Proprietary Limited and Rondawel Kaolin Proprietary Limited (continued)

Provisional details of the acquisition are as follows:

	Total 2024 R'000
<b>Carrying amount/fair value of net assets acquired – Fincrete</b>	
Property, plant and equipment	15 750
Inventories	221
Trade and other receivables	476
Cash and cash equivalents	201
Borrowings	(2 451)
Other financial liability	(1 101)
Trade and other payables	(98)
Deferred tax liability	(3 556)
<b>Net assets – Fincrete</b>	<b>9 442</b>
Goodwill	48 558
<b>Total purchase consideration</b>	<b>58 000</b>
Total revenue assuming the business combination for the full period	1 499
Total profit after tax assuming the business combination for the full period	202
Revenue included in results	376
Loss after tax included in results	(4)
Acquisition cost included in 'operating expenses' for the period	–
<b>Analysis as per Statement of Cash Flows:</b>	
Total consideration (fair value)	(58 000)
Other financial liabilities assumed	1 700
Consideration payable	4 000
Contingent consideration	48 786
Cash and cash equivalents	201
<b>Cash outflow</b>	<b>(3 313)</b>

The goodwill acquired in Fincrete is attributable to the quality of the product and the wide range of potential uses once beneficiated. The transaction will expand the Group's current product portfolio within the Industrial Minerals segment.

##### 13.2 Eckraal Quarries Proprietary Limited ('Eckraal Quarries')

In the prior year, Afrimat entered into an agreement to acquire 84,0% of the shares in Eckraal Quarries Proprietary Limited and the Ready-Mix Plant for a purchase consideration of R21,0 million. The opencast mine and plant are located in Pretoria.

Eckraal Quarries holds 100,0% of the shares in Eckraal Bricks and Ready-Mix Proprietary Limited ('Eckraal BRM').

The following condition precedent had not been met at the reporting date:

- on or before 29 February 2024, the consent of the Minister for Section 11 application is granted.

The Group entered into an agreement with Eckraal Quarries, allowing the Group to undertake all activities in conducting the operations of Eckraal Quarries during the interim period, including but not limited to mining, processing, logistics, marketing and selling. Effective management and control of the operations through its appointment as contractor in terms of the agreement was obtained by the Group effectively from 31 January 2023.

Details of the purchase consideration are as follows:

	Total 2023 R'000
Cash paid	–
Consideration payable*	21 000
<b>Total purchase consideration</b>	<b>21 000</b>

- \* Consideration payable becomes payable once all conditions precedent have been met:  
– R15,0 million shall be settled in cash; and  
– R6,0 million shall be settled in Afrimat Limited shares.

## Notes (continued)

### 13. Business combinations (continued)

#### Acquisition of businesses (continued)

#### 13.2 Eckraal Quarries Proprietary Limited ('Eckraal Quarries') (continued)

Provisional details of the acquisition are as follows:

	Total 2023 R'000 As originally presented	Measurement period adjustments*	Total 2023 R'000 Adjusted
<b>Carrying amount/fair value of net assets acquired –</b>			
<b>Eckraal Quarries</b>			
Property, plant and equipment	42 768	9 937	52 705
Other financial assets	5 421	(45)	5 376
Inventories	2 798	(1 836)	962
Trade and other receivables	2 099	(2 099)	–
Cash and cash equivalents	450	(1 798)	(1 348)
Borrowings	(952)	(8 583)	(9 535)
Other financial liability	(3 609)	(94)	(3 703)
Provisions	(5 267)	–	(5 267)
Current tax payable	(5 072)	(546)	(5 618)
Trade and other payables	(18 795)	(3 851)	(22 646)
Deferred tax liability	(5 976)	(3 379)	(9 355)
<b>Net assets – Eckraal Quarries</b>	<b>13 865</b>	<b>(12 294)</b>	<b>1 571</b>
Less: Non-controlling interests	(1 545)	1 789	244
Goodwill	8 680	10 505	19 185
<b>Total purchase consideration</b>	<b>21 000</b>	<b>–</b>	<b>21 000</b>
Total revenue assuming the business combination for the full period	64 117	–	84 053
Total loss after tax assuming the business combination for the full period	(10 552)	–	(15 551)
Revenue included in results	–	–	–
Loss after tax included in results	–	–	–
Acquisition cost included in 'operating expenses' for the year	–	–	–
<b>Analysis as per Statement of Cash Flows:</b>			
Total consideration (fair value)	(21 000)	–	(21 000)
Consideration payable	21 000	–	21 000
Cash and cash equivalents	450	(1 798)	(1 348)
<b>Cash inflow/(outflow)</b>	<b>450</b>	<b>(1 798)</b>	<b>(1 348)</b>

\* Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination.

The goodwill acquired in Eckraal Quarries is attributable to the market share the business has in the industry, which is expected to expand the Group's current national footprint within the Construction Materials segment.

#### Non-controlling interest:

The Group had chosen to recognise the non-controlling interest at its proportionate share.

### 13. Business combinations (continued)

#### Acquisition of businesses (continued)

##### 13.3 Agri Lime Proprietary Limited

On 12 November 2021, Afrimat entered into an agreement to acquire 100,0% of the shares in Agri Lime Proprietary Limited; 74,0% of the shares in Stony Lime Proprietary Limited (collectively 'Agri Lime') for a purchase consideration of R38,0 million. The opencast mine and plant are located close to the town of Northam in Limpopo.

All conditions precedent were met to acquire 100,0% of the shares in Agri Lime Proprietary Limited and the acquisition became effective from 13 May 2022.

The acquisition of 74,0% of the shares in Stony Lime Proprietary Lime is subject to the fulfilment of the following outstanding conditions precedent ('Conditions Precedent'):

- Ministerial consent is obtained, in writing, either unconditionally and free from any onerous terms.

The Group entered into a contract mining agreement with Kalaka Mining Proprietary Limited (holder of the mining right), allowing the Group to undertake mining operations under the mining area in respect of which the mining right has been granted. Effective management and control of the mining operations (Stony Lime Proprietary Limited) through its appointment as mining contractor in terms of the contract mining agreement and asset lease agreement was obtained by the Group effectively from 13 May 2022. The Group has full operational and financial control.

Details of the purchase consideration are as follows:

	Total 2023 R'000
Cash paid	33 500
Consideration payable*	4 500
<b>Total purchase consideration</b>	<b>38 000</b>

\* Consideration payable is attributed as follows and becomes payable once all conditions precedent have been met:  
– R4,5 million for 74,0% of the shares in Stony Lime Proprietary Limited.

Details of the acquisition are as follows:

	Total 2023 R'000
<b>Carrying amount/fair value of net assets acquired – Agri Lime</b>	
Property, plant and equipment	8 767
Deferred tax asset	546
Trade and other receivables	11 157
Other financial liability	(1 269)
Borrowings	(5 404)
Current tax payable	(250)
Trade and other payables	(19 571)
Cash and cash equivalents	4 400
<b>Net liabilities – Agri Lime</b>	<b>(1 624)</b>
Less: Non-controlling interests	(478)
Goodwill	40 102
<b>Total purchase consideration</b>	<b>38 000</b>
Total revenue assuming the business combination for the full year	154 832
Total loss after tax assuming the business combination for the full year	(11 047)
Revenue included in results	131 894
Profit after tax included in results	(3 778)
Acquisition cost included in 'operating expenses' for the year	1 000
<b>Analysis as per Statement of Cash Flows:</b>	
Total consideration (fair value)	(38 000)
Consideration payable	4 500
Cash and cash equivalents	4 400
<b>Cash outflow</b>	<b>(29 100)</b>

The goodwill acquired in Agri Lime is attributable to the feedlime and agrilime market share, which is expected to expand the Group's current national footprint as well as include diversity with the access to minerals that will expand the product offering within the Industrial Minerals segment.

*Non-controlling interest:*

The Group had chosen to recognise the non-controlling interest at its proportionate share.

## Notes (continued)

### 14. Disposal of subsidiary

#### Afrimat Mozambique Limitada

During the current period, the Group disposed of 99% of its shareholding in Afrimat Mozambique Limitada ('AML') to ELM Mauritius Limited. The company was previously included in the Construction Materials segment.

Details of the disposal are as follows:

	Total 2024 R'000
<b>Carrying amount/fair value of net assets over which control was lost</b>	
Inventories	16 143
Trade and other receivables	32 424
Trade and other payables	(192)
<b>Net assets disposed of</b>	<b>48 375</b>
<b>Loss on disposal of subsidiary</b>	
Consideration	
– Cash	12 821
– Receivable	5 569
Net assets disposed of	(48 375)
<b>Loss on disposal</b>	<b>(29 985)</b>
<b>Analysis as per Statement of Cash Flows:</b>	
Total cash flow on disposal of subsidiary	12 821
Less: Cash and cash equivalents disposed of	–
<b>Cash inflow</b>	<b>12 821</b>

### 15. Fair value estimation

#### Fair value determination

The following table presents the financial assets and liabilities that are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000
<b>At 31 August 2023</b>			
<b>Assets</b>			
At fair value through other comprehensive income			
Equity securities*	68	–	–
Environmental funds**	–	3 567	–
At fair value through profit or loss			
Unit trusts**	–	95 189	–
Trade receivables***	–	124 185	–
<b>Total assets</b>	<b>68</b>	<b>222 941</b>	<b>–</b>
<b>Liabilities</b>			
Other liability**	(10 533)	–	–
<b>Total liabilities</b>	<b>(10 533)</b>	<b>–</b>	<b>–</b>
<b>At 31 August 2022</b>			
<b>Assets</b>			
At fair value through other comprehensive income			
Equity securities*	60	–	–
Environmental funds**	–	3 365	–
At fair value through profit or loss			
Unit trusts**	–	75 247	–
<b>Total assets</b>	<b>60</b>	<b>78 612</b>	<b>–</b>
<b>Liabilities</b>			
Other liability**	(1 455)	–	–
Trade payables***	–	(18 809)	–
<b>Total liabilities</b>	<b>(1 455)</b>	<b>(18 809)</b>	<b>–</b>



## 15. Fair value estimation (continued)

### Fair value determination (continued)

	Level 1 R'000	Level 2 R'000 <sup>^</sup>	Level 3 R'000
<b>At 28 February 2023</b>			
<b>Assets</b>			
At fair value through other comprehensive income			
Equity securities*	67	–	–
Environmental funds**	–	3 567	–
At fair value through profit or loss			
Unit trusts** <sup>^</sup>	–	86 981	–
Trade receivables***	–	196 345	–
<b>Total assets</b>	<b>67</b>	<b>286 893</b>	<b>–</b>
<b>Liabilities</b>			
Other liability**	(5 094)	–	–
<b>Total liabilities</b>	<b>(5 094)</b>	<b>–</b>	<b>–</b>

<sup>^</sup> Measurement period adjustment – during the current period, the comparative information for February 2023 was retrospectively adjusted in the process of finalising the accounting for the business combination, refer note 13.2 for further disclosure.

\* Other liability relates to the cash-settled Forfeitable Share Plan of the Group.

\*\* The fair value was based on quoted market prices at the end of the reporting period.

\*\*\* The fair value was derived using the adjusted net asset method. The adjusted net asset method determines the fair value of the investment by reference to the fair value of the individual assets and liabilities recognised in the unit trust's/environmental fund's statement of financial position.

\*\*\* Trade receivables/payables measured at fair value relates to Afrimat Iron Ore Proprietary Limited. The fair value was determined using the three-month forward-looking iron ore prices and foreign exchange rates as at the end of the reporting period (refer notes 10.1 and 10.2).

	Unaudited six months ended 31 August 2023 R'000	Unaudited six months ended 31 August 2022 R'000	Audited year ended 28 February 2023 R'000
<b>16. Dividends</b>			
<b>16.1 Afrimat Limited dividends paid/declared in respect of the current year profits</b>			
Interim dividend declared/paid	63 876	63 888	63 888
Final dividend declared	–	–	175 691
	<b>63 876</b>	<b>63 888</b>	<b>239 579</b>
<b>16.2 Dividends cash flow</b>			
Current year interim dividend paid	–	–	63 888
Previous year final dividend paid	175 691	213 666	213 666
Dividends received on treasury shares	(9 863)	(7 856)	(11 287)
	<b>165 828</b>	<b>205 810</b>	<b>266 267</b>
Dividends paid by subsidiaries to non-controlling shareholders	1 350	1 050	1 650
	<b>167 178</b>	<b>206 860</b>	<b>267 917</b>

## 17. Events after reporting date

### Lafarge

As per the SENS announcement on 20 June 2023, in terms of which Afrimat announced that it entered into a share purchase agreement ('Share Purchase Agreement'), in terms of which the Company will acquire 100% of the issued share capital of Lafarge South Africa Holdings Proprietary Limited ('LSA') and, as a consequence, all of LSAs subsidiaries (collectively 'LSA Group') from the current shareholders.

The purchase consideration is structured as follows:

- \$6 million less any amounts categorised as leakage under the Share Purchase Agreement ('Sale Price'). The Sale Price is payable in cash on the closing date; and
- Loan amounts owing by LSA to the seller, equating to R900,0 million. The Company will, on closing date, pay the seller an amount of R500,0 million in cash and the outstanding R400,0 million will be interest free and will be repaid by no later than twelve months after the closing date, be converted into Euro.

The Sale Purchase Agreement is subject to the fulfilment of the following outstanding conditions precedent ('Conditions Precedent'):

- (i) Competition Commission approval; and
- (ii) Approval in terms of section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002.

The following Conditions Precedent have been met:

- Approval in terms of the Exchange Control Regulations of the South African Reserve Bank.

## 18. Going concern

### Loadshedding

The frequent power outages, known as loadshedding, has had a significant impact on the economy of South Africa, and thus affecting the Group as well. These interruptions have resulted in lower production and increased input costs, leading to lower income for businesses. Moreover, if Eskom, the state-owned electricity provider, increases its tariffs further, it will add to the cost burden of South African companies. Despite these challenges, the Group's directors believe that, based on the current financial and operational performance, as well as solvency and liquidity position, the Group will continue to operate as a going concern in the foreseeable future. Management is actively exploring alternative power supply sources to mitigate the impact of loadshedding.

## 19. Contingencies

### Guarantees

Guarantees to the value of R61,5 million (August 2022: R63,0 million) were supplied by SBSA to various parties, including the Department of Mineral Resources and Energy ('DMRE') and Eskom, respectively during the period under review.

Guarantees to the value of R66,1 million (August 2022: R139,8 million) were supplied by FNB to various parties, including the DMRE and Eskom, during the period under review. The decrease in the guarantees supplied by FNB relates to a guarantee that was cancelled, previously provided for the loan agreement entered into between Nkomati and Glencore, which the loan has subsequently been repaid during the period (refer note 11).

Guarantees to the value of R0,9 million (August 2022: R0,9 million) by ABSA, R323,0 million (August 2022: R256,2 million) by Centriq Insurance Innovation ('Centriq') and R2,7 million (August 2022: R2,7 million) by SIG Guarantee Acceptances Proprietary Limited were supplied to various parties, including the DMRE, Eskom and Chevron South Africa Proprietary Limited. The value of Centriq guarantees has increased due to the proportionate increase in quantum calculations affected by National Environmental Management Act ('NEMA') requirements.

A guarantee to the value of R94,8 million was supplied by Guardrisk to the DMRE. This guarantee relates to the environmental rehabilitation costs for Nkomati. A guarantee amounting to R96,9 million was issued to the DMRE by Centriq in August 2023 and the Guardrisk guarantee was subsequently cancelled in September 2023.

The majority of these guarantees are in respect of environmental rehabilitation and will only be payable in the event of default by the Group.

### Other

A contingent liability exists due to the uncertain timing of cash flows with regards to future local economic development ('LED') commitments made to the DMRE in respect of companies with mining rights. These commitments are dependent on the realisation of the future agreed upon LED projects. Future commitments amount to R22,3 million (August 2022: R14,7 million). An accrual has been raised in respect of commitments made up to end of the reporting period.

The Company received notice on 31 March 2017 from the Competition Commissioner that it had referred a complaint to the Competition Tribunal, alleging that the Company, through its wholly owned subsidiary, Clinker Supplies Proprietary Limited ('Clinker'), had engaged in an abuse of dominance by allegedly charging excessive prices. After taking legal advice and considering the complaint, the Company is of the opinion that there is no merit to the complaint and will therefore vigorously defend itself before the Competition Tribunal. The Competition Commission is ordering an administrative penalty equal to 10% of affected turnover for F2016 which equates to R16,3 million. The Company still awaits a final hearing date to be set by the Tribunal.

## **Directors**

FM Louw\*\* (Chairman)

AJ van Heerden<sup>‡</sup> (CEO)

PGS de Wit<sup>‡</sup> (CFO)

C Ramukhubathi<sup>‡</sup>

MJ Odendaal<sup>‡</sup>

GJ Coffee\*\*

L Dotwana\*

PRE Tsukudu\*\*

JF van der Merwe\*\* (Lead Independent Director)

JHP van der Merwe\*\*

S Tuku\*\*

NAS Kruger\*\*

\* *Non-executive director*

# *Independent*

‡ *Executive director*

## **Registered office**

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(PO Box 5278, Tyger Valley, 7536)

## **Sponsor**

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Somerset West

7130

## **Auditor**

PricewaterhouseCoopers Inc.

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Cnr. Trumali Street and R44

Stellenbosch, 7600

(PO Box 57, Stellenbosch, 7599)

## **Transfer secretaries**

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Rosebank Towers, 15 Biermann Avenue

Rosebank, 2196

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## **Company secretary**

C Burger

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## **Announcement date**

26 October 2023